



MINISTRY OF AGRICULTURE, FISHERIES AND FOOD
WHITEHALL PLACE, LONDON SW1A 2HH

From the Minister
CONFIDENTIAL

The Rt Hon Peter Rees QC MP
Chief Secretary to the Treasury
Treasury Chambers
Parliament Street
London SW1P 3AG

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AT
15/10

15 October 1984

REPORT ON AGRICULTURAL DEVELOPMENT AND ADVISORY SERVICE

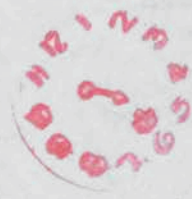
Thank you for your letter of 12 October 1984 giving me your preliminary reactions to this report on substance and procedure.

I am glad that you feel that the report is a major contribution to the development of policy towards ADAS. I agree; indeed, I should perhaps remind you that it was at my initiative that Professor Bell was asked to produce his report in the first place. I also share your wish to move forward as quickly as possible. However, if I may say so, I think your letter gives a misleading impression on what may be possible and sensible to seek to do in the context of this year's PES exercise. In particular I cannot accept that the proposal in the penultimate paragraph of your letter to write in now, without any proper appraisal of the possibilities and consequences, a cut of £40 million in my PES provision for 1986/87 and 1987/88.

The figure of £40 million you mention is of course no more than a broad indicator of the present scale of ADAS resources (mainly staff costs) devoted to advisory work: it is in no way a considered estimate of what could be saved by implementing the recommendations of the Bell report. The Bell report, from which I fear you have quoted very selectively, did suggest, and I agree with this, that Ministers should give consideration to the possibilities of making charges to contribute towards the cost of advisory work. But it pointed to various areas, welfare and conservation work, where it would be difficult to apply charges; it emphasised that the introduction of charges would call for "careful planning and gradual introduction"; it envisaged charges being set at levels which the market would bear without seriously damaging a vital service to the industry; it raised the question of whether differential rates of charge should be considered for producers who might otherwise be denied access to advice and up to date technological information.

/This latter point

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This latter point raises delicate issues as does the whole question of the primary legislation that would be needed for any major extension of charging. Other parts of the report considered the question of whether the more widespread application of information technology could not make major contributions to a more efficient and compact service: to translate this possibility into well considered proposals will also call for a major study and investment appraisal.

It is only necessary to enumerate a few of the major questions posed by the report to see that it would be utterly simplistic, counterproductive and indeed contrary to the principles of sound financial management we are now seeking to establish throughout the Government to proceed in the way you suggest. I am not seeking to argue that the present ADAS arrangements should not be changed or to deny that it may not be possible to make significant savings in future by moving in the direction Bell suggests. But what I do insist most strongly is that the major changes necessary must be adequately prepared for by drawing up a proper plan of detailed implementation on the basis of the further studies that are obviously necessary. I am glad to see that your letter accepts the need for this further work; and I would hope that you would, on reflection, now accept that it would be quite unreasonable and indeed counterproductive (in terms of the likely public response) for this year's PES to have firm figures written into it before this very necessary follow-up work has been carried out.

I am sending copies of this letter to the Prime Minister, the Lord President, the Secretaries of State for Trade and Industry, Scotland, Wales and Northern Ireland, and to Sir Robert Armstrong.

MICHAEL JOPLING