FORMATION OF THE FIRST GENERAL NATIONAL OYSTER INDUSTRY INCORPORATED ENTITY

Prepared by CDI Pinnacle Management Pty Ltd



Australian Government

Fisheries Research and Development Corporation

Project No. 2009/224

Formation of the First National Oyster Industry Incorporated Entity

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October 2011

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2009/224 FORMATION OF THE FIRST GENERAL NATIONAL OYSTER INDUSTRY INCORPORATED ENTITY

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OBJECTIVE:

- 1. To provide the oyster industry with the information (structure, costs, funding and legal advice) required to gain agreement to incorporate a national edible oyster industry entity.
- 2. To form a national oysters industry entity combining R&D and policy/advocacy functions.
- 3. To create a website for the national edible oyster industry containing information for consumers, the industry and its stakeholders.

NON-TECHNICAL SUMMARY

Oysters Australia Pty Ltd, the first national body representing the interests of all Australian oyster growers was incorporated on the 3rd October, 2011. The board comprises six grower directors selected from state based bodies the South Australian Oyster Growers Association, the South Australian Oyster Research Council, the Tasmanian Shellfish Executive Council, the Tasmanian Oyster Research Council, NSW Farmers Oysters Committee and the NSW Aquaculture Research & Advisory Council.

The core objectives of Oysters Australia are to on behalf of oyster growers are:

- 1. Commissioning, managing and reporting on national R&D projects.
- 2. Liaising closely with the states to ensure there is a commonly articulated understanding and view on R&D projects to eliminate duplication of effort and resources.
- 3. Over time, potentially become the national body responsible for the commissioning and managing of national marketing and promotion activities.
- 4. In the short term, replacing the core functions of the Shellfish Industry Council of Australia ("SICOA"). Over time, OA would develop a more active role in the development of a national and higher profile in the eyes of regulators, government and others in the supply chain.

Oysters Australia will comprise the board of 6 directors, plus an Executive Officer (to be appointed) and Chairman (to be appointed).

Oysters Australia has created a website <u>www.oystersaustralia.org.au</u>.

Oysters Australia replaces two organisations, the Oysters Consortium and SICOA. The reasons why these two bodies were replaced by Oysters Australia are included in the projected outcomes which are listed below:

- Development of a national profile for the oyster industry in the eyes of state and federal government agencies, other members of the seafood supply chain, service providers and consumers. Oysters Australia will be seen as the 'gateway' by which growers and others will interact with the oyster production sector.
- 2. To provide growers in each state direct representation on the board of OA. That is, growers will through the election of their state representatives will also elect the board directors to Oysters Australia.
- 3. Provide a mechanism through the company structure to introduce a national industry levy in the future if the industry so wishes. This mechanism does not exist due to the legal structure of the Oyster Consortium.
- 4. Provides an easier mechanism by the Seafood CRC and FRDC are able to provide matching funding to funds contributed by growers for research and development.
- 5. Reduction of the number of board members from 13 to 6, with associated cost reductions for operation of the organization.
- 6. Reduced duplication of effort through the combination of the Oyster Consortium and Shellfish Industry Council of Australia.

Each of the foundation members has signed off on the objects of the Oysters Australia constitution. A five year income and expenditure budget has been developed for Oysters Australia.

Oysters Australia replaces two organisations, the Oysters Consortium and the SICOA.

Feedback from growers to the formation of a national body has been positive to date. However, continued grower support will only be provided if Oysters Australia provides a positive contribution to the sustainability of oyster production businesses. The timeframe to achieve this aim is estimated to be upwards of 3 years.

Oysters Australia Pty Ltd, the first national body representing the interests of all Australian oyster growers was incorporated on the 3rd October, 2011. The board comprises six grower directors selected from state based bodies the South Australian Oyster Growers Association, the South Australian Oyster Research Council, the Tasmanian Shellfish Executive Council, the Tasmanian Oyster Research Council, NSW Farmers Oysters Committee and the NSW Aquaculture Research & Advisory Council. Each of these six bodies are identified as being representative of the commercial interests of oyster growers in each of those three states. The six grower directors will be elected on a rotational basis from the each of the state bodies every 2 years.

The core objectives of Oysters Australia are:

- 1. Commissioning, managing and reporting on national R&D projects.
- 2. Liaising closely with the states to ensure there is a commonly articulated understanding and view on R&D projects to eliminate duplication of effort and resources.
- 3. Over time, potentially become the national body responsible for the commissioning and managing of national marketing and promotion activities.
- 4. In the short term, replacing the core functions of the Shellfish Industry Council of Australia ("SICOA"). Over time, OA would develop a more active role in the development of a national and higher profile in the eyes of regulators, government and others in the supply chain.
- 5. Oysters Australia will comprise the board of 6 directors, plus an Executive Officer (to be appointed) and Chairman (to be appointed).

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Oysters Australia replaces two organisations, the Oysters Consortium and SICOA. The reasons why these two bodies were replaced by Oysters Australia are included in the projected outcomes which are listed below:

- Development of a national profile for the oyster industry in the eyes of state and federal government agencies, other members of the seafood supply chain, service providers and consumers. Oysters Australia will be seen as the 'gateway' by which growers and others will interact with the oyster production sector.
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Each of the foundation members has signed off on the objects of the Oysters Australia constitution. A five year income and expenditure budget has been developed for Oysters Australia. Further consultation

with respect to amendments to the levy rates paid by growers in each state is required. These consultations will need to be facilitated by the Oysters Australia directors in association with their respective state bodies, hatcheries (where required) and state governments (where required).

Oysters Australia replaces two organisations, the Oysters Consortium and the SICOA. The decision to replace the Oyster Consortium with Oysters Australia was undertaken for a number of reasons including

Feedback from growers to the formation of a national body has been positive to date. However, continued grower support will only be provided if Oysters Australia provides a positive contribution to the sustainability of oyster production businesses. The timeframe to achieve this aim is estimated to be upwards of 3 years.

Acknowledgement

The consultants wish to express their thanks to the members of the Oyster Consortium and Fisheries Research & Development Corporation (FRDC) for the opportunity to undertake this consultancy.

The consultancy team wishes to express their sincere gratitude to each member of the Oysters Australia Steering Committee for their input and assistance in the formation of Oysters Australia. Without this dedicated band of growers and executive officers, Oysters Australia would still be a 'pipe dream'.

In particular, we would like to express our gratitude to Rachel King, Oyster Consortium Executive Officer, who provided us with significant assistance in the conduct of this project.

We look forward to being of further service to the oyster industry in the future.

Background

In 2009, the Oyster Consortium ("OC") developed their first national oyster industry strategic plan entitled "Australian Edible Oyster Industry Business Plan 2009-2014" ("Strategic Plan"). This document, adopted by the OC, which clearly spelt out the need for the oyster industry to form an incorporated national body to, growers and associated parties identified benchmarking as the second highest R&D priority for oyster growers.

On a number of informal occasions industry members have requested a 'public face' for the national industry and expressed interest in a well presented informative national website. This view was supported during the process associated with the development of the Strategic Plan. This support was tested with consultations held at field days and conferences held on 9 and 11 September, 2009 in NSW, 17-18 September, 2009 in SA and 23-24 October, 2009 in Tasmania.

Following the demonstrated interest by interest in forming a national body the Oyster Consortium held a Business Plan implementation meeting on 26 October 2009 in Hobart at which there was agreement to proceed towards incorporating a national entity. A teleconference of a group nominated by the Oyster Consortium was held on 13 November 2009 agreed that funds needed to be sought to provide further legal, legislative, structural and resourcing detail. Legal advice and advice on structure and resourcing was intended for use in industry consultation scheduled for January to March 2010 prior to state sign off in April 2010 and a launch in May 2010 in conjuction with AA10 in Hobart. The speed of progress towards the achievement of the 'birth' of Oysters Australia was considerably slower than expected due to a number of reasons including:

- 1. The extended time period towards achieving project sign off.
- 2. Existing workloads of the consultants, CDIPM.

3. Extended periods of consultation required by some states in respect of approval of the constitution and budget for the formation of the Oysters Australia.

Need

The Oyster Consortium and Shellfish Industry Council of Australia need to form a national oyster industry incorporated entity so that the industry has the capacity to house R & D, policy/advocacy (and market and promotion activities). A presentation of a detailed case needs to be made to the industry so that they are informed of and supportive of the entity's capability, structure and costs.

The need for the formation of a national body was identified during the process associated with the development of the national Strategic Plan in 2009, following consultation with growers and others in the oyster supply chain. Further consultation was held with growers at field days and conferences in late 2009, again with support for the development of a national body.

In association with the development of the Strategic Plan, a paper entitled the Industry Governance Model Discussion Paper further outlined the need for a national entity, its scope, the need for increased R&D and marketing and promotion industry investment and lastly identified mechanisms to fund the new national body.

In order to confirm broader industry support for the formation of the national body, the industry needed to have contained in a single, succinct document the following information:

- 1. Scope and purpose of the national body.
- 2. Structure, including provision of legal advice on operating entity options (including recommendations) and the constitution that will provide the operational framework for the organization.
- 3. Resources required (human and financial).
- 4. Formulation of annual budgets.
- 5. Identification of various funding models and identification of any legislative impediments to the implementation of any recommended funding model.

This information then needed to be circulated by the various state bodies to key industry figures to receive input / feedback to this single document.

A committee of 6 ("PRT") the Oyster Consortium (2 members from each state) volunteered to firstly provide direct input into each of the five areas above but also to provide liaison support to the each of the state bodies and where necessary state government agencies.

Objectives

The core project objectives are:

- 1. To provide the oyster industry with the information (structure, costs, funding and legal advice) required to gain agreement to incorporate a national edible oyster industry entity.
- 2. To form a national oysters industry entity combining R&D and policy/advocacy functions.
- 3. To create a website for the national edible oyster industry containing information for consumers, the industry and its stakeholders.

With the formation of Oysters Australia, which was achieved on the 3rd October, 2011 its core objectives will be to:

- 1. To implement the strategies as defined in the 2009-2014 National Edible Oyster Industry Strategic plan.
- 2. To facilitate the extension and adoption of research and development project outcomes to oyster growers nationally.

Methods

There were 3 main elements associated with the conduct of this project.

- 1. Compilation, consultation, discussion and amendments to Discussion Papers on the formation of Oysters Australia for presentation to the industry members. Associated with the development of the Discussion Paper.
- 2. Liaison with legal service providers with regards to corporate matters associated with the formation of the national body.
- 3. Liaison with website designers regarding the development of the national bodies website upon formation of the national entity.

The core steps associated with each of these 3 main elements are discussed below:

Discussion Paper & Budgets

- 1. Using the Industry Governance Model paper, CDIPM developed a shorter more concise version of the document for supply to the PRT. The Discussion Paper received input backwards and forwards between the PRT and CDIPM.
- 2. CDIPM developed a 5 year cashflow model for OA which separated the R&D from the advocacy function. This model also identified potential changes to the levy contributions from each states and

the impact this might have on individual business levies (area and / or spat). The purpose of these levy 'models' was to achieve equity between the states as a percentage of Gross Value of Production ("GVP"), a situation which does not currently exist. The cashflow and levy models were the subject of a number of amendments in order to result in the models being accepted to the rank and file grower membership.

- 3. CDIPM undertook a number of teleconferences with the whole PRT and at other times select members of the PRT, the later to discuss state specific issues.
- 4. CDIPM proposed and negotiated adjustments to the Discussion Paper, cashflow and levy models in order to give the confidence to the individual members of PRT to enable them to be presented in a fashion that would enable support to come from their state bodies.
- 5. Once each member of the PRT was satisfied with the Discussion Paper, cashflow and levy models, these were then presented to the relevant state bodies, firstly as both hard and soft copy documents which were then used in a series of teleconferences with each of the relevant state bodies.
- 6. The NSW and SA state bodies are still to formally adopt the levy model and these will be the subject of further discussions between the directors of OA and the impact state bodies and potentially state government and hatchery operators.
- 7. Each of the 3 core state bodies (as represented by the foundation members) moved motions to support the 'concept' of the formation OA.

Legal Advice

- 1. CDIPM sought initial advice from 2 solicitors to seek their recommendations and factors contributing to their recommendations in relation to the preferred corporate structure of OA.
- 2. CDIPM supplied each solicitor with a brief.
- 3. Only 1 solicitor provided a comprehensive reply outling their recommendations, suggested steps in regards the formation of OA and an initial outline of costs to provide advice, draft the constitution and proceed to incorporation.
- 4. CDIPM role was to provide full facilitation services with respect to (3). CDIPM was able to negotiate for Norton Rose (the chosen solicitor) to act on a pro-bono basis (recent discussions suggest that instead of \$25k to complete the work undertaken the final charge will be \$10k).
- 5. The recommendation was to form OA as a company limited by guarantee. The advantages of this approach were identified as:
 - a. The legal liability of the company is limited to the value of the guarantee (\$10 in total).
 - b. Employment contracts and associated laws associated with issues such as WPH&S are equally as applicable in all states, as opposed to state jurisdictions for incorporated associations.

- c. ASIC reporting requirements are less onerous for companies limited by guarantee as opposed to proprietary limited companies.
- d. Companies are able to raise national levies whereas incorporated associations can not.
- e. A company is the preferred legal entity for the ongoing relationship between FRDC and Seafood CRC, as they relate to co-contributions from these bodies.
- 6. Numerous drafts of the constitution were passed from Norton Rose to the PRT via CDIPM with their comments / suggestions as required. The PRT initially made requests for amendments to Norton Rose from within the group. When the constitution was in a 'final' draft stage the constitution was provided to the members of each of the state bodies to receive comment and suggestions for amendments to the constitution. Each foundation member body then provided formal approval to the constitution.
- 7. Each foundation member body 'signed off' on the constitution.
- 8. Norton Rose then facilitated incorporation of OA on 3rd October, 2011.
- 9. The ACN of Oysters Australia is 153 542 833.

Website Design

- 1. A website designer and creative designer with whom Rachel King and CDIPM had worked previously were recruited.
- 2. Rachel King provided an initial briefing document into the elements that would be required for the website. This brief was then adjusted by the website and creative designer to result in the most effective website design and operation.
- 3. The new website was launched on the 16th August, 2011. The website address is <u>www.oystersaustralia.org.au</u>
- 4. The domain name <u>www.oystersaustralia.com.au</u> which would have been the preferred website address was not available. However subsequent discussions with James Calvert in Tasmania who owns the domain name has indicated that he would be prepared to give the domain to Oysters Australia if requested.

Results and Discussion

CDIPM were engaged to achieve three principal aims on behalf of Australia oyster growers.

- 1. To co-ordinate, facilitate and develop documents and financial models on the formation of a national industry body, subsequently known as Oysters Australia.
- 2. Once general agreement was achieved to form a national oyster industry body, develop and provide briefs to legal advisers to facilitate the formation of Oysters Australia.
- 3. Facilitate the development of a website for the newly formed entity of Oysters Australia.

Step 1 required the development of a series of Discussion Papers and financial budgets on behalf of the members of the PRT to firstly outline the structure and reasons for the formation of Oysters Australia and the sources and expenditure of funds.

Steps 2 and 3 were facilitatory in nature. That is, on behalf of the PRT, CDIPM consulted and engaged suitable personal, provided briefings and then communicated outcomes and requests for amendments to the service providers.

Discussion Paper & Budgets

- 1. At the commencement of this project, there was general agreement amongst the representatives of the Oyster Consortium and the FRDC and the Seafood CRC that the oyster industry needed to form a national body to achieve the indicated objects as contained in the project application. Support for the formation of Oysters Australia was required from each of the state bodies, as representatives of the oyster growers in each state. It was necessary for CDIPM to develop a series of presentations and financial models to present to each of the principal state bodies in order to inform and gather support for the formation of Oysters Australia. Once the content of this presentations were agreed (objectives, structure and operational models) were agreed, CDIPM facilitated a series of face-to-face and teleconference discussions with key representatives and growers.
- A series of Discussion Papers were developed during the course of this project. These were developed for individual state body and government discussions as required. An electronic copy of these Discussion Papers have been forwarded to the Interim Executive Officer for Oysters Australia, Ms Trudy McGowan.
- A series of financial budgets were developed during the course of this project. The final budget adopted by the PRT has been forward to the Interim Executive Officer for Oysters Australia, Ms Trudy McGowan.

Legal Advice

- 1. Oysters Australia was incorporated on the 3rd October, 2011. All legal papers and documents associated with Oysters Australia incorporation will be forwarded to the Interim Executive Officer for Oysters Australia, Ms Trudy McGowan.
- 2. The final copy of the Oysters Australia constitution has been supplied electronically to the Interim Executive Officer for Oysters Australia, Ms Trudy McGowan.
- 3. Working files associated with the requests for and provision of information associated with the formation of Oysters Australia will also be supplied to Ms Trudy McGowan.

Website Design

 The Oysters Australia website, <u>www.oystersaustralia.org.au</u> was officially launched on the 16th August, 2011.

The project has met in full the planned outcomes for the project as anticipated in the original project application.

Benefits and Adoption

This project should be considered an enabler project by the oyster industry and the industry organisations that assist / support the oyster industry, including the FRDC and Seafood CRC. Oysters Australia is now a national body that can undertake both R&D and policy/advocacy functions within the same organization.

Further it has the tools, by way of the national industry body formation and its associated website, to provide a gateway / portal to the industry for consumers, other members of the supply chain and federal and state government agencies.

Oysters Australia replaces two organisations, the Oysters Consortium and SICOA. The reasons why these two bodies were replaced by Oysters Australia are included in the projected outcomes which are listed below:

- Development of a national profile for the oyster industry in the eyes of state and federal government agencies, other members of the seafood supply chain, service providers and consumers. Oysters Australia will be seen as the 'gateway' by which growers and others will interact with the oyster production sector.
- 2. To provide growers in each state direct representation on the board of OA. That is, growers will through the election of their state representatives also elect the board directors to Oysters Australia.
- 3. Provide a mechanism through the company structure to introduce a national industry levy in the future if the industry so wishes. This mechanism does not exist due to the legal structure of the Oyster Consortium.

- 4. Provides an easier mechanism by the Seafood CRC and FRDC are able to provide matching funding to funds contributed by growers for research and development.
- 5. Reduction of the number of board members from 13 to 6, with associated cost reductions for operation of the organization.
- 6. Reduced duplication of effort through the combination of the Oyster Consortium and Shellfish Industry Council of Australia

The project has met in full the planned outcomes for the project as anticipated in the original project application.

Further Development

There are a number of steps and / or activities that need to be undertaken in the opinion of CDIPM so as to deliver services to the oyster growers that they see as providing benefit to the industry. Further, there are a number of 'administrative' functions that need to be addressed within the next 6 months as well.

These steps, activities and functions are summarized as:

- 1. Undertake the first inaugural meeting of Oysters Australia with the Foundation Member directors to elect office bearers and to address administrative issues such as mailing addresses, bank accounts etc.
- 2. Transfer of all contracts from the Oyster Consortium to Oysters Australia. In particular, this will include those agreement between the various state bodies and the Oyster Consortium with respect to payment of funds for R&D projects. Once completed the Oyster Consortium is to be disbanded.
- 3. SICOA to be disbanded.
- 4. Application by Oysters Australia to the National Aquaculture Council for membership.
- 5. Election of OA board directors as anticipated in the constitution from each of the state bodies to replace (or continue) the directors who have been nominated as Foundation Member directors.
- 6. A re-examination of the levy collection rates and mechanisms from each state by the OA Board including a resolution of future steps / actions required to meet the final objectives stated within the financial budgets. Following agreement on the preferred courses of action and timing for implementation of these adjusted levies and mechanisms for collection, associated parties, namely state bodies and state government agencies need to be included in the consultation loop.
- 7. Review and consideration of all existing projects currently being funded by the Oyster Consortium. Review the strategic plan to identify gap areas for potential future project funding.

- 8. Discussion and agreement of a communication strategy for OA that ensures the greatest potential awareness of oyster industry matters and undertakings by growers. These discussions needs to occur in collaboration with each of the state bodies to ensure maximal synergies are created and no duplication of effort eventuates. Whereever possible co-branding of state and national bodies should occur.
- 9. The responsibilities and services of the role of OA Executive Officer to be defined in collaboration with the existing Executive Officer of the Oyster Consortium so as to mutually meet objectives. Ideally this should occur within the next 3 months so as ensure that the momentum created by the formation of OA should not be lost.
- 10. A strategy and planning workshop, potentially professionally facilitated be conducted with the new board of OA to outline Company Director responsibilities. It may also be appropriate to review the Oyster Consortium strategic plan, make adjustments if required and action any activities that may be required. The development of a Communication Strategy (see Item 6) should be a major focus of these workshops.
- 11. The Chairman of OA to undertake meetings with the various state departments of agriculture and federal counterpart, preferably prior to the end of 2011 to 'introduce' OA and outline the services and activities that it intends to provide as well as the linkages that OA would seek to forge with the government agency.

Planned Outcomes

The project outputs and planned outcomes for this project are directly aligned. That is:

- 1. The formation of the first national incorporated body has occurred with the formation of Oysters Australia on the 3rd, October, 2011.
- 2. A series of documents have been supplied to the Interim Executive Officer of Oysters Australia, Ms Trudy McGowan in relation to the formation of Oysters Australia. These included:
 - a. OA scope and purpose.
 - b. OA structure and constitution.
 - c. Resources required and financial budgets.
 - d. Funding models and identification of legislative implications.
- 3. Oysters Australia has had created and made available in the public domain, its website. The address is <u>www.oystersaustralia.org.au</u>

Conclusion

The Australian oyster grower's first peak national incorporated body, Oysters Australia Ltd, was incorporated on the 3rd October, 2011.

Oysters Australia has five foundation members representing six state bodies and organisations. These six bodies are:

- 1. South Australian Oyster Research Council.
- 2. South Australia Oyster Growers Association.
- 3. Tasmanian Shellfish Executive Council.
- 4. Tasmanian Oyster Research Council.
- 5. Aquaculture Research Advisory Council (for NSW growers).
- 6. NSW Farmers Federation Oyster Committee.

These six bodies are directly (and indirectly) state representative bodies of oyster growers in each of the three major production states in Australia. Queensland growers will be represented by a member who will have an observer status at OA meetings.

Oysters Australia is an amalgamation of the services previously provided by the Oyster Consortium (principally R&D) and the Shellfish Industry Council of Australia (principally policy and advocacy support). The principal reasons for this amalgamation were:

- Assist the development of a national profile for the oyster industry for state and federal government agencies, other members of the seafood supply chain, service providers and consumers. Oysters Australia will be seen as the 'gateway' by which growers and others will interact with the oyster production sector.
- 2. To provide growers in each state direct representation on the board of OA. That is, growers will through the election of their state representatives will also elect the board directors to Oysters Australia.
- 3. Provide a mechanism through the company structure to introduce a national industry levy in the future if the industry so wishes. This mechanism does not exist due to the legal structure of the Oyster Consortium.
- 4. Provides an easier mechanism by the Seafood CRC and FRDC are able to provide matching funding to funds contributed by growers for research and development.
- 5. Reduction of the number of board members from 13 to 6, with associated cost reductions for operation of the organization.

6. Reduced duplication of effort through the combination of the Oyster Consortium and Shellfish Industry Council of Australia.

Oysters Australia has formally adopted a constitution which outlines in considerable detail the roles, legal and operational responsibilities and limitations of activities of the organisation.

Oysters Australia has commissioned a website <u>www.oystersaustralia.org.au</u> to communicate the services of the organisation, provide information with respect to oysters and the oyster industry to others and provide linkages to R&D reports and other activities undertake by OA and other service providers in the industry.

All of the planned outcomes anticipated at the commencement of this project have been completed. The planned outcomes being;

- 1. The formation of the first national incorporated body;
- 2. A series of documents and models being developed to support the "business case" to each of the representative state bodies for the formation of OA. These documents and models included:
 - a. OA scope and purpose.
 - b. OA structure and constitution.
 - c. Resources required and financial budgets.
 - d. Funding models and identification of legislative implications; and,
- 3. The creation of a website for the new nationally incorporated body

CDIPM have provided by way of this report in the section entitled "Further Development" a list of steps and activities that it believes are necessary to be undertaken in the near future in order to ensure the success of Oysters Australia.

References

No references cited.

Intellectual Property

There is no registrable IP created as a result of the conduct of this report.

Staff

The staff members associated with the conduct of this project were:

- 1. Shane Comiskey, Project Leader and Director, CDI Pinnacle Management Pty Ltd.
- 2. Rachel King, Executive Officer, Oysters Australia Ltd.