

2016 Nursery & Garden Industry

Structure Review

Stakeholder Submission

Submission Date			
Business Name	NURSERY & GARDEN INDUSTRY NSW & ACT		
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Business Type	<input checked="" type="checkbox"/> Production <input checked="" type="checkbox"/> Educator	<input checked="" type="checkbox"/> Retail <input checked="" type="checkbox"/> Other	<input checked="" type="checkbox"/> Allied <input checked="" type="checkbox"/> Association
Membership Status	<input type="checkbox"/> Lapsed <input type="checkbox"/> Current Member	<input type="checkbox"/> Never a Member	<input checked="" type="checkbox"/> Not applicable
Number of FTE	N/A	Land size (Ha) (if applicable)	N/A
Annual Turnover (please tick correct range)	<input type="checkbox"/> \$0-\$750K <input checked="" type="checkbox"/> \$1.5-\$2.5M	<input type="checkbox"/> \$750-\$1M <input checked="" type="checkbox"/> \$2.5-\$5M	<input type="checkbox"/> \$1M-\$1.5M <input checked="" type="checkbox"/> Over \$5M

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Describe your understanding of the current nursery and garden industry association structure in Australia?

Currently the structure is made up of independent State Associations that are generally limited by guarantee companies who provide membership services and advocacy at a State level at varying degrees dependent on the finances of each state. The National Body (NGIA) operates also as a company limited by guarantee and performs an agreed set of functions within the parameters set out under agreement with States under an Memorandum of Understanding (MOU) that each State is a signatory to.

This MOU is set for a period of 3 years and is an issue in itself as it has not been drafted correctly as a proper instrument as it is written like a contract but not setting out adequate terms and appropriate mechanisms in the case of dispute. Also this has proven to be inadequate as was highlighted with the change from HAL to HIAL that resulted in many components of the MOU being unserviceable and without review.

The Eastern seaboard States and SA are relatively stable, have a good support structure and offices whereas the other States are financially strapped, and in the case of NT are supposedly insolvent. Tasmania has recently reconstituted itself in order to get a proper structure in place but effectively is reliant on volunteers. WA struggle and are not able to support a range of support services.

What is the role of your organisation as it operates within the Australian nursery and garden industry?

Our role is that of a State Association to deliver a range of services, member benefits, support, training, advocacy and representation to the industry to government and its agencies. We also provide businesses with a channel to market through Trade Day, Expos, conferences and networking events. We also organise various committees for members, regional activities and special interest groups.

How does the current association structure meet your needs as an industry participant?

The current Industry structure is only partially fulfilling the needs of members. This is in the area of providing services to members but not 100% effectively as we are constrained by resource particularly as funding from HAL finished. One example is that for extension that was included in the IDO project that delivered accreditation services for FMS program. This was a multifaceted program that delivered not only accreditation but also delivered communication on research as well as practical extension advice which was valued highly by members. Some States continue to operate this on their own without the subsidy which means other areas get less focus and resource i.e. retail.

While a number of benefits are being delivered there is not the level of engagement occurring to make being a member "sticky" enough. Advocacy is valued however ultimately benefits members and non-members.

There is reasonably good communication to members but is not always targeted sufficiently and relevant to the reader.

Representation on National Issues is critical in particular Biosecurity although there are insufficient linkages to States on this issue to ensure cohesion and gain member input on their concerns.

Membership is seen as expensive by many industry participants who have joined or been past members and have left due to their perceived lack of value for money. The burden of membership is being left to fewer participants that only puts further upward pressure on membership subscription. In comparison to other similar organisations i.e. NSW Farmers and Australian Retail who offer many similar benefits for a fee under \$500 our subscription fee is virtually double. The scale of these other bodies enables the service delivery to be amortised over a greater number.

Currently as State members are also members of National there is some confusion about who does what in member's minds and many members are not aware that they are also National members so they are unaware of the delineation between State responsibilities and National.

The nature of the industry with low uptake and utilisation of technology in the smaller end of membership results in poorer communication flows as members are far more reliant on information being delivered face to face. Emails whilst a cheap and effective means of communication have poor open rates in NGINA's case ranging between 20% and 60%. The recent HIAL survey that was undertaken of levy payers regarding communication found that the best means of communicating industry initiatives was through the industry technical officers visits to nurseries.

The implications of this are that face to face or phone contact which is expensive is the most effective at servicing member's highest level needs.

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How does the current association structure not meet your needs as an industry participant?

The Association structure is not meeting members needs as it is not working effectively from a trust and clear transparency point of view. State Associations are not being kept fully informed on matters that are affecting all industry and because of structure do not get sufficiently consulted even through their State elected member of the National Board. The concept of members is confused and needs to be addressed through the constitution of the National body. No recognition at all of a sizeable group of members in respect to the Retail segment in terms of member benefits.

The current association structure is somewhat dysfunctional in that the appointment of Directors is currently made from recommendations/ballot from State Associations. Each of these Directors have equal voting rights which effectively means that the smaller states with less share of market and members carry as much sway as other States.

Another key issue is that what areas were agreed upon as the clear function of the National Body is not being carried out effectively due to distractions to focus.

The key areas agreed to were:

- Advocacy – federal
- National industry marketing campaign
- Communication of key messages to members and stakeholders
- Biosecurity
- Industrial relations – federal awards
- Accreditation schemes

There has been very little attention made to **Advocacy** at a Federal level with no policy or agendas defined or disseminated to States. All the focus has remained on the HIAL structure to the detriment of any policy direction.

The **Marketing campaign** has been effectively “hijacked” by HIAL so this has been ineffective as seen by the recent Park campaign. It is critical that Industry regain control of how these funds are spent through the lobbying of levy payers.

Communication -this area remains unclear following the award of the recent project from HIAL on a joint basis with an external marketing company. However over the last twelve months there have been issues with communication being sent to members of States without any reference or heads up prior to sending resulting in some miscommunication.

Biosecurity is an extremely important area but seemingly there is a lack of transparency in regards to input from consultation and alignment with States and the relevant State agency. State associations and State agencies are a critical part of communication between stakeholders in Biosecurity matters.

Industrial relations are an important component for protecting member’s interests and up until recently decisions were taken without consultation that would have cost Industry many thousands of dollars in unnecessary legal fees. The review of the actual awards is taken on an infrequent basis and the area that concerns members most which are penalty rates is an area that requires political intervention and crosses all industry sectors. The majority of Industrial relations support falls to the States on basic award interpretation, queries on dismissals or pay rates and general support for employee issues. This is an area that an outsourced national support body could be negotiated for everyone’s benefit.

Accreditation schemes have been discussed but a decision taken unilaterally that the NPFMS program would be taken over and run by National by disconnecting the auditing from the program to align with recommendations of a HAL review. This decision will leave many current participants disenfranchised as they were very reliant on improvement through the past IDO role. Dropping of AGCAS retail program has disillusioned retail segment despite some states continuing the program but without opportunity for enhancement. Moreover adoption of a Biosecurity project from HIAL that relies on NPFMS and is highly speculative in terms of success particularly when NPFMS costs are going to rise dramatically seems that for a small minority of growers that there is an enormous use of Industry levy funds per business. From discussions with growers it is likely that many will leave the FMS program from lack of market driver relative to the costs involved.

Training and Education (which dropped off the National body role) - Lack of focus nationally for many years on training and education has seen our industry sink to new lows with only 14 apprentices taken on this calendar year in NSW. The picture is similar across the other States. The market is not being promoted to school leavers, is not seen as attractive from a remuneration perspective as the value chain has also been deteriorating over many years, accelerated by the dominance of Bunnings in the retail sector and emergence of more backyard operators due to no barriers to entry in form of a registration to operate. This is an area of real concern as businesses struggle to find suitable skilled employees to hire and in the end hire based on ability to train for specific skill sets not with actual trade qualifications.

If this continues there will be a big knowledge “cliff” where qualified industry participants are going to drop off as they retire from the industry and no one in a generation or two will be there to pick up this in areas like grafting and propagating particularly for more niche species which ultimately may be more profitable than the mass market plants.

What elements of the current association structure add the most value to your Industry?

The key elements that members tell us from our membership survey adds most value is:

Technical and Business Support (face to face)
Compliance support (WHS, Industrial awards, HR advisory)
Publications/ Communication
Workshops – training and education
Networking/ events/special interest and regional groups
Advocacy – safeguarding industry

What we don't currently do that they would MOST value is Capacity Building – building the market.

What would you change about the current association structure?

The current Federation model that is being used has been flawed for many years even prior to the changes wrought by HIAL. There has always been an air of distrust in terms of the way the National Body ran its affairs. Primarily it was run with a means of being able to leverage many projects funded by Industry levies. It also meant that as the funding came from federal monies as well that a political agenda for the Industry has never been developed to overcome barriers to growing and protecting the Industry.

Confusion exists in the membership structure in that a business that subscribes as a member of the State body is also subscribing as a member of the National body. Many members actually are unaware that they are also a member of NGIA. This can create conflict if a state organisation is pushing an agenda and the national body is pushing an opposite agenda on the same topic- how would this be resolved?

In the past NGIA have represented Industry as the levy decreed it must so everyone benefited whether a member of a State or not. The current structure has not changed from this approach and is not member centric. The separation of Directors of NGIA from States boards leads to misdirection and a lack of accountability to State membership policy positions.

The level of communication and transparency has also been a factor that has become a two way problem.

This is not to say that all Federation models are flawed. There are many examples of Industry bodies that are Federated models that work very effectively. We will refer to a couple of them here as examples- The National Farmers Federation (nff.org.au) is one such model that is very bespoke about its aims and objectives as stated on its website:

Since its inception in 1979, the NFF has earned a reputation as a leader in the identification, development and achievement of policy outcomes - championing issues affecting farmers and dedicated to the advancement of agriculture. The NFF is dedicated to proactively generating greater understanding and better-informed awareness of farming's modern role, contribution and value to the entire community.

One of the keys to the NFF's success has been its commitment to presenting innovative and forward-looking solutions to the issues affecting agriculture, striving to meet current and emerging challenges, and advancing Australia's vital agricultural production base.

This association's model is that where the State bodies and other aligned bodies are entitled membership but not the actual members of these bodies. Voting is based on their membership level which is determined by their membership income.

State bodies such as the NSW Farmers deliver on the ground services in the form of Regional officers that visit members and they primarily provide support services and benefits and ensure that adequate advocacy occurs at State level.

Another example is Alzheimer's Australia this was a "broken" federated model back in 2000. What ultimately transformed it into an effective body was a collaborative approach based on 6 key planks:

- Transparency
- Consultative Leadership style
- Outsourcing (sharing functions with the state members)
- Establishing a Brand
- Leadership that is Strategic
- Maintaining both the perception and reality of unity

There are many case studies that outline how a federated model can be successful rather than a corporate top down approach. One such document is "A Framework for Success for Nonprofit Federations" Revised 2009.

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What industry association resources/benefits are most important to you?

As per the question of value previously answered – this is the same set

What industry association resources/benefits are least important to you?

The ones that have a lower rating based on our membership survey are:

Social events, Awards and recognition and where businesses are large enough to have compliance staff then compliance becomes a non-issue. Interestingly usage and awareness of National Benefits was also very low.

Outline your expectations of a membership with an industry association?

Most members' expectations revolve around membership being like an Insurance policy where they can be protected from business interruption that regulatory authorities might impose, gain information to help their business run effectively, gain business benefits that will reduce their operating costs, have networking opportunities with other like-minded people to improve their business and gain ideas and in NSW case gain access to a market channel to sell and build their customer base (Trade Day). Develop their staff or be compliant with federal and state regulations.

All these vary by subset and location of member. The main driver is that they all want their membership to result in improved sales/profitability.

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What are the most important issues that will impact on the success of your business in the next 5 to 10 years?

The success of the Association rests with halting the decline in Membership and driving new entrants to the industry to arrest a skills decline. Driving improved market access, building capacity and promoting the industry more effectively to Governments through access to better statistical information. Increasing uptake of technology and improving on farm efficiency and productivity will be a key for members success.

The purpose of this review is to determine the most effective and efficient structure for the industry. What is your vision for the future nursery and garden industry association structure?

We the Directors of NGINA firmly believe that there is merit in continuing a federated structure with a greater input and ownership in place with the State associations. Membership of the national body should be restricted to state and territory associations, not individual members so that it is truly recognisable of a national industry body. It should be considered however that associate membership be considered to other like organisations for scale on lobbying i.e. Green Industry Group participant organisations. These organisations however would have limited voting rights.

NGINA's vision is that in a structure going forward that:

1. There be a clear vision, mission values and direction
2. Delineate clearly roles and responsibilities across federation, clarify decision making, engage federation members to eliminate duplication, have a clear conflict resolution process and determine clear sets of rules. Leadership is shared across Federation and that the key value is consensus not authority in decision making.
3. Adopts a fair revenue model
4. Adopts a fair representation and voting model reflecting constituent members.
5. Adheres to federation policies and positions.

All of the above revolves around a culture of continuous evaluation, negotiation and renewal as well as being based on mutual respect and trust.

NGINA believe that the alignment between State Boards and National Board be cemented by alignment in that a National Board member should be the President of a State board or nominee from the board.

Membership should be reflective of a fairer distribution of voting rights based on the size of the member but should not alienate the smaller members in the case of a voting block. One example of this is the National Farmers Federation whereby the voting is based on value of subscription income of the member:

Large 3 votes

Medium 2 Votes

Small 1 vote

On certain matters then there is a threshold set that ensures a block cannot totally over rule the smallest block.

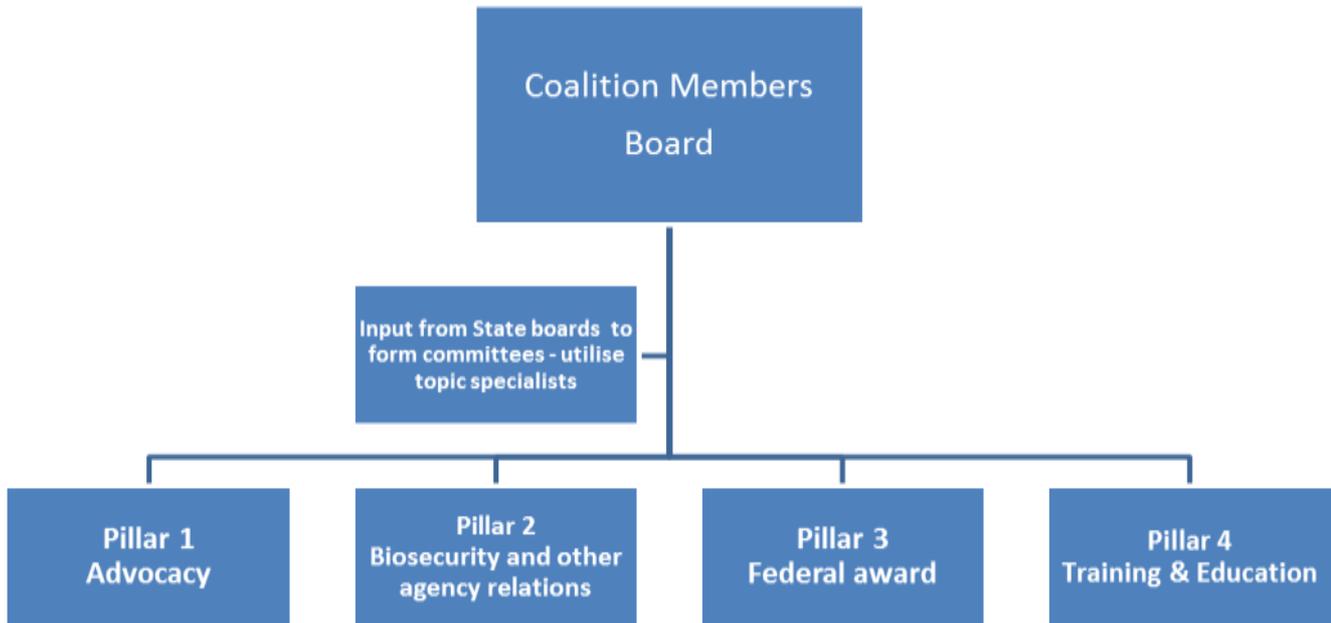
The ownership of the National body as is the case in Alzheimer's Australia is effectively owned by the state and territory members and the appointed Directors while being sensitive to the internal politics they are there to represent the national interest and the national view and represent these views back to the member organisations.

Efficiency can be gained from not thinking that every function exists in a national office but the concept of shared resources across states to achieve the national objective. In practice a national office might have very few staff.

These changes would require a change in constitution and ownership would change to reflect the actual member base being State and Territory organisations. This would eliminate the need for an MOU as the constitution would reflect the terms and conditions of membership along with a set of by-laws that would outline said rules and procedures to ensure an effective operating environment.

Please provide any additional comments you would like to provide as part of the review.

SUGGESTED FRAMEWORK



Simple Concept of Alliance/Coalition of States.

Would require shared mission and goals, effective leadership and have open dialogue about why people are involved, what they hope to accomplish and how the coalition can help them achieve their goals.

Needs to:

1. Build strong, trusting relationships
2. Have a participatory process with the active involvement of member organisations
3. To develop an effective governance process, so there has to be: Clear operating procedures regarding decision-making, communications and accountability.

Submitted by:

Signature:

Date:
