Governance For Sustainable Rural Development
A Critique of the ARMCANZ - DPIE Structures and Policy Cycles

by

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A thesis submitted in fulfilment of the requirements for a degree of
Master of Science (Honours)

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January 1998
PLEASE NOTE

The greatest amount of care has been taken while scanning this thesis,

and the best possible result has been obtained.
Declaration

I, Gary Edward Wallace, hereby certify that the material contained in this document, and the research from which it is derived has not been submitted for a Higher Degree at any other institution. Further I certify that this document contains the work of others only where that work has been referenced as such. However, the material presented in this document remains the original work of the author.

G. E Wallace
January 1998
Acknowledgments

This is a complex thesis. It explores the interplay between structures, processes and actions to identify strengths and weaknesses in the governance of rural Australia. It has been a difficult task and I would like to thank my supervisors Professor Roger Packham and Dr. Peter Martin for their valuable counsel, encouragement and support especially through the trials of assimilation and writing. I would also like to thank Dennis Gamble and Elwin Turnbull for their continuous encouragement and thought provoking discourse, both have contributed significantly in motivating me to completing this challenging assignment. I also wish to acknowledge Bruce Mackenzie for his time and counsel in interpreting the data that has been collected. Bruce's valuable experience as an active participant in the community of stakeholders engaged in Australia's rural policy discourse, has provided an unparalleled sounding board for my interpretations of the processes and content of the Australian rural policy cycle.

Without the support and hospitality of the team in DPIE's Rural Division this project could never have been undertaken. These include Noel Benyon, Lois Hunt, Garry Grant, Mike Wilson, Noela Lippart and Bernard Fraser. In this regard I thank them deeply for their time and patience in trying to understand what I was doing, especially when I also was not sure.

I would especially like to acknowledge Onko Kingma for the opportunities he created for me in DPIE's rural policy branch. Through his actions alone I gained a valued appreciation of the processes and content of rural policy development in Australia. An appreciation that would not be possible without the experiences he so graciously provided. I thank you.
This thesis is dedicated to

Louise,
Leon and Renee.
Abstract

The focus of the thesis is a critique of the form and function of the federal institutions governing the development of Rural Australia. In undertaking this study two cycles of a systemic action research were followed, the first to explore the policy development environment and the second to validate and expand on findings of the first cycle of enquiry. The thesis follows the historical development of policy institutions and the deliberations of policy actors that have lead to normative, strategic and program change within these institutions. These institutional changes have then been critiqued from theoretical perspective of governance for sustainable development. Conclusions from this critique indicate that the pace of policy change is very slow and after 20 years from the Rural Policy green paper of 1974 the federal institutions have taken on board a rhetoric of sustainable rural development that encapsulates much of the principles espoused in the Green Paper. This includes principles that aim to empower rural communities to find local solutions to their natural resource management and local economic development problems. The downside is found in institutional conflict over resource dependencies and spheres of responsibility and an apparent lack of community economic development facilitation skills within the service organisations of rural institutions.
### Acronyms used in this thesis

<table>
<thead>
<tr>
<th>Acronym</th>
<th>Description</th>
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<tbody>
<tr>
<td>AAC</td>
<td>Australian Agriculture Council</td>
</tr>
<tr>
<td>ABARE</td>
<td>Australian Bureau of Agriculture and Resource Economics</td>
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<tr>
<td>ACANZ</td>
<td>Agriculture Council of Australia and New Zealand</td>
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<tr>
<td>AgFor</td>
<td>Agriculture and Foresters Group (DPIE)</td>
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<tr>
<td>ARMCANZ</td>
<td>Agriculture and Resource Management Council of Australia and New Zealand</td>
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<tr>
<td>AS</td>
<td>Assistant Secretary</td>
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<td>ASCC</td>
<td>Australian Soil Conservation Council</td>
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<tr>
<td>BAE</td>
<td>Bureau of Agricultural Economics</td>
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<td>BARA</td>
<td>Business Advice for Rural Areas</td>
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<td>BRR</td>
<td>Bureau of Rural Resources</td>
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<td>BRS</td>
<td>Bureau of Resource Sciences</td>
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<tr>
<td>CoAG</td>
<td>Council of Australian Governments</td>
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<tr>
<td>CSIRO</td>
<td>Commonwealth Scientific and Industrial Research Organisation</td>
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<td>DHARD</td>
<td>Department of Housing and Regional Development</td>
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<td>DPI</td>
<td>Department of Primary Industries</td>
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<td>DPIE</td>
<td>Department of Primary Industries and Energy</td>
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<td>DPRTF</td>
<td>Drought Policy Review Task Force</td>
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<tr>
<td>ESD</td>
<td>Ecologically Sustainable Development</td>
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<tr>
<td>FAS</td>
<td>First Assistant Secretary</td>
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<td>FMB</td>
<td>Farm Management Bonds</td>
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<td>HRD</td>
<td>Human Resources Division</td>
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<td>IAC</td>
<td>Industries Assistance Commission</td>
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<td>IC</td>
<td>Industries Commission</td>
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<td>IED</td>
<td>Income Equalisation Deposits</td>
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<td>LMTF</td>
<td>Land Management Task Force</td>
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<td>MDBC</td>
<td>Murray Darling Basin Commission</td>
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<td>Acronym</td>
<td>Description</td>
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<tr>
<td>MDBMC</td>
<td>Murray Darling Basin Ministerial Council</td>
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<td>NDP</td>
<td>National Drought Policy</td>
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<td>NFF</td>
<td>National Farmers Federation</td>
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<td>NLAC</td>
<td>National Landcare Advisory Council</td>
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<td>NLP</td>
<td>National Landcare Program</td>
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<td>NRD</td>
<td>Natural Resources Division</td>
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<td>PM&amp;C</td>
<td>Department of Prime Minister and Cabinet</td>
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<td>PMP</td>
<td>Property Management Planning</td>
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<td>QDPI</td>
<td>Queensland Department of Primary Industries</td>
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<td>RAA</td>
<td>Rural Assistance Authority (NSW)</td>
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<td>RAD</td>
<td>Rural Area Development</td>
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<td>RAS</td>
<td>Rural Adjustment Scheme</td>
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<td>RASAC</td>
<td>Rural Adjustment Scheme Advisory Council</td>
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<td>RCAP</td>
<td>Rural Communities Access Program</td>
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<td>RPP</td>
<td>Rural Partnership Program</td>
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<td>SA</td>
<td>Sustainable Agriculture</td>
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<tr>
<td>SCA</td>
<td>Standing Committee of Agriculture</td>
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<td>SCARM</td>
<td>Standing Committee of Agriculture and Resource Management</td>
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<td>SCOSI</td>
<td>Standing Committee on Social Issues</td>
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<td>SCSC</td>
<td>Standing Committee for Soil Conservation</td>
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<tr>
<td>SES</td>
<td>Senior Executive Service</td>
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<tr>
<td>SRMC</td>
<td>Sustainable Resource Management Committee</td>
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<td>SWQ</td>
<td>South West Queensland</td>
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<tr>
<td>WGOFRM</td>
<td>Working Group for On Farm Risk Management</td>
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<td>WGRAD</td>
<td>Working Group for Rural Area Development</td>
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<tr>
<td>WGSOA</td>
<td>Working Group for Sustainable Agriculture</td>
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1.0 Introduction

"There is a great crisis in our nation at the moment. Farmers are facing their worst depression in this half of the twentieth century. For them this is a critical time, a time when the families' future hangs in the balance, when things can go either way".

Pastor Ivan Wittwer, 1992

Pastor Wittwer penned these words after a drought in 1988-89 desiccated the Eyre Peninsula and his faith called him to take up the role of drought relief co-ordinator and rural counsellor. His story draws on a parable about faith and how, even if things get worse, where there is faith there is a chance for survival.

The Eyre Peninsula drought was just another natural phenomenon putting pressure on some part of the Australian rural economy. After nearly four decades of continuing decline in agriculture's terms of trade, the Australian Bureau of Agriculture and Resource Economics (ABARE) predicted that 1994 would continue to see a net negative income in farm households (ABARE, 1994). Meanwhile the eastern states were moving into the grip of what would turn out to be one of the worst droughts in living history (LMTF, 1995).

In 1994 the "A Current Affair Farm Hand Appeal" raised more than ten million dollars from the public to put food on the tables of thousands of farmers (Miell, 1994 pers. comm.). While the Federal Government
responded in kind it took many months of lobbying before the Agriculture Council of Australia and New Zealand (ARMCANZ) agreed on a National Drought Policy (NDP). Following this exceptional circumstance drought relief became available to the farm sector through the Rural Adjustment Scheme (RAS) (Crean, 1992). This provision provided for interest rate subsidies and a farm household support scheme based on a repayable loan.

During 1995 two papers critical of the government's role in the management of Australia's natural and human resources were released. The first, from the Office of the Chief Scientist, called for the implementation of an integrated approach to the management of the rural natural resource base (Anon, 1995). The second claimed that no rural policy existed to help the farm and rural sector deal with the pressures of global forces of change (Sher and Sher, 1995).

At the end of 1995 little had been reported on the impact on rural Australia of the 1992-95 drought; Plenty had been written about the demise of the rural economy and social infrastructure over the preceding decade (Gerritson and Murray, 1987; Lawrence 1987; Cribb, 1994). The accumulated social cost appeared to be high. Anecdote from the bush tells of families locking themselves away on their farms for years on end to suddenly re-appear after locals thought they had moved on. More substantial evidence has been the research into rural poverty (Davidson and Lees, 1986) and into suicide, predominantly of young rural men (SCOSI, 1994), but also affecting the lives of wives and mothers who are unable to cope with strains on their lives. Part of the reason, as one country woman announced in a public forum, is a lack of self worth, a feeling that no-one cares or places any value on farmers and the role they play in society any more (Thompson, S. 1995 pers. comm.). For some, faith had run out.

2
Many people have written about the cause of this rural crisis, a crisis that was occurring not only in Australia but in all developed countries (Vail, Hasund and Drake, 1994). Some contemporary Australian views are that the lack of resilience by Australian farm societies is underpinned by a set of unsustainable economic pressures of a distorted global market (NFF, 1981; 1993) exacerbated, others would claim, by past government programs for development based on closer settlement strategies and industry protection through market intervention (Balderstone et al. 1982). In more recent times claims have been made that the demise of the rural economy has been further amplified by government policies based on a free market philosophy (Lawrence, 1987).

These "Crises" have raised the interests of numerous academic intellects and in the 70's were the focus of considerable sociological and political debate (Pusey, 1991:17). These debates were about the nature of crises in society and concluded that an epiphenomenal crisis lay in "a crisis of the state" in terms of the relationship between the state and society. In the end this crisis of relationship rests in the need for the state to maintain the process of capital accumulation in society in order raise taxes to sustain the structures of the state (Held and Krieger, 1983). In addressing the issues of crisis of the state Jackson draws on Habermas' social theory to reiterate that

the state apparatus has increased its power and sees its function as that of steering society and overcoming the periodic crises to which all capitalist systems are prone

(Jackson, 1993:565).

For Pusey (1991:17) these debates brought to the fore the central question of criteria for progress in late capitalist society and what should count as development and thereafter the instruments to achieve this end.
Through most of the second half of the 20th century consecutive Australian Federal Governments have grappled with the problems of progress and development within the rural sector. Functionally, agreement about coordinated state actions were negotiated within the arena of the Australian Agriculture Council (AAC). This was a council of Primary Industry Ministers that, in 1993, evolved into the Agriculture and Resource Management Council of Australia and New Zealand (ARMCanZ). Agreements in the council have, in the main, been informed by deliberations of a standing committee of senior bureaucrats from across state, territory and federal governments. These decisions in turn have been supported by the research of working groups or task forces formed to deal with the problems of the ongoing role of the state in rural society. And in turn these task forces etc. rely heavily on the secretarial services of the Commonwealth Department of Primary Industries and Energy (DPIE).

This thesis is a critical exploration of ARMCANZ and the DPIE in servicing the policy cycle (Rist, 1994) in relation to the role of government in facilitating the development of rural Australia. This ARMCANZ /DPIE relationship is viewed as a sub organisation of the state and is construed as central to a steering mechanism for rural Australia. That is, an institution that aims to facilitate the development of the natural and human resource base of rural society and the accumulative role of the market economy in the face of the forces of ecological and societal systems in a state of flux. In pursuing this critique a set of questions were developed and answered through a cyclical action research process (Dick, 1993; Whyte, 1991; Kemmis and McTaggart, 1982).
1.1 Developing the Questions for Research

While the focus of this thesis is on the ARMCANZ / DPIE relationship it initially started on a much narrower frame of reference. The following nine pages will sketch the process used to derive hypothesis and research questions from the context of interest.

During 1993 an action research project (Dick, 1993) was started around the role of government in facilitating "sustainable" development in rural Australia. As outlined above, agricultural industries and rural communities were in crisis. At the time it appeared that little was being done in government circles to alleviate the situation and the "A Current Affair Farm Hand Appeal" had not begun. The project started with no clear direction only a sense of unease about the declining state of rural society and a desire to engage in an action oriented project with a policy organisation strategically placed within the rural sector. The manager of the Rural Policy Branch, DPIE Canberra was approached and support was gained to undertake a study of sustainable rural development policy in Australia.

The project began with an assumption that the complexity of the issues confronting rural industries, communities and the government would require systemic learning approaches (Bawden, 1995) to inform the processes of policy development. Given this background the initial intent was to engage a community of policy actors in critical dialogue about the processes of policy development. From there the aim was to facilitate a process of action research such that systems ideas might be experimented with in a policy research and development process. This direction was soon put to rest by exposure to the complexity of policy development. As a result the focus became one of finding out and critiquing what was happening in a
rural policy institution in the context of longer term action research processes. Chapter 1.2 outlines this process of enquiry.

1.2 Process of Enquiry

A perspective on action research states that a project usually starts with a sense of unease, a fuzzy question or general interest in an area and that research questions emerge out of the context being studied (Dick, 1993). Once a cycle of exploration and issue identification has been completed, findings are fed back into the context being studied. This feeding back is used to validate findings and to clarify discrepancies. The process may then lead to a further exploration and or intervention in the situation. Rigour in the interpretation of the situation is obtained through the constant cycle of exploration, interpretation, presentation and debate amongst a range of stakeholders.

Within the context of research for this thesis two cycles of enquiry were undertaken into the domains of rural policy development. The first, an exploratory cycle, involved an analysis of the Rural Policy Branch in the DPIE Canberra using a soft systemic methodology (Flood and Jackson, 1991). Based on the preliminary findings of this cycle another period of investigation was undertaken to test findings of the first cycles and to explore the broader domains of rural policy development and implementation. Both cycles involved a critique of the data from constructions of learning governance systems for sustainable society (Milbrath, 1989). It is the second cycle of enquiry that forms the body of this thesis. The first cycle is presented here in summary to establish a complete picture of how a set of hypothesis about the processes and content of policy
development were derived from the context and developed for testing in the second cycle of enquiry.

1.2.1 The First Cycle Of Enquiry

The methodology used in the first cycle of enquiry was based on a Soft Systems Methodology (Checkland, 1981; Checkland and Scholes, 1990). In this process the Rural Policy Branch (RPB) was examined to explore its structure and function in relation to its role as a policy development unit within the Department of Primary Industries and Energy. Given the initial researcher centred purpose of this exploration rather than a theme derived from the context (Flood and Jackson, 1991: 173) a focussed critique was undertaken of the organisational environment and processes of policy development. This critique was based on theory derived constructions of learning systems for policy development and implementation. The process and outcomes of this cycle are written up in appendix one.

In summary the methods of data collection included a series of semi structured interviews (Walker, 1985) and a review of available policy documents. Semi structured interviews were used as this was primarily a qualitative exploration aimed at finding out what goes on rather than obtaining definitive answers to specific questions. Semi structured interviews were based on the principles as espoused by Jones (1985) where conversation is directed around broadly framed questions designed to obtain a discursive answer rather than single sentence responses or scaled answers to a structured interview instrument.

Sample size included interviewing all of the staff of the DPIE Rural Policy Branch. These interviews were conducted during May, June and July of 1993. A list of participants can be found in appendix two.
The guiding interview questions were based on the general areas of exploration identified by Checkland (1981) and Checkland and Scholes (1990). These included:

a. the organisation structure,
b. the processes (of policy formation and implementation)
c. the roles, norms and values of the actors involved
d. the politics of policy, and
e. connections with the wider environments of the branch including the Division; Department; Minister; Cabinet and the broader policy community

The outcome of this initial exploration showed that the environment of policy development is dynamic, complex and demanding on the policy officers. In 1993 policy research and development priorities included progressing the development and implementation of an integrated policy framework for natural resource management and rural area development. This framework had an underlying principle of facilitating the development of internationally competitive and self-reliant rural industries and communities.

These preliminary findings contradicted pre research perspectives held about the situation and begged the question "are the policy research and decision taking processes adequate for the demands of a dynamic and complex rural environment?" ie will policy continue to evolve in a manner appropriate to the needs of a sustainable society (Milbrath, 1990). These questions were then used as the basis for root definitions of relevant systems in the process of soft systems analysis (Checkland, 1981).
Drawing on Milbrath's (1990) work on governance structures for a sustainable society, together with concepts from policy science (Dror, 1989), public administration (Ventris and Luke, 1988) and learning organisations (Senge et al., 1990) a primary task soft systems model (Naughton, 1980) of a theoretical policy system was developed (see figure one). This model was then used to critique the process of rural policy development and administration.

The assumptions underpinning the creation of this model were that sustainable development requires a learning governance structure that is both forward looking and operates using systemic paradigms and research methods. These research methods need be incorporated into a learning process that not only explores the options for policy but also evaluates the effectiveness of policy in achieving its stated goals. The organisational development (Senge, 1990) and the policy science theory (Dror, 1989) also suggests that for an organisation to learn it also needs to evaluate the underlying belief structures that helped form the policy framework and program implementation. Ideally it also attempts to evaluate the relevance and effectiveness of the policy research process used.

Another aspect drawn from the policy science literature is that to be politically acceptable and relevant to the constituency, the policy process should also have elements of community consultation and/or participation and local empowerment to enable community groups to deal with their local problematic situations (Ventris and Luke, 1988).

In line with the soft systems methodology the model derived from this theory was then used to inform a critique of the data that had been collected.
A systems and futures-orientated learning system aimed at providing decision support on rural policy initiatives for the office of the Minister for Primary Industries and Energy.

The boundary here is the decision support system defined above. All other aspects outside this boundary are part of the supra system or environment of the decision support system.
1.2.2 Preliminary Results leading to major research questions for this thesis

The preliminary conclusions reached through this initial soft systems critique identified the following (core findings are underlined):

Policy forms in two ways, either incrementally or via the management of crisis. Incremental changes occur according to the agenda of the Minister or of leading policy actors (Considine 1994). Examples of incremental policy include creating linkages with the food manufacturing industry, the introduction of regional adjustment and rural area development programs. These later initiatives designed to deal with broad structural adjustment issues resulting from the impact of normal drought conditions, monetary policy and overall declining terms or trade. Crisis management examples include measures developed to deal with exceptional circumstances situations such as devastating drought or wool market collapse. In these situations crisis measures are formulated to provide a welfare net for affected farmers and communities.

Although the purpose of the policy branch was to pursue a forward looking agenda there had been no formal futures research or scenario planning processes used within the rural policy branch. That is, little research was undertaken within the branch to explore the implications of policy decisions for rural communities nor the relevance of policy strategies under a range of possible scenarios (Swartz, 1992). In the broader context there appeared to be very little futures research or scenario planning together with formal systems research undertaken within the department. The primary methods of ex ante testing of policy options were through econometric models and benefit/cost analysis. The research models being
used took no account of the socio-cultural impact of structural adjustment and were only just starting to explore the ecological impact of industry development eg. Fishery stocks. The integration of policies into a framework for dealing with structural adjustment and risk and resource management came about incrementally as a recognition of the complexity and systemic nature of the problems being faced by rural people, and the need for a package of strategies for dealing with these issues.

In Dror's (1989) terms policy appeared to form through the extra-rational processes of idea generation and debate which draws on concepts without positivistic evaluation. That is, they are dependent on the expertise of the policy officers to make informed rational choices about policy options. This may be a result of the economics of time and resources utilisation that demand fast cheap policy responses to the problems being dealt with or the lack of rational models for ex ante evaluation of the ideas being generated.

Evaluation of program outcomes appeared to be a contentious issue where some officers claimed true evaluation of the impact of programs did not exist. Others, primarily senior officers, claimed that program evaluations do occur. It is assumed that differences of opinion occur in that evaluation audits are undertaken to ensure financial administration requirements are met, yet evaluation of the effectiveness of the programs in achieving industry competitiveness and community resilience is not undertaken. This needed further exploration and clarification.

As a learning organisation there appeared to be no explicit agenda within the RPB to explore beliefs, world views or policy research methods and to evaluate the relevance these have for the overall policy agenda and the needs of rural industries and communities. The public service defines a
learning organisation as one that trains its personnel. This is in contrast to models of learning organisations (Senge et al. 1994; Argyris et al. 1985) that include a public critique of organisational culture, operant paradigms or research methods. At the time of inquiry, total quality management (TQM) was starting to be explored as a method of improving performance within the Public Service but at the time there was evidence emerging that TQM institutionalises conforming behaviour even further rather than encouraging a culture of self evaluation and innovation (Chia, 1993).

Again, utilising Dror (1989), an optimal model of policy development has two levels, a meta policy level and a strategy development and implementation process. From a learning organisation perspective the meta level of policy making involves exploring and identifying beliefs and values, identifying policy development needs to achieve these values and allocating resources to develop policy and programs. Results from the development of policy and implementation of programs feeds back to the meta process for evaluation of the validity of beliefs, values and policy needs, and so the cycle should continue. Using this concept it became apparent that the forum for meta policy is with the Agriculture and Resource Management Council of Australia and New Zealand (ARMCANZ) and its Standing Committee of Agriculture and Resource Management (SCARM). The implication of this finding is that the level of enquiry of this thesis needed to be broader in order to gain appreciation of the full processes of policy development.

Continued poor performance within rural industries and communities forced a reformulation of the agenda within ARMCANZ and its committee. During 1993 this agenda had taken on the strategic focus of an overarching policy for sustainable development. This policy agenda had at its core an
integration of economic, ecological and community development initiatives and the various state departments at the time of enquiry were in the process of trying to determine what the implications would be for their own policy agenda and program frameworks.

In terms of community based consultation, it was interpreted that this process was factored into the policy process through letters to the minister, attendance at conferences, workshops, industry councils and working groups made up of state officials. It was claimed by one policy officer (DPIE interview notes 1993) that one of the strengths of some environmental policy has been a general nature that allows for state and regional adaptation to stakeholders' specific needs eg Landcare and Property Management Planning. What was not clear was the processes by which the broader community could gain access to the policy decision making processes at an ideological level of debate.

1.2.3 Validating These Findings

So these findings became a set of hypotheses about the governance of rural policy in Australia. The challenge was then to validate these findings in an appropriate manner.

To reiterate, the action research process requires an ongoing dialogue to clarify discrepancies of perception or until mutual understanding of the situation is reached. This continues until issues of concern for further research and/or change are identified. In line with this process, a report of these preliminary findings was prepared and sent to members of the rural policy branch for assessment in March 1994. Appendix one contains a copy of this report. Following the submission of this report a number of people
in the branch were interviewed to gauge opinions about the work and these were recorded as diary entries.

Many discrepancies arose between interviewees over perceptions of what happens in the policy process, and between some interviewees and the outcomes of this critique. Some of these discrepancies may have been incorrect interpretations of data collected by this researcher, incomplete data or, paradoxically, totally different perceptions of what goes on being expressed by different policy officers. A concern expressed by a senior policy actor was that specific issues were used to make general statements about the administration of rural policy, and that a full picture of the situation had not been captured. Another observation by this senior bureaucrat was that the time frame of analysis was too short, and that a full appreciation of the complexity of the policy development process would only come about through an analysis of the history of rural policy in Australia.

As a result of this outcome it was decided to engage in another period of fieldwork and historical analysis to test and expand on these initial findings. It is the results of this re-entry into the field that forms the substance of this thesis.

1.2.4 The Second Cycle Of Enquiry

One outcome of the initial investigation was the realisation of the need to change the level of resolution of analysis. The initial investigation was based on a false premise that DPIE's Rural Policy Branch had primary responsibility for developing policy for rural Australia. Based on the findings of the first investigation, and a broader appreciation of the
institutions of government in Australia, this new investigation changed its focus to:

- the network of the Agriculture and Resource Management Council of Australia and New Zealand (ARMCANZ),
- the role that the DPIE's Rural Policy Branch plays in undertaking research and secretarial services for that peak policy organisation and
- how some programs relevant to the development of rural Australia are implemented through the DPIE.

The opportunity to undertake further exploration of the policy context was taken up in 1995. Field work included a period of three months during 1995 participating in the work of the DPIE's Rural Policy Branch. This also included participation in the secretarial services for policy development task forces and working groups.

This second cycle of enquiry used the same general process of exploration, theoretical construction and critique as used in the first cycle of enquiry. In the initial fieldwork the process of exploration was guided by Checkland's (1981) and Checkland and Scholes (1990) general fields of questioning. Having clarified the focus of critique a further review of the literature was undertake in the fields of organisational analysis, sustainable development, the role of governments in facilitating development, and the appropriate configurations of governance structures to facilitate the emergence of a sustainable rural society. A summary of these core ideas follows and will be expanded upon in chapter 4 of this thesis.
1.2.5 Defining Policy And Its Development

Traditional definitions assumed policy to be those interventions in society designed to instil the values of the government (and its institutions) within that society. These interventions follow broadly the instrumentally rational tools of legislation or rules base processes; the financial incentive or tax based processes; and persuasive or educational based approaches designed to facilitate change in society. Underpinning this, though, is a higher order of decision taking. According to Emery (1993:178) a policy forms at two levels. The first is the development of a principle that is intended to guide the choice of means (methods) in the pursuit of objectives while the second level of development involves the formulation of actions. For Emery (1993) a formulated policy is one that specifies how that principle will be implemented in given conditions. Dror's (1989) notions of meta policy and policy making processes complement, this, where his meta policy level determines values and prioritise these while the policy level develops strategies and explores economic options for delivery. Dror (1989) also includes a third level of action that deals with the processes of policy implementation.

In a similar vein Ulrich (1988) explored the relationship between Habermas' three level taxonomy of social action (Communicative, Strategic and Instrumental Action) with Jantsch's (1975) hierarchy of normative, strategic and operational (or tactical) planning. In his own way Ulrich argues for a multi dimensional approach to the processes of systems practice (research) in order to critically evaluate the decision taking system. That is, to understand a system of governance requires an examination and critique of the system. This includes critiquing the processes involved in debating values, the processes involved in developing strategies and the processes
involved in policy implementation. Ulrich’s is a critical approach in that it includes ideas about participation and the emancipation of those affected by policy decisions, from the power of elites.

With a contrasting view Considine (1994) argues that policies and their actions are artefacts of a process of development and change in underlying principles and values. In this context he claims that public policy statements are "punctuation marks" in the deliberations of a network of policy actors in response to changed problems and priorities. Considine proposes that a definition of policy might be that

"policy is the continuous work done by a group of policy actors who use available public institutions to articulate and express the things they value" (Considine, 1994:4)

The implication here then is that the analysis of a situation should not only look at the institutions processes and outcomes of the policy cycle, but also identify the historical changes in actors and their roles in the policy cycle. Figure two sets out these relationships in graphic form.

On the vertical axis the analysis covers three levels of action. At the top level the analysis explores the values of the policy community through the coalescing of policy statements and identifies the process (or lack) of communicative action that lead to these values being encapsulated in policy statements. In exploring this level the question asked is "has the peak national body governing rural Australia, the Agriculture and Resource Management Council of Australia and New Zealand, continued to adapt ideologically to the demands of sustainable development of rural Australia and if so how has this normatively rational decision making come about?"
1.2.6 Questions to be pursued

The co-ordinative role or "steering mechanism" of the state is explored through the emergence of policies for coordination of state programs. At this level of strategic action the analysis asks "What are the actions of rational decision making that lead to the formulation of strategies (or programs) to intervene in society; and similarly, how is the ideology of the council reflected in the structures of the council and its standing committee?"

At the operations end are the technically rational decision making processes that develop, administer and evaluate the programs for intervention in society. The question pursued here is "do the programs and actions of the DPIE reflect the normative and strategic directions articulated within the higher orders of decision taking"?
The horizontal axis sets the policy analysis in a temporal dimension. In this dimension the vertical analysis is examined within the context of change. As an overarching notion this perspective asks "whether or not the steering mechanism is able to adapt to change self referentially (Beer, 1985; Maturana and Varela, 1987) in response to internal or external forces?" This form of analysis demands that the organisation be seen within its historical context rather than as a static entity within one point in space and time. Rappaport (1987) supports this view in the policy context with his suggestion that the historical context in which a policy, program and policy organisation is set has an important influence on the direction of that organisation's policies and programs. Again this concurs with Considine's (1994) notion that policy statements are punctuation marks in an ongoing process of deliberation.

To pursue this self referential question based on systemic notions of mutual causality (Maturana and Varela, 1987) sub questions that needs to be answered include "how have the organisational arrangements that make up the steering mechanism and support ARMCANZ and the Federal Minister changed or adapted to the dynamics of the demands of rural environments? Also, do these organisational settings provide an environment for policy development and implementation in a manner that facilitates creativity and integration thus enabling the co-ordinative role of the state to be fulfilled in an innovative manner?"

1.2.8 Fieldwork

As stated in 1.2.4 the opportunity to undertake further exploration in the field was taken up in 1995. This period of observation in the Rural Policy
Branch (RPB) included participation in the processes of policy and program construction. This included involvement in the Prime Minister's Land Management Task Force (LMTF) and with the secretariat of the Working Group on Rural Area Development (WGRAD). The first group was engaged in an evaluation of farm management skills in the industry and a review of the Property Management Planning (PMP) program. The second group was involved in developing the administrative protocols for the Rural Partnership Program (RPP) a program designed to assist community groups to implement strategic plans for their own local area development.

Parallel to this participation, unstructured conversations and semi structured interviews were conducted with members of the Rural Division (RD), Natural Resources Division (NRD) and Human Resources Division (HRD) of the DPIE. This enabled the exploration of broader aspects of the organisation's environment and how this influences the policy cycle. Interviewees included program managers of Community Landcare and the Rural Adjustment Scheme (RAS), as well as participants involved in secretarial services supporting developments in the National Drought Policy (NDP). A list of interviewees is provided in appendix three.

While these interviews were helpful, there tended to be a high turnover of staff in the DPIE. Demanding workloads also prohibited extensive discussion around the workings of the organisation. In this context the major source of information used in the exploration was that provided in secondary information and archives. This source of data for analysis included historical records, contemporary documents and procurable statistics. The sources of information used were parliamentary reports including annual reports of the DPIE, Rural Adjustment Scheme Advisory Council (RASAC), National Landcare Advisory Council (NLAC), Industries
Assistance Commission (IAC) and Industry Commission (IC), Department of Finance and Auditor General reports as well as the records and resolutions of the Australian Agriculture Council (AAC), Australian Soil Conservation Council (ASCC), Agriculture and Resources Management Council of Australia and New Zealand (ARMCANZ), the text of speeches given by Ministers and Department Secretaries and policy documentation released by the DPIE. Conducting fieldwork in the DPIE's head office provided ready access to all these materials.

1.3 Structure Of The Thesis

The data collected is presented in two chapters. The first, chapter 2, is used to present the institutional structural arrangements and organisational environments of policy development and implementation. The second, chapter 3, is used to present the policies and programs that have emerged from these institutions over an extended period of time. The policies looked into have been those deemed relevant to gaining an understanding the role of the Federal Government in facilitating the sustainable development of rural Australia. Both these sections are briefly introduced as follows.

1.3.1

As a Federation the distribution of power and roles of the state in intervening in society are determined by the Constitution of Australia. As an overarching governing variable the constitution provides the setting for all forms of governance of the federation. Chapter 2.1 is used to introduce aspects of the constitution that have lead to the emergence of the AAC and ARMCANZ. It is recognised here that this institution is a primary governing document that determines all behaviour in the institutions of the Australian state.
Chapters 2.2, 2.3 and 2.4 present the results of an analysis of organisational records and observations within the DPIE. They aim to present a picture of the dynamics of the structures of Governance, and include the contemporary organisational setting that services some aspects of the intergovernmental institution that have emerged to co-ordinate state action in natural resource management and rural area development. This analysis is constructed around a vertical transect of the steering mechanism and aims to capture the climate of the structures associated with the normative, strategic and technically rational (program development) debates in the domain of rural policy.

1.3.2
In contrast chapter 3 is structured around the content of normative debate (3.1) and strategic policy development (3.2), followed by case studies of the technical development of programs to implement state policy in rural society (3.3). This chapter concludes with a summary of the results presented in chapters two and three, and draws out the theme of governance for sustainable development as a relevant perspective for critiquing the governance of rural policy.

1.3.3
Chapter 4 is used to present a review of the literature on the governance of sustainable development. In 4.1 the concept of sustainable development is explored together with constructions of the States role, governance structures and systemic learning processes for facilitating sustainable development. The aim was to construct a framework around governance for sustainable development that was based on the concept of a learning
governance structure as an appropriate mechanism for the steering of society.

1.3.4

Chapter 5 is then used to critique the ARMCANZ/DPIE network from the governance perspective developed in chapter 4. The aim is to validate or otherwise the initial enquiry findings and to identify thematic concerns (Kemmis et. al., 1982) for further research and or development in the rural policy arena.

1.3.5

In concluding, chapter 6 pulls together the threads of the thesis in a summary of the findings and draws conclusions to the hypothesis that emerged out of the first cycle of enquiry outlined in chapter 1.2.2. The primary question asked of the data was:

"are the structures, processes and policies of the governance of rural Australia appropriate to facilitate sustainable development given the dynamic nature of contemporary markets and natural environments?"
2.0 A History of Rural Policy Institutions in Australia
2.1 The Commonwealth Constitution of Australia

This study is a critique of a public sector institution and the role a public service organisation takes in providing policy advise and program management for this institution. The intent of this chapter is to introduce the constitutional context of the institution and set the boundary of study for this critique.

According to Davis, et. al., (1988:16) different levels of political analysis distinguish theories of state from those of the public sector. The analysis and subsequent "theories of state" are based on high levels of generalisation while public sector analysis usually involves the examination of specific processes or institutions. While the state is recognised in this thesis as providing an influential environment in which public institutions operate, the state is not the topic of interest. This is a critique of a public institution engaged in the development and implementation of policy that is of relevance to rural Australia.

Given this context the thesis does draw on the statist literature to identify the power relationships that lead to the creation of Ministerial councils, including the Agriculture and Resource Management Council of Australia and New Zealand (ARMCANZ). Following this discussion on state power relationships a brief history of the ARMCANZ structure is presented. This is rounded off with a summary of the national policy framework that has emerged as a result of negotiations within ARMCANZ. This policy framework is then used to establish the boundary of further research into an organisational branch of the DPIE that services the policy debate associated with one section of the ARMCANZ /DPIE policy framework.
2.1.1 The Constitution

The British Parliament passed into legislation "The Commonwealth Constitution of Australia Act" on the 5th day of July 1900. This act created a federation that recognises the rights of six sovereign States while vesting limited powers in a central commonwealth government (Thompson, 1993:61).

With this federation of sovereign States, the Constitution plays a restrictive role in limiting the capacity of the Federal Parliament to take a direct legislative part in the development of each of the sovereign States. This power is limited in two ways, through the splitting of powers between government institutions and by limiting the overall legislative jurisdiction of the federal parliament.

The power of political parties holding the government benches is also limited by the Constitution. This is through a separation of powers among three institutions. These are

1. the Federal Parliament, with legislative power (section 1);
2. executive power is vested in a body of ministers acting in the name of the monarch and the Governor General (section 61), and
3. judicial powers are vested with a Federal Judiciary (section 71).

Of main interest to this thesis is the role and delineation of legislative power between the Commonwealth and the States.
2.1.2 Legislative Powers

The main legislative powers of the Commonwealth are determined under section 51 of the constitution. These powers are limited to; defence and external affairs; fiscal management; communications; population and immigration policy; aboriginal affairs; provision of public facilities and social services; family law; commercial and industrial regulation and the settling of interstate industrial and trade disputes. Under the constitution the States can also refer additional powers to the central government.

Accordingly, areas the Commonwealth has no direct constitutional power over include trade and commerce within a State, agriculture, mining and industrial development, land and resource development, conservation and the environment, civil and criminal law, essential services such as water, power and transport, housing and urban development, health and hospitals, sport, recreation, culture and education.

As the Australian constitution does not specify the areas of responsibility of the States, interpretations of the constitution include the view that the States have unlimited power over what they are able to legislate for (Wilcox, 1993:168). As a consequence many areas of power are concurrent with areas where both the States and commonwealth legislate. A controlling factor in the constitution is found in section 109. This states that Commonwealth law prevails over a State's law where both have legislated within the Commonwealth's areas of responsibility.

Since federation the powers of the Commonwealth have expanded vis a vis the States in areas of legislative and financial responsibility (Wilcox, 1993:169). Even though the Commonwealth has no direct involvement in a
State's internal affairs it has developed powers though external affairs, in
the form of treaties and international agreements, that have impacts on
resource development and other societal issues within the States, eg, world
heritage listings etc. Conflict between the States and the Commonwealth
have often been resolved in the High Court. Judicial processes involving
constitutional challenges within the Court have resulted in legitimising an
expansion of the range of activities the Commonwealth has become
engaged in. Expansions of activities include the areas of occupational health
and safety, education and training and in the areas of natural resource
management and nature conservation.

Even so, constitutional divisions are still evident in the content of laws
while both make policy the Commonwealth is biased towards measures that
relate to financial resources and means of persuasion. These are quite
different in focus to the States' legislation where generally there is an
emphasis on rules, regulations, and organisational structures.

Primary industries and the rural sector are areas governed by federal and
State laws. Federal laws relate to export schemes and controls, levies,
subsidies and concessions as well as foreign relations and international
treaties. State laws relate to marketing boards and controls, land settlement
and development, pest control, daylight saving, irrigation schemes and

2.1.2 Power Through Financial Arrangements

Due to the constitutional arrangements that give the Commonwealth
power over finance, State governments have been dependant on
Commonwealth grants to finance their activities and responsibilities. In recent times the High Courts *Uniform Tax* decisions, have resulted in State governments being prohibited from raising revenue through income tax (Wilcox, 1993:170). This has left the Commonwealth with sole control over raising and distributing tax revenue.

The States can only raise income through various charges and fees. Some estimates indicate that these sources only provide about one third of the States' revenue needs (McMillan, *et al.*, 1983). This control of finances gives the Commonwealth considerable power over the expenditures of the States and provides a number of financial services to assist the States meet their responsibilities. These are

- General tax reimbursement grants.
- Equalisation grants to individual claimant States.
- Specific purpose or section 96 grants.

Of interest here is the Specific Purpose Grant. While the first two grant facilities provide general revenue to the States, under Section 96 of the Constitution, the Commonwealth may provide grants to the States "on terms and conditions the Parliament sees fit".

Two sets of acts that are related to these special purpose grants are those associated with the conservation and management of the natural resource base of the farming community and those associated with the development or structural adjustment of the farming community itself. These sets of acts are the:
Soil Conservation (Financial Assistance) Act 1985,
Natural Resource Management (Financial Assistance) Act 1992, and the
States and Northern Territory Grants (Rural Adjustment)Act 1979
States and Northern Territory Grants (Rural Adjustment)Act 1985
States and Northern Territory Grants (Rural Adjustment)Act 1988

These acts and associate programs are the result of policy research and deliberations that involve institutions of the State including, the parliament and cabinet, ministerial councils and their standing committees and the federal public service. While the workings of parliamentary debate and cabinet are of significance to the legislative and financial allocation processes of government they are not the focus of this research. The systems in focus here are ones that include the processes of policy research, inter-government deliberation and program implementation that are directly involved in development of policies and programs related to the above financing bills. Specifically these programs include the Rural Partnership Program (RPP) and the Property Management Planning (PMP) campaign - both financed by the Rural Adjustment and Natural Resource Management legislation respectively.

2.1.3 Inter-Government Relations

The power relationship as defined by the Constitution of Australia has established the roles of Parliament, the Executive (Cabinet), and the public service. As shown these power parameters are significant in that they, above all else, govern the content of federal government legislation, but they also set up conditions that could lead to conflict between the States and the Commonwealth. Since federation structures and processes for
negotiated policy development have emerged to dampen this conflict. These includes inter-government Ministerial Councils. According to ACIR (1986) these councils are one of the mechanisms that have led to the survival of the Federation. Of relevance to the sustainable development of rural industries and communities was the role of the Australian Agriculture Council (AAC) and the post 1992 Agriculture and Resource Management Council of Australia and New Zealand (ARMCANZ). Chapter 2.2 explores the development of these Ministerial councils.
2.2 The Development of ARMCANZ

2.2.1 Early Years

Commonwealth and State Ministers of Agriculture met in 1934 to form the Australian Agricultural Council (AAC). The original intent of this council was to "provide a basis for continuous consultation between Commonwealth and State governments on primary production and marketing" (DPI, 1985:173) and consequently this council became the forum for negotiating policies that would affect the development of rural Australia.

These ministers' meetings occur twice a year (Davis, 1988) and these can be seen as punctuation marks in an ongoing decision taking process around changes to policies and in dealing with crisis. According to a review of Ministerial councils "what ministers decide is usually determined by what goes up" (Hede, 1993:202).

In relation to "what goes up" the AAC had, until 1985, two standing committees of senior public servants to provide policy and technical advice to the Council. These standing committees included the Standing Committee on Agriculture (SCA), also formed in 1934, and the Standing Committee on Soil Conservation (SCSC). The SCSC was established in 1946.

The AAC's standing committees have been made up of State and Commonwealth senior bureaucrats engaged in policy research and or the administration of primary industry and natural resource management portfolios. Agenda for the Ministerial Council was and still is worked through in a discursive fashion in Standing Committee meetings before the Ministers' Meeting. This leaves the Council to deal with the negotiation and coordination of policy and legislation at a political level. For example the
details of a National Drought Policy including changes to RAS legislation were worked through Standing Committee working groups and task forces over a number of years, and the recommendations put forward for the Council for debate, comment and eventual agreement, (see AAC records and resolutions, 1984 through to 1993).

2.2.2 Changing Structures

Prior to 1993 power over the existence, structure and functions of Ministerial Councils was at the discretion of the presiding Federal Minister for Primary Industries. During 1985 the Federal Minister John Kerin established the Australian Soil Conservation Council (ASCC) to give a high profile to issues of soil conservation within state and commonwealth consultative processes and

"to act as an advisory body on all aspects of soil conservation and land degradation policy, administration and management"

(DPI, 1985:175).

Before the formation of the ASCC the Standing Committee on Soil Conservation (SCSC), provided soil conservation policy advice directly to AAC where, it is claimed, soil conservation was not given the attention it needed (DPI, 1985). From the time of formation of the ASCC, the SCSC had the principle role of advising the Council on the co-ordination of soil conservation legislation, policy development and activities within Australia.

During 1990 the Ecologically Sustainable Development (ESD) debate raised the issue of integrated approaches to natural resource management. In 1992 the Minister for Primary Industries and Energy circulated a paper proposing to amalgamate the Soil Conservation Council and the Australian Water Resources Council. This paper argued that amalgamation would fulfil the
ESD call for an integrated approach to natural resource management. The response of the Standing Committee of Agriculture (SCA) was that the proposed amalgamations

"did not provide for direct links between agricultural land use and natural resource management"


SCA argued that given that agriculture and pasture production had been a major influence on land degradation and water consumption, it was also the role of agricultural and pastoral land managers to implement sustainable management practices. SCA also referred to recommendation 23 of the ESD Agriculture report which reads

- that urgent consideration be given to mechanisms for integrating, in an appropriate manner, the agricultural resource policy responsibilities of the Australian Agricultural Council (AAC), the Soil Conservation Council, the Australian Water Resources Council and the Australian and New Zealand Environment and Conservation Council


In line with managerialist trends in the public service (Gerritson and Murray, 1987) the new Council of Australian Governments (CoAG) set an agenda to undertake a review of Ministerial Councils. Given this circumstance the AAC felt that any proposal for amalgamation would be premature. In this context AAC agreed that SCA should pursue an integration of agricultural production and environmental issues and that SCA should seek to participate in any CoAG or other task force sub committees, etc. to develop effective liaison between governments on natural resource management issues (ACANZ, 1992: 56).
Starting with a review process in 1992 and concluding in 1993 CoAG resolved to rationalise the number of Ministerial councils to reduce costs and to improve the quality of policy development (CoAG, 1993:4). The view expressed in the CoAG communiqué was that bringing together councils would result in more integrated policy development and allow Ministers to gain a strategic view of the issues beyond that of any particular interest group.

Following the CoAG review the Agriculture and Resource Management Council of Australia and New Zealand (ARMCANZ) was formed through an amalgamation of the Agriculture Council of Australia and New Zealand, the Australian Soil Conservation Council, the Australian Water Resources Council and the Rural Adjustment Scheme Ministers Meeting (CoAG, 1993: attachment A). At the first meeting of ARMCANZ the Council agreed that

"its objective be to develop integrated and sustainable agricultural and land and water management policies strategies and practices for the benefit of the community."

(ARMCANZ, 1993)

What follows here is a presentation of the policy domains of this new Ministerial council.

**2.2.3 ARMCANZ Policy Domains in 1993**

Within the domain of ARMCANZ and its standing committee a number of major or strategic issue groupings were identified by the Standing Committee of Agriculture and Resource Management (SCARM, 1993) as well as the generic policy instruments used to address these policy issues. The major groupings include industry competitiveness, sustainable resource management, quality assurance and value adding, and rural and regional
community development. Figure three outlines these policy areas and policy instruments.

*Figure three: Policy Domains Of SCARM Working Groups*

**Major Strategic Issue Groupings**

<table>
<thead>
<tr>
<th>Industry Competitiveness</th>
<th>Sustainable Resource Management</th>
<th>Quality Assurance and Value Adding</th>
<th>Rural and Regional Community Devel’t</th>
</tr>
</thead>
<tbody>
<tr>
<td>Market development</td>
<td>Landcare,</td>
<td>Agribusiness value adding,</td>
<td>Co ordination and facilitation of</td>
</tr>
<tr>
<td>property rights and</td>
<td>Water management and</td>
<td>Food safety issues,</td>
<td>rural development,</td>
</tr>
<tr>
<td>pricing</td>
<td>quality,</td>
<td>Chemicals/residues,</td>
<td>Improved access to</td>
</tr>
<tr>
<td>Government and utility</td>
<td>Waste management,</td>
<td>Fertilizers,</td>
<td>services,</td>
</tr>
<tr>
<td>charging structures</td>
<td>Drinking water quality,</td>
<td>Biotechnology/ethnic</td>
<td>Social justice.</td>
</tr>
<tr>
<td>Deregulation</td>
<td>Sewage treatment,</td>
<td>manipulation,</td>
<td></td>
</tr>
<tr>
<td>Freight/shipping costs,</td>
<td>Soil conservation,</td>
<td>Food processing,</td>
<td></td>
</tr>
<tr>
<td>Taxation,</td>
<td>Rehabilitation of</td>
<td>Aquifod policy,</td>
<td></td>
</tr>
<tr>
<td>Structural adjustment,</td>
<td>degraded land and water</td>
<td>Plant production and</td>
<td></td>
</tr>
<tr>
<td>Interagency</td>
<td>Pest and weed</td>
<td>health,</td>
<td></td>
</tr>
<tr>
<td>performance</td>
<td>management,</td>
<td>Animal production,</td>
<td></td>
</tr>
<tr>
<td>comparison,</td>
<td>Production,</td>
<td>health and welfare.</td>
<td></td>
</tr>
<tr>
<td>Rural and urban</td>
<td>biodiversity/</td>
<td></td>
<td></td>
</tr>
<tr>
<td>utility infrastructure</td>
<td>conservation.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Generic Policy Instruments**

- Federal, state, local government relations,
- Resource and infrastructure pricing and allocation,
- Whole property planning,
- Landcare,
- Risk Management,
- Market Information,
- IDEs / Taxation,
- Adjustment / counselling,
- Education and training,
- Marketing and innovation,
- Occupational health and safety,
- Extension services / technology transfer,
- Environment, economic and resource monitoring.

At its first meeting SCARM opted for a single committee structure focussing on issues such as industry competitiveness, quality assurance, sustainable resource management and rural and regional community development (ARMCANZ, 1993:29). Bodies subordinate to the standing committee included specific industry forums, strategic policy committees, technical committees, task forces, working parties and specialist expert panels. These bodies would be structured as outlined in figure 4 (ARMCANZ, 1993: 35).
Of central concern to this study was the history and system of interactions associated with the emergence of the integrated policy framework to facilitate natural resource management and rural area development (ARMCANZ, 1993:7). This includes the role of the DPIE and its Rural Division (RD).

As Davis *et al.* (1988) point out, the Ministerial Council is dependant on SCARM for its policy advice. In turn SCARM is dependent for advice on the work undertaken by its working groups and task forces. Like the Standing Committee these working groups are made up of policy officers drawn from across the various State and Federal departments, and like the council and its standing committee, these task forces and working groups usually draw their secretariats from the DPIE.
It has been argued elsewhere (Davis et. al., 1988:53) that the content of policy research would be representative of the worldviews of the organisation in which policy officers work. On the basis of this concept the following chapter 2.3 takes a closer look at the changing structure and culture of the DPIE, with a particular interest in the roles that the Rural Division and its branches have played in facilitating the development of rural policy.
2.3 Servicing the Policy Cycle

2.3.1 Introduction

One of the major groups of secretarial support and policy research expertise that has had an influence on the policy framework of ARMCANZ is the Rural Policy Branch of the Rural Division of the DPIE. Before delving into an exploration of the 1990's Rural Division, this chapter looks into the broader history of the Department of Primary Industries (and Energy) and past incarnations of the Rural Division. This is to explore the genesis of contemporary structures engaged in servicing the policy cycle, and the roles these structures played in progressing rural policy. The data is presented in a manner that is aimed at capturing some of the richness of the working environment in the structures associated with rural policy development.

2.3.2 Early versions of the Rural Division

Change in the administrative structures of the Department of Primary Industries (DPI) had been a consistent theme throughout the 1980's. In the main these management changes were started and finished by the Secretary, Geoff Miller, and were facilitated by a major overhaul of the public service in 1987.

In 1985/86 Geoff Miller was appointed as Department Secretary, During that year the Department went through a process of management review and restructuring to:
"improve the Department's capacity to meet the needs of primary industries and provide resources to better focus on the priority issues in rural Australia in 1986 and beyond" (Kerin, 1986:3).

The first Rural Policy Division was formed as a result of this management review. Its role was to develop policies on primary industry issues that cover areas across the whole rural sector, and not the domain of one division or bureau in the Department (DPI, 1986). Replacing the former Development and Co-Ordination Division, the Rural Policy Division included the Policy Development Branch, the Marketing and Production Branch and the International Relations Branch.

Carrying on from its previous work, the Policy Development Branch had the job of developing and reviewing policy initiatives across the whole rural sector and to provide advice on industry assistance issues, protection policy, rural taxation, and the implications of fiscal, monetary and exchange rate policy on the rural sector. It was in this context that the unit played a major role in the development of The Economic And Rural Policy Statement released on the 15 April 1986. (DPI, 1986:30)

To address the nature of social and welfare problems emerging in the bush, the Rural And Provincial Affairs Unit was established in October 1985 within the Policy Development Branch. It's purpose was to provide government with a perspective on non agricultural rural issues and needs (DPI, 1986: 7). In its year of inception the unit reviewed social security arrangements, introduced the rural counselling service and a rural women's access program.
Anecdote suggests that the Rural Affairs Unit resulted through Minister Kerin directing the structuring of the Department in order to have a policy research unit that had direct communications with the Ministers office on social issues in rural Australia (DPIE interview notes, 1995). Consequently communications did not need to go through the formal channels of communication of the Department. One interviewee claimed that this did not sit well with the hierarchy and that later changes brought about by a general restructuring in the machinery of government allowed this situation to be circumvented (DPIE interview notes, 1995).

The Marketing and Production Branch had a much more farm and market based policy research focus with an emphasis on statutory marketing authorities, trade, transport, structural adjustment, research coordination and resource management (DPI, 1986:33).

2.3.3 Change in the Machinery of Government

During the 1980's, forces external to the DPI were at work in the Public Service to change the services' structure and management. Fiscal restraint played a continuous role in the management of departments. To pursue this restraint the Department of Finance took on the role of not only the agent of budget reduction, but also as an agent of change to improve management performance across the whole public sector (Keating, M 1988).

To gain improvements in public sector management the Department of Finance fostered two major changes within the public sector during 1987. These were an Organisational Revolution in the form of ministerial and departmental restructuring and an Efficiency Scrutiny Process aimed at prompting departmental management to undertake a fundamental
reappraisal of administrative processes and their rationale (Keating, M. 1988:59).

Within this process major changes included the introduction of Program Management and Budgeting (PMB). This was aimed at fostering objective setting and an outcome rather than process orientation within the bureaucracy. Also introduced was the Financial Management Improvement Program (Keating, M., 1988). This improvement program involved the establishment of corporate plans, management information systems and the devolution to departments of control over how they use their resources. As will be seen in later chapters knowledge of these impending changes influenced the emergence of objective management in the AAC.

The PMB was implemented to help all departments to define their objectives and program structures and to give management and their public servants clear statements of what they should be trying to achieve (Keating M., 1988). The program also aimed to establish an evaluation mentality in the service through periodic checking of programs to determine how well they were achieving their objectives, corporate goals and the overall Department mission. At the program level this also meant a devolution of power and an element of self direction given to managers (Keating, M., 1988).

With these new arrangements came encouragement for a shift from risk avoidance to risk assessment and management in the public sector. This was in line with experiences within the private sector that recognised that risk management finally is more efficient and more likely to address waste management as well as error and fraud (Keating M., 1988).
With administrative policy changes aimed at a freeing up of administrative processes (Codd, 1991), came the development of Human Resource Management policies that looked to move the Public Service to becoming a Learning Organisation (Gunzburg, 1992) Gunzburg defines learning and learning organisations as

"... a lifelong and continuous experience where change is welcome and seen as a stimulus for creativity and organisational growth. A learning organisation is one that sees room for improvement and is always striving to improve its performance"

(Gunzburg, 1992: iii).

Implementation of this concept of the learning organisation emanated in the form of training programs with all departments having a training budget for their staff.

The combination of these general changes to the Machinery of Government had a direct impact on the structure and management of the Department of Primary Industries.

2.3.4 Creation Of The Department of Primary Industries and Energy

The 1987 changes to the machinery of government caused significant changes to occur within the Primary Industries portfolio. The rationale for an amalgamation of the Department of Primary Industries, Department of Mineral Resources and parts of the Department of Trade was two fold. These were to reduce the number of departments and to also bring together into one Commonwealth portfolio the responsibility for commodity exports in agriculture and minerals that, in 1987, made up to 80% of Australian commodity export earnings (Evans, 1988:64). Figure 5 outlines the
department structure that formed as a consequence of the merging of these Departments and their divisions.

Figure 5 Merging of Divisions From Different Departments to Create the DPIE (Evans 1988: 69)

<table>
<thead>
<tr>
<th>Divisional Structure Prior to Merger</th>
<th>DPIE 1988</th>
<th>Divisional Structure After Merger</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corporate Services (DPI)</td>
<td></td>
<td>Corporate Services and Co-ordination</td>
</tr>
<tr>
<td>Co-ordination and Management (DRE)</td>
<td></td>
<td>Policy Development</td>
</tr>
<tr>
<td>Corporate Support Element (DOT)</td>
<td></td>
<td>Livestock and Pastoral</td>
</tr>
<tr>
<td>Rural Policy (DPI)</td>
<td></td>
<td>Crops</td>
</tr>
<tr>
<td>Livestock and Pastoral (DPI)</td>
<td></td>
<td>Energy Policy and Programs</td>
</tr>
<tr>
<td>Agricultural Trade Group (DOT)</td>
<td></td>
<td>Coal and Nuclear</td>
</tr>
<tr>
<td>Crops (DPI)</td>
<td></td>
<td>Mineral Commodities</td>
</tr>
<tr>
<td>Energy Resources and Development (DRE)</td>
<td></td>
<td>Bureau of Agriculture and Resource Economics</td>
</tr>
<tr>
<td>Nuclear and International (DRE)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Coal and Minerals (DRE)</td>
<td></td>
<td>Petroleum</td>
</tr>
<tr>
<td>Minerals and Energy Policy Group (DRE)</td>
<td></td>
<td>Australian Fisheries Services</td>
</tr>
<tr>
<td>Bureau of Agricultural Economics (DPI)</td>
<td></td>
<td>Australian Safeguards Office</td>
</tr>
<tr>
<td>Bureau of Resource Sciences (DRE)</td>
<td></td>
<td>Australian Quarantine and Inspection Service</td>
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<tr>
<td>Petroleum (DRE)</td>
<td></td>
<td>Bureau of Mineral Resources</td>
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<tr>
<td>Australian Fisheries Services (DPI)</td>
<td></td>
<td>Bureau of Rural Science</td>
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<tr>
<td>Australian Safeguards Office (DRE)</td>
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<td>Natural Resource Management</td>
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<tr>
<td>Australian Quarantine and Inspection Service (DPI)</td>
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<td></td>
</tr>
<tr>
<td>Bureau of Mineral Resources (DRE)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Policy Projects Task Force (DPI)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bureau of Rural Science (DPI)</td>
<td></td>
<td></td>
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<tr>
<td>Water and Energy Conservation</td>
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</tbody>
</table>
This restructuring led to the establishment of the Policy Development Division (PDD), a division that Evans (1988) claimed resulted in a strengthening of the Rural Policy Division. The PDD's purpose was to address a range of micro and macro economic policy issues of importance to the agriculture minerals and energy industries (Evans, 1988). Under this new structure the Secretary, Graham Evans, claimed that general policy formulation across the portfolio was more easily achieved as a result of the combination a of number of policy groups within the one Division (Evans, 1988). As an example of this Evans cited the development of a natural resources management program that brought together an integrated approach to the issues of land degradation, salinity, farm management practices and the use of water resources (Evans, 1988).

Another example of integrated policy emerged as a product of the PDD. This division had primary carriage of the Industry Development Review, a comprehensive review of assistance and adjustment measures, which involved consultation with all relevant industry bodies and covered issues such as taxation, protection, trade, transport and shipping, raw materials processing, research policy, rural adjustment, rural services and trade matters (Evans 1988). The outcomes of this review were presented in a Ministerial statement released on the 25th May 1988 and detailed in the booklet *Primary Industries and Resources- Policies for Growth* (DPIE, 1988).

The general restructuring also created an upheaval in the bureaucratic work environment. In commenting on this Secretary Evans made the point that if full benefits were to be gained from changes to the machinery of government, then the public service should be given time to adapt to these changes (Evans, 1988:68). This was not to be the case for the DPIE as changes
were about to take place in the secretary's position, these were changes that would have a far-reaching impact on management of the Department.

2.3.5 A Program Of Change Within The DPIE

In complete contrast to Evan's position, a program of change in the DPIE started with the re-appointment of Geoff Miller as DPIE Secretary in September 1988 (Lee 1991:3). Like previous processes initiated by Miller, this program was started to "comprehensively and fundamentally overhaul the management, organisation and structure of the department" (Miller, 1989:2), and was designed to gain efficiency and effectiveness in the Department's service provision. In line with the general changes to the machinery of government the Department aimed to flatten the structure of the organisation and devolve authority, resources and responsibilities to program managers within this new structure. (Miller, 1989:3).

In its first of a three year period of transformation, the department restructured along a matrix management system where an emphasis was placed on creating an environment for encouraging cooperation across operating groups (Miller, 1983). Figure 6 shows the interrelationship between the organisation and programs and how responsibility for program objectives were allocated within the Department of Primary Industries and Energy matrix (DPIE, 1989:19). Lee (1991) represented this functionality in an alternative matrix (see figure 7). In Lee's matrix, Headquarters group provides all the coordinative functions (left hand column) and draws expertise from across the department into appropriate project groups.
Dots represent fields of activity undertaken by various divisions within the DPIE.

This configuration led to a project-based approach to policy development. It drew expertise from across the department to deal with issues such as a Rural Adjustment Scheme (RAS) review and Sustainable Agriculture working group secretariats (DPIE 1989). Of relevance to this thesis is the role of the Australian Bureau of Agriculture and Resource Economics (ABARE) and the Bureau of Rural Resources (BRR) - later combining with Mineral
Resources to form the Bureau of Resource Sciences (BRS). Both these organisations exist to support the policy organisation through research into the economic and biophysical environment of rural industries and communities. ABARE through economic modelling and BRS through a developing envelope of biophysical and geographic modelling technology that will allow the development of scenario testing in the future (Bradbury, 1995).

![Figure 7: The Relationship Between Organisational Structure And Project Structure (From Lee, 1991)](image)

<table>
<thead>
<tr>
<th>Headquarters group</th>
<th>Services Unit</th>
<th>Agricultural and Forestry Group</th>
<th>Minerals and Fisheries Group</th>
<th>Bureau of Ag and Resource Economics</th>
<th>Bureau of Rural Resources</th>
<th>Bureau of Mineral Resources</th>
<th>Quarantine and Inspection Services</th>
</tr>
</thead>
<tbody>
<tr>
<td>General and Sectoral Policy</td>
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<tr>
<td>PPU Corporate and Strategic Task force</td>
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<tr>
<td>Corporate Strategic Planning</td>
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<tr>
<td>Resource Allocation, Budget and Audit</td>
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<tr>
<td>Program Evaluation and Performance Assessment</td>
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</tbody>
</table>

The vertical and horizontal lines represent the relationships between headquarters tasks (on the left) and how these draw resources together from across all divisions according to the needs of the tasks.
2.3.5.1 Developing Corporate Values

During the process of restructuring Secretary Miller articulated, in 1990, a set of what he termed values to underpin the culture of the Department's working environment. These values, as recorded by the DPIE included:

1. Be proud to be a public servant. Be proud to a member of DPIE. Even if you are not paid enough, and don't get thanked enough, be proud of the public service - end the bureaucratic cringe.
2. Don't just work for money, promotion or recognition. You will often be criticised, not praised for your greatest achievements, but in the end your colleagues will recognise your worth.
3. Don't expect a free lunch.
4. Fight the issue not the person. Don't look for someone to blame. Look for someone to help. We will never be a great department until we learn to live and work as a team.
5. Its unfashionable - be honest to yourself, your Secretary and your Minister. Honesty has another advantage - it catches people by surprise. That gives you a strategic advantage.
6. Manage Yourself. Managers are not here to run the place, you are. Nobody can do your job better than you.
7. Don't take no for an answer. Do rock the boat. Do take risks. If you know things can be done better, work out how to get it done.
8. Never accept that you don't matter. In DPIE everyone of you matters. Your efforts will bring change no matter how great the problem.
9. Don't confuse style with substance or political expedience with sound policy.
10. People are important. Never lose sight of the fact that it is ultimately people's lives that we are trying to improve. Listen carefully to what people are saying.

(Lee, 1991:11)

Lee presented this material within a report designed to raise debate about the management of the culture of the organisation. The report was set in an organisational climate of discontent within the DPIE over the extent of changes that had occurred. It aimed to identify strategies for bedding down the new structures and processes of the department. According to some policy officers it had little impact on the department (DPIE interview notes 1995).
2.3.6 DPIE And The Concept Of Sustainable Development.

Consistent with Evans' 1988 claims that the restructure led to integrating programs for natural resources management, the issue of sustainable development appears in the DPIE's public discourse in its 88/89 annual report. In its opening paragraph the DPIE lays claim to its role in dealing with the current account deficit (and related foreign debt levels) and in the management of the natural resource base to provide for "ecologically sustainable long term development" (Miller, 1989:1).

In 1990 the Department was still claiming to have a major influence on the nature of natural resource-based commodity industries and that this influence had reached the macro economic policy framework in which these industries operate. Its main achievement, the Secretary claimed, was the development of the National Strategy for Sustainable Development, where the Department was taking a leading role in six out of the nine working groups engaged to develop sectoral policy strategies (Miller, 1990: 1) Other achievements relevant to Sustainable Rural Development included the expansion of the National Soil Conservation Program, the establishment of Landcare, as well as a review of drought policy and tax incentives for the prevention and treatment of land degradation.

In 1990/91 the major challenges faced by the Department included the rural downturn and associated reviews of drought policy and rural adjustment policy; collapse of the reserve price scheme for wool and replacement with new marketing arrangements; decline in international grain prices; developing a resource security package for the forests industry; as well as a range of trade and mining access and taxation issues. (Miller, 1991: viii). The
Department also expended energy from across the portfolio in actively progressing the ESD process, which was due to report in 1991/92.

Figure 8: Trends in Commonwealth Expenditure. (LMFA 1995)

(1) Includes State-based assistance and is based on 1988 dollar values.
(2) Excludes Government guarantees on Australian Wheat Bored loans and the one-off assistance for wool industry restructuring in 1993.
(3) Includes the Rural Adjustment Scheme, National Landcare Program and Government contributions to R & D.

Changes in the focus of the DPIE are dramatically evident in its budgetary expenditure. According to DPIE papers, past governments and industries have tried to counter the variability in agriculture through regulatory production, price and income stabilisation schemes. The DPIE claims that these schemes were largely unsuccessful and had been progressively removed (Wonder, 1995; LMTF, 1995). In 1995 the Department held the position that it was not possible to artificially remove the variability of agriculture production and markets and that the best approach would be to
manage the variability and to focus on the sustainability of the farm business and its natural resource base (LMTF, 1995). Figure 8 shows that government market price support and input subsidies had decreased significantly since the early 70's. In relation to this, the DPIE claims that a greater proportion of assistance to the rural sector is delivered through sustainable agriculture measures (Wonder, 1995).

The following graph (figure 9) has been developed from data drawn from the annual reports and budget papers of the DPI and DPIE. This data shows that the main expenditures related to facilitating sustainable development have included the training and development programs for business and marketing skills development, and for community access programs (to gain access to government services). The main areas of expenditure and growth though, have been in the areas of Soil Conservation/natural resource management and in facilitating structural adjustment within the farm sector through the RAS. Of relative minor expenditure but related to facilitating structural adjustment has been the establishment of a rural financial counselling program.

Related to the structural adjustment programs are the social security programs of drought relief and farm household support. These spikes in expenditure in 1981/2 and again in 1993/4 through 1994/5 mark out the periods across two decades when extreme drought circumstances forced the government to expend funds to support farms through naturally induced crises.
Apart from Natural Resource Management/ Soil Conservation expenditures, it has been the responsibility of the DPIE's Rural Division (in one form or another) to administer expenditures related to the structural adjustment, training and access programs and to service the policy debates related to these expenditures. Chapter 2.4 explores the contemporary organisational setting related to this administration and debate.
2.4 Servicing Rural Policy in the 1990's

2.4.1 Introduction

The purpose of this chapter is to introduce the environment of the DPIE and to establish the political and organisational environment within which the Rural Division and the Rural Policy Branch (RPB) were embedded during the early 1990's. This broader environment is then followed by a description of the working environment of policy officers within the RPB. This is presented in order to capture a sense of the process of policy development and the role that this organisational sub culture plays in the development and implementation of rural policy in Australia.

2.4.2 Simon Crean's Influence

At the end of 1991 the new Minister for Primary Industries and Energy, Simon Crean, re-established the Rural Policy Division (later Rural Division) within the Agriculture and Forestry Group (AgFor) of the DPIE. The functions of this Division were to address Minister Crean's priorities for responding to the rural crisis by supporting rural people and to build the competitiveness and productive capacity of the rural sector. (Clearinghouse, March 1992). Interview results suggest the Division was established to deal with those issues that "fell between the cracks" of an otherwise industry related portfolio (DPIE Diary Notes 1993).

In 1993 the Rural Division was made up of two branches and secretariats of the Agricultural and the Soil Conservation Councils (see figure 10 below). In its first year of operation the Rural Division commissioned a review of the Rural Adjustment Scheme (RAS) and introduced a revamped RAS
legislation that focussed on productivity improvement measures, training in farm management skills, and the use of expert advice for land trading to facilitate farm restructuring (DPIE, 1993:121). This legislation also provided for the establishment of the Rural Adjustment Scheme Advisory Council (RASAC), a body of industry and community representatives set up to provide a strategic and national view of the Rural Adjustment Scheme (RAS).

Figure 10: The Rural Division in 1992- Located in the Agriculture and Forest Group (see fig six and seven)

By October 1993 the Rural Division had grown with the addition of a new branch and other farm management services eg Income Equalisation Deposits. The organisation of the division was as shown in figure 11. The operating components of this Division included the Rural Policy Branch, The Rural Competitiveness and Communities Branch and the Agribusiness Branch.
According to the Rural Division's 1993 strategic plan it's primary focus was on rural Australia's agricultural and related industries. Rural Australia comprises all areas outside the capital cities and urban centres with more than 100,000 people. In the context of contributing to national economic development and prosperity the Rural Division's strategic plan

"aims to build on the linkages between agriculture and related industries, the manufacturing and services sectors and the energies of rural communities themselves to achieve development sustainability and greater economic and social sustainability"

(Rural Division Strategic Plan, 1993)
Following this vision the **Rural Policy Branch's** principle activities were to:

- Advise the Executive and the Minister on the implementation of policies for a sustainable and competitive rural industry sector,
- Review evaluate and develop policies for the rural sector,
- Monitor policy developments and emerging issues and analyse the implications for the rural sector.

**The Rural Competitiveness and Communities Branch** principle activities were to:

- Advise the Minister and Executive on the development and implementation of policies and programs to increase farm competitiveness and improve the access of rural people to government programs and services. This was especially in relation to
  - Farm risk management policy and programs,
  - Rural structural adjustment policy and programs,
  - Rural access policy and programs,

**The Agribusiness Branch's** principle activities were to

- Provide policy advice to the Minister and Executive on rural marketing strategies, producer and processor linkages and rural research and development issues.
- Support through the rural business marketing programs to encourage international competitiveness.
- Administer international agricultural co-operatives agreements.
2.4.3 Changing Culture- The Influence of Greg Taylor

Under Secretary Miller the administration of the department had a "chaotic and free wheeling nature to it" (DPIE interview notes 1995). During 1993 Geoff Miller retired from the position of Departmental Secretary and Greg Taylor was transferred to this position from the Department of Social Security (DPIE Diary notes 1995). Where Geoff Miller was regarded by officers in the Department as a "Big Picture Operator" who encouraged a culture that was geared towards outcomes orientation and an element of risk management, Greg Taylor was considered to be a narrowly focussed "Bean Counter" where process was to follow a set of clearly definable protocols and under no circumstances was risk taking to be sanctioned (DPIE interview notes 1995). An example of the style of Taylor's management is presented in figure 12 below.

Figure 12: An Introduction to DPIE's Management Protocols (Source DPIENET)

Reference: 1/94

Subject: INTRODUCTION TO THE DEPARTMENTAL MANAGEMENT PROTOCOLS SYSTEM

1. This series of Management Protocols specifies the processes to be followed within the Department of Primary Industries and Energy in relation to specific management and administrative issues.

2. The Department's Management Protocols complement the separate series of Secretary's Instructions which continue to be the definite authority on financial management issues within DPIE.

3. Particular attention is drawn to Protocol 2, "Principles of Devolution in DPIE". In effect, these Management Protocols establish common standards of consistency, coordination and consultation required in the areas addressed for the Department to continue in its basically devolved organisational mode.

4. Management Protocols will follow a standard format, will be numbered sequentially and will be issued to a standard distribution list of all SES and other relevant officers throughout the Department.

5. They will describe standard operating procedures for all areas of the Department and should be made available to all staff as necessary.
Reference: 24/94

Subject: PROGRAM IMPLEMENTATION: DEVELOPMENT OF PROGRAM GUIDELINES

1. This protocol outlines the requirements that program managers must follow in the development of guidelines for new or existing programs. Such guidelines cover the administrative requirements generated through the movement of a program from a policy initiative to an implemented program. Adherence to this protocol will ensure a consistent and comprehensive approach to program guideline design and development.

2. The following regime will ensure program guidelines meet a prescribed standard prior to implementation of the program. Program guidelines will be assessed against the criteria established in Program Guideline Development Template.

3.1 Co-ordination responsibility resides with the program manager, being the Assistant Secretary responsible for the program's administration.

3.2 Program guidelines that require Internal Audit certification regarding compliance with the Program Guideline Development Template are:

- new programs; or,
- existing DPIE programs that have been subject to significant administrative change. Such change may relate to either the funding or the delivery mechanisms of the program.

3.3 Program guidelines require Internal Audit certification prior to program implementation. Internal Audit will clarify on a case by case basis which program guidelines are exempt from, or require, certification.

3.4 Where program guideline certification is required, the program manager should ensure (as a minimum) that each of the 23 checklist points are addressed, as referenced in the Program Guideline Development Template. Where program guidelines make reference to areas of specific expertise (eg, legal, fraud, finance, IT, or privacy issues) the program manager should ensure that appropriate corporate clearances have been provided prior to submitting the program guidelines and evidence of that clearance to Internal Audit. Internal Audit is the final reference point for review and certification of program guidelines. The guidelines must be submitted to Internal Audit with sufficient lead time to enable adequate consideration prior to program implementation.

3.5 Where program guidelines fail to address the Program Guideline Development Template, shortcomings will be referred to the First Assistant Secretary Corporate Affairs Division (FAS CAD). The FAS CAD will inform the program's Executive Director and FAS of issues requiring attention prior to the program being implemented. The program's Executive Director is responsible for ensuring all outstanding issues have been appropriately actioned. Where program guidelines comply with the Program Guideline Development Template, Internal Audit will advise the program manager and FAS CAD. The program manager will inform the program's FAS and Executive Director regarding certification of the guidelines by Internal Audit.

3.6 When the program guidelines have been cleared by Internal Audit and any outstanding issues addressed, the program may be approved for implementation. The authority to approve programs for implementation is provided by the Secretary to Executive Directors. The contact officer for this protocol is Greg Read, Corporate Accountant, Finance Branch, Corporate Affairs Division (x4339).
This change in management style from outcomes orientation to process focus and "protection of his rear end" (DPIE interview notes 1995) was viewed with some frustration among officers of the department in both the Rural Division and within the Human Resources Management Division. These people were more comfortable with the free flowing nature of Geoff Miller's management style.

One of the protocols established by Taylor sets out guidelines and procedures for the development of, or change in, the programs of the Department (see figure 13 above). It was claimed by one policy officer that this type of process oriented approach to policy development would stifle change within the department. This was due, the interviewee claimed, to the red tape required to be worked through in order to get even insignificant changes in the program framework. In contrast others felt that the protocols were of no concern as they merely represented the processes that were informally in place already (DPIE interview notes 1995).

By the end of 1994 new changes to the structure of the DPIE were brought about by Taylor. These changes were presented as balancing workloads across Divisions (Taylor 1994). Changes in the Rural Division were also construed as disciplinary by department officers, as these changes resulted in the sidelining of Senior Executive Service (SES) officers due to a perceived mishandling in the development of the new Rural Adjustment Scheme (DPIE interview notes 1995). One of the main issues that arose out of the new RAS legislation was the transfer of the administrative and financial functions of the RAS from the Department of Finance to the Department of Primary Industries and Energy (DPIE interview notes 1995). This led to growth in the administrative costs required to run these programs and resulted in cost impositions and staffing growth within the Division. Figure
14 sets out these cost implications, where it can be seen that administrative costs in the RD almost double with the implementation of a new RAS program yet the expenditure on RAS itself remained stable.

**Figure 14: Rural Policy Division Appropriations 1991/92 to Budget 1995/96**

<table>
<thead>
<tr>
<th>Appropriation</th>
<th>1991/92 ($000)</th>
<th>1992/93 ($000)</th>
<th>1993/94 ($000)</th>
<th>1994/95 ($000)</th>
<th>1995/96 ($000)</th>
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<td><strong>Division</strong></td>
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<tr>
<td>Running Costs</td>
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<td>7,772</td>
<td>8,656</td>
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<td><strong>Industries Development</strong></td>
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<td>Clean Food Export Strategy</td>
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<td>30</td>
<td>2,969</td>
<td>1,200</td>
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<td>Agribusiness Programs</td>
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<td>4,070</td>
<td>7,924</td>
<td>6,670</td>
<td>7,710</td>
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<td><strong>Infrastructure and Support</strong></td>
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<tr>
<td>Rural Communities Access</td>
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<td>9,041</td>
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<td>Program</td>
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<td>War service Land Settlement Program</td>
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<td>Rural Adjustment State Grants</td>
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The structural changes to the Rural Division that resulted from Taylor's review of the situation included:
- the Rural Division shifting line of command from Agriculture and Forestry (AgFor) group to the Headquarters group.
- The First Assistant Secretary (FAS) in charge of the Rural Division was shifted sideways to Crops Division (known within house as "Sleepy Hollow") and Mr Bernie Wonder became FAS of the Division.
- The Assistant Secretary (AS) in charge of the RAS developments went on long service leave and then resigned.
- The Rural Competitiveness branch was renamed the RAS Management Branch and was to focus exclusively on RAS policy and program management. Mr. Bruce O'Meagher became AS of the RAS Branch.
- The Rural Communities policy section and Rural Communities Access Programs were moved to the Rural Policy Division under AS Dr Onko Kingma.
- The Agribusiness Branch remained unchanged.
Figure 15 provides an outline of this new structure.

**Figure 15: The 1995 structure of the Rural Division within the Headquarters Group (see fig. six and seven)**

While all these branches work together in an inter-related manner, the focus of interest of this study was on the workings of the Rural Policy Branch. This was used as a case study of the organisation of policy development and review set in an environment of program administration. The other reason to select this case study is that this branch's priorities had primarily been in the development and progress of an integrated policy framework for sustainable rural development (DPIE interview notes 1993 and 1995).
2.4.4 The Rural Policy Branch

This section is an introduction to the Rural Policy Branch, its Mission and the issues it was confronted with in meeting its organisation role in the early 1990's.

The mission of the RPB as articulated in 1993 was

"To become a driving force in providing and communicating creative and forward looking policy advice on rural issues to the Minister, the Executive of the Department and the rural sector generally"

(Rural Policy Branch 1993)

By 1995 the RPB, in order to achieve this mission, comprised five program or policy research areas including:

"(1) Rural Industry Policy Section provided secretariat support for policy and policy research in economic, business investment, productivity, micro economic and resource management policy issues for the farm sector and related industries.

(2) Rural Communities Policy Section- economic, social, labour market, education and training, health, services delivery and welfare policy issues affecting rural communities; and issues covering the Ministers defacto role as 'Minister for the Bush'

(3) Rural Regional Development Group - Structural adjustment, sustainable resource management, and social and economic development policies to empower rural communities and regions to undertake balanced growth: development and implementation of strategic rural regional programs such as the Rural Partnership Program, which will improve policy coordination and introduce new approaches to partnerships for growth between governments and communities.

(4) Rural Women's Unit - policies and programs which will enhance the role of rural women in government, industry and rural communities; develop and assist in implementing a national policy agenda for rural women; and establish a rural womens network to communicate the needs/roles of rural women throughout the community.
(5) Rural Communities Access Program - management delivery and policy development in a suite of programs which support empowerment of groups in rural and remote communities to: undertake economic and social development; improve access to information, technologies and services; and develop skills awareness and leadership."

(Rural Policy Branch, 1995)

While essentially a policy research group the Rural Policy branch also maintained contact with the community and program administration through the Rural Community Access Program (DPIE Diary Notes 1995).

2.4.4.1 The Environment Within The Rural Policy Branch

In line with the corporate plan of the Department, the Rural Policy Branch had as its main role to be a "think tank" for the Minister for Primary Industries and Energy on "Big Picture Issues". That is "to be a strategic policy branch" (DPIE 1993 interview notes). In fulfilling this role, the Branch provided secretarial services for SCARM and out-lent staff to other branches and committees as a secretarial service. In its functional role the branch's purpose was to

"handle day to day issues, be pro-active in the maintenance of the policies in place, review issues (and to be) pro-active, suggesting forward looking approaches, anticipating the future."

(DPIE interview transcript 1993)

This "think tank" role created its own pressures and strains on the individuals involved such as:

"The head of that branch has to manage a flexible team which is always in process and always uncomfortable in that there are no specific programs to run. In many ways it is easier to be told well now you have got 50 million dollars to administer for scheme X ,

67
you get applications which you assess, there is a running budget etc. and we'll do some evaluation and we could say well we have had so many projects in on this and that. Well that's easier than saying go away and structure up a policy agenda for taxation issues”.

(DPIE interview transcript 1993)

In line with this process orientation the working environment set up by the Branch Head was based on creating a free flowing environment with small groups working together in a creative manner. Problem solving ideas were created by groups in brain storming and other creative sessions. Membership of these groups depended on the issue and relevant experience or expertise of the individual.

This subculture of the Branch had not been immune to the vagaries and changes in the broader organisational culture. With the change in Secretary in 1994 some of the devolution of decision making power was pulled back and this had an impact on the ability of senior officers to delegate jobs and responsibilities (DPIE diary notes 1995). In relation to these changes it become common practice for the Secretary to call managers and directors to his office to have them explain why events had occurred and this required senior officers to be engaged in all facets of work in progress (DPIE Diary Notes 1995).

When asked to use a metaphor to describe the Department' working environment a number of officers in discussion agreed that the situation was like "a schoolyard with bullies roaming the corridors and a principle in the secretaries chair" (DPIE interview notes 1995). These "bullies" referred to Senior Executive Service (SES ) staff who had their own branches to run and their own problems to deal with. Officers openly discussed a sense of rivalry between branches of the Rural Division and
that this in part originated at the SES level where domains of influence and access to resources created conflict.

2.4.4.2 Resource Availability

The amount of time available to undertake policy research and development was a limited resource and this put significant amounts of pressure on all levels of the branch. Policy officers claimed that a large proportion of their time was spent in dealing with requests for information, responding to letters to the Minister (Ministerials) and engaging in consultation across the Department. One policy officer's frustration was expressed in his comment "we are consulted to death" (DPIE Diary Notes 1995). To cope with the flow of Ministerials it was observed that it was a common event for Ministerials to be palmed off onto someone else if it was at all possible.

In relation to time and other resource constraints, the Director of the Industries Policy section claimed that there were tensions between getting adequate information and getting a clear enough picture of an issue or policy project (DPIE interview notes 1995). Time frames made available for policy research and development "are set by the Minster's agenda" (DPIE Diary Notes 1995) and were usually tight, yet competition for time was institutionalised with a standing policy for responding to letters to the Minister within 14 days of receipt. This resulted in a high amount of pressure on the staff to perform, and an observed sense of frustration with the pace of policy development (DPIE Diary Notes 1995). This was especially prevalent when high profile issues resulted in both a flood of letters to the Minister and Ministerial and Departmental demands for policy responses to take to public forums. The most recent
extreme example of this had been Federal response to Drought through 1994/95

At a broader level, time frames for policy development were set by the Minister or SCARM and were usually timed for broader political agendas or programmed administrative events like bi-annual ARMCANZ and SCARM meetings and the more frequent parliamentary sessions.

To add to the tension, human capital was scarce and the availability of funds for fieldwork was limited. During 1995 budgetary pressures were exerting considerable pressure on the Branch and the Division as a whole with the Secretary expressing concern that the Rural Division, along with Natural Resource Management, had exceeded budgeted staffing levels and rationalisation needed to occur (Taylor 1995).

In responding, the Assistant Secretary (AS) of the RPB drew up a strategy that aimed to maintain the major policy and program areas of the Branch. This document recognised that activities would need to change from active development of policy areas to one of monitoring developments. More importantly, the strategy included major cutbacks to program monitoring. Many people in the Branch recognised this as exposing the Department to financial and legal risks in terms of meeting administrative requirements (DPIE Diary Notes 1995).

Program administrators within the Rural Communities Access Programs (RCAP) claimed that little monitoring of programs was possible given the low availability of staff and finances to administer the programs (DPIE Interview Transcripts 1995). These programs consisted of Rural Councillors, Business Advice for Rural Areas facilitators, Telecentres and the general Rural Communities Access Program. The issue of concern was
that while reports were coming in from the field there was no-one available to review these reports and monitor the programs. These administrators saw that any further cuts would make administering the programs very difficult.

The union movement responded angrily to the proposed administrative cuts and the implicit, although unstated, conclusion that staff numbers would have to be reduced. While the union was opposed to any budgetary or staffing cuts, their main concern was a lack of consultation on organisational change between the management and the unions "at the earliest possible moment" (CPSU 1995). This, they claimed, breached the standing Agency Agreement, the Industrial Relations Reform Act and the Redeployment and Retirement (redundancy award).

2. 5 Connecting to the Policy Cycle

Chapter 2 has been used to present a picture of the results derived from an exploration of an organisational environment in which rural policy has been researched, debated and implemented throughout the 1980's and early 1990's. Later chapter 5 will be used for a discussion and critique about this situation. In the following, chapter (3), the processes and content of policy development will be explored ,and some relationships between structure, process and content will become evident as the chapter progresses, but again this will not be discussed until chapter 5.
3.0 Rural Policy: Its Content And Process
3.0.1 Introduction

The preceding chapter (2) outlined the organisational context that is involved in the development and administration of rural policy in Australia. As identified in the introduction to this thesis, chapter 3 will present the three levels of action, that is normative, strategic and technical action (see 1.2.5. and Ulrich 1988), that have worked through the organisational structures governing rural policy development and implementation. Starting with the normative debate 3.1 will explore the historical relationships between power, ideology and structure at the normative and strategic levels of the governance of rural Australia. This is undertaken with a specific focus on the ebb and flow of policy debate within the domain of the Australian Agriculture Council (AAC) (chapter 3.1) and the post 1993 Agriculture and Resources Management Council of Australia and New Zealand (ARMCANZ) (chapter 3.2). In chapter 3.3 the processes of policy research for implementation (technical action) will also be explored. In undertaking these descriptions, the focus will be on the role of the DPIE and its Rural Policy Branch in the policy development and implementation process. This description will use case studies about the development of an integrated approach to natural resource management and rural area development strategy and its implementation through the Property Management Planning Campaign and the Rural Partnership Program. This integration process will be rounded off with a description of an integrated policy delivery strategy that DPIE SES officers worked on leading up to the 1995 Federal election. In the first instance though, the chapter will explore some of the roots of the Rural Policy debate in the later half of this 20th century.
3.1. Normative and Strategic Change in the Australian Agriculture Council

3.1.1 Doug Anthony's Rural Policy

During the 1960's the position of the Australian rural sector had started to contract relative to other areas of the economy, farm incomes had started to decline and the number of people employed in agriculture had also begun to decrease (Gruen 1990).

In responding to criticisms that no rural policy existed to address the general decline in the farm sector, the Honourable Doug Anthony, the then Leader of the Country Party and Deputy Prime Minister pointed out that it would be impossible to have just one policy to cover every rural industry and that his government would continue to protect almost every aspect of the economy and they would continue to give special consideration to the rural sector (Anthony, 1971).

The ideal Anthony put forward for a rural policy covered such issues as adjustment of production levels, productivity gains, reconstruction of both properties and finances, improved information flow for decision making, better marketing and what he termed decentralisation. That is, the support of the development of other industries in rural areas in both agriculture support and in manufacturing (Anthony, 1971:11). To achieve these ends he identified the need to have the utmost co-operation between governments, economists, rural industry organisations and their leaders, technical experts, researchers and the farmer himself. Anthony put a humanist face to the process by stating
"One thing we should never forget is that we are dealing not just with industries or commodities but with people... rural policy cannot be thrust upon rural producers by Governments. It must be worked out through a combined co-operative approach involving industry and government......recognising the fact that if policies are to be realistic and if they are to work, then they must be supported by the people concerned." (Anthony, 1971)

Terms of trade continued to decline. This, together with the persistence of low farm income, lead to a perception that the farm sector was adjusting slowly to pressures of the marketplace. It is claimed that these conditions provided the impetus for the establishment of the Rural Reconstruction Schemes in the early 70s (Musgrave, 1979:194). Consequently the emphasis of these early schemes was on debt consolidation by state rural assistance authorities using concessional interest rate loans.

3.1.2 Labor And Liberal Economic Ideology

According to Mauldon (1990:321) the content and process of agricultural policy development had been a source of conflict during the late 1960s and early 1970s. After Labor gained power in 1972 the government broadened the terms of reference of the Industries Assistance Commission (IAC) to cover agriculture and also commissioned a working group to prepare a discussion paper on the principles of a rural policy. Prime Minister Gough Whitlam and Minister for Primary Industry Senator Wriedt commissioned this working group in December 1973 to hold an inquiry into all aspects of rural policy in Australia.(Whitlam and Wriedt, 1973). The decision to call this enquiry was based on two major considerations. It was felt that

"there was not place (sic) in the (Australian) economy for a rural policy that was both equitable for primary producers and economically sound."

and
"there (had) been no Government sponsored report on overall rural policy (for)....over 20 years..." (Whitlam and Wriedt, 1973).

In their statement the Ministers announced that they wished to avoid ad hoc decisions that could be construed as politically motivated and ones that did not consider the longer term security of primary producers.

The report was delivered to the government by Harris et al in 1974. In laying out a set of principles to guide rural policy development this green paper called for

- a gradual reduction in protection of the whole economy and
- winding back of the market support systems (tariffs) and concessions to agriculture (Maulden, 1990; Lawrence, 1989).

Although espousing a set of principles for rural policy it was almost ten years before this liberal economic ideology had an impact on rural policy. In the meantime the fortunes of the rural sector were faced with volatile markets and within this context the IAC sought and received a reference to explore policies for reducing fluctuations in agricultural incomes (Mauldon, 1990:321). What followed was the introduction of an Income Equalisation Deposit (IED’s) scheme in 1977 (through the taxation system) and carry-on loans and household support as part of the new Rural Adjustment Scheme (RAS).

This RAS was specifically calculated to help small and poor farmers by operating directly on income rather than through price support. According to Musgrave (1979) the scheme was not sought by producer organisations, rather "it was a child of the bureaucracy" (Musgrave, 1979:194). For Mauldon
the introduction of IED's and RAS set the stage for a revamp of price support schemes without the worry of structural adjustment and welfare issues within the rural sector (Maulden, 1990).
3.1.3 Resistance to Change in The Australian Agricultural Council

Together with the call for a more liberal market, the rural policy green paper also expressed the view that while the AAC was an important body for co-ordinating action in the various technical fields of agriculture, it was hoped that it would give increasing attention to the economic and social issues of rural areas (Harris et al., 1974:4), for example

"The emphasis on goals such as conservation and environment, selective decentralisation and the protection of consumer interests has increased the need to co-ordinate policies in order to achieve multiple objectives" and

"These measures need to be seen as part of an inter-related framework of policies to encourage efficient resources use and expanding economic opportunities for individuals."

(Harris et al., 1974:279).

This rural policy green paper was delivered at a time of government instability, with control of the Government benches eventually going to the Fraser-led Liberal/National parties. While these principles of Rural Policy were supposed to inform the policy debate, it appears that under this new leadership the paper had little immediate impact on the value systems of the Australian Agriculture Council.

According to latter interpretations of the time, attempts were made at meetings of the AAC in 1976 and again in 1977 to get agreement on long term goals for the agricultural sector. These AAC records interpret that the dominant view at during the late 1970's was that the changing and frequently unpredictable nature of the agricultural environment made long term planning impractical (AAC, 1983:15). Accordingly, Ministers and Chief Executive Officers of Departments of Primary Industries adopted the
viewpoint that ad hoc decision making provided greater flexibility in dealing with short term contingencies.

3.1.4 The Role of the NFF in the 80's

In 1981 the newly formed National Farmers Federation (NFF) released a document entitled "Farm Focus: The 80's". This document called for the development of a government white paper on agricultural policy "to fill the vacuum which existed in long term policy making for Australian Agriculture" (Eckersley, 1981). In making the call the NFF outlined a set of priority policies and the objectives to be achieved including:

- increasing farm profitability
- improving the competitiveness of farm products
- achieving a major expansion of Australian agriculture
- improving productivity and adjustment
- achieving equity for rural communities
- encouraging conservation of the environment

Shortly after the NFF report, Peter Nixon, Liberal MP and Minister for Primary Industries, commissioned the Balderstone committee to review agricultural policies in Australia. This committee prepared a discussion paper entitled "Agricultural Policy: Issues and options for the 1980's" (Balderstone et. al., 1982). In its report to a special meeting of the Standing Committee on Agriculture (SCA) the working party essentially agreed with the point of view held by the NFF. This view included the need for national agricultural policy objectives to be established by the Australian Agricultural Council (AAC, 1983:17). In providing this recommendation the Balderstone committee also advised that goals should not be too specific given that goals
which are closely specified are likely to attract criticisms and those which are too broad will be ignored (AAC, 1983:17).

3.1.5 The Impact Of John Kerin

Debate on the Balderstone report was short lived. The Liberal/ National party was defeated in the 1983 general election by the Hawke-led Labor Party. Following this the new Minister for Primary Industries, John Kerin, an ex-Bureau of Agricultural Economics (BAE) economist, inherited the Balderstone recommendations. At the same time pressures to change government administrative processes in the AAC were being exerted from both the Victorian and National bureaucracies. Representatives of these organisations foreshadowed processes of administrative change generally. As discussed in chapter 2 these changes included moves towards program budgeting, a process that would require the need to justify programs in terms of national as well as state goals. To meet their administrative needs, the state and federal bureaucracies put pressure on the AAC to be more objective oriented. This set of circumstances led to the AAC adopting the following guidelines for Australian Agricultural Policy:

"(a) to improve the technical and economic efficiency of production, processing, marketing and distribution of agricultural products....
(b) to ensure that agricultural products produced for domestic and export markets comply with the relevant health and quality standards of those markets;
(c) to ensure that quarantine arrangements are adequate to protect domestic industries from exotic pests and diseases;
(d) to ensure that the pursuit of these objectives does not induce undue hardship which cannot be accommodated within the social welfare system; and
(e) to ensure that agricultural policy objectives are consistent with other national policy objectives."

(AAC, 1983:18)
The 117th meeting of the AAC considered many aspects of the Balderstone report including levels of assistance to agriculture, underwriting of markets, innovation and the funding and development of research and extension. Taxation and resource management issues were also discussed.

In discussions about industry protection the AAC held the view that markets should continue to be underwritten by the federal government (AAC, 1983). This was in direct contrast to the free market principles espoused in the Balderstone report and the previous Green Paper. Both these papers also advocated less government involvement in the market and espoused principles of encouraging greater self reliance in the rural sector.

At the same meeting that Ministers discussed underwriting, the AAC also considered a Bureau of Agricultural Economics (BAE) working party report on the implications for the rural sector of the Campbell Committee recommendations on the Australian Financial Sector. The BAE working party report concluded that implementation of a deregulated financial market would incur benefits and costs for the rural sector and the economy at large (AAC, 1983:24). While the working group reported that it was not possible at that time to quantify with precision the net effects for the rural sector, it did conclude that the aggregate effect would be positive for farm families. The main costs for farm businesses, they claimed, would arise out of deregulation of interest rates on loans that were provided from regulated sources at rates below those which could be expected in a free market, but that this would be off-set by better returns on financial assets which would return additional income. The report therefore concluded that

"in the likelihood that all of the Campbell Committee recommendations were implemented, it would be unlikely that
the distributional consequences of deregulation would be significant in the farm business sector as a whole” (AAC 1983:24).

As identified in figure 16 from 1983 to 1987 the AAC’s agenda was taken up heavily with the debate and implementation of significant shifts in the role the state played in industry. These debates led to the removal of the market support schemes and market regulation in the grains and dairy industries and changes to industry administration, marketing and quality assurance in the meat industry¹.

3.1.6 Economic and Rural Policy in 1986

In January 1986 economic indicators identified that net value of farm production had declined a further 12% and there existed a worsening outlook for international commodities (AAC, 1986:2). This trend was evident in the prices received for crops, particularly wheat, barley, rice and cotton. This was compounded by the impact of drought in some eastern areas, which offset the benefits derived through improved beef markets and a weakening Australian dollar.

Given the extent and entrenched nature of the problems being faced by the Australian rural sector, the Commonwealth Government undertook to review all its rural policies (AAC, 1986:3). The end result was the Economic and Rural Policy Statement released on the 15th April 1986. (Commonwealth Government, 1986).

¹ For a full discussion on the deregulation of the Australian Agriculture see Gerritson and Murray 1987; Gerritson and Abbott (1988), Gerritson and Abbott 1990; Maulden (1990)
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Prepared by the recently establish Rural Affairs Unit of the Department of Primary Industries (DPI, 1986). The Economic and Rural Policy Statement explored the range of issues in rural areas, including factors affecting economic performance, capital investment, market access and development, price support and underwriting, structural adjustment, environmental or natural resource management issues, research and development, taxation and regulation issues, farm welfare and social equity, provincial and rural affairs and the need for greater consultation with the rural sector at large. This last issue involved canvassing for the establishment of a broadly representative Rural and Allied Industries Council to act as a private industry forum for debate about policy issues for rural Australia. The Australian Agricultural Council's response was to note the report (AAC, 1986: 5).

The 1987 February meeting of the AAC was the last time the BAE reported directly to the Council (see figure 16). At this meeting the AAC considered SCA reports on the BAE's forecast indicating low world economic growth and low inflation, continuing decline in farmers terms of trade and increasing debt structures. The AAC discussed a number of issues relating to world trade and trade policies, continued adjustment of production from grains to livestock and on strategies for coping with change.

In discussing the "coping with change" session of the BAE's outlook conference it was recognised that if Australia was to create wealth, then the focus must be on producing unique products through product differentiation, and to ensure flexibility within the production process. In order to achieve this differentiation and flexibility, the BAE report identified explicitly the need to develop new attitudes to the process of "learning" to
allow more rapid change (AAC, 1987:4). This concept of *learning to adapt to change* reappears at a later date and will be addressed accordingly.

In light of the outlook material, the AAC considered a proposal by the DPIE for a conference as a means of formulating agricultural policy to the year 2000. This initiative of the Commonwealth Government was intended to encompass a far reaching review of the Australian rural sector (AAC, 1987:2). Issues to be explored in the conference included:

(i) broad trends in economic, political and technological developments which were expected to affect agriculture over the medium term
(ii) assess the likely future directions of international agricultural trade
(iii) explore the expected implications for Australian domestic, rural and related policies and
(iv) to assess the views of participants and interested groups on policies to be followed by the Australian Government.

Other issues to be covered included the domestic conditions of the:

a. Structure and performance of the Australian primary industry,
b. Realisation of productivity gains,
c. Natural resources management,
d. Services to the rural sector, and
e. Marketing of Australian primary produce.

In addition to the Rural Industries 2000 Conference, a Rural Australia Symposium was to be held in Albury in June 1987 to create an opportunity for

"non-government and government agencies and individuals to consider broader community issues including quality of life issues that are associated with the human life aspects that industry based conferences rarely if ever cover in their agenda".

(AAC, 1987:6).
This symposium was presented to the Council as a continuation of the consultation process outlined in the earlier Economic and Rural Policy Statement, and was set up:

"to ensure that Ministers and their Departments were informed about the needs and circumstances of people who live in rural and provincial Australia. (Byrnes and Walker 1988).

Under Kerin's instruction it was the responsibility of the Rural and Provincial Affairs Unit to carry forward this agenda on rural affairs including:

(a) to identify and examine the factors which will influence rural and provincial Australia in the future, and their implications for government policy and for non metropolitan Australia, and

(b) to develop a frame of reference for those who make and who are affected by rural and provincial policy. (Byrnes and Walker 1988)

Following on from these conferences the Federal Ministry for Primary Industries and Energy released the policy paper "Primary Industries and Resources; Policies For Growth" (Kerin and Cook, 1988). In claiming a need for restructuring industry and improving competitiveness, the paper outlined the underlying objectives as improving economic performance so that there could be more jobs, and people could enjoy higher living standards, and more readily achieve their individual goals and aspirations (Kerin and Cook, 1988:4). Specifically the objectives the government held for the primary industries and energy sector were expressed in efficient economic and resource management principles, including enhancing productive capacity, developing a more productive and responsive industry structure and influencing and responding to the external environment.
During 1988 the Federal government also introduced its Social Justice strategy "Towards A Fairer Australia: Social Justice under Labor". The thrust of this policy document was to guarantee that all Australians have access to the services that ensure an adequate standard of living and full participation in society (Hawke 1989:1). This policy statement was followed by the Prime Minister commissioning a "Country Task Force" to visit rural and regional communities. Its purpose was to review access provisions to essential services for people living outside major metropolitan areas. This policy development process lead to the Rural and Regional Australia policy statement issued by Bob Hawke in December of 1989. From this period on the social justice imperative became part of the policy discourse of the DPIE. This is evidenced by social justice statements in each annual report produced since that time.

Meanwhile the AAC looked to the freeing up of international markets as the saviour of the Australian rural commodities sector and this became a regular item in the AAC agenda through the late 1980's (see figure sixteen). Throughout 1989 the deliberations of the AAC focussed primarily on the Uruguay round of GATT negotiations as well as specific issues for industry development and quarantine (See AAC records and resolutions 1988 through 1989). In the 1990's, though, a marked shift occurred in the focus of the Australian Agriculture Council policy debate.

3.1.7 The Emergence Of ESD Policy

Prior to 1990, deliberations on the state of the natural resource base and policies for soil conservation were held within the Australian Soil Conservation Council (ASCC) and the Standing Committee on Soil Conservation (SCSC). It was in these venues during 1988 that agreement
was reached between the states and Commonwealth on the National Soil Conservation Program and the '1990; Year and Decade of Soil Conservation - later Landcare' (ASCC, 1990:18).

Following the Brundtland report on sustainable development (WCED, 1987), Prime Minister Hawke commissioned a report outlining a vision for the sustainable development of Australia. This report entitled Our Country Our Future (Hawke, 1989) outlined a vision for the sustainable development of Australia and set in train a process of strategic planning across all sectors of the government.

In February 1990 the AAC, influenced by the Federal Government's commitment to developing a National Strategy for Sustainable Development, agreed that it was important for the council to give clear endorsement for national policies on sustainable agriculture "as a matter of priority" (AAC, 1990). To facilitate this the council committed its policy development effort to the sustainable development of agriculture with particular emphasis on addressing problems and solutions. Their aim was "to develop recommendations so that courses of action could be formulated" (AAC, 1990). In line with this Sustainable Agriculture commitment, the AAC established a Working Group on Sustainable Agriculture (WGS) under SCA. This working group was to report on:

- Changes needed to regional systems of production;
- Research analysis and extension activity needed; and
- Changes needed in policy areas to improve the sustainability of Australian agriculture.
Meanwhile, the Federal Government, as part of the National Strategy on Sustainable Development, established a number of sectorial national working groups including one on sustainable agriculture (AAC, 1990:4).

The SCA working group on sustainable agriculture delivered an interim report to SCA during 1990, and SCA had agreed that this report form the basis for discussion in the National Working Group on Sustainable Agriculture. Two members of SCA were nominated to represent the States and Territories on the ESD working groups. At this time the AAC also agreed to co-ordinate their efforts with other Ministerial councils (Soil; Water; and of the Environment) with an aim to integrate policy outcomes. It was also agreed that the Sustainable Agriculture working group would consult with chairpersons of Research and Development Councils/Corporations, and the chair of the Discipline Review of Agriculture and Related Education (AAC, 1990:5).

At the July 1990 meeting it was also decided that the Standing Committee on Soil Conservation (SCSC) would be invited to have representatives on the SCA - WGS (AAC 1990:5)

**3.1.8 Crisis In The Wool Industry**

The longer term policy developments are often shadowed by more prominent issues in industry and society. By February 1991 the Federal Government had, in response to increased indebtedness of the wool corporation, deregulated the industry. This in turn was followed by a major fallout in the auction price of wool. State Minsters of Primary Industry were keen to explore options for use of the Rural Assistance Scheme and Rural Counsellors to manage the effects of changes in the industry. Discussions
revolved around the New Zealand experience of structural assistance de-linked from production and in the form of general social assistance (AAC, 1991:1).

The issue of Sustainable Agriculture (SA) was also discussed in the Ministers or main agenda session of the AAC. Topics included reference to barriers to adoption of SA practices, the need for community consultation and consensus-making if SA practices were to be introduced, and problems associated with resource valuation (AAC, 1991b:3). At this point in time Ministers agreed that the report of the WGSB be used as a major input into the ESD strategy and that the report would be published as a standing committee information paper. Ministers also agreed to report through the SCA working group on their respective States' progress in regards to

"...addressing the recommendations (of the WGSD) and on the implications for agriculture of the Strategy on Ecologically Sustainable Development and the Special Premiers Conference on the Environment"

(AAC, 1991b:3).

These deliberations were overcome by a set of political circumstances over and above those that were in the domains of Agriculture and Natural Resource Management.

3.1.9 The Influence of Simon Crean

In 1991 the Hon John Kerin was promoted to Treasury and the Hon Simon Crean became Minister for Primary Industries and Energy. Stamping his mark on the deliberations of the 136th meeting of the AAC the new Minister outlined what he saw as priority areas for his portfolio (AAC, 1991b:2). These included:
• The role of value adding to reduce producer dependence on commodity trading.
• Social Justice and the need for social security to be equitable and efficient in meeting the needs of the farm sector during difficult times. Changes to RAS were foreshadowed.
• Continuing to push for trade reform through the Uruguay round of GATT.

A paper tabled on the opportunities for developing Asian markets outlined opportunities for taking advantage of Australia's competitive advantage in the emerging Asian health conscious market. This advantage lay in

a. an abundance of price competitive raw materials
b. a low level of environmental pollution - recognised world wide, and
c. close geographical proximity to the high growth markets and economies of the Asia Pacific region.

And so emerged Minister Crean's push for a "Clean Green" marketing strategy into Asia. To progress this strategy for taking advantage of the above opportunities, AAC agreed to further develop links between the States and the commonwealth in order to improve the flow of market information to the farm sector. Their aim was to change the focus of producers from commodity production to that of looking for value-adding opportunities (AAC, 1991b:6). The council also recognised the need for and agreed to a greater co-ordination of efforts in the development of marketing programs.

During the August 1991 Council meeting the Sustainable Agriculture debate moved into the background in a general issues category on the AAC agenda. This agenda item covered a report on the progress of the sustainable agriculture working group and a report on options for improving coordination and integration of natural resources management policies and
programs. As requested in an earlier meeting a working party of representatives from the Standing Committees of Agriculture; Soil Conservation; Water Resources; and Forestry met to review resource management initiatives. The working party concluded that while there existed arrangements for integration and coordination there were still some impediments in areas of overlapping interest and with respect to cross sectoral issues (AAC 1991b:12). The council at that time agreed that under current institutional arrangements it was unlikely that greater integration and co-ordination of cross sectoral and strategic issues of natural resource management would occur. As a consequence the Council agreed that the most appropriate approach was to establish a Task Force of Standing Committee representatives to address this issue, and that the task force would study the issue of resource pricing as a case study of the costs and benefits of a collaborative approach to natural resource management (AAC 1991b:12).

3.1.10 Broadening the Agenda

During 1991 the Victorian Minister for Agriculture and Rural Affairs gained Council agreement to explore developing the role of the AAC in issues beyond its traditional domain. These issues included participation in debates on rural education and training, occupational health and safety, access to services, waterfront reform, commercialisation, award restructuring, youth unemployment, the future of country towns and regions, value adding and marketing (AAC 1991b: ).

This broader agenda was also working its way through the DPIE. As pointed out in chapter 2, during 1991 the pressures being felt within the rural
community lead Minister Crean to established the Rural Policy Division (later Rural Division) within the DPIE. The role of this Division was

"to address his priorities for responding to the rural crisis by supporting rural people and to build the competitiveness and productive capacity of the rural sector"

(Clearinghouse March 1992)

Early in 1992 a paper produced by this new division was circulated to Ministers of the AAC proposing a Rural Industries Strategy that involved rolling together rural assistance, drought measures, sustainable development and Landcare matters. The strategy, as discussed in the 137th meeting of the AAC had as its purpose to

"keep our good farmers on the land... as rural production had to be maintained and grow as this was a major source of export income for the nation"

(AAC, 1992:4).

The various components of the strategy were discussed under the headings of National Drought Policy, ESD and Landcare. AAC Ministers agreed that the working group on sustainable agriculture had to take into account drought related issues while the Minister for Primary Industries and Energy foreshadowed that the terms of reference for a (scheduled) review of RAS would include the role that RAS would play in drought policy and part B structural adjustment (on farm micro economic reform).

Based on this paper Minister Crean announced, at the 138th meeting of the Agriculture Council of Australia and New Zealand (ACANZ), that it was his intention to develop a Rural Adjustment and Development Strategy

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2 As a result of the Closer Economic Relations (CER) agreement between Australia and New Zealand, the NZ Minister for Agriculture and Fisheries became a member of the Agriculture Ministerial Council and the change in name represents the change in membership of the council.
(RADS) to provide an integrated approach to the development and implementation of rural policies (ACANZ 1992:2). The aim for this integrated approach was to address long term structural adjustment and development issues, and to increase self reliance among farmers. The rationale given for this integrated approach was that as government moved away from involvement in the market and towards industry development programs, there was recognised a need for rural policies that

"facilitate efficient adjustment of the farm sector and to equip farmers to operate within a new environment"

(ACANZ, 1992:2)

This new role of government as "facilitator" was set in the context of helping to create an environment for the realisation of Australia's competitive advantage in rural industries and in assisting rural communities faced with issues not necessarily linked to agriculture. The strategy

"intended to encourage sustainable agriculture both economically and ecologically in rural areas, and social justice in rural communities"

(ACANZ 1992:2)

The recently established Rural Policy Division was given the task of "progressing the Ministers agenda for integrated approaches to policy development" (DPIE Interview Notes 1993). In this role the RPB provided the chair, secretarial and research support for a new SCA Working Group on Rural Area Development (WGRAD). The terms of reference for this working group were to:

- Identify the major agencies and programs concerned with rural area development.
- Identify major strategic economic, environmental and social issues in rural development for attention by standing
committee and council and those that require attention beyond that.

- Suggest approaches or models for rural development, in particular those that are community based, which could be adopted by standing committee to address the strategic policy issues identified, taking into account of successful and unsuccessful approaches already undertaken in Australia and elsewhere.

- Suggest some areas of specific responsibility for standing committee agencies at the commonwealth and state level; areas for joint work; and opportunities and approaches for improved coordination between policies.

(ARMCANZ, 1993:165)

Again events external to ACANZ overtook the agenda of the council. As outlined in chapter 2, the Council of Australian Governments (CoAG) had resolved to amalgamate ministerial councils and this lead to the formation of the Agriculture and Resource Management Council of Australia and New Zealand (ARMCANZ). Along with the new council a new standing committee of senior bureaucrats was formed to service the Council. Its name became the Standing Committee on Agriculture and Resource Management (SCARM).
3.2. Strategic Debate in the ARMCANZ SCARM Forum

Up to 1993 many of the issues and values associated with broadening the agenda and integrating programs across portfolios had been debated within the AAC. The amalgamation of Councils now provided an opportunity to institutionalise these debates in the strategies and structures of ARMCANZ. Little normative change occurred in ARMCANZ during the period of this research. In this context the following chapter sets out the sequence of events related to the development of strategies for integrated approaches to natural resource management and rural area development within the established normative framework.

3.2.1 Setting The ARMCANZ Agenda

Two months prior to the first meeting of ARMCANZ, SCARM met to set the agenda and to sort out the complexity of issues involved in integrating the range of policies now within the domain of the new Council. At this SCARM meeting concern was expressed that broad policy issues for the rural sector should be given greater attention and that there should be a more strategic approach to these issues (Kingma 1993). Kingma's discussion paper suggested that the complex problems being experienced by the rural sector should be dealt with in a "systems context" and that a greater degree of coordination and co-operation would be required:

"to ensure that the natural resource base (including human) is used and managed in an effective, sustainable and socially just manner"

(Kingma 1993)

In addressing the SCARM meeting in February representatives from the DPIE's Rural Division outlined a vision for this strategy where
"Increased attention on issues such as diversification, better risk management and value adding in rural areas is resulting in significant number of proposals for economic development throughout Australia. These proposals range from assistance for productivity growth and investment ventures in individual businesses to integrated development programs involving community organisations, industry and governments at various levels.

The principle of community empowerment and self help is an important element for achieving development objectives in rural areas. Fostering the process of rural area development has implications for increased rural exports and growth in the national economy; for meeting social justice needs of rural people; and for ensuring ecologically sustainable development. Rural and regional community development is therefore one of four major issues for the policy agenda of the new Ministerial Council responsible for land water and agriculture" (SCARM, 1993).

Given this presentation, SCARM agreed to the establishment of a Working Group on Rural Area Development (WGRAD) to progress the integrated approach to the problems besetting the Australian Rural sector.

3.2.2 Strategic Directions for Natural Resource Management and Rural Development.

In July 1993 ARMCANZ was informed by the Chairman that the CoAG agenda for a more integrated approach to resources management was now reflected in the make up of the new council (ARMCANZ, 1993:7). According to the Chair the key would be to not only achieve integrated resource management but also to see how this could be sensibly integrated with an economic/productive focus both on farm and in off farm activities. (ARMCANZ 1993:7). The goals for this approach would be

"to maximise on a sustainable basis the contribution of rural industries and regions to the economic and social well being of the Australian community"

(ARMCANZ 1993:7)

The message the Chair gave was that the challenge for this new grouping of Ministers was to integrate better both horizontally across the range of programs
and vertically to complement each others strengths (ARMCANZ, 1993:7). Program areas specifically identified included those related to industry competitiveness (including structural adjustment), sustainable resource management, quality assurance and value adding and rural community economic and social development.

In espousing a principle of policy development the Chair also expressed "the need for industry and community involvement and ownership to achieve better outcomes through a national approach" (ARMCANZ, 1993:7) this argument included the claim that Ministers, as well as "the wide range of industry and community groups, would be empowered by their inclusion in the process" (ARMCANZ, 1993:7).

These principles of integration would also apply to the deliberations of SCARM. The Chair stated that approaches to threats to the rural sector would require a comprehensive approach that addressed both short and long term issues through:

"integrated catchment planning linking individual property management planning activities, control of vegetation removal, tree planting, structural adjustment, adoption of new practices and investigation of new industries, training and awareness activities, and rural counselling to deal with the effects of change on rural communities"

(ARMCANZ 1993:8)

The council then discussed a report prepared for SCARM by the Working Group on Rural Area Development (WGRAD). Reporting on fostering sustainable development in rural Australia the working group highlighted:

(a) the seriousness of the farm situation in many areas
(b) the long term population decline in many inland areas
(c) the cost to the national economy, individual businesses and people of not improving the current rural situation and not
broadening the range of opportunities for profitable production in rural areas;
(d) the major returns that would accrue to the nation from an improved agricultural sector with stronger linkages to other sectors and services, from a strengthened economic and social fabric in rural areas; and
(e) the long term decline in the provision of services and infrastructure to many rural communities and the increasing recognition and concern about this being expressed by community services, church bodies, research as well as rural people themselves.

In its discussion papers the working group also informed the Council that a number of approaches were available for improving the delivery of integrated programs including

(a) a broadly-base approach with general support for Landcare, catchment management, rural development, farmer training, awareness raising, resource assessment and economic reforms

(b) the use of regional case studies that targeted funds in dealing with existing institutional or structural reform, and

(c) a combination of the above using a short term focus of integrated delivery in key regions as demonstrations for longer term change on a broader front.

(ARMCANZ 1993:19)

The Commonwealth favoured option (c) above(ARMCANZ 1993:19).

ARMCANZ’s conclusions to this discussion were that an integrated approach to policy development could be advanced through the use of case studies. These were to provide examples of key areas requiring structural reform on a regional or industry basis in order to achieve economic and natural resource management outcomes (ARMCANZ 1993:9).

Council then directed that the WGRAD would continue to document, with the help of the States' Rural Adjustment Authorities, the range of agencies and
programs related to rural area development and to identify where coordination could occur between states, commonwealth and local government across a broad range of policy areas including:

"Ecologically sustainable development, regional development, agricultural production and marketing, business and industry development and services design and delivery."

(ARMCANZ 1993: 19)

The council also directed SCARM to use case studies as a means to explore and develop principles for the integrated approach to natural resources management and rural development programs. These principles would be targeted at institutional and structural reform and developed in conjunction with the relevant communities.

### 3.2.2.1 Senator Collins

By April 1994 the front bench of the Federal Government had again changed and Senator Bob Collins had been established as Minister for Primary Industries and Energy and Chairman of ARMCANZ.

In his first address to ARMCANZ Senator Collins highlighted that the council was the forum for considering issues of critical importance to the agriculture and related resource management areas of the economy (ARMCANZ, 1994a). This was then followed by a set of strategic agenda items around resource management, quality assurance and integrated approaches to development in rural areas.

Based on the preliminary analysis of a number of case study areas and the work undertaken by the working group on rural area development SCARM presented a report to ARMCANZ outlining a Policy Framework for
Development in Rural Areas. (See appendix four for a copy of the policy statement.) Standing Committee reported that this work

"focussed on improving linkages and co ordination between commonwealth programs, state initiatives and the activities of other Government agencies, agribusiness and rural communities(and)...

...considered that in recognition of the fundamental importance of community involvement in planning and implementing rural development initiatives, investigations are required of the range of consultative mechanisms between the community, business and industry and all tiers of government"

(ARMCANZ 1994a:19)

The Council agreed with the general thrust of the initiative but expressed concern that some elements of the paper would be made redundant by the Commonwealth Government's Regional Development Strategy and May budget statements (ARMCANZ 1994a:20).

In endorsing the policy for integrating natural resource management and rural development, and to the study of a range of current and planned regional development initiatives, the Council established a steering committee. Members of this committee included representatives from the Working Group on Rural Area Development (WGRAD), the Sustainable Resources Management Committee (SRMC), the Murray Darling Basin Commission (MDBC) and the Rural Adjustment Scheme Advisory Council (RASAC), to oversee this initiative. ARMCANZ also directed SCARM to monitor developments in the Budget and other relevant developments or publications such as the Kelty (1993) or the McKinsey and Company (1994) reports³ and for the steering committee to reconsider its terms of reference in light of the Commonwealths initiatives on regional development (ARMCANZ 1994a:20).

³These reports where two separate studies undertaken on behalf of the Commonwealth to identify opportunities for regional development within Australia They were undertaken by a Prime Ministerial task force headed by Bill Kelty and a consultancy for DHARD undertaken by McKinsey and Company.
During 1994 the drought affecting the eastern states of Australia overtook the agenda of ARMCANZ. The "A Current Affair Farmhand Appeal" embarrassed the Federal Government into action re the social welfare of the farming community devastated by drought. Matching Farmhand dollar for dollar the Federal Government, through the Rural Adjustment Scheme Advisory Council, also established a set of protocols for declaring exceptional circumstances conditions. These classification systems would then allow the Rural Adjustment Scheme to provide extra welfare funding to drought affected farmers. (ARMCANZ 1994b; ARMCANZ 1994c).

3.2.3 Progressing the Sustainable Resources Management Strategy

During 1994 and 1995 ARMCANZ continued to recognise the interrelationships between broad environmental issues and sustaining the resources base of Agriculture. This included recognition of the need for on farm risk management as well as regional development. The priority issues for the council were now on the implementation of the policy and this brought together issues such as the 1994 review of the Decade of Landcare, the relationships between Sustainable Resource Management and Drought, and the development of regional approaches as an effective way to bring together issues of natural resource management and structural adjustment (ARMCANZ 1994c:11).

One of the "key initiatives in progress" (ARMCANZ 1994c:10) was the evaluation and review of the Decade of Landcare program. Priority issues for this evaluation and review were:

(a) reviewing the goals and ensuring they have an outcome focus
(b) developing measurable performance indicators
(c) linking Landcare with water resources management
(d) linking Landcare to catchment plans and regional adjustment; and
(e) promoting the linkages between profitability and sustainability.

(ARMCANZ 1994c:10)

It was also recognised at this fourth meeting of ARMCANZ that given the complexity of the issues and linkages, no single blueprint for developing and implementing "whole of government" regional approaches was available and that significant policy developments were occurring through SCARM. In presenting its case SCARM outlined that for regional initiatives to manage a "Whole of Government" approach they would require "greater flexibility and responsiveness in the operation and delivery of (all) Government programs" (ARMCANZ 1994c:11).

The Ministers noted the need for greater flexibility, agreed that the Commonwealth would provide key objectives and performance indicators and strategies for the rest of the Decade of Landcare (to be considered by ARMCANZ) and agreed that:

"there is a strong priority for an integrated, targeted approach to the delivery of government programs through regional approaches to sustainable development which draws together policies for agriculture, landcare and industry, including adjustment and drought preparedness as well as regional and catchment plans".

(ARMCANZ 1994c:12).

It was left to the case study steering committee to progress this strategic development.

3.2.3.1 Crisis Management in the Meat Industry

The ongoing deliberations of the strategic debate were again disrupted by the demands of crisis situations in the ag/food industries. Following the death of a child in SA due to poisoning from uncooked meat products, the Chairman of ARMCANZ dominated the fifth meeting of the council with a personal agenda to pursue Australia wide standards for food safety in the
meat industry (ARMCANZ 1995:1; DPIE interview notes). This dominance of a single topic leaves little time for dialogue on other issues.

Strategic issues discussed briefly included the ongoing drought and exceptional circumstances provisions (ibid p6), progress on the research into the rabbit calicivirus for biological control of rabbits (ibid p22), the evaluation of Landcare (ibid p24) and the integration of Sustainable Resource Management and Rural Area Development.(ibid p 29)

3.2.4 The Identification of an Integration Strategy

Based on a range of material appropriate to the development of an integrated strategy for Sustainable Resource Management and Rural Area Development, including the SCARM case studies and other Commonwealth regional development programs, the SCARM case study steering committee concluded that to facilitate an integrated approach to sustainable development

"cultural change, information exchange, skills development, program co ordination and strategic processes are needed at government, business and community level."

ARMCANZ 1995;29)

The Council also considered a similar report from the Rural Adjustment Scheme Advisory Council (RASAC) on a proposed Rural Partnership Program (RPP).

In making its report the SCARM steering committee outlined a set of recommendations for implementing an integrating strategy for rural development including:

1. "the use of the RPP model as a process for implementing rural development initiatives;
2. a register be kept by the commonwealth of existing and potential rural development/adjustment issues to assist in priority setting and decision making based on information provided by the States;

3. standing committee members provide information to the steering committee for a report to the next SCARM meeting on structures and program guidelines which have been established and/or modified in order to achieve cross program cross portfolio and cross government integration and coordination;

4. communication strategies be initiated by members to facilitate community awareness and increased skills;

5. Standing Committee Members continue dialogue with the Commonwealth concerning the Regional Development Strategy recognising the key role of the agricultural and resource management programs as an integrated module of the larger regional development approach; and

6. That the case study reports be published by SCARM to assist in community based sustainable rural development."

(ARMCANZ 1995)

The council endorsed the approach being taken and agreed that the Rural Partnership Program be implemented as early as possible (ARMCANZ 1995:30).

At the August 1995 meeting of ARMCANZ the Chair of the Council announced the implementation of the DPIE's Rural Partnership Program to facilitate a community based approach for the sustainable development of rural Australia.

3.2.5 Connecting to the Implementation Process.

This sub chapter has presented a description of the strategic debate that occurred in ARMCANZ during the period 1993 to 1995. Out of this debate emerged a strategy to implement an integrated approach to natural resource management and rural area development. The following chapter, 3.3 describes the evolution of the technology for intervention in the rural sector, that is the
technically rational actions that are the operational aspects of the integration policy.
3.3 Technical Rationality: The Process of Program Development and Review

3.3.1 Introduction

As we have seen in chapter 3.2 the 1993 ARMCANZ established principles for a rural policy framework to facilitate the sustainable development of rural Australia. By 1995 the situation confronting the bureaucrats was the need to work through the technical problems of how to deliver on the strategy of an integrated approach that complied with the 1993 principles of a rural policy. Many complementary programs and their administrative structures were coming together under the strategy, including three of interest to this thesis. These were:

a. the RAS management, with a Rural Regional Adjustment program (DPIE interview notes 1995 ),
b. the Rural Policy Branch, with a Rural Partnership Program that sought to deliver the rural regional adjustment ideas through its Rural Community Access Programs (DPIE interview notes 1995 ), and
c. the National Landcare Program, that sought to expand its domain out of dealing with land care and management and into a more holistic approach to dealing with the problems of the farming community (Alexander, H. 1995).

This chapter aims to explore the processes and influences on program development and review that are especially related to the implementation of the integration strategy. It uses as case studies the processes and outcomes of program development and/or evaluation utilised in the Rural Partnership Program (RPP) and the Land Management Task Force review of the Property Management Planning (PMP) program. These outcomes in
turn are contrasted against views held by managers of the PMP program, the Rural Adjustment Scheme regional RAS programs and the National Landcare Program. This contrast is used to again high light some of the tensions that were presented in chapter 2.4.

In undertaking this study Ulrich's (1988) critical systems heuristics (CSH) method was used as a guide to general questions for exploring "what is?" in the program development and implementation process. These questions can be found in appendix five. A qualification is required in relation to the value of information collected with this instrument. Only a small sample of participants in program development or review processes were interviewed using the CSH questions. As a consequence, the results should be seen as indicative only and not statistically representative of the views held by all participants in program development associated with the ARMCANZ/DPIE organisation.

Like other aspects of this thesis, the material presented is set within the historical context of policy evolution. Some material may seem irrelevant, but the thesis is designed to highlight the slow nature of change within the policy cycle and provide material for exploring the multi level nature of the policy learning processes that occur over these extended periods of time.

3.3.1 RAS Regional and The Rural Partnership Program

The 1993 legislation for the Rural Adjustment Scheme had its roots in the 1976 revue of Rural Reconstruction by the then Industries Assistance Commissioners, Crawford, Maulden and Fisk (IAC, 1976). RAS was established in 1976 to extend the forms of assistance available under the former Rural Reconstruction Scheme. While the RAS legislation recognised much of what the IAC recommended, in terms of facilitation of
farm structural adjustment, three recommendations that were to play a role in later years were not. These include:

a. the implementation of a rural counselling service (in 1976 recommended as an extension of then current government services)

b. "the provision of regional and industry adjustment measures that extend beyond the farm gate" and

c. the establishment of an independent national authority to undertake coordination, evaluation and planning of rural adjustment at a national level.

(Crawford et al 1976:7)

In 1982 RAS provided assistance for debt reconstruction, farm build up, farm improvement and carry-on purposes. Those assessed as non-viable were able to apply for rehabilitation and household support assistance. (Balderstone et al., 1982). In its 1982 review of rural policy the Balderstone committee felt that assistance under the scheme may have disadvantaged those profitable producers who were able to access commercial credit but then had to compete for land against farmers who had assistance (Balderstone et al., 1982:67). Concessional interest rates were also felt to create other problems, in that they limited the number of farmers able to access finance due to a limited pool of funds. In this light the group believed that it was important for producers to move to commercial interest rates as quickly as possible. They believed that this would create a situation where loans would be repaid more quickly leading to a greater recycling of funds and more producers given assistance.

The Balderstone committee recognised that adjustment in the rural sector would continue due to changing economic circumstances. While they also
recognised that the majority of adjustments would occur autonomously they also stated that RAS would remain important in "facilitating adjustment at the margins" (Balderstone et al 1982) and therefore believed the scheme should continue, but that greater emphasis should be put on farm build up and farm improvement.

Administration of the scheme also came under scrutiny where in all states, apart from South Australia, the scheme was administered by departments other than Departments of Agriculture. The group recommended that an option be explored where administration be transferred under the Departments of Agriculture to allow for a greater concentration of expertise and closer co-ordination between extension and the adjustment process. This occurred in only a few States and even in 1996 NSW maintained separate departments of agriculture and structural adjustment although NSW RAA had moved to Orange in 1995. This at least put it in close proximity to head office of the NSW Dept of Agriculture (Mackenzie, 1996 pers com).

The Industries Assistance Commission (IAC) again reviewed the RAS in 1983. In response to the IAC's draft report, most members of the AAC expressed concern about the proposal that Part A of the RAS be discontinued. (AAC, 1984a: 61). This would have meant that farmers would no longer have access to provisions for debt reconstruction, farm build up, farm improvement and rehabilitation.

In considering the final IAC report on the RAS, the Commonwealth Government had agreed to continue RAS as an ongoing scheme and to negotiate with the States in order to
(a) fund the scheme by borrowings with budgetary assistance being provided by interest rate subsidies;
(b) examining the scope for including drought assistance under RAS; and
(c) having new arrangements in by 1 July 1985.

(AAC 1984b: 117)

Details of the proposals were to be developed by a Commonwealth officer working in consultation with State departments. In 1985 the States and Northern Territories (Rural Adjustment) Act 1985 was enacted following this consultation process.

During the mid 1980's depressed wheat markets put pressure on the wheat industry forcing many farmers into financial difficulty. A meeting of State representatives occurred in December 1986 to discuss the adjustment needs of the wheat industry. (AAC, 1987a:29) At that time it was recognised that the wheat industry would likely face major change over the next two years because of a poor outlook for commodity prices. It was predicted that this could lead to 15 - 20% of farmers not being able to carry on in the long term.

In analysing the situation this representative group concluded that the major problem facing the industry was the inability to service debt. While this was a generalisation there was also a recognition that financial and adjustment needs varied between regions and between individuals within regions (AAC, 1987b: 29). The implication was that adjustment assistance needed to be targeted to be effective.

Other initiatives that Commonwealth and State governments had taken during the year to help farmers adjust included introduction of the rural counselling service, farm management programs, research and advisory programs and specific State financial assistance schemes (AAC, 1987b). These last were in addition to assistance through the RAS.
While the AAC agreed with the group on the seriousness of the situation they were unable to recommend any new initiatives or adjustment assistance options. The Council did agree that there was a need to review the effectiveness of the entire RAS. The Council also agreed on SCARM convening a national workshop on grain industry adjustment needs. This workshop was to include farmers' organisations, commercial financial sector representatives and farmer consultants and would aim to cover the adjustment problems of the total grain industry (AAC, 1987b).

During 1987 the RAS program was reviewed by commercial consultants (DPIE interview notes 1993) and in 1988 the Commonwealth Government's May Economic Statement announced changes to RAS. These included a broadening of the scope and improvement in the direction of RAS through changes in State administration; more autonomy and accountability to State authorities administering funding and the provision of re establishment grants of up to $28000 for non viable farmers leaving the industry (AAC, 1988:8)

Legislation changes came into effect from the 1st January 1989 and were to be accommodated in the States and Northern Territory Grants (Rural Adjustment) Act 1988. This scheme aimed to promote, facilitate and encourage better financial and technical performance and a rural industry structure that would be better able to respond to emerging needs (RAS, 1992:5). The scheme comprised three elements:

Part A - Improving the farm by providing interest subsidies or loans to farmers assessed as having prospects of long term profitability but poor short term liquidity. This provision took the form of a 50% interest subsidy on commercial loans. Grants were also available to assist farmers upgrade their management skills or obtain professional farm management advice.
Part B - Maintaining the Farm - provided short term carry on finance through short term interest rate subsidies on commercial loans. Producers needed to demonstrate potential for long term profitability in order to obtain assistance.

Part C - Leaving the Farm - provided assistance for farmers with no apparent long term prospects. Assistance was provided in the form of household support assistance and re establishment grants.

Farm financial performance declined markedly in 1990-91 following substantial falls in the price of all commodities and the outlook was expected to continue to deteriorate (RAS, 1992:3). This provided the first major test of the effectiveness of the program in supporting producers in difficult circumstances. Applications for assistance doubled as a result of a decline in wheat prices and a collapse of the wool market. This resulted in 9132 applications for assistance (RAS, 1992:1) and continued a trend where applications for RAS funding had been doubling each year over the previous two accounting periods (RAS, 1992:3).

Commonwealth and State Ministers responsible for RAS met three times during 1990 as the rural economy deteriorated. In December 1990 all Ministers agreed that it was necessary for governments, financial institutions and farmer organisations to work together. RAS Ministers also supported the Commonwealth proposal that RAS undergo an assessment to ensure that it would be responsive to the needs of a sector faced with severe economic downturn (RAS, 1992:13).

Throughout much of the 1980's the national drought policy was being reviewed by a Drought Policy Review Task Force (DPRTF) set up by the Minister for Primary Industries. The recommendations of this DPRTF were also discussed by RAS Ministers during 1990. They agreed that RAS
authorities would be appropriate avenues for providing assistance during drought (RAS, 1992:13).

An assessment of RAS started in January 1991 and was completed in March that year. This review was conducted by officers of the DPIE and involved extensive consultation with state RAS authorities and departments of agriculture, relevant departments such as the Department of Social Security, social workers, rural counsellors, banks and financial institutions, agribusiness firms and farmer organisations. This assessment reported on the ability of RAS to cope with change but did not report on the basic structure and philosophy of RAS as a further major review of the scheme was scheduled for 1992 (RAS, 1992). The outcome included a Commonwealth rural assistance package announced on 1 April 1991.

As stated in chapter 2, over the period 1992/93 the CoAG undertook a review of Ministerial Councils and concluded that there were too many councils and that some needed amalgamating or abolishing (CoAG, 1993: 4). As a consequence the Rural Adjustment Scheme Ministers Meeting came under the umbrella of the Agriculture and Resource Management Council of Australia and New Zealand.

In 1992 a consultancy organisation undertook a major review of RAS. The consultant's terms of reference were to report on the efficiency and effectiveness of the RAS and the appropriate structure of the scheme to meet its objectives. As an outcome of this consultancy process and deliberations of ARMCANZ, the Ministers agreed that the basis for a restructuring of RAS would be:
a. RAS' objectives be stated in legislation. The objective would be to foster development of a more profitable and sustainable farm sector which is able to operate competitively in a deregulated financial and market environment;
b. Focus would be on sustainability through long term profitability at the farm level, involving structural adjustment and productivity growth;
c. Eligibility would be based on assessment of long term profitability and needs assessment to reflect the resource availability for the adjustment process while allowing for prudent risk management;
d. The need for an upgrading of the training effort on the rural sector was to be recognised either through programs for farmers and their advisers under RAS or a combination of RAS and training programs outside RAS;
e. The scheme be simplified so that part A, B and C would come under the Farm Adjustment Program and be concerned with the provision of grants, concessional finance, interest subsidies, diagnostic services and training for farmers including farm exit provisions;
f. New arrangements for household and income support involving DSS, but still under the legislative portfolio of DPIE;
g. Farm exit provisions strengthened;
h. RAS be terminated in its restructured form after eight years subject to review after four years and again before termination;
i. Mechanisms would be permanently in place within RAS for extreme downturn (including price downturn and drought) and assistance measures will include interest subsidies on new and existing debt of up to 100%;

The name of the scheme would remain the "Rural Adjustment Scheme".

(AAC, 1992b)

In terms of funding, the Commonwealth agreed to finance the scheme for eight years on a 90:10 basis with the States and Territories. Payment to be made on a working capital and quarterly aquitals basis. Under extreme circumstances the Commonwealth agreed to fund assistance on a dollar for dollar basis with the states.

The RAS changes also included the development of new administrative arrangements and the formation of an advisory council. Figure 17 portrays an interpretation of the functional administrative structure of the RAS programs and its relationship with the broader government programs and financial sector organisations of 1995.

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Figure 17: The structure of RAS administration in 1995.

- Parliament
  - Cabinet
    - Minister Primary Industries and Energy
  - Senate Standing Committee on Rural Affairs and Transport
- ARMCAZ
- SCARM
- DPIE Rural Division
- RASAC
- State Departments of Agriculture
- Rural Assistance Authorities
- Community Advisory Committees
- Accountants and Farm Consultants
- Rural Counsellors
- Direct
- Banks
- Structural Adjustment
- Farming Community
- Training
- Welfare Support
- Depts of Ag TAFE etc
Administrative changes included the development of a national database on RAS applicants and recipients as a mechanism for program monitoring. Work on upgrading this database was seen to be just beginning in Sept/Oct 1995 (DPIE Diary Notes 1995).

The implementation of an independent advisory council came some 20 years after the original IAC recommendations in the 1970’s. Named the Rural Adjustment Scheme Advisory Council (RASAC) the act provided for up to 8 members of the council comprising a chair person, at least one Commonwealth representative, at least one State representative, a representative of the National Farmers Federation and others to be appointed because of their expertise in economics, financial administration, banking, sustainable agriculture, farm management and training (RASAC, 1993). RASAC is serviced by a secretariat located in the Department of Primary Industries and Energy’s Rural Division and consists of two members of DPIE staff (DPIE 1995 diary notes).

RASAC was set up to give advice to the Minister on future directions of the RAS and matters relating to its operation from a strategic and national perspective (RASAC 1993). This included the responsibility to advise the Minister on developments in the rural sector and whether or not RAS should be activated under its exceptional circumstances provisions.

Under RASAC a number of specialist committees were set up to provide information to the council as deemed necessary for informed decision making. These committees covered themes such as heavy rainfall in southern Australia, drought in QLD and NSW, performance indicators for the overall rural sector and of interest to this study, the Committee on Regional Adjustment (RASAC, 1993:8). This specialist committee was set up
to examine means for achieving structural adjustment on a regional basis such as the Murray Darling Basin and some areas of the wheat belt. The committee was chaired by Mr Terry Johnston with membership comprising Neil Inall, rural journalist; Mr Ken Moore DPIE; Mr Steve Mill of QDPI; Mr Guy Fitzhardinge, a pastoralist from NSW; Dr. Mark Stafford Smith of the CSIRO in Alice Springs; Mr Graham Broughton and Mr Brian Ramsey (Secretariat supplied by DPIE Rural Policy Branch).

In answer to the Ulrich (1988) "what is" questions the 1995 DPIE RAS manager held the view that the purpose of the RAS regional program was to

"attack entrenched adjustment problems in specific regions and recognises that different adjustment problems affected different regions."

(DPIE interview notes 1995).

These regional differences relate to special circumstances of complex and interrelated forces that would require integrated programs to facilitate adjustment. Underpinning this purpose was the "world view" or belief that sustainable development could only be achieved if the government addresses these complex problems in an integrated manner. This philosophy or world view is that there are

" special circumstances related to the regions and we need to support these. They are complex and inter-related, which is why we need integrated programs. You only get an Ecologically Sustainable Development if you approach it this way"(O'Meagher, 1995).

As part of the process of strategy and program development RASAC invited State RAS authorities to nominate areas that would require a regional approach to structural adjustment. To pursue this the Bureau of Resource Sciences (BRS) was given the brief to identify the range of regional
adjustment/development needs of rural industries across Australia (Barson et al 1993). These BRS case studies undertook to establish the nature and extent of structural adjustment in selected regions and to provide a baseline study from which to gauge change. According to 1993 interview records, this was the first time that BRS was called upon to undertake a multi-disciplinary regional evaluation. Claims were latter made that the experience opened up the eyes of the BRS people to the complexity of problems facing the rural sector (DPIE interview notes 1995). In reflecting on the experience the BRS director was pleased with the thoroughness of the report given the short time frame allocated to complete the study (DPIE interview notes 1995).

In the meantime a committee of State and Commonwealth government representatives, including the RAS manager, undertook an evaluation of the South West Queensland Strategy ⁴ and the processes by which this strategy was established (DPIE 1995 interview notes). This group, parallel to the RASAC committee working on regional structural adjustment, developed a plan based on the SWQ strategy, to facilitate structural adjustment in other areas.

Interview records with the RAS manager suggest that the South West Queensland strategic planning process drew on local expertise as well as expertise in the areas of program delivery and government policies. It was due to this that an integrated package of program delivery in south west Queensland was developed. When asked about the guarantees for the

⁴The SWQ strategy was based on a supplemented RAS package as well as the integrated delivery of business development facilitation, counselling and health and community service provision. These programs were delivered within the guidance of a regional strategic plan developed by the SWQ strategy group, a group of local community activists. (ARMCANZ 1995:31)
future success of this program the RAS manager identified that the program is dependant on the political support of all interested parties and that the ideas underpinning its design were drawn from the experience and intuition of those involved, that is they felt they knew what would or would not work (DPIE interview transcript 1995). According to the RAS manager, in the end the scheme has no guarantee of success as it is constrained by what governments are prepared to offer and is totally dependant on the attitudes and actions of farmers and community members to be involved in the development process. To the RAS manager the most important factor underpinning the success of the program was the relative proximity of government and community groups as they were all working out of the one building in a town in south west Queensland (DPIE interview transcript 1995).

In a similar vein RASAC prepared a paper on a Rural Partnership Program (RPP). Together with the RAS management report, these two reports came together to support each other in the debate about a rural area development strategy in SCARM and ARMCANZ. ARMCANZ agreed in principle to the early implementation of the RPP as it was in line with its commitments to promote a strategic and community-based approach to sustainable development. The program as such was to be developed as a mechanism to co-ordinate government program delivery (ARMCANZ 1995).

During 1995 development of the Rural Partnership Program (RPP) was being driven from the Minister's office. An election was on the horizon and the Minister saw this as an opportunity to show that the Labor government was doing something for Rural Communities.
In February 1995 the Rural Policy Branch grew to include the Rural Regional Group to develop the RPP proposal for the SCARM Working Group on Rural Area Development (DPIE interview notes 1995). To develop the program this group consulted widely with relevant Divisions and Bureaux within the DPIE, as well as consulting with the Department of Housing and Regional Development, Department of Employment Education and Training, Department of Environment Sport and Territories and the Department of Industry Science and Technology. State and territory representatives were also consulted (DPIE interview notes 1995).

The RPP had some internal political problems in that it aimed to umbrella and effectively coordinate the delivery of a range of programs. Figure 18 aims to capture the functional structure of the RPP program. This is in relation to other programs within DPIE and other Departments with programs relevant to rural area development. To ensure the smooth passage of this project the DPIE's Secretary established an intra departmental committee comprising representatives of those Divisions whose regional activities would be co-ordinated by the RPP. This included the National Landcare Program, the RAS Management, the Agribusiness Programs and the Rural Community Access Program as well as representatives from Minerals and Energy Division. An interdepartmental committee was also formed to enable discussion around bringing programs together from across portfolios.
According to the Director of the RPB’s Rural Regional Group the, RPP program administrative structures and processes were devised after scrutinising both proposals presented to SCARM by RASAC and the RAS management respectively (DPIE interview transcripts 1995 ). Broadly speaking the RPP has two clients. While generally aimed at providing a service to the community, the program also has demands on it from the
government to use funds more efficiently and effectively (DPIE interview transcripts 1995). In light of this, the purpose of the RPP was to deliver more effective expenditure of government funds and more value for money for the community.

Underpinning this community focus, and in line with the 1993 policy principles, was a "world view" that community groups know best what it is they need to do to sustain themselves. In this sense the program was designed to facilitate a strategic planning process within the community and then to seek out government programs that would support this rural area development. Similar to the view expressed by the RAS manager, the RPP group held the belief that holistic and long term planning would provide for more effective outcomes, and that this would lead to another underlying principle: A belief held by some members of the WGRAD was that coordinated support from government would have a value adding effect where the whole would be greater than the sum of the parts (DPIE interview transcripts 1995). Synergy was a word used quite often within the Rural Division.

Even though the Secretary had set up an intra-departmental committee, it was observed that resistance to the inception of the RPP was evident in the reactions by RAS management and by members of the National Landcare Advisory Panel (NLAC)⁵ and Landcare facilitators.

In parallel to the RPP group, RAS Management, with its own agenda to establish a rural regional adjustment program, commissioned consultants from UWS-Hawkesbury to develop a concept to facilitate regional

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⁵National Landcare Advisory Council was developed out of the Soil Conservation Advisory Council in 1992 and, similar to RASAC, aimed to provide policy advice to the Minister on matters relating to Landcare in Australia (DPIE 1994:8).
structural adjustment in the Central West of NSW (Macadam, Wallace and Williams, 1995). At that time the RPP management was dependant on using RAS funds to get the program off the ground, and RAS management resisted strongly the development of the RPP program (DPIE Diary notes 1995). The power to push through with the RPP came directly from the Minister’s office and tensions came to the fore in an inter branch meeting of September 1995. This meeting was summed up with the statement "there was some blood letting over the program at that last meeting ...but we will continue on because the Minister and Secretary have ordered it" (DPIE diary notes Sept 1995).

On another occasion the RPP group were received by a hostile meeting of the National Landcare Advisory Council (NLAC) and regional and state landcare coordinators. It appears that Landcare people felt that the RPP was duplicating the structure of regional and state assessment panels that had taken a number of years to develop (see figure 19 for a conceptualisation of the structure of the Community Landcare program). According to the RPP manager they were able to "cool the heat" by explaining to NLAC that the RPP program was designed to complement the National Landcare Program (NLP) structures and processes not compete with them (DPIE interview transcripts Sept 1995)

The overall development of the RPP program into a workable format was slow with the Assistant Secretary of the Rural Policy Branch expressing concern at the lack of progress (DPIE 1995 diary notes). As stated earlier a model was developed based on the original case study material and the RASAC RPP proposal. This proposal was drafted and comments sought from various state department representatives to give advice on the model. Guarantees that the program would be successful were very limited.
According to the RPP Director, the program was highly dependent on the political support of all those involved, there was little empirical evidence to inform its development and

*Figure Twenty Two: The Structure of Community Landcare in 1995*
there was also little theoretical competence in any of the policy
development officers involved (DPIE interview notes Sept 1995). What
made it even "shakier" for the bureaucrats was the foreseeable change in
government and unknown attitudes towards regional development by
future power holders.

As identified above in parallel to the RPP / regional RAS, initiatives
changes and developments were occurring in the field of Natural Resource
Management especially through the Property Management Planning
campaign. Chapter 3.3.2 explores the development of this land management
initiative and crossovers into the domains of RAS and the RPP.
3.3.2 PMP and The Land Management Task Force

Exploring for solutions to the problems of natural resource management in the farm sector commenced in the mid 1970's. From the mid 1980's, the National Soil Conservation Program has assisted this "Landcare" movement to facilitate the adoption of sustainable land management practices across the nation (Evans, 1992:iii). Part of this soil conservation program had been to assist in the development of farm plans. Towards the end of the 1980's this assistance involved facilitating farmers to develop their own plans as a holistic process such that physical, biological, social and economic components of the farm were included in the planning process. (Evans, 1992:iii).

Following a meeting in Queensland of extension professionals involved in facilitating planning workshops, this whole farm planning process became known as Property Management Planning in order to emphasise the ongoing nature of the process and to gain national consistency in State extension programs (Letts, 1992)

With the impact of the 1990's drought on the eastern states of Australia, the Federal Government, in consultation with the States, announced a new National Drought Policy on 20th August 1992. The general thrust of this policy saw drought as a normal feature of Australian agriculture, and the main focus was thus on developing self reliance in the farm sector through farm managers taking into account the risks associated with drought, while also recognising the principles of sustainable agriculture (Crean, 1992).

Following the release of the National Drought Policy and the Ecologically Sustainable Development Strategy, the Commonwealth announced the funding
of a National Property Management Planning Campaign (PMP). This campaign, building on the successes of the past, had as its main objective

"to assist farmers and their advisers improve their skills in property management planning, risk assessment, drought management and to implement associated Landcare measures"

(DPIE, 1992).

This workshop-based training program utilised principles of adult learning and voluntary participation to give land holders the skills necessary to manage their farming businesses. The program also drew on farmer organisations, bankers, State Rural Adjustment Scheme agencies, private consultants and government advisory services to form the membership of a national steering committee to oversee the development of the campaign (Gorrie, Byrne and Walker, 1995: 19).

The implementation of the PMP program in each State was driven, in part, by the broad objectives of the Commonwealth and by a model of adult education workshops. These being identified by Malcomb Letts (1992) in an empirical analysis of existing property management planning extension programs. Program developments were also driven in part by the individual State agencies, in consultation with state steering committees, developing their own slant to the program.

Two years after the announcement of the PMP program, the Prime Minister Paul Keating visited drought affected regions of rural Australia and was confronted by the degree of land degradation evident throughout the country. In his address to the October 1994 ALP conference the Prime Minister declared that,

"the land is a major challenge for our generation. It is a major challenge for the government"

(Keating, P., 1994).
The following November, Prime Minister Keating established an independent task force to investigate ways to improve the adoption of property management plans by the farm sector (LMTF, 1995). The rationale for this task force was the belief that

"...land management planning would enhance sustainable development in Australia's rural sector through the development of integrated risk management strategies based on environmental, financial and business management planning." (Anon 1995)

In light of this belief the Land Management Task Force, headed by Dr. Rick Symes, Senior Economic Adviser to the Prime Minister, drew on 12 representatives from across farming, banking, environmental and public service interests to review and develop a strategy to encourage the use of appropriate property management planning and to investigate the means by which both public and private sector organisations could enhance the development and application of farm management planning in Australia (LMTF, 1995:72). The specific terms of reference were to

- "examine the extent of PMP and its implementation and identify options for improving adoption

- investigate the scope of PMP to advance sustainable production in Australian Farming

- identify the means by which PMP can assist in the development of farm business strategies and operations

- examine the scope of increased linkages between PMP and catchment-based or regional plans

- review the relationship between PMP and the provision of Government programs and advise on options for further integration where appropriate; and

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- examine the scope for financial institutions to incorporate PMP in assessments of long term farm viability and lending policy."

(Benyon, 1995)

The terms of reference not only sought to identify strategies to extend farm management skills in the farm sector but to also explore beyond the boundaries of the previous program: This was in order to identify how linkages could be made with broader movements in the domain of catchment management and regional structural adjustment and economic development. To achieve this outcome the purpose of this process was to investigate how to lift managerial capacity of Australian farmers, to increase the profitability of farming enterprises and the viability of farm families, and through this to achieve a more sustainable agriculture (DPIE Interview notes 1995).

The secretariat of this task force were a group of policy officers commissioned by the Department of Prime Minister and Cabinet (PM&C) from the Rural Industry Policy Section of the Rural Policy Branch. It was the view of the members of this Secretariat that the beneficiaries of the outcomes of changes resulting from this task force would not only be farmers but also wider community interests. This was put in terms of conserving the natural resource base on which farming depends but also in adding financial benefits to the whole rural community (DPIE interview notes 1995).

As a measure of success of this program review the secretariat identified that the program hoped to achieve a greater level of farmer participation in training programs, and more actual planning as a learning process occurring on farms. As a result

"A quantitative reduction in the number of farmers getting into financial difficulty, an improvement in the management of natural resources, a lift
in the sustainability of farmers and enhanced quality of life for farm families and communities”.

(DPIE interview notes 1995)

These measures of success are not arbitrary. It was the belief of the secretariat that these measures reflected an underlying ethos of the stakeholders involved in the task force process and that these views were generally held by all government officers.

The process of policy development not only included representation of those who's jobs would be affected by program changes resulting from the planning process, but also sought input from the community in the review and planning process. Input came from a broad cross section of the community with 90 submissions from individuals, community groups as well as private and public sector organisations. The task force also visited a number of locations throughout Australia to hear local representations on the strengths and weaknesses of the PMP campaign.

According to both Ulrich(1988) and Considine(1994) the power over deciding what these measures of success are does determine the total thrust of a systems design and implementation. It was the view of the secretariat that the chair of the Task Force, because of his position in the Prime Minister’s office had considerable influence over the recommendations and implementation of the same. In the end though the power to accept or reject these measures resided with the Commonwealth government through its cabinet.

In terms of implementing the recommendations set out in the task force report, the power of the Prime Minister’s office included the ability to influence Federal Ministers and officers in their Departments to change the course and content of their programs and to influence the allocation of funds to the States
to implement policy and program recommendations. What the PM and D/DIE officers do not have power over is how the States actually implement the recommendations. It is only through negotiated agreement with the States that the States comply with changes in policy and program changes. This power to influence implementation is even further dissipated on the ground, where program acceptance and delivery is determined by the attitude knowledge and skills of the co-ordinators and facilitators of the PMP program.

So what guarantees are there that the LMTF recommendations will be successful?

Figure 20: Secretariats Ranking of Source of Guarantee that Property Management Planning program would be successful (N=3) 1=high, 6 = low

<table>
<thead>
<tr>
<th>Source of Guarantee</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>Mean</th>
</tr>
</thead>
<tbody>
<tr>
<td>Theoretical competence of experts</td>
<td>4</td>
<td>3</td>
<td>4</td>
<td>2</td>
<td></td>
<td></td>
<td>3.66</td>
</tr>
<tr>
<td>Consensus among experts</td>
<td>2</td>
<td>4</td>
<td>2</td>
<td>2</td>
<td></td>
<td></td>
<td>2.66</td>
</tr>
<tr>
<td>Validity of empirical evidence</td>
<td>5</td>
<td>5</td>
<td>5</td>
<td>5</td>
<td></td>
<td></td>
<td>5</td>
</tr>
<tr>
<td>Relevance of mathematical or computer simulation</td>
<td>6</td>
<td>6</td>
<td>6</td>
<td>6</td>
<td></td>
<td></td>
<td>6</td>
</tr>
<tr>
<td>Political support on the part of interest groups</td>
<td>1</td>
<td>1</td>
<td>3</td>
<td>1</td>
<td></td>
<td></td>
<td>1.66</td>
</tr>
<tr>
<td>In the experience and intuition of those involved</td>
<td>3</td>
<td>2</td>
<td>1</td>
<td>2</td>
<td></td>
<td></td>
<td>2</td>
</tr>
</tbody>
</table>

Figure 20 represents the responses of the LMTF Secretariat to the question of what they see to be the guarantees that will underpin the success of the Task Force recommendations. It would appear that this small group, like the manager of the PMP program, perceived that the most important aspects are political and that the success of the PMP program depends heavily on the political support of interest groups to promote the PMP program throughout the States. It was also the view of these bureaucrats that the success of the design of the programs recommended by the task force did not necessarily result from empirical evidence presented to the task force. Instead the main inputs to the design came from the experiential knowledge of those experts.
involved in the process and that the LMTF had reached an expert consensus on what should happen in the development of the PMP program and its integration with other programs.

From a regulatory perspective the Federal government has no constitutional powers to regulate for farmer involvement in property management planning processes or compliance with conservation or natural resource management objectives. These regulatory powers are purely within the domain of State governments and so the Federal government cannot dictate regulation affecting development of the States. Therefore the Commonwealth government has to rely on alternative forms of intervention in industry and the community.

The main policy instrument in use for this program is what policy officers termed persuasive instruments (DPIE interview notes 1995). These include education programs and financial incentives. In drawing on these instruments the LMTF concluded with a set of recommendations that assumed that a cultural change would be required in the rural community to achieve sustainable development. (DPIE interview notes 1995). This cultural change was defined as achieving a belief shift where farmers start to value farm management and property management planning as a process of learning. This learning process is one where plans are continually being implemented and adapted to changes in the physical, economic and family environments of the farms, and that farmers develop skills in risk assessment and management in these areas, over and above those physical production and productivity skills that have been the traditional priorities of the farm sector. It was a belief of the secretariat, that if farmers do what is being suggested, they will be more profitable, there would be less degradation of resources in the natural environment and that rural communities would benefit economically.
The Task Force report focussed on a range of issues related to the extent of planning by farm managers and a review of the States' Property Management Planning programs. These were in terms of both their content and the mechanisms of delivery. The review found that there were many worthwhile programs in place across the States aimed at different skill and experience levels in the farm community. The Task Force also recommended an ideal model for delivery of an introductory PMP course. This was based on a program in South Australia that had achieved considerable success in gaining farmer participation and continuation in the program. The Task Force recommendations also recognised the need for these programs to be based on an adult education model of inquiry rather than didactic lecture series. To achieve this they recommended that participants should be empowered to dictate the course content and pacing.

In looking into the means by which public sector organisations could enhance the development and application of farm management planning in Australia and in the integration of PMP into the broader catchment and regional development objectives the Land Management Task Force looked into the roles that the National Landcare Program, the Rural Adjustment scheme and the new Rural Partnership Program could play in supporting the proposed strategy. As an outcome of this review the Land Management Task Force (1995) recommended

Recommendation 7.1

"More effective integration of objectives for the National Landcare Program (NLP) and the Rural Adjustment Scheme (RAS) can be achieved through farmers adopting property management planning. This would be complementary to the Rural Partnership Program which brings together the regional aspects of the RAS and the NLP".

Recommendation 7.2

"There is a need to refocus the productivity elements of the Rural Adjustment Scheme (RAS) to promote property management planning and a greater
emphasise on skills and training and the encouragement of a long run strategic approach to managing farm profitability and the resource base."

Recommendation 7.3

"The goal of a sustainable agricultural sector will best be advanced if the widespread adoption of property management planning is complemented by strengthened initiatives directed at improving natural resource use on a catchment or regional basis, and at encouraging industry and regional economic development."

(LMTF, 1995)

These recommendations were based on the "worldview" that a more integrated and regional development focus is needed to facilitate the sustainable development of rural industries and communities and that, while the PMP program is an important aspect of this process, the Federal government should move to link RAS and NLP to provide the resources and direction needed to facilitate sustainable development at both the farm and community level.

There was some resentment towards these recommendations by the management of the PMP program. This was especially in relation to integration with RAS and the regional adjustment strategy. Comments from this PMP management included

"What would they (the task force) know about the program. They come in with no experience of the program and try to change it." (DPIE 1995 interview notes).

The task force secretariat was well aware of this issue and were amused by the "wringing of hands" that occurred in the natural resource management bureaucracy when the final draft was being put together. This was evidence of resistance to the recommendations associated with the integration of Landcare, RAS and the RPP program (DPIE diary notes 1995).
3.3.3 Progressing these integrated program developments.

During 1995 the First Assistant Secretaries (FAS) from Division of Natural Resource Management and from Rural Division sought to utilise the upcoming election and the Prime Minister's focus on big picture policy statements like Working Nation and Enterprising Nation to package an integrated approach to natural resource management and rural area development. This strategy involved taking up the issues raised by the Land Management Task Force, the RASAC perspective on Rural Regional Adjustment and the National Landcare Facilitators report on the need for an integrated approach to rural economic development and natural resource management (Alexander 1995) to develop their initiative. They named this policy document "Sustainable Rural Nation" (Byrne and Banfield, 1995)

Based on the premise that long-term productivity and profitability of the agricultural sector could not be maintained without sustainable natural resource management the objective of the Sustainable Rural Nation proposal was

"to secure effective Sustainable Natural Resource Management for production and conservation purposes as a basis for promoting ecologically sustainable development in rural and regional Australia"

(Byrne and Banfield 1995).

In this context Sustainable Natural Resource Management meant

"the management of land, water and biological resources to ensure the long term viability of agriculture and other industries based on these resources and the maintenance of bio-diversity and other essential ecological processes"
(Byrne and Banfield 1995).

Figure 21 outlines the key elements of this strategy including interdepartmental collaboration with the Department of the Environment Sport and Territories. The strategy documentation proposed that to ensure a quick delivery of the program the initial delivery would be through the separate but complementary RAS and NLP programs and that regional projects would be co-ordinated through the Rural Partnership Program. Future delivery would be refined based on the results of implementation and, taking account of the review of RAS in 1996, could include the delivery of the strategy as a single discrete integrated program.

In line with the proposed strategy and in order to facilitate the development of a strategic approach through the Rural Partnership Program, the Rural Division was pushing for a re-orientation of the Rural Communities Access Program (RCAP) to broker delivery of the programs and to provide a local source of information to farmers. This program was also due for review in 1996.
<table>
<thead>
<tr>
<th>Level/Program</th>
<th>NLP</th>
<th>RAS</th>
<th>OTHER</th>
</tr>
</thead>
<tbody>
<tr>
<td>On-Farm</td>
<td>PMP campaign Implementation of SNRM projects (public good) incl. Save the Bush</td>
<td>Plan Development Implementation of SNRM projects (private good)</td>
<td>Rural Community Access Program</td>
</tr>
<tr>
<td>Catchment/Regional</td>
<td>Plan Preparation and support services incl. Aboriginal facilitators and training programs Facilitation and implementation of SNRM projects incl. Wetlands Mgmt WaterWatch</td>
<td>Facilitation and Implementation of Adjustment Projects</td>
<td>Rural Partnership Program (Co ordinate other programs in DPIE, DEST, DEET, DHARD) Farm Forestry Rangelands Case studies</td>
</tr>
</tbody>
</table>

It was believed that the RCAP would give the Commonwealth a presence in rural communities, provide valuable feedback to the Government as well as complement the work of Landcare facilitators and co-ordinators. The particular RCAP in mind at that time was the Business Advice for Rural Areas (DPIE diary notes 1995). This program was originally developed to target rural communities and provide information and advice to help

"expand, diversify, or stabilise income opportunities by assisting local entrepreneurial capacity, fostering business talent and improving individual and rural economic diversification"

(DPIE, 1995).

The program provided funding for incorporated community-based groups to employ a business facilitator to work with local small businesses and potential businesses by providing assistance with business management, marketing and
financial referrals information and increased access to other government programs for business (DPIE 1994:4).

What was being asked in this shift in focus was that essentially financial advisers would need to change their roles to becomes facilitators of community strategic management processes that include evaluation of natural resource management issues. To put this into context the BARA evaluation of 1994 found that

"the extent of networking and even knowledge of, programs of the Department of Primary Industries and Energy and the Department of Industry Technology and Regional development among BARA facilitators was not high"

". . . involvement in broad economic development functions of the region reduces the effectiveness of the facilitator role and in some cases reduced the effectiveness of the facilitator, " and

"While BARA support committees had fulfilled their reporting and administrative requirements few had prepared a detailed action plan for the implementation of their economic development program."

(DPIE, 1994).

Other RCAP sub programs identified, that could play in the implementation of the RPP, were the rural financial counselling service and other facilitator based programs like the general Rural Community Access Program. Both these had provided access to government facilitation in the context of local planning processes.

While the Sustainable Rural Nation initiative received support within the DPIE only some aspects of the proposal "got up" through cabinet (DPIE diary notes 1995). The Sustainable Rural Nation concept went no further.
3.4 Summary

Throughout chapters 2 and 3 the aim has been to present a rich picture (Checkland 1981) of the structures, environment and processes associated with the development of policy strategies and programs for governments to intervene in the development of rural Australia. This section aims to summarise the key issues that emerge from this description and identify an appropriate position from which to critique this role of government in society.

3.4.1 Structures

Chapter 2 covered a summarised history of the main structures that provide the organisational environment for policy coordination, development and implementation affecting rural development in Australia. Structures covered included the Australian Constitution; AAC and ARMCA; the DPIE, its Rural Division and Rural Policy Branch. These last have included a description of the organisational environment in which policy officers work. The main issues predominating include

- The divisions of power between the Commonwealth and the States and the need for a coordinating bodies like the Australian Agriculture Council.
- Changes to the Commonwealth machinery of government in the mid 1980s that led to the formation of the DPIE.
- Imposition of management reform within the DPIE by Secretary Miller.
- Formation of the Australian Soil Conservation Council to raise the profile and co-ordination of soil conservation policy.
- Continuous change within the working environment; introduction of process focus over an outcomes focussed approach to administration; inter branch rivalry and diminishing resources (including time, people and money) for policy development and program administration.
Changes in the structure of the AAC imposed through a CoAG agenda to amalgamate ministerial councils to encourage integrated and strategic approaches to policy co ordination. This lead to the formation of ARMCanZ.

Sustainable Agriculture and ESD became part of the rhetoric of the DPIE.

Reintroduction of a Rural Division in 1993 by Minister Crean

Of concern here are the structures associated with developing co-ordinated approaches to rural policy among the federated governments of Australia. Prior to 1993 the coordinative structures of government were fragmented among a number of Ministerial Councils with the two major forums being the AAC and ASCC. The emergence of ARMCanZ as the forum for co-ordination of nation state activities came about as a result of external forces - through CoAG - to rationalise ministerial councils. As stated above this amalgamation was designed to allow for ministers to take a more strategic approach to the development of policy initiatives within their portfolios. An important function carried out by the Rural Policy Branch was servicing this policy development institution, and throughout its existence the RPB has been actively engaged in the most complex of the institution's deliberations.

3.4.2 Policy Content

In the early seventies the Country party recognised the need for a multi faceted approach to the development of rural Australia.

With its election to office the Whitlam Labor government commissioned a report to develop principles for rural policy development in order to avoid ad hoc decision making. With Whitlam's loss of office the National Party led Australian Agricultural Council appears to have ignored these principles,
opting for *ad hoc* decision making due to the complexity of issues they where confronted with.

Labor's return brought with it a period of significant change in the values of government in relation to industry protection, and through the decade of the 1980's much of the industry protection was unwound leaving the commodity producers faced with the competitive dynamics of the international market. Through the mid 1980s the issue of land degradation was recognised as a significant issue for all rural sectors, and the federal government saw fit to raise the profile of soil conservation. This ultimately led to the establishment of Landcare and the recognition by the AAC of the integrated relationships of soil and water conservation with agricultural production.

At the turn of the decade the farm sector was suffering from depressed global commodity markets, and by 1991 the wool market crisis led to discussion and decisions around farm family welfare packages rather than straight price or production subsidies. At the same time the Government had introduced debate around the values of Ecologically Sustainable Development, and this saw discussion and exploration of ideas around sustainable agriculture.

With the appointment of Mr. Crean as Minister for primary industries came an agenda to integrate programs and to pursue a vertical integration between the farm and food manufacturing sectors with an underlying theme of utilising the Clean Green image of "Landcare" to promote Australia's rural products.

By the end of this period of investigation ARMcanz had taken on board values that included the need for greater self reliance in the farm community, the need for broader societal issues to be recognised and the need for an integrated approach to natural resource management and rural area
development in order to facilitate Ecologically Sustainable Development. This included elements of empowering individuals and community groups to take control of their local circumstances in order to become more resilient in the face of economic and environmental hardship.

Structural changes affecting the make up of the ministerial council enabled the institutionalisation of these value systems. The tasks confronting the council and its standing committee were then focussing on developing strategies and programs for delivering on these value systems. Working groups and task forces were developed to pursue the technical aspects of these strategies.

3.4.3 Reflections

After two and a half decades of deliberation, the rhetoric that is emerging encompasses the theme of integrated approaches to natural resource management and rural area development within the stated purpose of achieving Ecologically Sustainable Development. While much of the rhetoric reflects this theme, and the structures have been amalgamated to pursue this purpose, the question that needs answering is "are the structures, processes and policies of the governance of rural Australia appropriate to facilitating sustainable rural development given the dynamic nature of contemporary markets and natural environments?" The aim of chapter 4 is to explore the concept of sustainable development and identify a model of governance for sustainable development. Chapter 5 will then to use this perspective to undertake a critical examination of the institutions identified in this thesis.
4.0 Conceptualising the Governance of Sustainable Rural Development

4.0.1 Introduction

The description of rural governance institutions and the history of its policies presented in chapters 2 and 3 has been constructed from a range of information collected through an array of methods and sources. This chapter is used to develop a conceptual framework relevant to critiquing this data. It will draw on theories of sustainable development and learning organisations in order to construct a framework to examine the emerging institutional arrangements governing sustainable development in rural Australia.

In undertaking this task the concept of sustainable development is first defined and some principles of the role of government explored. This is in relation to the emergence of an enabling state that empowers communities and individuals to take control of their local development within a broader framework of state strategic planning that draws on systems thinking as a frame of enquiry. These ideas are then followed by the identification of a generalisation about the form and function of governance structures to facilitate sustainable rural development. As introduced in chapter one a perspective developed is that for the policy framework to evolve in line with the needs of rural society, the policy organisation should possess traits of a learning organisation in order for the governance structures and processes to develop with the changing complexity of Australia's rural society. The Viable Systems Model (Beer, 1985) is introduced as a model of a learning organisation appropriate for the governance of sustainable development. In chapter five this model, together with normative values
about the role of government in society is contrasted with the institutional arrangements described in chapters two and three. This is to identify where the strengths and weaknesses lie in contemporary institutions governing the development of rural Australia.

4.1 The Concept of Sustainable Development

"As post modern men and women we have abandoned the notion of progress but as humans we need something to take its place. Sustainability appears as the post modern substitute for progress, a less boastful and confident goal but one that is equally ephemeral and contested."

Paul B Thompson, 1993:17.

Postwar development of the industrialised world was and still is focussed on output, with the dominant paradigm for development based on economic growth. In the 1960's the pure growth model was expanded to incorporate social issues such as poverty alleviation and income redistribution (Munasinghe, 1993) Through the 1970's and 80's increasing concerns about the impact on the environment of industrialisation, population growth and urban expansion caused the model of progress to be subsumed in the "greener" concept of sustainable development. There are problems with this notion of development as Thompson (1993) alludes to in the opening statement of this chapter.

This ephemeral and contested quality can be related to the paradox of sustainable development. On the one hand we have the developed world's desire to sustain for future generations the progression of the standards of living of an industrial society that, on the other hand, is based on growth in
the development and consumption of a finite natural resource base. Tied to these consumption patterns are the homogenisation of socio-cultural groupings and the degradation of the life sustaining systems of this planet. Kerin sums up the policy problem with his statement that:

As a community we have, not surprisingly perhaps, shown ourselves to be schizophrenic on the major issue of resource use, development and the environment. We simultaneously flagellate ourselves over the health of our planet yet guarantee by our frenzied consumption the exacerbation of environmental problems"

(Kerin, 1990:11)

In light of these problems sustainable development, as an apparent contradiction in terms, has created a deal of international debate over how it should be defined and how it should be achieved. The situation here in Australia has been no different to anywhere else in the developed world.

The idea "sustainable development" was first proposed in the World Conservation Strategy in 1980 (Carley and Christie, 1992:42) and gained further credence through its promotion by the World Commission on Environment and Development, more widely known as the Bruntland Commission. The Commissions definition for sustainable development was:

"development that meets the needs of the present without compromising the ability of future generations to meet their own needs"

(WCED, 1987:8)

When taken out of context, Brundtland's definition provided an impetus for the emergence of countless re-interpretations of sustainable development. Carley and Christie (1992) claim that the debate falls broadly into two camps. One camp advocates a managerialist approach to
environmentally sensitive economic growth in order to raise living
standards and to provide the resources to pay for breaking the connection
between poverty and environmental degradation. According to Carley and
Christie (1992) the Bruntland commission’s recommendations fit into this
category. At the other end of the debate is a communalist, resource
preservationist stance which advocates a limited or zero growth economy.
At its extreme, bio-ethicists and deep ecologists raise ethical questions about
all life having a right to existence and consequently hold an anti growth
position.

The position being taken in this thesis is a managerialist one. This is based
on the assumption that problems of environmental degradation and social
dislocation require some economic activity in order to finance change
within the structures and processes of society, as well as paying for the
implied role of the state in facilitating this development.

There is another dialectic tension at work within the sustainable agriculture
debate. This tension is between the purposive, techno-centric industrial
agriculturalists who define sustainable agriculture using terms like site
production, productivity, economics and off-site impact (SCA, 1991; Lehman
et. al., 1993); and the purposeful position held by advocates of rural
development who see farming as an integral part of sustaining rural
communities and regions in a viable and resilient state (Wimberley, 1993;
Berry, 1977) and where the purpose of the activities undertaken by the
community is in a constant state of flux, dependant on the dynamic of
cultural and political change within the community.

From the purposeful side of the debate, a critical aspect of the path to
sustainability is in the adaptation of current activities to changing
environments in order to maintain local, regional and global communities. This broader definition implies that the problem is more complex than simply sustaining a population or sustaining economic growth, and that issues of sustaining family, organisation, community and culture are interwound with sustaining economic productive capacity, political freedoms and ecosystem integrity: All this within finite biophysical boundaries. Just looking at the ecosystem - economic interactions, Wills (1992) draws attention to its complexity when he states that

"even at the lowest level of aggregation, economic - environmental systems are very complex. The economic complexity stems from the numbers of people and of goods and of services, the diversity of preferences and technologies and the ability of people to learn from experiences. Environmental complexity stems from biological diversity and variations in the physical environment."

(Wills, 1992:8)

Wills' raises questions about the interrelationships between economic, and environmental systems, yet he does not address the question of how societies and communities are to manage themselves. In addressing this issue Norgaard (1988) identifies questions for exploring a system's sustainability by asking whether or not regional agricultural and industrial practices destroy the local resource base, the environment or, just as bad, the local people and their culture. Alternatively he asks whether or not the use of the resource base and environment, together with the knowledge base, the technologies, culture and the organisational structures of the community, change over time in a manner that is mutually reinforcing. For Norgaard the sustainability of human systems is a result of that system's ability to change and adapt over time (Norgaard 1988). To quote from Norgaard:
"Sustainability does not imply that everything stays the same. It implies that the overall diversity and overall productivity of components and relations in systems is maintained or enhanced. It implies that existing traits are deliberately maintained as options until after new ones have been proven superior. Of course it is not possible to deliberately manage and monitor each trait. The shift towards sustainable development entails adapting policies and strategies that sequentially reduce the likelihood that especially valuable traits will disappear prematurely. It also entails the fostering of diversity per se. This definition of sustainable development applies to belief systems, environmental systems, organisational systems and knowledge systems equally well. And necessarily so, for the sustainability of components and relations in each subsystem depend on the interactions between them."

(Norgaard 1988:618)

From a managerialist perspective the policy challenge for governments created by these notions of sustainable development consists of "finding a path towards facilitating a positive social and ecological co-evolution" (Norgaard, 1988). In reporting to the Club of Rome, King and Schneider's ideas concur with those of Norgaard (1988) when they state

"that the primary agents of the resolutique (for achieving sustainable society) are those that will allow individuals and societies to learn how to adapt to the changes that are constantly modifying the face of the planet"

(King and Schneider, 1992:184)

To these authors the idea of individuals, communities and societies learning to adapt to change puts the responsibility on governments to adopt a new role in their function of governance in society.
4.2 Governance and Sustainable Development

Where as the 1970's focussed on public administration and the 1980's on public management Dunsire (1995:17) seems to think that the future of public organisations will be in terms of their role in Governance of the state. Governance is the things governments do in society in order to achieve some objectives and, as indicated in chapter one, the past role of governance has been around providing the structure and function of a "steering mechanism" to guide modern (post modern) society through periods of crisis.

According to Milbrath(1989) contemporary governments were designed in times when the pace of change occurred at a much slower rate than it does today. As societies matured these roles and responsibilities begin expanding in response to changes in the beliefs that society has in the role of government, and in the beliefs about how the world works. (Milbrath, 1989:275) Figure 22 outlines Milbrath's analysis of these evolving roles of government.
### Figure 22: The Evolving Functions of Government (Milbrath 1989)

<table>
<thead>
<tr>
<th>Functions</th>
<th>Values</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Traditional (everyone assumes these)</td>
<td></td>
</tr>
<tr>
<td>a. Provide order</td>
<td>peace</td>
</tr>
<tr>
<td>b. Provide Security</td>
<td>justice</td>
</tr>
<tr>
<td>c. Resolve conflict</td>
<td></td>
</tr>
<tr>
<td>2. Recently established (some people still dispute these)</td>
<td></td>
</tr>
<tr>
<td>a. Preserve human rights</td>
<td>freedom</td>
</tr>
<tr>
<td>b. Provide economic justice</td>
<td>nourishment</td>
</tr>
<tr>
<td>c. Provide services</td>
<td>comfort</td>
</tr>
<tr>
<td>d. Insure welfare</td>
<td></td>
</tr>
<tr>
<td>e. Nourish economic activity</td>
<td></td>
</tr>
<tr>
<td>3. Emerging (people are still learning about these)</td>
<td></td>
</tr>
<tr>
<td>a. Facilitating quality of life</td>
<td>quality of life</td>
</tr>
<tr>
<td>b. Preserve the biosphere</td>
<td>ecosystem protection</td>
</tr>
<tr>
<td>c. Encourage social learning</td>
<td>survival of homo sapiens</td>
</tr>
<tr>
<td>d. Ensure the sustainability of society</td>
<td></td>
</tr>
</tbody>
</table>

Moving from the top of the table to the bottom Milbrath (1989) holds that as the world becomes more complex and difficult to manage the collective societal structure, or government, is given more responsibility by the citizenry to ensure order and security (Milbrath, 1989). As a consequence Milbrath argues that government is developing a legitimate role in facilitating social learning in industrial society to ensure adaptation of society to its changing environment. He likens social learning to the public dialogue that occurs when significant events challenge societal paradigms (Milbrath, 1989:89). These events, when debated and discussed in the public
arena, may result in the replacement of one dominant institution or practice by another.

### 4.3 Enabling Sustainable Development

In his treatise "Freedom to Learn" Rogers (1969) points out that a path to developing a peoples' ability to learn is through empowerment, or enabling them to become responsible for their own learning, free from the encumbrances of expert-based systems of technology transfer or legislative constrictions. Part of the normative values that have been linked to functions of governance to set up an environment for empowering individuals or communities to pursue sustainable development, is a concept of the state in a role termed "the enabling state".

Governments have long played a role in influencing the development of industries and society through policy instruments like regulations, market forces and economic incentives, as well as persuasive methods like education and extension services. These instruments have usually been used within the context of some policy objective or plan developed within mechanistic bureaucracies that are representative of Fordist\(^6\) constructions of the state (Mulgan and Wilkinson, 1992:). When used in a protective, patriarchal or autocratic manner, these policy instruments may inhibit the development of a flexible, responsible and adaptive company, industry or society (Porter, 1990; Chambers, 1993).

Carley and Christie (1992) use the term enabling state as a role they see the state playing in their construction of sustainable development. In their view the state

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\(^6\)Fordist: Based on the philosophy that the world can be treated like a factory through standardising, controlling and having set procedures.
"is to provide strategic guidance and to create the conditions to unlock innovation in the private and community sectors, often by devolving responsibility within a broader framework which encourages information flow about societal options".

(Carley and Christie, 1992:81.)

These sorts of constructions of the state replace mechanistic metaphors with organic or ecological ones (Mulgan and Wilkinson, 1992: 347). They are people-centred rather than rules and structure based, replacing the command and control processes of pyramid structures with horizontal and vertical communicative networks. Enabling states engage individuals in learning processes rather than blueprints for action, and in so doing draw on local know-how and experience rather than abstract centralised knowledge. Mulgan and Wilkinson (1992) identify three principles of enabling states which distinguish them from alternative models

"First, the state is an indispensible source of social solutions and meeter of needs; second, that the state can rarely define these needs well on its own but this must always be an active and reciprocal process with those who have the needs and, third; that the state is better able (to act) as an enabler than as an operator or provider in its own right so that wherever possible the means of delivery too should be organised in a reciprocal , responsive and open manner".

(Mulgan and Wilkinson, 1992;347)

The implication of course is that governance structures should be geared toward helping community groups identify their own problems and solutions, and facilitate implementation of community based problem solving strategies, rather than providing expert advice and solutions that are divorced from the realities of these community groups.

Given this broad framework of enabling change within industry and communities, there is still the notion that governments undertake some
level of intervention to facilitate a co-ordinated approach to sustainable development. In this context, the governance of sustainable development can not be confined to single-issue policies conceived and evaluated at the policy making levels of government. Integration of policy frameworks and the institutions that develop and deliver these strategies are also perceived to be the most appropriate course for sustainable development. According to Pretty

"A thriving and sustainable agriculture sector requires both integrated action by farmers and communities, and integrated action by policy makers and planners. This implies both horizontal integration with better linkages between sectors and vertical integration with better linkages from the micro to the macro level"


In drawing on Neo-Fordist constructions of organisation and applying them to constructions of bureaucracy in an enabling state Pretty (1995) claims the challenge for the managers of state organisations engaged in facilitating sustainable agriculture is to institute the sorts of approaches and structures that encourage learning, within their organisations, and in the processes for engaging rural communities in extension and development projects. Pretty states

"It is increasingly recognised that organisations that succeed in a changing and increasingly complex world are also those that have the ability to learn from their experiences and adapt quickly"

(Pretty, 1995)

While he recognises that bureaucracies are not open to the same forces that challenge the survival of non-government organisations, Pretty (1995) still advocates that government take on a learning organisation culture,
processes and structures to ensure adaptive outcomes to meet the challenges of change in rural society.

4.4 The Organisation Of Governance

The challenge then for agricultural research, extension and planning institutions, whether government or non-government, is to institutionalise approaches and structures that encourage learning (Pretty 1995:191). Similarly for Carley and Christie (1992) it is only through the process of learning to learn that innovation and cultural change will occur, thus enabling government organisations to evolve and adapt to the turbulence of their environment (Carley and Christie 1992:177).

In defining a learning organisation Morgan (1986:91) takes a structural-functionalist approach to thinking out the organisation of learning communities. For him four principles apply to the function and structure of a learning organisation. These are:

(1) The first is Cultural, a perspective that asks "to what extent does management encourage the valuing of openness and reflectivity in a way that accepts error and uncertainty in constructive ways?"

(2) The second is about the process of problem solving and asks "to what extent are multiple viewpoints on problematic situations encouraged within the analysis and solution of complex problems?"

(3) The third principle has to do with flexibility and reflexivity and asks - "In what way do rules and regulations structure activities
within the organisation? Are these rules and regulations and the assumptions underpinning these open to challenge and debate?"

(4) The fourth assumes that "in order to facilitate organisational learning the organisation needs to be appropriately structured to help foster the above processes"

Underpinning the first three principles is the assumption that enquiry driven action research processes for the resolution of problems are more appropriate for encouraging learning within an organisation, in contrast to traditional strategic planning principles of setting goals, objectives and targets, as well as the mechanistic rules and regulations which govern or control organisational procedures. Both Carley and Christie (1992) and Pretty (1995) identify with this action learning, action research process for development of rural related policy, as do Ventris and Luke (1988) in their construction of processes for substantive learning for policy development.

4.5 Planning As A Process Of Learning

Earlier reference was made to the role of government in providing strategic guidance. In highlighting this role for government in fostering sustainable development, Carley and Christie (1992) advocate that:

"sustainable development, reflecting a concern for the future, must imply some planning for that future. Many of our problems arise from failure to plan. Such planning at the societal level can only be initiated or undertaken by an agency with a societal view."

(Carley and Christie, 1992:81)

To achieve strategic guidance Milbrath(1989) talks about a systemic learning process that uses systemic approaches to policy development, and that this
should be overlayed onto the normal governmental roles of policy development. In their report to the Prime Minister of Australia, the Chairs of all the ESD working groups also outlined the need for an integrated approach to the development of Australia's natural resources, and that this required a longer term planning perspective (Green et al., 1992:211). Consistent with much of the learning organisation theory and practices proposed by Senge et al. (1994) and Milbrath's (1989) "Learning Governance Structure", the ESD inter-sectoral report recommended the application of scenario-planning techniques, economic and systems modelling, with simulated policy games as an adjunct to the scenario planning and modelling techniques (Green et al., 1992:12). They point out that while these methods may be limited in precision, they are useful in projecting broad trends, developing an understanding of system dynamics, identifying possible problems and opportunities and, just as importantly, identifying what we do not know about our environment and society. For Senge et al (1994) it is through these processes and associated dialogue around the assumptions and beliefs about how the world works that higher orders of learning might be achieved in an organisation. So what does this mean for the policy development process and the organisational structures in which they reside?

4.6 Learning System Structures.

In chapter one a model of the levels of Normative, Strategic and Technical Action was presented and then used as a guide for the collection and classification of data in chapter three. Broadly speaking this model identifies the levels of action in the context of time, but does not show how relationships occur between these levels of action or the environment of the organisations involved in servicing these processes.
Dror (1989) in his work on optimal policy making develops a model which closely parallels Agyris, Putnam and Smith's (1985) model of double loop learning. In Dror's model, policy consists of a hierarchy of Meta Policy (Setting value goals and determining processes for identifying the best strategies), Policy Making - (using rational research processes for identifying and evaluating alternative policy options), and implementation. All of these levels are connected by communications strategies to accommodate learning. Dror's model points out processes and structures that should change for optimal policy making to occur, but it does not provide any methodological insight into how organisations could be examined in order for them to be developed as optimal.

Morgan(1986) uses the brain as a metaphor for thinking about structural arrangements of an organisation to accommodate the communications processes necessary for learning to occur. In developing the discipline of cybernetics one of the originators of this concept, Stafford Beer, developed a Viable Systems Model (1981; 1985) to provide a brain-based "neurocybernetic" metaphor for thinking critically about the learning and communications capabilities in an organisation (See Figure 23).

Flood and Jackson(1991) claim that organisations based on the Viable Systems Model (VSM) emphasise active learning. This is in contrast to opens systems models of organisations that they claim have a passive response to the environment, like group based matrix system characterise. The VSM is also based on the principle that

"viability in complex organisations is concerned not only with the energy (like the metabolism of money) that propels them, but also
with the dynamics of the structures that determine the adaptive connectivity of their parts" (Beer 1985:X, his emphasis)

The implication here is that a viable system is one that is able to pre-arrange itself internally in a manner that is an adaptation to a range of projected changes in the external environments. In relation governance structures and programs this has implications for the ability of the institution to adapt programs to changing societal needs in a pro-active manner.

From a governance perspective, the viable systems model clearly supports improvement in the technical interests of prediction and control. This can result in improvements in strategic action, oriented towards regulation or governance in the social domain, and has potential to increase the steering capacities of both organisations and societies (Jackson 1993:570).

4.6.1 The Viable Systems Model

In the model presented in figure 23 each level of the VSM is identified with a number from one to five. Beer (1985) claims that the five functions represented in his model are essential if an organisation is to remain viable within a dynamic environment. In introducing the methodology for applying the VSM, Flood and Jackson (1991) summarise each level of the model as follows:

System Five is a decision taking system and also represents the organisation to higher order systems or others in the environment. System five is the venue for normative debate around notions of purpose, values and principles to be represented in the policies and programs of the organisation.
Figure Twenty Three: Beer's Viable Systems Model (Beer 1985)
Systems four is an intelligence gathering and reporting function for both internal and external evaluation. This system usually involves modelling and forecasting capabilities and develops performance appraisal and policy options for system five. Processes at system four include the notion that action research is an appropriate approach for organisation learning. In this context strategies are implemented through lower level systems of implementation. Systems four then engage in evaluation of the lower level systems (programs) to determine effectiveness of the programs in achieving the goals and principles set at system five.

System three undertakes a control or administrative function to manage the internal workings and to maintain organisational stability by allocating resources, ensuring effective implementation of policy and undertaking control audits.

Systems two undertakes a coordination role between various sub systems and dampens any competition or uncontrolled oscillation between implementation systems.

Systems at level one are the interface and service end of the organisation and are directly concerned with implementation. Each system one should be seen as autonomous and viable in its own right able to adapt to or absorb much of the local environmental variety.

Another major attribute of the VSM is that it can be conceived of as holographic. Thus allowing multiple recursions of analysis to occur where viable systems can be seen to be embedded in viable systems that are also embedded in viable systems. To represent this the large square around levels 2, 3, 4 and 5 represents the next level of recursion up in a hierarchy of
governance structures where as the small squares in levels 1a and 1b can be seen as the next level of recursion down a hierarchy.

4.7 Conclusion

This chapter has so far argued for processes to facilitate sustainable development along the lines of recent discussions in the sustainable development literature. These writings cast the role of bureaucracies as agents of the enabling state networking community and bureaucracy in processes of conscious learning to escape the trial and error outcomes of un-managed evolution.

This model of the enabling state also cast the bureaucracy as a steering mechanism of society, and goes on to argue that for a steering mechanism to be effective in a dynamic world environment, then the organisations of the mechanism should posses traits of learning organisations in order to be effective in strategic policy development and implementation. In relation to this an organisational model based on Beer’s (1985) VSM is presented as a framework for thinking critically about the nature of organisational arrangements involved in this steering mechanism. In relation to this perspective and the findings derived from the first cycle of enquiry as presented in chapter one, the questions that need answering of the data collected include:

1. At level 5 or the normative value systems level of the governance structure: has the peak national body co-ordinating the governance of rural Australia, the ARMCANZ and the Federal Minister, adapted ideologically for the the demands of sustainable development of rural Australia (as
defined here), and if so how is this ideology reflected in the policy statements and structures of the council and its standing committee?

2. At levels four, three and two of the VSM: how have the organisational arrangements that support ARMCANZ and the Federal Minister (level 5), adapted to the dynamics of the demands of rural environments. Do these organisational structures and policy development processes provide an environment for policy development and implementation that facilitates long term outlooks, creativity and integration whilst minimising duplication and conflict over resource allocation?

3. At level one of the VSM: to what extent is the ideology or rhetoric of ARMCANZ and the Federal Minister's policies represented in the actions of the DPIE programs, and what organisational conditions have hindered or helped in the implementation of this rhetoric?
5 Critiquing the Systems of Policy Development and Implementation

5.0.1 Introduction

This chapter utilises the point of critique developed in chapter 4 to analyse the institutions governing sustainable development in rural Australia. Throughout this chapter the Viable Systems Model is used to categorise and analyse the data collected. Figure 24 gives a graphic representation of this categorisation and analysis.

System 5 includes all those structures associated with ARMCANZ and SCARM and the Federal Minister for Primary Industries and Energy, where the emphasis is on debating the role of the state in the governance of rural industries, resources and communities and the strategies by which this intervention in society might be implemented. The critique here includes the merits of the principles encapsulated in the policies of the government and whether or not this system is open to change.

Discussion on System 4 includes those structures and activities associated with researching strategies for dealing with issues or problems within the domain of ARMCANZ. Structurally this includes the committee systems and working groups of SCARM as well as task forces and working groups set up by Federal Ministers that have input into the debate at system 5.
Systems three and two have to do with the structures associated with the administration and co-ordination of the federal infrastructure that services the processes of policy research and implementation. The particular transect taken is through the DPIE particularly in relation to providing the infrastructure for supporting national programs for natural resource management and rural area development and the intra-departmental committees for managing relationships between operational components of the organisation.

Systems at level one are here taken as the programs administered from DPIE with their own levels of planning and administration (systems 5,4,3 and 2) in Canberra and their implementation, systems one, in each state. For instance the Rural Partnership Program is administered centrally yet it has a system in place in each state in order to act as an interface with each region of the state. Likewise the Property Management Planning and Community Landcare programs are administered on four levels, centrally, on a state basis, regionally and in each group or local area committee.

The framework is also used to critique how the policy cycle (Rist 1994:547) works its way up and down the state hierarchy in an ongoing process of normative, strategic and administrative (technical) action. One overriding characteristic of this policy cycle has been the pace of change. In this chapter the extended time that has occurred from an initial statement about principles of policy, to the ratification of policy principle to guide federally funded rural development initiatives in Australia, is highlighted. In relation to this pace of change, it is argued that the convergence of a set of international forces in the policy environment contributed to, and legitimised, the emergence of a normative and strategic debate. It is also
argued that this legitimation came about through actions at a higher level of recursion in the governance structures. These actions led to structural changes as levels 3, 4 and 5 of the system in focus, that have in turn institutionalised an integrated approach to natural resource management and rural area development. In the process it will also be highlighted how policy principles theoretically have the potential to facilitate the emergence of a self empowering learning society in rural Australia.

In relation to the nature of the policy organisation servicing the policy debate, including the processes of strategy development and implementation, issues are raised about the ability of the governance systems to continue to adapt appropriately to the socio-democratic needs of a rural sector faced with the evolutionary forces of late twentieth century society. Issues include technical competence, resource dependencies and adequacy, and organisational culture.

Finally the question of regionalised sustainable development is discussed in relation to the administrative (technical) linkages within lower recursions of the governance structure, at system one, with consideration given to possible future research activity in the governance of natural resource management and rural area development.

5.1 System Five - Decision Taking

In the Viable Systems Model - System Five is identified as a decision taking system and represents the organisation to higher order systems or others in the environment. For instance, while ARMCANZ may be a venue for consultation across the States, ministers must still make representation to their various cabinets for endorsement of policy changes and budgetary
allocations. In this context ARMCANZ as System 5 in a rural governance structure is a System One in a higher level of recursion. Depending on the holographic transect taken this could be CoAG or State or Federal Parliamentary systems. In this case the system in focus is ARMCANZ through to DPIE programs, including RAS, RPP and PMP. Higher and lower orders of resolution are only important in terms of how they impact on the policy cycle in ARMCANZ.

The emphasis in this chapter is on identifying those structural and paradigmatic shifts that have occurred that govern the functioning of state steering mechanisms in relation to this policy cycle. In the introduction to this thesis it was claimed that policies form two ways, either incrementally or through processes of crisis management. It was also stated that incremental change occurs according to the agenda of the Minister or of leading policy officers, and that crisis management is just that, dealing with politically sensitive issues as they arise. The interest in this thesis is in the incremental changes and the combinations of factors that come together that, it is argued here, govern the speed and direction of change within the policy framework. While the stated position still holds, that is, change does occur incrementally, it will be shown that the possibilities for a Federal Minister to push forward changes are facilitated by circumstances within the environment of the system and within the structure of the system itself. That is, conditions must be conducive to change in order for those changes to have smooth passage through the processes of normative debate and strategic planning. This notion of societal forces creating the conditions for change is consistent with Easton's (1965) systemic model of policy development and Dahl's (1947 quoted in Dunsire 1973) ideas about public organisation structures and subcultures that are representative and influenced by the broader cultures and value systems of society.
In relation to these it will be shown through an analysis of the historical record that the speed of change is a result of a system of causality that links structural change with the promotion and acceptance of changes in normative values, and that this leads to new strategic possibilities. All these can be related to converging trends in higher recursions of the governance structure coming together with international forces to create possibilities that may not have eventuated if one or other did not exist. What is not to be underrated though is the role of powerful individuals within the policy community to seize the opportunities to carry forward change within the policy arena (Considine, 1994; Pfeffer, 1992).

5.1.1 Normative Change

Over the period investigated there have been a number of fundamental changes within the dominant state ideology in relation to its role in society and in the way it manages itself (see figure 25). In the main these have been a shift from a protectionist paradigm to what the government calls a partnership approach (see chapter 3) where a greater emphasis has been placed on becoming more competitive through skills enhancement, productivity gains and innovation. The second main shift has been the introduction and raised awareness of the ecological environment to the point where sustainable development through nature conservation and natural resource management has been legitimised as mainstream concerns of the federal government. In relation to both these the state has also restructured in a way that has allowed a more integrated approach to its intervention in society.

From a sustainable rural development perspective, ideological shifts concerned here include a shift in the role of government from intervening
in the market place to taking a more co-ordinative role in developing the capacity of rural Australia to deal with the complexities of resource management in a difficult climate and structural adjustment in the face of market change. This is a significant shift from a purely commodity based approach, to one that includes policies on rural affairs and the support of infrastructure and regional structural adjustment initiatives.

*Figure 25: Shifts In Rural Policy Paradigm During 1970 - 1995*

<table>
<thead>
<tr>
<th>From</th>
<th>To</th>
</tr>
</thead>
<tbody>
<tr>
<td>Government in a parental role of protecting industries</td>
<td>Government in interdependent partnership with industry and community aiming to achieve sustainable development</td>
</tr>
<tr>
<td>Dealing with single issue problems as they arise</td>
<td>Aiming for integrated approaches within a strategic planning framework</td>
</tr>
<tr>
<td>Price support schemes</td>
<td>Free market arrangements</td>
</tr>
<tr>
<td>Statutory marketing Authorities controlling marketing</td>
<td>Authorities having a research and promotion role</td>
</tr>
<tr>
<td>Production - productivity focus</td>
<td>Marketing - market oriented focus</td>
</tr>
<tr>
<td>Soil conservation</td>
<td>Natural resource management and sustainable agriculture</td>
</tr>
<tr>
<td>Drought subsidies</td>
<td>Promotion of risk management within a property management planning context.</td>
</tr>
<tr>
<td>RAS interest subsidies</td>
<td>RAS focussing more on retraining and provision for regional structural adjustment</td>
</tr>
<tr>
<td>Commodity focus only</td>
<td>Commodities and issues of rural affairs</td>
</tr>
<tr>
<td>Aiming for 100% control of import of exotic diseases</td>
<td>Risk management approach eg developing strategies for dealing with exotic disease outbreaks</td>
</tr>
</tbody>
</table>

These changes have been facilitated by two international forces converging on the back of state institutionalisation of neo-liberal ideology in the management of the economy. These two forces have been
1. changes in the management of public organisations, and
2. related to the embracing of ecologically sustainable development.

An issue of course is that prior to this convergence of forces the pace of change was very slow and that essentially the convergence enabled a change in the normative values and domains of interest in ARMCANZ during 1992/3, values that had been on the table since 1974.

5.1.2 The Pace of Change

When this project started, the government of the day was confronted with a crisis in the bush that was later brought to the attention of the voting public through the "A Current Affairs Farm Hand Appeal". While the government responded with a welfare package to deal with the immediate issues, more fundamental changes were afoot. Underlying the government's slow response to the crisis was "a state in flux" with both the structures and policies of the organisations of the state undergoing a series of changes in the way in which the development of rural Australia was governed.

This pace of change took 19 years from when the principles of rural policy were enunciated within the Green Paper of 1974, to 1993 when ARMCANZ produced a vision and strategy for the sustainable development of rural Australia, a strategy that encapsulated much of what had been stated in 1974. Figure 26 maps out incremental changes that have occurred in both the governance structures, the policy instruments governing rural Australia and the processes that led to each small change through this 19 year period.
<table>
<thead>
<tr>
<th>Year</th>
<th>External Forces</th>
<th>Structure change</th>
<th>Policy Processes</th>
<th>Outcomes</th>
</tr>
</thead>
<tbody>
<tr>
<td>1974</td>
<td></td>
<td></td>
<td>Principles of Rural Policy Green Paper</td>
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<tr>
<td>1975</td>
<td></td>
<td></td>
<td>IAC review of Agriculture</td>
<td>Introduction of income Equalisation Deposits</td>
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<td>1976/</td>
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<td>National Soil Cooperative Study</td>
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<td>1978</td>
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<tr>
<td>1979</td>
<td>Creation of National Farmers Federation (Farm Focus the 80s)</td>
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<tr>
<td>1980</td>
<td>World Conservation Strategy</td>
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<td>1981</td>
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<td>1982</td>
<td></td>
<td></td>
<td>Issues and Options for 80's (Balderstone)</td>
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<tr>
<td>1983</td>
<td>Change of Government</td>
<td></td>
<td>IAC Review of RAS</td>
<td>Drought Assistance (Primary Producer Act) 1982</td>
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<td></td>
<td>Creation of the Rural and Provincial Affairs Unit</td>
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<td></td>
<td>Rural Adjustment Scheme Act (1985)</td>
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<td>1986</td>
<td></td>
<td></td>
<td>Economic and Rural Policy Statement</td>
<td>Kerin Plan for Dairy Restructuring Introduced</td>
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<td></td>
<td>Public administration review</td>
<td>Creation of the DPIE</td>
<td>Rural Industries 2000 conference</td>
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<td>Rural Australia Symposium</td>
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<tr>
<td>1988</td>
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<td>RAS Review (Consultancy)</td>
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<tr>
<td>1989</td>
<td>May Economic Statement on Micro Economic Reform</td>
<td>Restructuring of DPIE in 6 Divisions and matrix management systems</td>
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<td>Rural Adjustment Scheme (States Grants Act) 1988</td>
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<td></td>
<td>Social Justice Strategy</td>
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<td></td>
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<td></td>
<td>A Fair Go - the Federal Governments Strategy for Rural Education and Training</td>
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<tr>
<td>Year</td>
<td>Event</td>
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<tr>
<td>1990</td>
<td>Working Group on Sustainable Agriculture</td>
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<td>1991</td>
<td>Report on Sustainable Agriculture</td>
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<td>1992</td>
<td>ESD Final reports</td>
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<td>1993</td>
<td>COAG review of Ministerial Councils, Formation of ARMCANZ</td>
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<td>1995</td>
<td>Land Management Task Force, Drought Review Task Force</td>
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<tr>
<td>1996</td>
<td>Change of Government</td>
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While the initial 1974 green paper created public discussion around principles of policy its influence on the systems of policy development appear to have been minimal. Its purpose was to minimise ad hoc policy making through integrated and strategic planning yet as pointed out in chapter 3 the reality was more of the same. While the Fraser led Liberal/Country party maintained power, ad hoc decision making based on
perpetuating industry protection in the rural sector appears to have been the norm.

Under pressure from the newly formed National Farmers Federation, the Balderstone Committee was created to again develop policy strategies for the development of rural Australia. Released eight years after the Green Paper, the Balderstone report conveyed much of the same message as its predecessor. At the time of the Balderstone committee handing down its report the notions of government intervention in the market place where being challenged by a Neo-Liberal ideology, and with a change in government the paper fell into a parliament amenable to accepting most of its recommendations. The Campbell committee of inquiry into financial markets had also reported and much of the rhetoric of free market philosophy was taking hold in Canberra.

Yet, as shown on page 79 there was still resistance to removal of market underwriting in the AAC and this state of inertia in the agricultural policy arena took the best part of a decade to move, first with the Kerin Dairy Plan in 1986 (Martin, 1989:9) then removal of wheat underwriting, and finally with the removal of the wool industry reserve price scheme.

5.1.3 Influence Of The Sustainable Development Debate

At the same time as the market protection debate was starting, the world conservation strategy was having an influence on the Australian policy scene. In regards to this, the new Federal Minister for Primary Industries, John Kerin, established the Australian Soil Conservation Council and its standing committee. As shown in chapter 2 this was to raise the profile of soil conservation. Not long after this Kerin sought and was granted funds by
federal cabinet to mount Soil Conservation programs throughout the nation. See figure 9.

The administrative changes in the public service outlined in chapter 2 also came at the right time for furthering the cause of sustainable development in the Australian public sector. With the amalgamation of departments and the creation of the Department of Primary Industries and Energy the development of the conditions for integrated approaches to natural resource management became possible, thus laying the foundations for debate about a sustainable agriculture. These events also led into broader debates about the nature of Ecologically Sustainable Development in Australia. As noted on page 50 the DPIE prided itself on the fact that it was taking a leading role in this national debate see (Miller, 1986a).

To recap, at the time of the Bruntland report a working group on sustainable agriculture was established to develop principles and policies for sustaining agriculture in Australia (AAC, 1990 records and resolutions). Following the Brundtland report the Hawke government released an Australian version "Our Common Future" (Hawke, 1990). The Federal Government then established a series of working groups to identify strategies for implementing Ecologically Sustainable Development (ESD), and in so doing to explore the implications for all industrial sectors of the economy and the inter-sectoral policy implications to achieve ESD (Harris, 1992:3). The Sustainable Agriculture working group was subsumed in the broader ESD process, and what emerged from that broader process were a series of documents and recommendations for achieving sustainable development across the whole economy, including Agriculture and inter-sectorial issues (Green, Harris and Throsby, 1991).
Due to the complexity of the issues, the sectoral nature of the recommendations and constitutional divisions of power, the task of bringing about change within the broader society was handed over to appropriate Ministerial Councils and their standing committees. Their task was to work through the implications for federal and state policy initiatives (Green et al., 1991: 194)

5.1.4 Critiquing The ESD Outcome

There has been some criticism of this outcome. Whereas the ESD process was a relatively open process for normative discussion, policy development within Ministerial councils and their standing committees have been accused of being controlled by bureaucratic processes. It has been claimed that this situation provides little avenue for further debate with interest groups in the broader community (Diesendorf, 1992), and that being controlled by the bureaucracy will ensure only incremental changes to the policy framework (Wills, 1992).

Criticism of the nature of normative discourse appears to be well founded, yet strategic planing processes appear to embrace a high level of community consultative process. The evidence gathered in this thesis suggests that within the domains of the AAC/ARMCANZ there has been little public debate over the concept of sustainable development. All evidence suggests that these discussions have remained within the domain of the bureaucracy, most notably within both of the SCARM working groups for Sustainable Agriculture and for Rural Area Development. Richardson and Jordans (1979) classified these forms of outcomes as evidence of "post parliamentary democracy" where policy making is increasingly conducted within policy communities able to dominate the policy field. In this case the
policy community is the bureaucracies of the DPIE and associated State agencies.

It could be construed here that the whole ESD process has been controlled by the bureaucracy to legitimise activities that were already in train in the development of coordinative structures of the state. In this regard it could also be construed that this is being used to legitimise the facilitation of the capital accumulation process, and therefore not challenging the fundamental economic growth ideology underpinning the states role in its governance of society. These normative values of development have rarely if ever been challenged in an influential manner. The recent Australian history of public forums for discussion around rural policy issues have, in the main, been at the level of strategic action. That is, industry representatives have met with the government to explore options for government involvement in industry development. More regularly, task forces and working parties have sought and received submissions from, and had discussions with, stakeholders from across rural communities, in order to identify strategies that are acceptable to these stakeholders in the policy areas being investigated. Recent examples of these include the AG 2000 conference, the RAS reviews, National Drought Policy Task Force and the Land Management Task Force.

The conclusion drawn here is that the ESD forums of the late 1980's were used by the federal bureaucracy to legitimise an agenda that already existed within the AAC and further developed through ARMCANZ into a rural policy framework.
5.1.5 The Integration Strategy.

Kerin's period in office established a Ministerial council that was more conscious of the environment and the need for resource management strategies, yet there was still no clear development vision that members of the council could strive for. It was Minister Crean, on the back of Kerin's introduction of Landcare and sustainable agriculture, who articulated something that was akin to an integrated strategy for industry and rural development.

Crean started this agenda by forcefully pushing the need to better integrate agriculture with the food manufacturing industry, and to develop and utilise the "Clean Green" image as a marketing tool into Asia. His aim was to value-add to agricultural commodities and by so doing, add to the wealth of the nation. There was some struggle over this issue between the DPIE and the Minister. The Minister's concept of welfare economics contemplated the wealth and welfare of the whole of society and did not contemplate the Pareto\(^5\) impact of this strategy in terms of how equitable it would be across the farm sector and consequently there was some resistance to his thrust within the DPIE (DPIE interview notes 1995). As Sher and Sher (1994) have noted, a distinction exists between industry policy and rural policy. What might be good for the overall economy of an industry, such as the food value chain, may have adverse affects on the farming community. Kingma (1985) pointed out in his study of agribusiness that this may be due to the impacts of vertical integration and agribusiness contractual

\(^5\) Pareto- The principle of pareto welfare improvement is that a given change in social welfare will be desirable if those who gain from it could completely compensate those who lose, and still be better off themselves (Perkins 1994).
arrangements shifting the power from community groups to these organisations. This ultimately leading to a loss of power and "self determination, self sufficiency and motivation within these communities" (Kingma 1985:3).

5.1.6 Enter Rural Area Development

Prior to 1991 the focus of the Minister's council was predominated by a discourse that confined the domain of interest to technical developments and marketing products. In relation to rural policy it is clear that 1991 heralded a broadening of the AAC agenda into domains that were far from commodity focused. This started with the Victorian's introducing debate around issues of rural affairs, and appears to be the precursor to the development of a more holistic or systemic approach to intervention in the development of "rural and regional" Australia.

In relation to this holism Crean utilised the CoAG agenda to better integrate policies and programs. The broader CoAG agenda, supported by the institutionalisation of the sustainability debate within the ARMCANZ/SCARM structures, led to the announcement of an integrated approach to Natural Resource Management and Rural Area Development. In conjunction with this was the development of the Rural Partnership Program as a mechanism to deliver the policy at a regional level.

Things were tough for the Federal Minister. Drought was breaking out in the eastern States, commodity prices where depressed and he gained little support within his department for the vertical integration approach. Relations between the Minister and his department began to break down. Speculation by people in the Rural Policy Branch that Crean would not stay long as Minister for Primary Industries bore fruit, and with the rise of
Keating and the consequent cabinet reshuffle Crean left and Senator Collins became Minister for Primary Industries and Energy.

When Senator Collins took over he was faced with a number of crises, including drought and quality assurance within the meat industry. Both these issues tended to overshadow the broader agenda that had been emerging throughout the previous decade. Even so, by the end of his term Collins had started to become known as the "Minister of the bush" (DPIE Diary 1995) in bureaucratic circles, in that he fully supported the development of an integrated program, including the societal issues related to the sustainable development of rural Australia.

Some twenty years after a Green paper outlined a range of principles for a rural policy, the Commonwealth and State governments had come to an agreement on how to implement a strategy aimed at integrating the delivery of programs from across a broad range of policy areas, including those that were not traditionally the domain of Primary Industry Departments.

5.1.7 Critiquing the Government’s Policy for Facilitating Sustainable Rural Development

The principles of sustainable rural development outlined in chapter four included ideas around the concept of an enabling state. According to Mulgan and Wilkinson (1992), two forms or models of the ideal enabling state exist. These are the co-optive state and processes of individual empowerment.
5.1.7.1 The Co-optive state

The Co-optive state theory is that the true representative of civil society could serve to both define needs and meet them within the umbrella of the state while also remaining one removed from the formal structures of the state (Mulgan and Wilkinson, 1992:348) In operation, instead of actively planning regional development, the state can be seen as enabling large numbers of firms and cooperatives to work together through collective marketing, joint ventures, collaborative research and development programs etc. in order to address their own perceptions of sustainable development on a local and regional scale.

5.1.7.2 Individual Empowerment

In contrast to the co-optive model, the individual empowerment model has its roots in a classic liberal political theory that sees the role of the state as providing the environment in which individuals can empower themselves:

"the essence of enablement is in the facilitation of self help, the empowerment of people who are currently unable to meet their needs from their own resources to progressively be able to do so" (Mulgan and Wilkinson, 1992:345)

Using these two models as the poles on an axis, it appears that the principles of rural area development, and the ideals around the development of the rural partnership program can be located on the co-optive end of the axis, while the principles underpinning the property management planning program are geared towards individual empowerment through better decision making processes in individual family farm businesses.
To return to the sustainability debate, sustainability of human systems is a result of a system's ability to change and adapt over time, and that an aim of government should be "to find a path towards facilitating a positive social and ecological co-evolution" (Norgaard, 1988). The ideological shift from a protectionist regime to a free market economy has been critiqued heavily by Pusey (1991) and Lawrence (1987). Other than advocating paternalistic protection policies though, their comments don't appear to cover ideas about how a government could or should facilitate the maturation of its people into a self reliant and resilient community, able to adapt to the changing global market and natural environment.

When we examine the policy framework that has emerged within ARMCANZ we can see that while the protection of market price schemes has been removed, in their place there has emerged a set of ideals aimed at supporting resource conservation, innovation, market development and risk management, and that components of these are delivered within the frame of planning as a learning process. This support is further emerging in a number of other strategies where, for instance, consistency in co-operatives legislation has put in place a mechanism for across-State co-operative formation. More recently, the Governance structure aims to foster regional community development initiatives through its Rural Partnership Program.

5.1.8 Conclusion

The conclusion drawn here is that all these programs are geared towards enabling rural communities and individuals to deal with the impacts of the economic and natural environments according to their own circumstances. This is in contrast to notions of the state pursuing development through a grand blueprint approach to rural Australia. It is clearly recognised by
ARMCANZ that no blueprint exists for the implementation of development strategies in rural Australia (see chapter 3), and that a community empowerment approach is the process they support in their Principles of Rural Policy.

As a co-optive strategy, the rural partnership program is clearly a strategy to facilitate regional approaches to natural resource management and rural development. This is through a "bottom up" process that empowers local people to identify their own needs, and to develop plans and implement these accordingly. For all intents and purposes, this strategy has all the potential for installing structures of an enabling state by co-opting community groups into taking charge of their own development. In theory it is through these representative groups of civil society that development needs could be defined, and met, within the umbrella of the state, while also remaining one removed from the formal structures of the state (Mulgan & Wilkinson 1992:348).

Underpinning the success of this co-optive strategy though is the ability of the organisation of the state to provide strategic guidance, to stay in touch with what is happening in regional communities, and with what is happening in global environments. This would enable the state to:

a. Keep the normative and strategic debate informed about how changes and progress in the development of rural Australia is progressing, and

b. adjust and adapt its programs and support mechanisms to the dynamics of rural society.

The purpose of the next chapter, 5.2 is to critique these support mechanisms.
5.2 System Four - Policy Research

As stated in chapter 4.1, Systems 4 of the VSM is an intelligence gathering and reporting function for both internal and external evaluation. This system usually involves modelling and forecasting capabilities and develops performance appraisal and policy options for system 5. Concepts at level 4 include the notion that action research is an appropriate approach for policy learning (Carley and Christie 1992). In chapter 4.1 reference was also made to another role of government and that this is to provide strategic guidance in the fostering of sustainable development.

5.1 Systems and Futures Research in the DPIE

In the initial study for this thesis (see appendix 8.1) it was found that although the purpose of the policy branch was to pursue a forward looking agenda, there appeared to be no formal futures research and scenario planning being undertaken within the rural policy branch: That is, a process that identifies the dominant forces including environmental, economic and technical threats or opportunities for rural industries and communities, future political demands, nor the use of policy simulations to explore the implications of these scenarios for future policy frameworks.

In the second cycle of enquiry a change in the level of resolution of study brought a number of other DPIE Divisions into focus, Divisions that provide forecasting research for the ARMCANZ / DPIE network. These Divisions include the Australian Bureau of Agriculture and Resource Economics (ABARE) and the Bureau of Resource Sciences (BRS).
In relation to economic forecasting ABARE has been providing an economic research service since 1945, as well as providing a short to medium range economic forecasting service for the rural sector through its annual outlook conference since the 1970's (Lawrence M, 1995).

In relation to land management and systems thinking the Bureau of Resource Sciences had an evolving technical platform for analysis and scenario planning to explore the physical impacts of economic activity on the natural resource base of Australia (see chapter 2). To date though, it appears that the only holistic research undertaken by BRS has been in fulfilling the regional structural adjustment work on contract for the RASAC regional structural adjustment committee.

Similar to the lack of futures research (Swartz 1990) there has been very little formal systems research undertaken within the DPIE. The primary methods of ex ante testing of policy options have been through econometric models and benefit/cost analysis. These research models took no account of the socio/cultural impact of structural adjustment and were only just starting to explore the ecological impact of industry development (eg. Fishery stocks) (DPIE interview notes 1995).

5.2 Integrating Policies

The integration of policies into a framework for dealing with structural adjustment and risk and resource management came about incrementally as a recognition by policy officers involved in the ESD working groups, of the complexity and systemic nature of the problems being faced by rural people, and the need for a package of strategies for dealing with these issues. The impact of the mid 1980's administrative changes and the 1995 CoAG resolution
to amalgamate ministerial councils again enabled and legitimised the integration process throughout the DPIE policy domain.

Throughout this study it became clear that ABARE and BRS play a fee for service consultative role in the policy development process, and that this has an impact on the extent of utilisation of their expertise in policy development. To reiterate statements made in chapter one, and in the context of the policy areas examined in this thesis, in Dror's (1989) terms strategy appears to form through the extra-rational processes of idea generation and debate which draws on the expertise of members of task forces and working groups, with limited rational evaluation processes employed. For instance, in both the Land Management Task Force and development of the Rural Partnership Program, no cost benefit or systems analysis were undertaken to provide an *ex ante* evaluation of the programs in question and decisions were based primarily on views sought from the community and on the expertise and political support of stakeholders. As stated this was in relation to the policy areas examined. To really confirm this conclusion though, a thorough survey of the processes of every policy working group and task force would need to occur in order to determine the extent of utilisation of positive research processes.

What appears to be happening is that through the formalised processes of periodic evaluation, progressive change is occurring within programs as an outcome of a form of action research. For example with the Landcare, Property Management Planning and the Rural Partnership program, small programs of regionalised activity have been observed and evaluated in terms of their on the ground success. Models of these activities are then constructed and emulated in other regions. These new activities have again been observed and evaluated through community consultation processes and the programs further developed and promulgated throughout the country. Whereas Landcare and
the PMP programs are fairly mature in their development (ie. they have been going since the late 1980's), the Rural Partnership Program is still in the early stages of development. For example, a model has been derived from successes in the South West Queensland strategy (a local state initiative). This has been emulated in the Eyre Peninsula and the West 2000 strategy (DPIE interview notes 1995). It is yet to be seen how successful these projects will be in the longer term.

5.3 Conclusion

The conclusion drawn from this analysis is that in many ways there are processes at work within the program and policy administration function that institutionalise a form of action learning / research around the strategies that are employed, and that this learning is as much a result of experts testing their opinions derived from reflecting on empirical evidence, rather than through scenario planning exercises to evaluate their operant paradigms under various future scenarios. Given the real world or experiential nature of the learning process there is yet to be a testing of the integrating strategy and whether or not the implementation structures are up to the task of facilitating sustainable rural development.

5.3 System Three - Administration

System three undertakes a control or administrative function to manage the internal workings to maintain organisational stability by allocating resources to ensure effective implementation of policy and undertake control audits.

In serving ARMCanz and the Federal Minister the DPIE has a well developed administrative function through its divisional structure. Processes of budgetary procurement and allocation are managed through the Headquarters group, which also includes an internal audit office. Program evaluation processes are
administered through headquarters, as are the development of rules and protocols for the management of all aspects of the organisation.

The main feature was the dominant nature of this function within the organisation, as it controls all aspects of change within the organisational environment, and that this dominance is a direct result of the management style of the Secretary in charge of the DPIE. For instance under Secretary Miller's leadership a flat matrix structure (see chapter 2) was introduced that put an emphasis on outcomes and project work with a background emphasis on administrative rules and regulations. This organisational environment changed dramatically with the appointment of Taylor as DPIE head. These changes included the introduction of an extensive set of protocols that were to govern the administration of the organisation through the early ninety's. From a perspective of organisations that can adapt quickly to changes in the environment, Miller's model of management is more in line with notions of providing people with an environment that stimulates innovation; whereas Taylor's was a command and control model that aimed to minimise risk and uncertainty. According to the notions of organisational learning presented in chapter 4, Taylor's bureaucratic model is not appropriate for a governance institution operating in a dynamic and unpredictable environment.

5.4 System Two - Intra-Departmental Co-ordination

Systems two undertakes a coordination role between various sub-systems and dampens any competition or uncontrolled oscillation between implementation systems.

At a program level competition for funds and for domains of interest was evident in the DPIE, with management of the developing Rural Partnership Program "feeling the heat" from both the Rural Adjustment Scheme and the
Community Landcare Program. RAS had funds and a rival regional adjustment program. Likewise the Landcare movement had been in the process of establishing regional and State project assessment processes and the National Landcare Facilitator had been calling for a broader role for the Landcare movement including facilitating the economic development of rural Australia.

To overcome this problem, and to ensure the Minister's agenda to establish the RPP met with little internal resistance, the Secretary of the Department established an Intra-Departmental Committee to act as a venue for discussion around the implementation of the Rural Partnership Program (RPP) and its implications for other programs across the department. It is assessed here that it was only through the support of the Minister and the DPIE Secretary that the RPP program held its own within the Department and that the implementation of an Intra-Departmental Committee provided the function of System 2 in a Viable Systems Model.

Even so, at the time of enquiry for this thesis, there was a triangle of tension between the RAS, RPP/Rural Policy Branch and National Landcare facilitators that may still hamper the implementation of what is essentially a regionalised coordination process. These are coordination processes requiring resources from a number of areas each of which are held tightly by their bureaucratic managers.

5.5 System One - Operations

Systems at level one are the interface and service end of the organisation, and are directly concerned with implementation. According to Beer (1985) each system one should be seen as autonomous and viable in its own right, able to adapt or absorb much of the local environmental variety within itself.
In the transect taken through this governance structure it has been assumed that the operational level of governance, or systems one, are through federal programs like PMP and the regional RAS/RPP initiatives. These programs have national administration in Canberra and may be delivered through two avenues. The first of these is through the head offices of State government departments that have lower levels of recursion. It is these lower levels that interface with the community and industry groups. This lower level interaction is through regional offices and officers with localised regional programs. For example, the PMP program in each state has a head administration and state planning committee, a regional administration and regional planning committee, and regional implementation through workshop facilitators and extension officers.

The alternative to the bureaucratic route was the possibility for local community groups to bypass individual state bureaucracies and draw directly on federal programs. This was to establish locally based and managed rural area development projects. Up until 1995 local community access was possible through the Rural Communities Access Program and the Community Landcare program. With the 1995 implementation of the Rural Partnership Program, community groups were to be encouraged to develop and implement their own integrated strategic development plans and apply for multiple program funding through a review and co-ordinating committee in the DPIE. This program aimed to enable community groups to directly access DPIE resources as well as other federal departments including Dept of Environment Sport and Territories, Dept. of Housing and Regional Development and Dept of Industry, Science and Tourism. The implementation of these RPP projects were to be administered in a partnership between government organisations and successful community groups.
One ideal outcome of the RPP was the potential relevance and adaptability to local conditions in the implementation of natural resource management, community and industry development programs. Linked to this was the possibility that the RPP can be used to facilitate a community learning process where the community plans, acts and observes the outcomes, to then again plan and act within an ongoing cyclical process that allows the community and its local programs to adapt to the changing environments.

5.5.1 Adaptability of Level One Systems

Each of the DPIE’s programs had its own systems of administration within the DPIE, and adaptation by these programs to the environment also operates at the Federal level in terms of administration and program objectives. Federal programs are bound to incremental changes of their guidelines and operational procedures through the programmed evaluation processes that occur at level four of the system. For instance the Rural Adjustment Scheme was evaluated in 1993. Changes resulting from this evaluation saw changes in the programs structure, procedures and priorities that led to a major change in administrative responsibilities, staffing levels and financial pressures. In response State operations adapted to the new environment in order to meet the needs of the new programs.

In a similar manner the Property Management Planning program went through an independent evaluation to determine the best manner for the program to be implemented. These evaluation findings included the need to address issues of land degradation and poor farm financial performance by assisting farmers to develop skills in farm planning as a learning process (LMTF 1995). It assumed that state programs would take on board the findings of the Land Management Task Force and this would lead to changes in the delivery of State programs.
The Rural Access Programs were to be evaluated in 1996/7. As identified in chapter 3.3.3, individuals within the Rural Policy Branch indicated that a preferred outcome for this program review would be that the RAP becomes the main vehicle for implementation of the RPP. They assumed that BARA or RCAP facilitators would take a major role in facilitating rural area development strategic planning processes, i.e. be the main system for implementation of the RPP. As briefly identified in chapter 3.3.3, there may be some problems with the use of RCAP facilitators to service RPP strategic planning processes. Past reviews have indicated that the BARA facilitators are not overly familiar with the range of support programs available, and the lack of regional implementation plans in local BARA committees also indicates a poor appreciation of strategic planning processes for rural area development.

The complexity of the administration of integrated programs is quite high. Mapping the lines of communication within and between RAS, the proposed RPP and Community Landcare, as seen in chapter 3, shows a high level of complexity within each State, both within programs, and between programs, and that the most highly developed program network is within the Landcare program. There appears some justification for Alexander's (1995) call for a greater role of this Landcare network in the development of rural areas.

In the context of data collected for this thesis, little can be said about the level of connectivity and actual integration of programs or community groups within each State. What is known is that the degree to which the implementation of enabling strategies, through a rural area development strategy, is dependant on the level of competence of facilitators and local community members, to engage in their own normative and strategic debates around visions and strategies about their own local area development. Much more research is needed into
this level of implementation of rural development programs within the States. Questions that need to be pursued include

What is the extent of facilitated strategic planning processes across rural Australia?
Who is involved and how are they supported?
What is the level of representation by the various groups found in rural communities?
What is the demographic profile of these people?
Is there a cross section of the community that is more involved in local community activity than others?
How are these community groups supported?
What is the extent and level of facilitation competence within the rural sector?
Is there a benchmark competency profile for facilitators that sets a standard and is this used in the employment of rural area development facilitators?
What is the extent of rural area development facilitator training in this country?

To restate the point, it seems that while the ideas and principles of community empowerment, that underpin the design of the RPP program, concur with the ideals expressed by Carly and Christie (1992), Mulgan and Wilkinson (1992) and Pretty (1995), I would argue that the guarantees for the success of the program lie with the skills and abilities of the field officers charged with implementing the program.
5.3 System Three - Administration

System three undertakes a control or administrative function to manage the internal workings to maintain organisational stability by allocating resources to ensure effective implementation of policy and undertake control audits.

In serving ARMCA NZ and the Federal Minister the DPIE has a well developed administrative function through its divisional structure. Processes of budgetary procurement and allocation are managed through the Headquarters group, which also includes an internal audit office. Program evaluation processes are administered through headquarters, as are the development of rules and protocols for the management of all aspects of the organisation.

The main feature was the dominant nature of this function within the organisation, as it controls all aspects of change within the organisational environment, and that this dominance is a direct result of the management style of the Secretary in charge of the DPIE. For instance under Secretary Miller’s leadership a flat matrix structure (see chapter 2) was introduced that put an emphasis on outcomes and project work with a background emphasis on administrative rules and regulations. This organisational environment changed dramatically with the appointment of Taylor as DPIE head. These changes included the introduction of an extensive set of protocols that were to govern the administration of the organisation through the early ninety’s. From a perspective of organisations that can adapt quickly to changes in the environment, Miller’s model of management is more in line with notions of providing people with an environment that stimulates innovation; whereas Taylor’s was a command and control model that aimed to minimise risk and uncertainty. According to the notions of organisational learning presented in
chapter 4, Taylor's bureaucratic model is not appropriate for a governance institution operating in a dynamic and unpredictable environment.

5.4 System Two - Intra-Departmental Co-ordination

Systems two undertakes a coordination role between various sub-systems and dampens any competition or uncontrolled oscillation between implementation systems.

At a program level competition for funds and for domains of interest was evident in the DPIE, with management of the developing Rural Partnership Program "feeling the heat" from both the Rural Adjustment Scheme and the Community Landcare Program. RAS had funds and a rival regional adjustment program. Likewise the Landcare movement had been in the process of establishing regional and State project assessment processes and the National Landcare Facilitator had been calling for a broader role for the Landcare movement including facilitating the economic development of rural Australia.

To overcome this problem, and to ensure the Minister's agenda to establish the RPP met with little internal resistance, the Secretary of the Department established an Intra-Departmental Committee to act as a venue for discussion around the implementation of the Rural Partnership Program (RPP) and its implications for other programs across the department. It is assessed here that it was only through the support of the Minister and the DPIE Secretary that the RPP program held its own within the Department and that the implementation of an Intra-Departmental Committee provided the function of System 2 in a Viable Systems Model.

Even so, at the time of enquiry for this thesis, there was a triangle of tension between the RAS, RPP/Rural Policy Branch and the National Landcare
facilitators that may still hamper the implementation of what is essentially a regionalised coordination process. These are coordination processes requiring resources from a number of areas each of which are held tightly by their bureaucratic managers.
5.5 System One - Operations

Systems at level one are the interface and service end of the organisation and are directly concerned with implementation. According to Beer (1985) each part should be seen as autonomous and viable in its own right, able to adapt or absorb much of the local environmental variety within itself.

In the transect taken through this governance structure it has been assumed that the operational level of governance or systems one are through federal programs like PMP and the regional RAS/RPP initiatives. These programs have national administration in Canberra and may be delivered through two avenues. The first of these is through head offices of State government departments that have lower levels of recursion. It is these lower levels that interface with the community and industry groups. This interaction is through regional offices and officers with localised regional programs. For example, the PMP program in each state has a head administration and state planning committee, a regional administration and regional planning committee and regional implementation through workshop facilitators and extension officers.

The alternative to the bureaucratic route is the possibility for local community groups to bypass individual state bureaucracies and draw directly on federal programs. This is to establish locally based and managed rural area development projects. Up until 1995 local community access was possible through the Rural Communities Access Program and the Community Landcare program. With the 1995 implementation of the Rural Partnership Program community groups were to be encouraged to develop and implement their own integrated strategic development plans and apply for multiple program funding through a review and co-ordinating committee in the DPIE. This program aimed to enable community groups to directly access DPIE resources as well as other federal departments including Dept of Environment Sport and
Territories, Dept. of Housing and Regional Development and Dept of Industry, Science and Tourism. The implementation of these RPP projects are to be administered in a partnership between government organisations and successful community groups.

One ideal outcome of the RPP is the potential relevance and adaptability to local conditions in the implementation of natural resource management, community and industry development programs. Linked to this is the possibility that the RPP can be used to facilitate a community learning process where the community plans acts and observes the outcomes to then again plan and act within an ongoing cyclical process that allows the community and its programs to adapt to the changing environments.

5.1.1 Adaptability of Level One Systems

Each of the DPIE's programs has its own systems of administration within the DPIE and adaptation by these programs to the environment also operates at the Federal level in terms of administration and program objectives. Federal programs are bound to incremental changes of their guidelines and operational procedures through the programmed evaluation processes that occur at level four of the system. For instance the Rural Adjustment scheme was evaluated in 1993. Changes resulting from this evaluation saw changes in the programs structure, procedures and priorities that lead to a major change in administrative responsibilities, staffing levels and financial pressures. In response state operations adapted to the new environment in order to meet the needs of the new programs.

In a similar manner the Property Management Planning program went through an independent evaluation to determine the best manner for the program to be implemented. These findings included addressing issues of land degradation
and poor farm financial performance by assisting farmers to develop skills in farm planning as a learning process (LMTF 1995). It was assumed that state programs would take on board the findings of the Land Management Task Force and this would lead to changes in the delivery of state programs.

In a similar manner the Rural Access Programs are to be evaluated in 1996/7. As identified in chapter 3.3.3. individuals within the Rural Policy Branch indicated that a preferred outcome for this program review would be that the RAP becomes the main vehicle for implementation of the RPP. They assumed that BARA or RCAP facilitators would take a major role in facilitating rural area development strategic planning processes i.e. be the main system for implementation of the RPP. As briefly identified in chapter 3.3.3, there may be some problems with the use of RCAP facilitators to service RPP strategic planning processes. Past reviews have indicated that the BARA facilitators are not overly familiar with the range of support programs available and the lack of regional implementation plans in local BARA committees also indicates a poor appreciation of strategic planning processes for rural area development.

The complexity of the administration of integrated programs is quite high. Mapping the lines of communication within and between RAS, the proposed RPP and Community Landcare, as see on pages 112, 118 and 121 shows a high level of complexity within each state both within programs and between programs and that the most highly developed program network is within the Landcare program. There appears some justification for Alexander's (1995) call for a greater role of this Landcare network in the development of rural areas.

In the context of data collected for this thesis little can be said about the level of connectivity and actual integration of programs or community groups within each state. What is known is that the degree to which the implementation of
enabling strategies through a rural area development strategy is dependant on the level of competence of facilitators and the local community members to engage in their own normative and strategic debates around visions and strategies for their own local area development. Much more research is needed into this level of implementation of rural development programs within the states. Question that could be pursued are

What is the extent of facilitated strategic planning processes across rural Australia? Who is involved and how are they supported?

What is the level of representation by the various groups found in rural communities?

What is the demographic profile of these people?

Is their a cross section of the community that is more involved in local community activity than others?

How are these community groups supported?

What is the extent and level of facilitation competence within the rural sector?

Is there a competency profile for facilitators that sets a standard and is this used in the employment of rural area development facilitators?

What is the extent of rural area development facilitator training in this country?

To restate the point it seems that while the ideas and principles of community empowerment that underpin the design of the RPP program concur with the ideals expressed by Carly and Christie (1992), Mulgan and Wilkinson (1992) and Pretty (1995) I would argue that the guarantees for the success of the program lie with the skills and abilities of the field officers charged with implementing the program.
6.0 Conclusion

In 1993 this project started as a result of an apparent lack of a coherent policy for the sustainable development of Australia's rural industry. Along the way Sher and Sher (1994) came to the conclusion that no rural policy existed and the Office of the Commonwealth's Chief Scientist (1995) concluded that no integrated policies were in place to achieve the sustainable development of the Australian agricultural resource base. Within this context this thesis set out to record observations about the institutional arrangements governing Australia's agricultural industries and their associated communities and natural resources. The primary question asked of this data at the conclusion of chapter three was:

"are the structures processes and policies of the governance of rural Australia appropriate to facilitating sustainable rural development given the dynamic nature of contemporary markets and natural environments?"

The research methodology involved two cycles of an action research process. Within the first cycle of enquiry a number of findings were made about policy development and implementation and the aim of the second cycle of enquiry was to test these findings. The critical perspective of governance for sustainable development that was used to examine the data, was developed over two cycles of the action research process. These developments drew on the sustainable development, policy science, organisation and systems science literature and identified Beer's (1983) Viable Systems Model (VSM) as the most appropriate for critiquing governance structures of the state that are charged with managing the sustainable development of the rural sector. Questions linking findings from the first cycle of enquiry, the sustainable development literature and the VSM included:
1. At level 5 - the normative value systems level of the governance structure: has the peak national body co-ordinating the governance of rural Australia, ARMCANZ and the Federal Minister, adapted ideologically to the demands of sustainable development of rural Australia (as defined here), and if so how is this ideology reflected in the policy statements and structures of the council and its standing committee?

2. At levels four three and two of the VSM: how have the organisational arrangements that support ARMCANZ and the Federal Minister, adapted to the dynamics of the demands of rural environments? Do these organisational structures and policy development processes provide an environment for policy development and implementation that facilitates long term outlooks, creativity and integration whilst minimising duplication and conflict over resource allocation?

3. At level one of the VSM: to what extent is the ideology or rhetoric of ARMCANZ and the Federal Minister’s policy represented in the actions of the DPIE programs and what organisational conditions have hindered or helped in the implementation of this rhetoric?

The conclusions drawn from this research are far beyond what was expected at the beginning of the project. The governance structure that was explored is not self referential. That is ,it is not self governing in its form, function and domains of influence but is dependant on decision making processes at a higher level of government. This larger sphere is, in turn, influenced by international trends in the epistemological communities (Considine, 1994) that dominate government circles and academic communities.
Given this broader environment, how has ARMCANZ dealt with the issues of Sustainable Development? From the data gathered it can be concluded that incremental changes have been occurring within the policy framework since the Rural Policy Green Paper of 1974, and that the broader changes in the government's community have legitimised these incremental changes. While at one level the policies of ARMCANZ and the Federal Minister are representative of the neo-liberal ideology of non-market intervention, the form and function of ARMCANZ in 1995 has institutionalised the principles of Ecologically Sustainable Development (ESD). For example the committee and working group structures and topics of concern reflect a holistic approach to problem solving and this is set within the integrating strategy for natural resource management and rural area development. I argue here that this strategy encapsulates much of the rhetoric espoused within the ESD for integrated approaches to the development of the country. Linked to this are notions of community empowerment and principles for self determination at a community/ regional level of activity.

As the overall governance structure is the product of external forces, so is the structure and internal dynamic of the supporting institutions. The managerialist (Pusey, 1991) approach to public administration that pervades the whole of Canberra has an influence on how these support organisations are governed. The combining of the DPI with Trade and Dept. of Mineral Resources in 1987 set the stage for an integration of policy and programs. Other administrative changes set standards for budgeting and program evaluation that have institutionalised an evaluation culture within the organisations. These program budgeting procedures have also legitimised the development and use of rational modelling processes for probabilistic projections of trends in the market and the natural resource bases.
While there have been a number of attempts at crystal balling the future (eg the Ag. 2000 conference and the more recent 2010 project) to give direction for policy development, no evidence was found for the use of scenario planning techniques or role playing to evaluate the effectiveness of policies and programs under alternative projections. A more detailed exploration of ABARE and BRS would be required to evaluate this aspect of the governance structure.

Like the conclusions drawn in the first cycle of enquiry, it appears that policy research and program development is the product of what Dror (1989) calls extra rational processes of decision taking. In these processes the consensus of expert opinion, filtered through perceptions of political acceptance, is used in the design process for programs of intervention in rural society. Both the PMP program and the Rural Partnership Program where developed through these planning processes.

While the above programs have been novel developments in recent years, the institutional environment that allowed this creativity to emerge may have changed. Interpretation of the ideals of managerialism is the preserve of institutional leaders and this creates a dynamic in itself in that leaders and managers come and go. Where some leaders create environments for creativity and change, like Secretary Miller with his organic models of management (Considine 1994), others like Secretary Taylor utilise bureaucratic models (Morgan 1986) of command and control through protocols and procedures that establish an environment where risk taking is not tolerated. Considine (1994) would argue that these types of environments stifle creativity and create an atmosphere of fear and defensive behavior. The conclusion here is that unless this environment changes, the ability of the institution to create new approaches to the problems of the rural sector may be hampered.
There are other impediments to the development and effective integration of programs within the institution. These appear to be the result of diminishing resources overall and political infighting over allocation and control of these resources. Throughout the period examined the DPIE had taken a considerable cut in its budgetary allocation and this had been tied to the reduction in market support schemes. One could argue that the embracing of "extension and development" type programs in the face of a reduction in market interventions is representative of the autopoiesis (Maturana and Varela, 1987) of the bureaucratic organisation recreating itself in order to find legitimacy in its existence. The limiting factors in the implementation of these development programs of course are the lack of monetary and human resources and the political dependencies that create conflict over allocations and control of these resources. The saving feature in the DPIE was the insistence by Ministers and their Secretaries that program managers work together.

So do the programs examined in this thesis represent the rhetoric of ARMCANZ and the Federal Minister? Through this study of the structures, processes and content of policy development through ARMCANZ and the DPIE it is the conclusion of this thesis that a framework of rural policies to facilitate sustainable development does exist and is evolving, all be it incrementally, in the face of a dynamic environment. It is also the conclusion that these policies and their programs have the potential to give the rural sector the freedom to learn (Rogers 1973) without paternal interventions that aim to protect the sector from the jungle of the market. What we have is a system that is geared towards an ethos of helping those that wish to learn their way through and develop the knowledge and skills necessary to co-evolve (Norgaard 1988) with the environments in which rural society exists. One
conclusion though is that the success of the delivery of these programs is dependant on the skills and abilities of the officers operating within the rural communities, and that there is a need for more research and development work into the facilitation of rural development in so called "Developed Countries".
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8.0 Appendix

The paper a Systems Analysis of the Rural Policy Branch DPIE Canberra was published in the proceedings of the International Conference on Issues Affecting Rural Society, Townsville, Australia, June 1994.
8.1 A Systems Analysis of the Rural Policy Branch DPIE Canberra

June 1994

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Within the Rural Division of the Australian Department of Primary Industries and Energy a Rural Policy Branch exists to progress the Minister's initiatives in developing an integrated set of rural development policies. In this study a model of a learning organisation using a systems and futures based approach to policy making is used as a critical construct to examine the processes of policy development in the Rural Policy Branch. Initial results indicate the policy framework is based on a systemic model of internationally competitive industries, an official vision exists and the policy framework is aimed at achieving this vision. Contrary to this is the almost non existence of evaluation mechanisms to determine the impact of programs nor a systemic and futures oriented research group aimed at evaluating policy initiatives before they are enacted. Both these deficiencies leave little opportunity for the assumptions and theories underpinning the policy framework to be critiqued nor therefore for the organisation to learn.

The problem

Do we have the institutional arrangements (governance structures) appropriate to strategically manage the sustainable development of rural Australia?

Sustainable development issues in Australian rural societies are associated with a complex, dynamic and evolutionary web of events. These include cultural, political, ecological and economic transactions that transgress organisational, regional, state and international boundaries (see Epps and Sorensen 1993). Systemic approaches to policy research and development have emerged over the last half century that have the potential for dealing with this type of complexity. These policy approaches see the policy organisation as a learning system that utilise systemic and futures
orientated thinking to aid in the development of policy frameworks.

In the Australian Rural Policy scene two initiatives have occurred at the Federal level pertinent to the above discussion. Developments of integrated policy initiatives to pursue rural community development has occurred within the Department of Primary Industry and Energy and within the Public Service Commission the strategic goal of becoming a "Learning Organisation" is advocated.[Gunzburg D.1992:6]²

Given the complexity of the issues the Rural Policy Branch is dealing with and the emergence of systemic approaches to policy research and development, the purpose of this study is to critique the policy development processes used in the branch.

**Methodology**

Soft systems methodology (Checkland and Scholes 1991) has been used in this project. Figure one is a diagrammatic representation of the process of soft systems methodology.

![Diagram of soft systems methodology](image)

**Figure 1 The process of soft systems methodology**

This methodology was used as:

1. It allows the research to be contextualised through the process of rich picturing the situation to demonstrate the metaphorical "climate" of the situation being studied and
2. The flexibility of this systems methodology allows critical perspectives from outside the situation to be made relevant to the context under study.

This methodology is also a learning process where each step informs the preceding as well as the following step in a recursive manner. The whole approach may be cycled through a number of times before research questions are answered.

Data Collection and Analysis

The methods used in this study are based on gathering information about the structures and processes within the organisation, the products of the organisation and the dynamic nature of the environment that the organisation acts within. Two other concepts are used as guides within this exploration phase. The concept of culture, being the norms and values of behaviour and socially accepted paradigms informing practice, and the concept of politics as it affects the power underpinning decision making and decisions made. These analyses provide a picture of the social context in which the methodology is being used.

The sources of information about the context are observation, informal interviews and the use of secondary data. These findings are summarised in a series of rich pictures. These diagrammatic representations with accompanying text aim to identify the climate of the situation and allow for the critical perspective to be defined in a manner relevant to the situation.

The Rural Policy Branch and its Environment

The rural policy branch, the policy it oversees and the way it operates as a public organisation, are all products of a historical context. Since the Government Green Paper on agriculture in the 70's through the Balderstone report (Balderstone et al 1982)\(^4\) and up until the late 1980's the emphasis of Federal primary industry policy has been largely focussed on a re-current incremental process of agricultural industry development and on single issue intermittent problem solving. See (Gerritsen and Murray 1987).\(^5\) Since the Mid 80's through to the present time issues in rural Australia have compounded with cycles of drought, land degradation, escalating interest rates, depressed or collapsed commodity prices and an impact on the social fabric of rural communities.
In 1992 the Rural Division of the DPIE Canberra was created with a charter to manage the Rural Adjustment Scheme (DPIE 1992) - a program aimed at providing a safety net for uneconomic farm businesses to either restructure to a more viable entity or to assist farmers to get out of farming. Within this Division a Rural Policy Branch was formed to act as a think-tank and secretariat for overseeing and bringing to fruition new policy initiatives associated with National Drought policy, National Food policy and changes to RAS. Budgetary constraints plus recent initiatives within the branch have pushed the federal and state agendas to pursue a more holistic and integrated approach to rural policy. This not only involved pursuing economic development and structural adjustment initiatives but also encompassed ecologically sustainable development and social justice initiatives wound into an integrated package. The total package of rural development policies is presented in figure two the Rural Policy Framework 1994 - 95. For more detail on the specifics of these policies see Kingma O. and Grant G.1993 also Newton A 1993⁷

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**Figure 2: THE RURAL POLICY FRAMEWORK 1994-95**

An internationally competitive and prosperous rural Australia producing clean food for the world

- Structural Adjustment
- Natural resource Management
- Rural Communities Programs
- Industry Plans
- Micro Economic Reform

Efficient and Market Oriented: Rural and related industries that actively seek increased value adding and export opportunities for clean food

- Improved management of the agricultural industries and their resource base, consistent with the principles of ESD

- Strong, viable, economically diverse and socially just rural communities

- Agribusiness Services
- Marketing and Business Services
- Agri-Food Industry Strategy
- Research and Development
- Taxation Policy
- Trade Negotiation

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While these policy changes were going on administrative policy changes
also occurred included a freeing up of administrative process Codd 1991 and Human Resource Management policies that are looking to move the Public Service to becoming a Learning Organisation (Gunzburg 1992).  

"Change is endemic" in the public service. One senior bureaucrat claims that his department has become inured to change both in an administrative framework and in actual policies and programs. "I suspect we have become change junkies who would have very unpleasant withdrawal symptoms if we did not have regular shots of change" (Volker D:1992).  

Change is especially true in the Rural Division and its immediate environment. See figure three. There have been changes in Ministers, in the Department Secretary and in division secretaries. Change has also been endemic structurally with the names and functions of the agricultural council and the standing committee of agriculture changing to incorporate closer economic relations with New Zealand and to cover resource management issues in primary Industries.  

The division and branches are structurally dynamic in nature and subject to the directives of Ministers and senior executives. In the twelve months that this study was undertaken the Rural Branch has gone from being a policy think tank with the role of dealing with policy issues to a program administration branch with the task of bedding down the strategies into actual programs and dealing with problems of implementation as they arise.  

Personnel with the branches are made up of a mix of graduate trainees, contract appointments and permanent's. The roles played by members of the branch include briefing ministers and senate committees, co-ordinating research and secretarial activities, responding to letters to the Minister, chairing or membership of working parties and committees, networking across the nation, writing, reviewing and editing reports, directing policy developments, briefing and debriefing staff. As an outcome of these activities senior staff are under much pressure to perform with very little time for research and reflection.
Figure 3 the Dynamic nature of the Rural Division and its environment.
Structural change within the public service had led to a devolution of power over resource management. This freedom has been partially restrained by a 20% cut in budget and a tightening of administrative freedoms by the new Secretary of the Department.

Within this organisational context a high level of integration of policies appears to be evolving by increments as a result of an evolving umbrella of systemic thinking. That is, looking for the connections and staying in touch with the big picture plays a big part in the evolution of policy ideas. Synergy of policies is a word bandied about often with the aim being to balance the tensions between Social Justice and the Free Market while recognising ESD requirements. Free market economics is the dominant paradigm underpinning the pursuit of efficient resource management and internationally competitive industries. Even so there appears to be a real concern about the welfare of farming communities and environmental degradation that comes through in many statements about policies and their goals.

(We are looking for) ways forward that are socially just, economically viable and ecologically sustainable. Signs around the edge that things need to change."

"Issues the branch is dealing with include Assets testing, Taxation issues, Education and training, Community services, Feral animals, Mabo, Farm investment, Farm Finance".

"Problems are, dis-investment, not maintaining capital stock, depreciating of equity, declining asset values and not maintaining capital investment"

"working on issues associated with equity for example access to education services etc."

"Future of Agriculture is not just a commodity focus - economic and social status will depend on non farm business to support (farmers)"

In dealing with the States consideration for "keeping the initiative and leading the States, determines what goes public. In this context Federal officers through SCARM, with the secretarial aid of the Branch, are moving towards facilitating a co-ordination of policy and programs across states and between state agencies. Rural development issues are difficult for all parties
as this is not the traditional role of Departments of Agriculture

"Ag. and Resource Management Ministers and their Departments and Agencies need to be involved in these broader issues. Need to work hard. There are tensions within the agencies. People who believe in change against old school agriculture production agencies who believe they should not be involved."

Developments of policy initiatives are also restricted because many aspects of rural development are outside the brief of the Ministry for Primary Industries and Energy and its Department.

**Defining a Critical Perspective**

The primary task of the rural policy branch is to be a forward looking think tank that provides secretariat services and decision support mechanisms to the Minister, the Department Secretary and other policy institutions like SCARM, senate committees and advisory councils. One purpose of the branch is to pursue the integration of the policy framework into a systemic whole. In naming a relevant system I have incorporated concepts of systemic and futures thinking as underpinning decision support. The system is

A systems and futures oriented learning system for providing decision support to the Minister on issues affecting the facilitation of sustainable rural development in Australia.

A CATWOE of the system includes

Client: The ultimate decision makers for rural Australia including the Federal Minister for Primary Industries and Energy.

Actors: Bureaucrats- Policy Officers, Policer Researchers and Program Managers from the DPIE

Transformation: Transform data from a multitude of sources into policy advice for the Minister for Primary Industries and Energy

Worldview: That policy advice needs to be constructed within a learning systems and futures oriented transdisciplinary paradigm that constantly
evaluates the operatant paradigms that inform program and policy logic

Owner: The Minister and DPIE

Environment and wider systems: The organisational environment of the DPIE and its service organisations; the Federal Government's machinery of government; The rural sector.

Conceptualising a Systemic and Futures Orientated Learning System

In the field of public administration and policy development, policies have traditionally been developed using a rational process to pursue optimal solutions for single issue problems (Dror 1993)\textsuperscript{11}. This approach to policy and its development is under question especially in relation to policy outcomes for addressing complex socio economic and ecological issues in contemporary society. Recent research initiatives have included hard systems approaches using multi criteria decision support systems (Bogetoft and Pruzan 1991)\textsuperscript{12} Systems Dynamics (Forrester J. W. 1992)\textsuperscript{13} and more recently systems based approaches to policy making (De Greene 1993). Emerging with this new science of policy making is the interdisciplinary practices of futurology (see Swartz 1990, Milbrath 1989, Garrett 1993)\textsuperscript{14}. Futurology is about constructing a set of scenarios for the future based on history and known trends in Politics, Technology, Culture, Economy and the Environment. These approaches are being espoused as appropriate for dealing with the complex issues that governments and policy makers are faced with today.

In the context of seeing policy as the products of an organisation are Ventris and Luke's 1988\textsuperscript{15} learning organisations for policy development and Daneke's 1990\textsuperscript{16} administrative science. These writers posit that the policy process must be seen in the context of the organisation as a learning entity while Daneke goes further by proposing an advanced systems theory that aims to use a systems paradigm to unify critical theories of social construction, naturalistic methodologies and the hard positivist paradigm of neoclassic economics.

The process of learning for policy development that Ventris and Luke 1988 propose is one of problem posing rather than problem solving, developing new approaches and evaluating the outcomes. Policy formulation and
implementation then are based on a circular model of research or learning. They see this substantive learning as

"a normative process of personal learning that involves a critical reflection and subsequent re-formulation of organisational goals and policy choices as well as the development of new processes for choosing appropriate policy initiatives" (Ventris and Luke 1988: 349).

Developing new approaches, they claim implies an active role of the citizenry not only as a means to check bias and misrepresentation but also a way to determine the unique needs of differing publics. Policy choices are viewed here as experimental and not as ultimate solutions (Ventris and Luke 1988:351). Reformulating theories of action become a reciprocal learning process between public and administrator. This then is a learning loop for debate on the formulation of policies and exposes public servants to critical debate. The evaluation process refers to how effectively policies are achieving their desired ends in an interconnected political environment with citizens becoming directly involved in the critique of theories in use. This implies that public administrators become "an open self critical community of inquiry" (Bernstein, 1978:198)17.

The heart of a learning organisation though is the opening up and critiquing of the mental models that underpin an organisations strategies and actions "Mental models are deeply ingrained assumptions, generalisations or even pictures and images that influence how we understand the world and how we take action. In organisations such mental models control what people perceive can or cannot be done. Change rarely takes place until management teams change their shared mental models." Senge 199218

In 1989 Lester Milbrath put forward a policy model that included many of the components discussed above (Milbrath 1989:282). The essence of Milbrath's learning governance structure is that the system should have four basic elements: an information system, a systemic and futures thinking capability, a decision making and intervention capability and an impact evaluation system. These other authors above have identified additional activities appropriate to a futures and systems orientated learning organisation. They include a process of exposing and evaluating the mental models or theories that underpin the policy framework and the policy organisation becomes involved in critical debate with the
community over these constructs as well as the policy frameworks themselves. Figure four is a conceptual model of a systems and futures oriented learning system envisaged as an appropriate policy process for dealing with complexity and change.

**Figure 4: A Soft Systems Model Used to Critique the Rural Policy Branch Policy Development Process.**

A systems and futures orientated learning system aimed at providing decision support on rural policy initiatives for the office of the Minister for Primary Industries and Energy.

**Comparative Analysis**

The aim behind the comparison stage is to generate debate about the perspective used and the implications for further study of the organisation. The process used here is to ask the questions "does this activity exist" and "how well is it done?" Models of the parts of reality similar to the model have been constructed with a view to mapping between the two which
might highlight some significant differences worthy of discussion (Flood and Jackson 1991: 177)\textsuperscript{19}

\textbf{Findings}

\textbf{Information generation and collection activities}

This is not a clear ongoing or specific function of the policy unit. Broad research is undertaken by the Australian Bureau of Agriculture and Resource Economics (ABARE) and the Bureau of Rural Science (BRS). In addition, some external consultancies are commissioned by the branch to aid in the decision making process. Australian Bureau of Statistics (ABS) data is also accessed with the Policy Unit involved in negotiation over some aspects of data collected. The mass media monitored for information with the Land being a primary source of information about the rural community and rural industries. The structural adjustment and industry development agendas of the Policy unit have an influence on the research agenda of RIRDC.

\textbf{Data Base Management System}

At the time of study the database management systems where overhauled to reduce fragmentation of record keeping systems and centralise work in progress on a common computer network server.

The Rural Division is funding the ABS to develop a user friendly computer interface to access Agriculture Census and other relevant statistics. Called Geolink this database has only recently been commissioned. ABARE have also produced a user friendly database program called Aspire. This provides time series statistics from ABARE surveys. Libraries abound in Canberra but staff has little or no time for research.

In terms of staff knowledge and experiences as a soft form of data base, turnover of staff creates problems with loss of knowledge about the background of policy developments. This may result in an inconsistent line of thinking and does not lead to the development of an effective learning organisation (Argyris and Schon 1978)\textsuperscript{20} where experience may not be carried forward into new initiatives and knowledge relevant to the maintenance and development of programs may be lost with each new

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departure.

Systems / Futures Thinking

Scenario development in the sense outlined by Swartz 1990 and Garret\textsuperscript{21} is not undertaken within this department.

Work undertaken by Walmsley and Sorensen 1993\textsuperscript{22} and their colleagues at the University of New England is unknown in the Branch while futures work undertaken by the commission for the future is perceived to be "to far out" to be relevant to the issues being dealt with by the Department.

Systems research employing the theories and practices of Systems Dynamics see (Forrester 1993) or the use of Microworlds\textsuperscript{23} (Senge and Lannon, 1990) to explore the impact of policy strategies on either the broader community or the organisation does not occur. The modelling that does occur happens in the Australian Bureau of Agricultural and Resource Economics. These models are built on econometric theories of reality that are based on the assumptions that the world moves to a state equilibrium, people make rational decisions and that group outcomes are predictable and occur in a linear fashion.

Planning (policy development)

Figure five is a graphic representation of the process of policy development within the Rural Policy Branch. The way it is represented here suggests the organisation is reactive to pressure from external forces. These pressures are responded to in three ways. The first involves quick brainstorming responses. The second, taking a longer period of contemplation to understand all the issues and come up with an integrated response. The third, requiring a longer run of research that could involve any number of methods including paid research consultancies. This might also involve Ministerial task forces and internal research officers undertaking a review of policies that are within the jurisdiction of other Federal departments.
"Flying by the seat of the pants" is how one officer described the process of policy and program development.

**Decision Making**

Decision making is hard to identify within the policy process because so many are made outside the Branch. Decisions occur within the Cabinet and Ministers Office and are subject to the party philosophies, the beliefs of the Minister and ultimately the Prime Minister. Cabinet decides on major policy initiatives and how much money the Department can have. The Minister decides what major policy changes to progress to Cabinet and initiatives to be explored by Dept. officers.

Many decisions are also made in advisory councils and working groups outside the Department.

**Within** the Department Secretaries decide who will do what and when as
well as giving direction to policy initiatives and the implementation of programs. Secretaries also decide what to progress to the Ministers office.

Mental Model Evaluation/Critique

A vision offered by Geoff Miller in January 1992 outlines potential future developments in Australian Agriculture and this vision is was further enhanced by a number of industry participants in 1993 (Gleeson T., 1993) This model of the future development of Australian industry was based on a normative model of how Internationally competitive industries work (Porter M 1990) see figure six The model assumes industry development needs to be treated systemically and that policies in many areas need to be seen as interdependent.

Porter hypothesised that a country's wealth and industry sustainability is a product of that industry's or country's competitive advantage. Competitive advantage is a product of

- the ability of a country and its industries to support the factor conditions of community infrastructure and create advanced factor conditions, eg highly educated and informed individuals, innovative research and development initiatives, efficient transport and communications networks.

- Firms have strategies that allow use of these advance factor conditions to produce products that meet demand conditions both on the domestic and the international markets and that the products are competitive in price, quality and novelty. To be competitive on the international market the product must be competitive on an open domestic market.

- Vertical and horizontal integration of industries creates conditions favourable to efficiency of production and quality assurance.

- That a synergy exists between industries such that demand for one product creates a demand for another product eg lettuce and tomato growers products come together to create salads.

- That competition among firms within an industry creates an environment conducive to innovation and ultimately
international competitive advantage, and

- That chance conditions create an environment for industries to become competitive eg. War in cold countries created a demand for Woollen products.

Porter recognises that Governments also create the environment in which industries develop and that they play a role in influencing advanced factor creation, firms strategies, industry structure and in regulating demand conditions for an industries products. In this context Porter stresses that Government policy towards industry must recognise that policy strategies are intervening in a system requiring many policy initiatives to be interdependent (Porter M. 1990).

![Porter's Diamond Diagram]

**Figure 6: Porters Diamond**

Using Porter's model of competitive advantage it is possible to classify various policy instruments of the DPIE and its branches by the industry segments that the policies are aimed at see figures seven and eight.
The specific programs the Rural Policy Branch administer are those involved in program two.

Figure 7 the DPIE Programs

Figure 8 The target for rural policy initiatives.
In the rural policy branch some people are aware of the paradigms that have inform thinking behind policy development and debate does occur for instance:

"Broadly speaking there are clashes, there is less sympathy for economists and scientists. It is now possible to question Neoclassic Economics"

and some individuals have taken exception to Pusey's 199126 thesis on the dominance of economic rationalism

"Economic rationalism rampant for a decade - not true. It is true that policies on primary industry have had an important objective to put industry on a more competitive footing"

A paradigm shift is occurring in the way the Division and Branch see there role in intervening in the rural community. Rather than maintaining farmer dependency on government institutions to see them through the rough times the division is moving down the rural development line of community empowerment through facilitation and training. These developments have come off the back of the success of Landcare in empowering community groups to take control of land degradation issues. This self help facilitation model will play a greater role in nearly all future extension strategies the Department is engaged in.

The overriding behavioural model of

"Yes Minster" where "The ministers brief is (having a rural vision), telling people what to do and then providing assistance to change." and "Finding the levers to adjust so that people come in behind the vision"

tends to clash with the divergent view of

"People change is not a simple matter. Industry is linked to community and other change processes within the community, A lot of pressures (abound) which don't relate directly but do affect performance eg. the need for off farm income" and,

"Social Science discipline, community development models, self actualisation, and listen to the community".
These later concepts are becoming the mental models that inform the developments of policy strategies within the branch. As a result clashes occur as the policy statements start to progress through the administrative filters of the policy development process.

Monitoring and Evaluation

The emerging development philosophy is that programs are based on a self help/facilitation, education paradigm aimed at empowering the farming community to cope with international competitive pressures. While the Rural Adjustment Scheme is used to pick up the fallout and by default provides an indicator of the sustainability of farm businesses there appears to be no process in place for evaluating the capacity building capabilities of the programs. That is, assessing how development programs are helping farmers and rural communities to develop the capacity to become sustainable (Elliot 1989). This issue may be further exacerbated at the community level where the working group on Sustainable Agriculture is having difficulty identifying off farm social indicators for assessing sustainability (Hamblin et al 1993).

As with all government programs financial auditing is the primary method of monitoring the performance of the branch. With some new programs market research is used to determine the penetration of programs into the community. A number of officers suggest that the evaluation of the impact of programs should be incorporated into the delivery of programs themselves. This fits in line with recent developments in the Rural Adjustment Scheme where a management information systems linking the states to the Federal RAS Branch is to provide information in order for the Branch to more effectively monitor the effectiveness of the scheme in assisting in structural adjustment. (RASAC, 1993)

Community Negotiating System

The difficulty of community consultation was raised by Miller in his address to a food and fibre industries symposium (Miller 1993:31). The complexity of the interactive process of improving economic performance has in part been addressed by the development of Industry councils in order to pursue a consensus on industry policy. Added to this the Rural Access Programs where developed to inform rural communities of the programs being offered.
In figure nine the rural policy branch and the Department are shown to be immersed in a complex web of social interactions that could be loosely coined the Rural Policy Community. This representation aims to capture the complexity of the web of formal social interaction. Although not represented another important source of information and opinion pointed out by policy officers within the Branch is through the informal personal networks of friends and associates. This applies to the Departmental officers as well as incumbents within the Minsters office.

An important feature of this communications network is the apparent lack of or minimal direct interaction with the rural community by Federal bureaucrats. It appears that virtually all information about the community comes through a large variety of government and interest group filters. Other values and agendas that filter information include those of Non Government Organisations, the media and NFF. Direct input from the Rural community via letters to the Minister and submissions to advisory councils, standing committees and the IAC may involve only 13% of the community (Wade 1972).
Given this context how does the Government negotiate with the community? A vexing question and one which has interest in the Branch. How do you engage the broad community as stakeholders in the process of policy debate?

**Conclusion**

A model of a forward looking and systemic orientated Learning Governance Structure has been used here as a critical construct for evaluating a policy development process in Australia. As an outcome it is possible to argue that Rural Community Development Policy in Australia
can not be seen purely as a product of any one Branch, Department or Ministry and that the process of policy development is both convoluted and protracted. Within this context though the Rural Policy Branch does provide an important focal point for coalescing the various stakeholders' agenda into workable strategies for developing a competitive rural sector.

As a learning organisation the Branch, Division and by inference the Department theoretically has lots of problems. Due to the high turnover of staff at all levels, the Department is not able to capture the experience of personnel into competent "expert groups" in specific policy areas. This issue is further compounded by the lack of structures and processes for providing adequate feedback on the outcomes of implemented strategies.

A generalised systemic model of industries does inform developments in the overall policy framework. This model is based on ideas of the Competitive Advantage of Nations developed by Michael Porter M1990) and underpins much of the Federal industry policy. Systems and futures research methods geared towards testing the assumptions underpinning the policy frameworks though are non existent. As Forrester points out

"We change laws, organise forms, policies and personal practices on the basis of impressions and committee meetings, usually without any dynamic analysis adequate to prevent unexpected consequences"
Forrester 1992: 201

To be fair to the policy unit

"The great challenge for the next several decades will be to advance understanding of social systems in the same way that the past century has advanced understanding of the physical world" Forrester 1992: 200.

The challenge here is that "research into complex phenomena involves the investigation and understandings of systems of phenomena rather than of single cause and effect relationships. Such research is concerned with situations where although perhaps not all variables are interconnected most are interconnected and interact in complex, often mutually deterministic ways" Rowe H 1993

As an "open self critical community of inquiry" The process of working groups, senate committees and advisory councils provide a mechanism to feed back to the policy stakeholders information and opinions about the
various policy instruments in play. Ministerial mail is also a primary source of information to the bureaucracy but there appears to be no process to allow community based consultation over the strategies of policy initiatives before they are implemented.

Three areas where further research could occur in the areas of rural policy development are:

- Futures and systemic thinking applied to Rural Australia
- Evaluation of the impact of programs, and
- In the development of communicative processes for policy debate with the broader rural community.

So do we have a governance structure appropriate to facilitating sustainable rural development. If you look at a rural policy branch in isolation it appears there are major deficiencies. One thing this exercise has demonstrated to the author though is that the process of policy development engages the whole community to certain degrees and that it is not appropriate to look at a Branch, Division or Department in isolation from this broader community. When looked at from this perspective all the resources of the community play a role in the Governance structure.

What is certain is the emerging dominance of a policy framework which could be loosely called social Darwinism. The main aim of these policy instruments being to facilitate individuals and communities to adapt and evolve in the face of a changing world, to help individuals manage economic and environmental risk and to provide a social justice package to pick up the fallout. If a conception of sustainability is the ability to manage evolutionary forces rather than conserving the status quo then the framework has the potential to achieve sustainable development.

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8.2 List of Interviewees in 1993

Alan Newton - First Assistant Secretary - Rural Division
Onko Kingma - Assistant Secretary - Rural Policy Branch
Patricia Thomas - Executive Assistant - RPB
Lynda Botterill - Director - Industry section RPB
Brian Ramsey - Policy Officer - Industries Section RPB
Heather Tomlinson - Policy Officer - Industries section RPB
Hadas Haileselassie - Policy Officer - Industries section RPB
Megan Cook - Director - Rural Communities section RPB
Jayne Garnaut - Policy Officer - Rural Communities RPB
Gordon Gregory - Policy Consultant - Rural Communities RPB
Tony Zandarigo - Policy Officer - Rural Communities RPB
Ian Crellin - Program Manager - Telecentres

Bill Watson from ABARE was also interviewed based on a referral from Dr Kingma about people in the institution he felt were in touch with holistic thinking. This was an interesting outside opinion but unfortunately was not balanced by eliciting other views from outside the Division. ie corporate policy, the secretary etc.
8.3 List of Second Round Interviewees in 1995

Don Banfield - (Acting) First Assistant Secretary - Rural Div.
Judy Lilley Ministerial Councils Secretariat
Bruce O'Meagher - Assistant Secretary - RAS management
Linsey Bull - Policy Officer - RAS regional
Dr. Onko Kingma - Assistant Secretary - Rural Policy Branch
Noel Beynon - Director - Industries Section
Lois Hunt - Policy Officer - Industries Section
Ken Moore - Retired Assistant Secretary (contracted into secretariat of Land Management Task Force).
(These three involved as secretariat to the land management task force)
Gary Grant - Policy officer - Industries Section
National Rangelands Management strategy
Noela Lippart Policy Officer - Rural Communities Group
Health, Unemployment and Suicide
Mike Wilson - Director - Rural Regional Group
Lorna Policy Officer - Rural Regional
Heather Tomlinson Policy Officer - Rural Regional
Bernard Scott - Director - Rural Communities Access Program
Spiro Adamopolous - Policy officer - On Farm Risk Management.
David Robert ... Program Manager - Rural Access Program
Lindsay Northrupp- Director - Property Management Planning
Paul Lushcombe - Program Officer - National Landcare Program
Dr. Peter O'Brien Director - Bureau of Resource Science
8.4 Principles for a Policy Framework for Rural Area Development


The following principles are relevant to development of policies to achieve the goal for development of rural areas. They also serve to guide the SCARM analyses of case studies of policy implementation:

a. **Sustainability** - rural development should be environmentally, socially and economically sustainable.

b. **Focus on Enterprise growth** that is private sector driven.

c. **Community Ownership** - effective change and development requires community self determination of mechanisms of change, within policy and consultative frameworks developed by government in partnership with the community.

d. **Recognition of Change** the creation of viable and dynamic communities may involve the adoption of very different characteristics form those that presently exist requiring attitudinal change cooperation and tolerance in communities industries and government agencies.

e. **Integration across Portfolios** - all areas of government concerned with rural development should integrate their policies and programs to avoid duplicative effort and ensure congruence of all programs with national rural development goals.

f. **Coordination between levels of government** - government action on rural development should be carefully coordinated between all levels of government so that development of actions and priorities is based on better linkages and targeting of government programs.

g. **Micro economic reform** - rural development and structural adjustment should be integrated with processes of micro economic reform and planning for essential infrastructure, particularly in relation to such developments as water pricing.

h. **Equity in service delivery** - Governments should ensure to the greatest extent possible, that rural communities and businesses have equity with their metropolitan counterparts in delivery of services, while recognising their different requirements.

i. **Cultural development and indigenous reconciliation** - policies for rural development need to encompass the aspirations and contributions of all Australians irrespective of cultural background, and facilitate reconciliation between indigenous peoples and the wider community.