

National Grain Grower Representation - Update

A Roundtable meeting of grain grower representative groups National Grains Australia (NGA), Grain Producers' Australia (GPA), Grain Growers Limited (GGL), all State Farming Organisations (SFO's) and other interested parties was held at Sydney Airport on 2 September 2011. At this meeting all present agreed on a number of key principles (termed "points of convergence") with regard to the core aspects that all organisations present believed should be essential parts of any national grain grower representative model. The points of convergence are listed below;

Representation

- Members have representation
- Election to Board - 1 grower 1 vote
- Levy paying growers are the Membership
- SFO + non SFO

Funding

- Funding is sustainable
- Not tied to sectional interests
- Diverse sources and arrangements

Board

- Board can Govern effectively
- Directors can act with authority
- Acts in interests of whole rather than sectional interests
- Transparent decisions
- Flexible constitution that enables Board to take direction

Policy Development

- Board powers regarding policy are separate from policy governance including policy development (robust and transparent).
- Policy will be developed by wide engagement across stakeholders – SFOs, growers, grower bodies, and growers have final say on policy.

One National Peak

- Has authority to deal with PIERD Act functions for growers.
- Capable of influencing industry and Government on behalf of growers (authority and resources and capacity).

Dispute Resolution

- Need a mechanism based on voting – weighted or non-weighted.

NSW Farmers Association (NSWFA) Grains Committee have also since met in Canberra on 20 September and passed a resolution agreeing to support these points of convergence, as well as the Executive Council which unanimously endorsed those same key principles on 13 October.

One of the key principles endorsed by the roundtable was the concept of any national body to be able to represent and be influenced by and accountable to its levy paying growers. Whilst acknowledging that State Farming Organisations (SFOs) are key contributors to national policy, it was agreed that any national body must be able to act independently for and on behalf of all growers at a federal level.

The roundtable meeting also reviewed the Federal Government's (DAFF) guidelines for assessing the validity of an organisation seeking to be recognised as a Representative Organisation (RO) under the *Primary Industries and Energy Research and Development (PIERD) Act 1989*. These guidelines are attached.

While the DAFF guidelines are just guidelines, the roundtable did agree that the national body should reflect these criteria and they have been used in an underlying capacity to provide some rigour around discussions on structure and function for developing a suitable representative model.

The table below lists all of the roundtable principles and provides a comparison of the GPA model and the GGL model, the proposed new GGL model (for decision on 26 October 2011) and how those models satisfy the roundtable principles (points of convergence). It should be noted that both these models are different from those originally introduced. NGA, the model originally supported by NSWFA and Western Australian Farmers Federation (WAFF) has been determined to not satisfy enough of the key principles to be included in the model below, and is no longer supported by the NSWFA Board.

Where to now

NSWFA believes another teleconference of the roundtable participants is needed to ensure the points of convergence have been ratified/agreed by each SFO.

Following discussions with GGL chair John Eastburn, GGL CEO Mark Allison, NSWFA President Fiona Simson, NSWFA Grains Chair Mark Hoskinson and NSWFA CEO Matt Brand, it was agreed to continue exploring the potential for achieving the points of convergence in order to satisfy the questions/queries of the SFOs in order to form a single national grains representative organisation.

The GGL AGM is being held on Wednesday 26 October at Wagga Wagga Country Comfort Hotel, cnr Morgan and Tarcutta Sts, Wagga Wagga from 9am – 10:30am.

COMPARISON OF GPA AND GGL IN SATISFYING THE ROUNDTABLE PRINCIPLES

Roundtable Principles	GPA – revised Constitution	GGL – Current Constitution	GGL – Proposed Constitution (26 Oct 11)	NGA – NO LONGER ENDORSED BY NSWFA
COMPANY STRUCTURE				
Company Limited by Guarantee	Company Limited by Guarantee Meets Roundtable Principle	Company Limited by Guarantee Meets Roundtable Principle	Company Limited by Guarantee Meets Roundtable Principle	Company Limited by Guarantee Meets Roundtable Principle
MEMBERSHIP				
Levy paying growers are the Membership	Must be a levy paying grain producer Only one member per levy paying entity Meets Roundtable Principle	Must be a grain producer and have an interest in not less than 20 hectares of grain under cultivation. Allows multiple members per levy paying entity. Board ultimate discretion re Gold members. Does not meet Roundtable Principle	Must be a grain producer and have an interest in not less than 20 hectares of grain under cultivation. Allows multiple members per levy paying entity. Any new member will be an ordinary member, not a Blue or Gold member. Board ultimate discretion re ordinary members. Does not meet Roundtable Principle	State Farming Organisations are the members Does not meet Roundtable Principle
GOVERNANCE				
Two tiered governance model, consisting of a skills based board of growers elected to Board on one-grower one-vote principles representing GRDC regions or state boundaries, and a Policy Committee who administer issues of policy. Not yet agreed on state or regional boundaries.	2 member elected directors in each of the GRDC regions, North, South and West + up to 3 independent Directors appointed by the 6 grower elected Directors from persons nominated by the Selection Committee. Min 6, Max 9. Roundtable principle yet to be agreed	Model sits below current GGL Board elected by its own constitution/members, with responsibility to that constitution. GGL Board also elected on a regional basis based on its own determined boundaries, Zone 1, Zone 2 and Zone 3 all in the Eastern States. 2 non-grower Directors may be appointed by the Board.	Model sits below current GGL Board elected by its own constitution/members, with responsibility to that constitution. GGL Board also elected on a regional basis based on its own determined boundaries, Northern Region (Qld & Northern NSW), Southern Region (Southern NSW and Vic) and Western Region (SA & WA).	Board comprising up to 2 Directors from each SFO Member. Not skills based. Voting by the Board of Directors is shared equally between State Farming Organisation members. Roundtable principle yet to be agreed

Roundtable Principles	GPA – revised Constitution	GGL – Current Constitution	GGL – Proposed Constitution (26 Oct 11)	NGA – NO LONGER ENDORSED BY NSWFA
		Roundtable principle yet to be agreed	2 Existing Zone 1 Directors will become Northern Region Directors. 2 Existing Zone 3 Directors will become Southern Region Directors. 2 Existing Zone 2 Directors will not initially represent a Region. 2 additional Directors will be appointed by the Board to represent the Western Region (WA & SA). 2 non-grower Directors may be appointed by the Board. Roundtable principle yet to be agreed	
No standing proxies (NB: A standing proxy delivers a proxy indefinitely to a person until it is specifically revoked)	No standing proxies. Proxies are valid for no more than 2 General Meetings. Meets Roundtable Principle	Standing proxies - a proxy appointed indefinitely. Would need constitutional change. Does not meet Roundtable Principle	Standing proxies - a proxy appointed indefinitely. Would need constitutional change. New clause revoking proxy if appointing member dies. Does not meet Roundtable Principle	Standing proxies are optional. Does not meet Roundtable Principle
Board can govern effectively	Meets Roundtable Principle	Board governed by GGL Constitution	Board governed by GGL Constitution	Meets Roundtable Principle
Directors can act with authority	Meets Roundtable Principle	Board governed by GGL Constitution	Board governed by GGL Constitution	Meets Roundtable Principle
Acts independently in interests of whole rather than sectional interests	Organisation is stand alone based on representation Meets Roundtable Principle	Sits under the Board of GGL which holds the funding. Depends on constitutional change to mandate Board to follow policy committee. Does not meet Roundtable Principle	Sits under the Board of GGL which holds the funding. Depends on constitutional change to mandate Board to follow policy committee. Does not meet Roundtable Principle	Organisation is stand alone based on representation Meets Roundtable Principle

Roundtable Principles	GPA – revised Constitution	GGL – Current Constitution	GGL – Proposed Constitution (26 Oct 11)	NGA – NO LONGER ENDORSED BY NSWFA
POLICY REVIEW COMMITTEE				
Representation from SFO + non SFO	<p>Selected in consultation with State Farming Organisation Grain Groups and appointed by the Board. Made up of 3 Directors nominated by the Board + at least 2 Members nominated by members of each of the GRDC regions or Grains Representative Groups relevant to each of the GRDC regions - 9 in total.</p> <p>Although SFO's allowed to nominate positions to policy committee, would need Constitutional Change to have mandated SFO positions.</p>	<p>Regional Committees are elected by GGL members in each of the 3 Zones in the Eastern States.</p> <p>Does not meet Roundtable Principle as SFOs do not have constituted involvement with Policy Formation.</p>	<p>Agricultural Reference Group of Australia (ARGA) replaces the Regional Committees. The Board will determine the term, remuneration and appointment of representatives to ARGA.</p> <p>Members will have the opportunity to be engaged in the activities of GGL through ARGA and GGL field staff located around Australia. This completely replaces the Regional Committees.</p> <p>Does not meet Roundtable Principle as SFOs do not have constituted involvement with Policy Formation.</p>	<p>1 from each SFO; and such other persons or organisations agreed to by the Directors.</p> <p>Only the State Farming Organisation Members can vote on Policy Issues. The other Members of the Policy Council can influence the debate but will not have a vote.</p> <p>Voting by the Policy Council relating to a particular grain is proportional to State production of that grain.</p> <p>Does not meet Roundtable Principle as non-SFO representatives cannot vote.</p>
Board powers regarding policy are separate from policy governance including policy development.	Meets Roundtable Principle	Board not mandated to follow direction of policy committee without constitutional change.	Board not mandated to follow direction of policy committee without constitutional change.	Meets Roundtable Principle
Policy will be developed by wide engagement across stakeholders – SFOs, growers, grower bodies. Growers have final say on policy.	Meets Roundtable Principle	Without constitutional change Board may veto policy committee	Without constitutional change Board may veto policy committee	Meets Roundtable Principle
Board has no veto of policy position.	Meets Roundtable Principle	Needs constitutional change Does not meet Roundtable Principle	Needs constitutional change Does not meet Roundtable Principle	Meets Roundtable Principle

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VOTING																						
<p>One grower one vote for the election of Board Directors. On policy matters where a poll is required, some form of weighted voting to enable growers to vote either independently or through a proxy (SFO?) delivered annually. Currently some form of weighted voting delivered by both models, whether on a state production basis or as an individual grower. Needs to allow small growers as well as larger growers to have their say, yet encourage investment in in the industry and in advocacy by larger growers.</p> <p>Possibly 3 tiers of membership ranging from 1 vote to 3 votes.</p> <p>One-grower one-vote for policy decisions not supported.</p> <p>More detail to be decided.</p>	<p>At a general meeting if a vote is to be decided on a show of hands, every grain producer present has one vote.</p> <p>A resolution must be determined by a show of hands, unless a poll is demanded under the constitution.... If a poll is requested; Weighting determined under Clause 9.6 (b) (vi) of GPA Constitution; subject to change by members by ordinary resolution at AGM. Currently for example:</p> <table border="1" data-bbox="454 858 857 1093"> <thead> <tr> <th>Gross Value of grain produced</th> <th>Subscription</th> <th>Voting Entitlement</th> </tr> </thead> <tbody> <tr> <td><\$100,000</td> <td>\$50.00</td> <td>1</td> </tr> <tr> <td>\$250,000</td> <td>\$87.50</td> <td>2</td> </tr> <tr> <td>\$500,000</td> <td>\$175.00</td> <td>4</td> </tr> <tr> <td>\$1,000,000</td> <td>\$350.00</td> <td>6</td> </tr> <tr> <td>\$5,000,000</td> <td>\$1750.00</td> <td>24</td> </tr> </tbody> </table> <p>Roundtable Principle yet to be agreed</p>	Gross Value of grain produced	Subscription	Voting Entitlement	<\$100,000	\$50.00	1	\$250,000	\$87.50	2	\$500,000	\$175.00	4	\$1,000,000	\$350.00	6	\$5,000,000	\$1750.00	24	<p>One member - one vote to elect personnel onto Board.</p> <p>Regional Committees elected by GGL Members within each Zone.</p> <p>In the event of dissent for policy decisions - One grower one vote</p> <p>Roundtable principle yet to be agreed.</p>	<p>One member – one vote to elect personnel onto Board.</p> <p>The Board will determine the term, remuneration and appointment of representatives to ARGA.</p> <p>Members will have the opportunity to be engaged in the activities of GGL through ARGA and GGL field staff located around Australia. This completely replaces the Regional Committees.</p> <p>In the event of dissent for policy decisions - One grower one vote</p> <p>Roundtable principle yet to be agreed.</p>	<p><u>Board</u> Voting by the Board of Directors is shared equally between State Farming Organisation members.</p> <p><u>Policy Council</u> The Policy Council is made up of one representative from each State Farming Organisation Member; and such other persons or organisations agreed to by the Directors. Only the State Farming Organisation Members can vote on Policy Issues. The other Members of the Policy Council can influence the debate but will not have a vote. Voting by the Policy Council relating to a particular grain is proportional to State production of that grain.</p> <p>Roundtable Principle yet to be agreed</p>
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FUNDING				
<p>Fees</p> <p>More detail to be discussed here.</p>	<p>Application fees and subscription fees to be determined by the Board and ratified by members at AGM by ordinary resolution.</p> <p>Roundtable principle yet to be agreed.</p>	<p>Application and renewal fees may not exceed \$200 or any greater maximum amount as may be approved by the members by ordinary resolution.</p> <p>Roundtable principle yet to be agreed.</p>	<p>Application and renewal fees may not exceed \$200 or any greater maximum amount as may be approved by the members by ordinary resolution.</p> <p>Roundtable principle yet to be agreed.</p>	<p>Fees are paid by the State Farming Organisation Members.</p> <p>Roundtable principle yet to be agreed.</p>
<p>Needs to be sustainable financially</p>	<p>Not sustainable as yet. Needs grower support through membership which would provide accountability. Alternative options like compulsory levy still to be discussed. Will the Minister allow a compulsory levy for advocacy?</p> <p>Does not meet Roundtable Principle</p>	<p>Substantial funds behind GGL.</p> <p>Meets Roundtable Principle</p>	<p>Substantial funds behind GGL.</p> <p>Meets Roundtable Principle</p>	<p>Not financially sustainable as not all State Farming Organisations have been able to pay their membership in the past.</p> <p>Does not meet Roundtable Principle</p>
<p>Not tied to sectional interests</p>	<p>Independent two-tiered structure providing governance role (Board) and Policy Committee.</p> <p>Meets Roundtable Principle</p>	<p>GGL will be funding entirely, so not an independent body but tied to sectional interest determined by Board.</p> <p>Does not meet Roundtable Principle</p>	<p>GGL will be funding entirely, so not an independent body but tied to sectional interest determined by Board.</p> <p>Does not meet Roundtable Principle</p>	<p>Tied to sectional interests of State farming organisations.</p> <p>Does not meet Roundtable Principle</p>

Roundtable Principles	GPA – revised Constitution	GGL – Current Constitution	GGL – Proposed Constitution (26 Oct 11)	NGA – NO LONGER ENDORSED BY NSWFA
AUTHORITY/CAPACITY				
Has authority to deal with PIERD Act functions for growers	Meets Roundtable Principle	Does not meet Roundtable Principle	Does not meet Roundtable Principle	Does not meet Roundtable Principle
Capable of influencing industry and Government on behalf of growers (authority, resources and capacity)	Only if supported by SFO's, growers and grain representative groups.	Only if supported by SFOs, growers and grain representative groups	Only if supported by SFOs, growers and grain representative groups	Only if supported by SFOs, growers and grain representative groups
DISPUTE RESOLUTION				
Needs a mechanism for voting – weighted or non-weighted Yet to be determined	Weighted voting on individual grower basis	1 grower 1 vote	1 grower 1 vote	Weighted voting on volume of production by State

PIERD ACT GUIDELINES FOR FEDERAL REPRESENTATION

The Department of Agriculture, Forestry and Fisheries (DAFF) have set the following guidelines for organisations seeking to be the Representative Organisation (RO). The RO performs the prescribed functions within the *Primary Industries and Energy Research and Development (PIERD) Act 1989*, with the authority to conduct the prescribed functions within the PIERD Act such as GRDC, Plant Health Australia and AQIS consultation.

Grain Producers Australia currently has the recognised status as the Australian Grain Industry Representative Organisation (RO).

1. **Constitution of the RO:** the constitution of the RO should be reviewed to ensure that it does not have a commercial objective, and that it has not-for-profit objectives, mainly to represent the interest of an industry sector or levy payers.
2. **Financial viability/solvency:** the RO should be able to demonstrate, preferably through audited financial statements in its annual reports for the past several years, that it has a history of solvency and has the ability to make an ongoing contribution to representing the interests of levy payers (or an industry) as the case may be.
3. **Governance processes:** the RO should be able to demonstrate that it has appropriate governance processes in place to enable effective and transparent dealing with the RDC and levy payers or the industry as appropriate.
4. **Merit of additional ROs:** it could be expected that an RO would be based on the need to address a gap in the existing arrangements. The validity of any assertions made by the applicant need to be established, with particular reference to the views of the RDC involved
5. **Level of industry support for the RO:** the level of key stakeholder support for the RO should be established, particularly the support of the RDC, levy payers and other (potentially competing) industry sectors.
6. **Percentage of levy payers represented by the RO and value of their contributions:** A basic principle is that levy payers should have a say in how their money is spent, with those contributing the most having a greater say. In the private sector financial stakes are reflected by shareholder voting power.
7. **The potential for the applicant to accurately represent the views of levy payers:** A major role of an RO is to represent the interests of levy payers and the industry. The RO must be able to demonstrate that it can accurately and impartially reflect the views of the levy payers that it claims to represent.
8. **The number of ROs already representing the industry:** where there are already ROs operating in an industry the marginal benefits of each additional RO to the industry will tend to diminish. The potential may exist to explore alternative solutions such as extending the role of an existing RO. Additional ROs may also add to the complexity (and hence red-tape) associated with implementation of the PIERD Act.
9. **Potential benefits of additional ROs:** these include potential for more members and a wider range of views to be represented in the RDC's consultation processes. It can also avoid potential inequities, since situations may arise where ROs may have undue influence on an RDC investment decision making process, promoting their own views at the expense of other sectors of levy payers.
10. **Costs of additional ROs:** these include additional administrative costs, both directly in terms of payments to the RO and indirect in terms of the RDC's administrative processes. Other considerations include the potential for ROs to use the consultation monies as a back-door way of obtaining funding.