

Delivery of Focused Corporate Governance Training by the Australian Institute of Company Director's to the Newly Formed Tuna Australia Ltd Board Representing Stakeholders of the Commonwealth Managed Eastern Tuna and Billfish Fishery



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In submitting this report, the researcher has agreed to FRDC publishing this material in its edited form.

Contents

Contents	iii
Abbreviations	iv
Executive Summary	v
Introduction	1
Objectives.....	2
Method	3
Results	5
Discussion & Conclusion.....	10
Extension and Adoption.....	10
Appendix 1: Workshop Agenda.....	11
Appendix 2: Tuna Australia Strategic Plan – Draft	12
Appendix 3: Tuna Australia Communications Policy - Draft.....	13

Tables

Table 1. Learning Experience from participants at the workshop	5
Table 2. The participant’s reflection of the facilitator delivering the corporate governance workshop	6
Table 3. Comments made by workshop participants on valuable aspects of the workshop	6
Table 4. Comments of how workshop participants will apply knowledge gained from the training	6
Table 5. Topics of where the workshop could have explored in more depth	7
Table 6. The participants overall satisfaction rating of the corporate governance workshop.....	7
Table 7. Overall comments and reflection of the corporate governance workshop.....	7
Table 8. Corporate governance workshop participants.....	8

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Abbreviations

AFMA – Australian Fisheries management Authority

AICD – Australian Institute of Company Directors

CEO – Chief Executive Officer

ETBF – Eastern Tuna and Billfish Fishery

FAICD – Fellow of the Australian Institute of Company Directors

KPIs – Key Performance Indicators

NFP – Not For Profit

TA – Tuna Australia

WTBF – Western Tuna and Billfish Fishery

Executive Summary

TUNA AUSTRALIA is a newly formed industry association representing statutory fishing right owners and holders, fish processors and sellers, and associate members associated with the Eastern and Western Tuna and Billfish Fisheries of Australia.

Tuna Australia has a board and a CEO to collectively ensure ecological sustainable development of the industry; improve resource access and property rights, profitability and safety and workplace development; enhance market opportunities and extend industry practices to stakeholders and the general public.

Sound corporate governance embraces a good board culture and sound strategic process to achieve successful outcomes. As Tuna Australia is a newly formed board an opportunity existed to expose board members to education and training emphasizing these two points.

A 1-day workshop was designed in partnership between the Australian Institute of Company Directors and the CEO from Tuna Australia to deliver focused training in the areas of: *The role of the director and the board*, and *Introduction to board meetings and governance*. Ms Tracy Matthews (FAICD) delivered the workshop at the Australian Fisheries and Management Authority Aquarium Room on 3 May 2017.

The corporate governance workshop met and exceeded the aims and objectives of the people development research project.

Workshop participants gained a sound understanding of the duties of a director, role of the board, board composition, governance relations, meeting effectiveness, and board performance. As a direct result participants are now confident they have the skills to identify the role and key functions of the board and its directors, describe the key duties and responsibilities of directors, and understand how the board fulfils its primary functions within the the regulatory framework in which boards operate.

Tuna Australia board members have the knowledge to review board meeting protocols and procedures and realise the importance of key performance indicators for the board and directors. Importantly, board members have an appreciation of a director's liabilities and related protections.

This training workshop was important as it provide a sound education on corporate governance and emphasised the need to set a sound board culture and meeting processes. This training will no doubt be beneficial in the short- and long-term for Tuna Australia.

Given the experience of Tuna Australia board members it is worthwhile for the FRDC board to consider this type of training for other seafood industry boards including those involved in the recreational sector, indigenous, and commercial groups in Australia.

Keywords - *Corporate governance, board director, meetings, board culture*

Introduction

TUNA AUSTRALIA is a newly formed industry association representing statutory fishing right owners and holders, fish processors and sellers, and associate members associated with the Eastern and Western Tuna and Billfish Fisheries of Australia.

Tuna Australia has a board and a CEO to collectively ensure ecological sustainable development of the industry; improve resource access and property rights, profitability and safety and workplace development; enhance market opportunities and extend industry practices to stakeholders and the general public.

Tuna Australia aims to advance, promote and represent the industry's views in dealings with State and Commonwealth governments, media, corporations and organisations, and all persons nationally and internationally.

To achieve these objectives and to maximize board member's time it is important that the Tuna Australia board understands and follows sound corporate governance processes.

This project enabled a 1-day course on corporate governance training to be designed and delivered by the Australian Institute of Company Directors to board members (Directors and Alternate Directors) in consultation with Tuna Australia.

The main beneficiaries is the newly formed industry association Tuna Australia ensuring all directors are aware of their legal responsibilities and define how a board sets and maintains strategic direction. This includes meeting the FRDC strategic challenge by continuing to improve performance in environmental sustainability, developing the fishery to be more resilient to social, environmental and economic change resulting in an industry that is more productive and profitable.

Objectives

The objectives of the project was to deliver a structured 1-day workshop covering the following items:

The role of the director and the board – covering:

1. The role and relationships of the board
2. Who is a director
3. How boards do their job
4. Corporate governance
5. Directors duties and responsibilities
6. Appointment, conduct and removal of directors
7. Rights of directors

Introduction to board meetings and governance – covering:

1. The role and composition of the board
2. Boards in action
3. Evaluating and improving board performance
4. Making an informed decision in joining a board

Method

Tuna Australia engaged the Australian Institute of Company Directors to develop a targeted curriculum for the structured 1-day workshop. The workshop was designed to assist in the development of a sound corporate culture within Tuna Australia, and ensuring that the association's values reflect the changing requirements of fishing industry boards and committees in Australia. There was also a particular focus on highlighting the board's role (and choices) in moving the association towards a common vision through clarity of purpose and the relationship between ethics, shared values and risk management a focus on.

The training workshop was structured and delivered by Tracy Matthews (FAICD) as follows (refer to Appendix 1: Workshop Agenda):

- Introduction to setting and achieving strategic goals
- Strategy for the not-for-profit sector
- Risk for the not-for-profit sector
- Working with stakeholders
- Conclusion – risk management system as a function of the strategic plan

Case studies were used throughout the workshop to provide real-world examples of the content being presented to the attendees.

Morning Session: *In the Boardroom: Responsibilities and Practice*

This session explained why good governance fosters accountability and objectivity in assessing company performance, and why this is important. Through examining real-world examples and case studies, participants developed an understanding of how boards should best manage their internal and external relationships, and how sound governance practices improve both organisational and financial performance.

- Duties of a director.
- Role of the Board.
- Board composition.
- Governance relations.
- Meeting effectiveness.
- Board performance.
- Case studies.

Learning objectives

Upon successful completion of this program, participants were able to:

- Identify the role and key functions of the board and its directors.
- Describe the key duties and responsibilities of directors.
- Explain how the board fulfils its primary functions.
- Identify the regulatory framework in which boards operate.
- Review board meeting protocols and procedures.
- Realise the importance of key performance indicators (KPIs) for the board and directors.
- Know the director's liabilities and related protections.

Afternoon session: *Strategy and Risk for Not-for-Profit Directors*

Developing a strategic plan is a roadmap to sustainable value creation. Through *Strategy and Risk for Not-for-Profit Directors*, participants learned how to focus on the long-term direction of their organisation, i.e. contribute to discussion about what the organisation is going to do and how it is going to achieve it. The course discussed director knowledge of risk and how to improve participants' awareness of what risk is and of how risks faced by organisations are identified and measured. Issues relating to developing an effective stakeholder management strategy were investigated. Participants increased knowledge, experience and capability to actively participate in the strategy and risk process; and gained an understanding of the value that this adds to their organisation.

Strategy and Risk for Not-for-Profit Directors is a component of the *Governance Foundations for Not-for-Profit Directors* program. This program is positioned at the Starting level of the Not-for-Profit Learning Pathway, designed to meet the development needs of not-for-profit directors at each stage of their director journey. NFP directors may choose to develop skills following the NFP learning pathway, or mix their development with a selection of programs from either the NFP or Core programs side of the learning pathway pyramid.

Learning Objectives

Upon completion of *Strategy and Risk for Not-for-Profit Directors*, were able to:

- Determine the vision, mission and values of the organisation
- Discuss the director's role in formulating and overseeing strategy
- Explain the director's role in risk oversight, monitoring and management
- Establish the link between strategy and risk management, risk culture and effective leadership
- Identify stakeholders and stakeholder management strategies
- Analyse board issues relating to fundraising and sponsorship decisions

Strategy and Risk for Not-For-Profit Directors focused on key strategic and risk considerations for boards in enhancing the sustainability of the NFP organisation. It explained the terminology of strategy and risk as it applies to not-for-profit directors, and clarified the respective roles of the board and management in developing and implementing strategies. Participants were provided examples of what should be in a strategic plan and developed skills to lead their organisation's planning processes. The course introduced key principles for measuring and evaluating strategic progress indicators; oversighting, assessing and managing risk; creating awareness of personal risk appetite and of how this can affect board decisions; and collaborating with volunteers, donors and sponsors.

The workshop was delivered on 3 May 2017 at the Aquarium conference room at the Australian Fisheries Management Authority, Level 6, 73 Northbourne Avenue, CIVIC, ACT 2600. The workshop was attended by Tuna Australia members (Table 8).

At the end of the workshop participants were provided a survey that asked questions about the content of the workshop, its delivery, key learnings, and satisfaction. All respondents remained anonymous with survey responses collated by the Australian Institute of Company Director's and are tabulated in the Results section.

Results

Table 1. Learning Experience from participants at the workshop

Learning Experience	<i>Not Satisfied</i>				<i>Extremely Satisfied</i>	<i>Minimum Average Maximum</i>	<i>Responses</i>
	<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>	<i>5</i>		
The program met my learning expectations				1	3	4 · 4.8 · 5	4
The program material was of a high standard				2	2	4 · 4.5 · 5	4
The program and activities were current and relevant to our			1	1	2	3 · 4.3 · 5	4
Group interaction contributed to my learning			2		2	3 · 4.0 · 5	4
The program learnings have practical application in the					4	5 · 5.0 · 5	4
Total			3	4	13	3 · 4.5 · 5	20

Table 2. The participant's reflection of the facilitator delivering the corporate governance workshop

Facilitator	<i>Not Satisfied</i>				<i>Extremely Satisfied</i>	<i>Minimum Average Maximum</i>	<i>Responses</i>
	<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>	<i>5</i>		
The facilitator's knowledge and experience was appropriate for this program					4	5 · 5.0 · 5	4
The facilitator's delivery style was engaging					4	5 · 5.0 · 5	4
The facilitator tailored the delivery to the participants' needs					4	5 · 5.0 · 5	4
The facilitator encouraged contribution from participants					4	5 · 5.0 · 5	4
Total					16	5 · 5.0 · 5	16

Participants that responded to the survey were extremely satisfied with the facilitators knowledge, engagement and delivery of the training.

Table 3. Comments made by workshop participants on valuable aspects of the workshop

What was the most valuable aspect of the program for you?
<ul style="list-style-type: none"> • It identified gaps in my knowledge and gave me a list of items I have to follow up on • Learning more about the responsibilities of Directorships and the various types of Directors EG Shadow etc and the need to be very careful of these types! • They way we can relate what we learned back to real life situations • Useable knowledge and experience conveyed very well.

Table 4. Comments of how workshop participants will apply knowledge gained from the training

How will you use what you have learned?
<ul style="list-style-type: none"> • Apply it to develop my own business as well as be a more valuable member on boards • Daily in my own business and on behalf of Tuna Australia. • General knowledge, and a chance to implement some of the strategies in a company that I am a Director and shareholder in, which is struggling a bit at present. • It will assist me to minimise risk in our operations

Table 5. Topics of where the workshop could have explored in more depth

Were there any topics you would like to have seen included in the program, or explored in more depth?
<ul style="list-style-type: none"> • No • Not really, however there have been many examples where risk hasn't been assessed properly by publicly listed companies such as Devondale Murray Golbourn, James Hardie especially public perception, AFL and ARL clubs etc and where directors duties and responsibilities haven't necessarily be followed such as AOC, Alan Bond and Bond Corp etc • I think having short case histories of significant company failings and provide participants with background content elevates the learning experience.

Table 6. The participants overall satisfaction rating of the corporate governance workshop

Overall Satisfaction Rating	<i>Not Satisfied</i> <i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>	<i>Extremely Satisfied</i> <i>5</i>	<i>Minimum Average Maximum</i>	<i>Responses</i>
Program				1	3	4 · 4.8 · 5	4
Facilitator					4	5 · 5.0 · 5	4
Total				1	7	4 · 4.9 · 5	8

Table 7. Overall comments and reflection of the corporate governance workshop

Overall Comments
<ul style="list-style-type: none"> • It was an enjoyable workshop and board members benefited significantly from the experience. There is no doubt the training will make the board more effective in its decision making processes. • Well presented and thought out! Gave a sense of encouragement by completing the course! • Well worthwhile.

Table 8. Corporate governance workshop participants

Name	Company	Position
Ms Hayley Abbott	Narooma Fisheries	Director
Mr John Abbott	Abbott Fisheries	Owner
Mr Joe Basile	Angelica Fisheries	Owner
Mr Steve Basile	Angelica Fisheries	Owner
Mr David Ellis	Tuna Australia Ltd	CEO
Mr Gary Heilmann	DeBrett Seafoods	Managing Director
Mr Paul Lavalley	Lavalley Fisheries	Owner
Mr Angelo Maiorana	Australian Quota Holdings	Managing Director
Mr Terry Romaro	Ship Agencies Australia	Managing Director
Mr John Skoljarev	Klokan Fisheries	Owner
Mr Pavo Walker	Walker Seafoods	Owner
Mr Adam Whan	4 Seas	Managing Director
Mr Paul Williams	Beaver Fishing Company	Owner

Knowledge

Participants developed a sound understanding of corporate governance processes allowing them to understand their legal obligations whilst strategically addressing future industry issues as they arise. The workshop provided knowledge to further develop industry leaders allowing them to build a vision for industry, develop industry capacity to accept, manage and deal with challenges, and to establish and put forward an industry collective view on a range of subjects including profitability, sustainability, marketing, training and education, OH&S and resource security.

Reflections from the training in survey responses suggest participants enjoyed the workshop, the delivery met expectations and knowledge can be applied in the workplace and at Tuna Australia board meetings.

Skills

The workshop/training enhanced the skills of the board allowing them to increase their understanding of corporate governance and improve their capacity to address issues strategically. The training provided skills to further enhance and develop the industry underpinning sustainability.

Outputs

Outputs generated from this training are as follows:

1. Improved information gathering processes to make informed decisions
2. Development of an industry strategic plan - Draft (Refer Appendix Item 2)
3. Communication policy – Draft (Refer Appendix Item 3)
4. An evaluated report of the program

Extension of training

A strong measure of the training will be how the participants apply the information from the course in the operation of the board to optimize their time and increase the board's effectiveness.

Identified the role of a director

By gaining clarity about their role versus management, participants ensure that they

- Devote time and resources to only those matters that merit their attention
- Provide a director-oriented view of governance
- Develop the ability to consider issues from a director's perspective, as they apply to various organizational structures
- Clarifies the links between stakeholders (including shareholders), directors and managers
- Improve how they identify and manage internal and external stakeholder interests
- Review who the primary regulators are and what they do
- Become better informed about director and board compliance requirements

Examined the key responsibilities, rights and liabilities of directors

Participants increased their understanding of what they should do, and should not do, to limit their exposure to liability. Specifically

- Identify who should be on a board, and what skills and knowledge they should have
- Evaluate whether a board has a diverse and appropriate skills mix
- Understand the mechanics and processes to facilitate effective functioning of the board
- Gain an insight into how board meetings should function and how they can best contribute to proceedings

- Assess board and individual director performances through key performance indicators
- Develop skills to evaluate the effectiveness of their performance through a clear and transparent review process
- Identify how to decide whether to join a board based on being able to assess the Pros and Cons pros

Discussion & Conclusion

The corporate governance workshop met and exceeded the aims and objectives of the people development research project.

Workshop participants gained a sound understanding of the duties of a director, role of the board, board composition, governance relations, meeting effectiveness, and board performance. As a direct result participants are now confident they have the skills to identify the role and key functions of the board and its directors, describe the key duties and responsibilities of directors, and understand how the board fulfils its primary functions within the the regulatory framework in which boards operate (as evident in the participants survey responses).

Tuna Australia board members have the knowledge to review board meeting protocols and procedures and realise the importance of key performance indicators (KPIs) for the board and directors. Importantly, board members have an appreciation of a director's liabilities and related protections.

This training workshop was important as it provide a sound education on corporate governance and emphasised the need to set a sound board culture and meeting processes. This training will no doubt be beneficial in the short- and long-term for Tuna Australia.

Given the experience of Tuna Australia board members it is worthwhile for the FRDC board to consider this type of training for other seafood industry boards including the recreational sector, indigenous, and commercial groups in Australia.

Extension and Adoption

Extension and adoption of skills generated from this training are as follows:

1. Improved information gathering processes to make informed decisions
2. Development of an industry strategic plan - Draft (Refer Appendix Item 2)
3. Development of a Communication policy – Draft (Refer Appendix Item 3)
4. Review of Tuna Australia Ltd Constitution
5. Review of Tuna Australia Ltd By-Laws
6. An evaluated report of the workshop

Appendix 1: Workshop Agenda

8:30am	9:00am	Participant registration
9:00am	9:05am	Welcome and introduction: <i>Jonathan Cale – Account Manager</i>
9:05am	10:30am	In the Boardroom: Responsibilities and Practice - Session 1 <i>Tracy Matthews FAICD</i>
10:30am	10:45am	Morning Tea
10:45am	12:30pm	In the Boardroom: Responsibilities and Practice - Session 2 <i>Tracy Matthews FAICD</i>
12:30pm	1:15pm	Lunch
1:15pm	2:45pm	Strategy and Risk for the Not-For-Profit Directors – Session 1 <i>Tracy Matthews FAICD</i>
2:45pm	3:00pm	Afternoon Tea
3:00pm	4:30pm	Strategy and Risk for the Not-For-Profit Directors – Session 2 <i>Tracy Matthews FAICD</i>
4:30pm	4:35pm	Complete online evaluation and close of workshop

Appendix 2: Tuna Australia Strategic Plan – Draft



STRATEGIC PLAN 2017- 2020

→ OUR VISION

To ensure longline fisheries of Australia are ecologically sustainable, profitable and socially acceptable

→ OUR PURPOSE

- Prioritise association direction based on changing environmental, economic and social issues that affect the longline fishery and industry
- Advocate industry priorities to Ministers and Government Departments
- Improve industry practices through research projects, industry liaison and working with stakeholders
- Develop strategies to increase industry profitability

→ OUR PRINCIPLES

Industry focussed
Ethical
Respectful

Transparent
Consultative
Collaborative

→ OBJECTIVES AND KEY STRATEGIES

1. Enhance the sustainability of fishing operations
 - representation to government at commonwealth, state and local level
 - representation at decision making boards and committees
 - understanding the environment and the potential to adapt to climate change
 - improve resource access and property rights
 - mitigate threats or challenges to the industry
 - enhance fishery production by developing ways to improve catch
 - explore synergies between wild capture sectors of the seafood industry
2. Value add fishing operations
 - providing information to support and develop marketing strategies
 - increase market price through the improvement of product quality and certification
 - tactical research when required to deliver urgent and immediate benefits
 - to extend and market industry practices to stakeholders and the general public
3. Up-skilling to improve safety and workforce development
 - Profile the workforce capability and understand skills shortages and identify ways to access foreign and Australian workers, and deliver education and training to match career paths in the industry
 - Education to improve safety, industry profitability and sustainability
 - Explore opportunities for sharing of technical and practical fishing knowledge between fishing sectors



Appendix 3: Tuna Australia Communications Policy - Draft



COMMUNICATIONS POLICY

→ ROLE OF THE COMMUNICATIONS STRATEGY

To link the board with Eastern and Western Tuna and Billfish Fishery stakeholders by providing a framework for communication and extension of board outcomes, reports, and media releases. Furthermore, it allows the association to have a collective voice when dealing with governing parties, government departments, regulators, non-government organisations and general stakeholders.

→ VISION AND GOALS

- ☐ To build a strong culture of collaboration involving all members and stakeholders.
- ☐ To understand and address the needs of stakeholders and report promptly to them our progress and outcomes.
- ☐ To earn public support for Tuna Australia Ltd and the members it represents.
- ☐ To have a single channel of communication when dealing with government, media and general stakeholders

→ METHODS AND PLANS

Annual Workshop

The workshop will provide an opportunity for all members to be informed of topical issues and include a forum interaction with regulators and research.

Website

The aim of the website is to provide an extension to inform the general public of the fishery and to provide contact details should anyone be interested in contacting members.

The website will provide information in the following categories:

- ☐ Industry general information
- ☐ News and events
- ☐ Research
- ☐ Membership including processors, wholesalers and sellers
- ☐ Private members area for the buying/selling/trading of items

Tuna Australia Documents

Tuna Australia Ltd will maintain and store an updated copy of the following documents to be made available to members on request

- ☐ Company Constitution
- ☐ Tuna Australia By-Laws
- ☐ Tuna Australia Strategic Plan
- ☐ Communications Policy



2

→ MEDIA RELEASES

Procedure

1. Media releases should be sent to the CEO via e-mail for review.
2. Ensure the following guidelines are met:
 - ☐ Appropriate terminology is used to ensure that it is understandable by the targeted audience.
 - ☐ Contains no errors of fact.
 - ☐ Appropriate acknowledgments given.
 - ☐ Wording is such as to avoid terms, which may be misinterpreted by markets, media or stakeholders.
3. All editing will then be forwarded to the author for preparation of a final draft.

2

Unsolicited Calls from Journalists

General Principles

Any contact by the media to Tuna Australia member must be directed to the CEO for comment, unless prior authorisation has been given. It should be noted that planned media releases are the preferred option whenever possible.

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