CGA Restructure

Proposal

July 2024

www.cherrygrowers.org.au

A Changing Environment

and an industry that deserves better

The cherry industry is evolving rapidly, with new opportunities emerging alongside new challenges. Agility and a dynamic approach are needed to effectively leverage these opportunities and address challenges.

The existing association structure of Cherry Growers Australia **(CGA)** is perceived as clunky and outdated and exposes the organisation to financial risks.

As a volunteer-led organisation with limited resources, CGA lacks the necessary funding and capacity to proactively and strategically pursue emerging opportunities and drive essential engagement with government that contributes to the success and longevity of the industry.

CGA's current activities and funding are primarily focused around project work, hindering continuous and impactful engagement in important industry matters. This poses challenges in representing the industry effectively, especially during critical periods such as harvest.

The status quo is no longer sufficient.

CGA needs to become more professional, proactive and better connected with industry. A new dynamic structure is needed to underpin all CGA activities and allow it to be at the forefront of industry leadership, representation and guide the industry towards a sustainable future.

A New Structure to Achieve Industry Vision

The proposed changes are driven by a shared vision to create a respected and powerful voice that will lead the industry toward sustainable growth, reduce reliance on volunteers and foster more strategically driven activity.

A New Structure to Achieve Industry Vision (cont.)

CGA's Board of Management strongly believes that the proposed restructure paves the way for enhanced industry representation and efficiency, more effective investment in industry growth areas, coupled with greater consultation and engagement with growers … the ultimate end game being a sustainable Australian cherry industry.

Altering the current state association membership model will bolster CGA's ability to directly connect and engage with relevant stakeholders and provide necessary resourcing to the organisation that will support year-round activity.

CGA's membership and leadership frameworks are both earmarked for modernisation.

Firstly, the membership of CGA will change to include individual growers. This will replace the current state association membership model, although associations will still have an opportunity to be members. Additionally, memberships will be available for industry suppliers and professionals associated with the industry.

Secondly, the transition to a more professionally skilled board, democratically elected by all production members and the funding of a professional executive will provide CGA with the capacity to strategically plan for and effectively oversee the industry's growth.

Advantages of the New Structure

1. Enhanced Representation: A United Voice for All

The proposed restructure aims to create a more inclusive and equitable platform for all cherry growers. It ensures that every voice is heard and that every grower, regardless of their size or location, is well-represented. This shift towards a unified front provides several key advantages:

Collective strength: By bringing all cherry growers across Australia under one umbrella, we increase industry's collective strength. This unity empowers CGA to represent more effectively, negotiate better outcomes with industry partners and address industry challenges.

Inclusivity: The new structure welcomes all Australian cherry growers as members, fostering a spirit of inclusivity. No grower will be excluded and every perspective will be considered in CGA's decision-making processes.

Equitable influence: Equitable voting based on contributions to membership fees ensures that growers have a say, in proportion to their commitment. This ensures that each member has a fair influence on the industry's direction.

Advantages of the New Structure

2. Professionalism: Skills-Based Leadership

Under the new structure, CGA will be steered by a skills-based board and a full time executive team. This shift away from the reliance on volunteers offers significant advantages:

Effective decision-making

Having skilled professionals at the helm enables more informed, data-driven and strategic decision-making. It ensures that industry strategies and policies can be developed and executed with precision.

Continuous engagement

The new structure would enable year-round engagement on industry matters. This means that CGA will always be available to address issues, represent the industry's needs and seize opportunities. No longer will industry representation and development be constrained to certain periods of the year.

Clear accountability

The emphasis on accountability ensures that all roles within CGA have well-defined responsibilities and expectations. CGA directors will have clear fiduciary duties and will be held accountable for their actions. This promotes transparency and responsibility.

Advantages of the New Structure

3. Industry Representation: A Strong Voice for Industry

The proposed structure will enable CGA to become an even stronger voice for industry, addressing issues and representing the industry's interests. Key advantages include:

Proactive engagement: CGA will proactively engage government agencies, foreign markets and industry bodies to advance market access and trade development. This strengthens CGA's position as the leading voice on critical industry policy matters.

Effective advocacy: CGA's resources and expertise will grow and enable representation on essential policy matters such as industrial relations, access to labour, regulations and food safety. This ensures that the industry's concerns are heard and considered by key decision-makers.

Advantages of the New Structure

4. Adding Value: Resources, Knowledge and Innovation

The new structure will introduce a greater focus on adding value to the industry. This will be achieved through:

Resource of knowledge: CGA will provide a resource of industry knowledge, capabilities and innovation. This will help equip growers with the latest information and tools to enhance their operations.

Market access and branding: CGA will advance trade to new export markets and promote the "Australian Cherry" brand both domestically and internationally. This branding will enhance the reputation and desirability of Australian cherries and provide further business opportunities for growers.

Advantages of the New Structure

5. Equity: All Growers Have a Say

One of the core principles of the new structure is equity. It ensures that:

All Australian cherry growers can join

Every cherry grower in Australia will have the opportunity to join CGA. There are no exclusions based on size or location. This inclusivity fosters a sense of belonging and unity.

Vote directly for leadership

Growers can vote directly for the best people to lead CGA. This means that industry's leadership will be determined by the growers themselves.

Voting based on equitable contribution

Equitable voting ensures that growers will have a direct say, in proportion to their financial contribution. This creates a fair and balanced decision-making process.

Embrace the Future

Pledge Now for a Stronger Industry

CGA seeks your support!

Stand shoulder to shoulder with industry leaders, growers and supporters who share the common goal of industry growth and sustainability. By making a pledge, you demonstrate your commitment to the industry's prosperity for which we thank you! Your pledge is a vote of confidence in the restructure of CGA and a testament to the potential of advancing the Australian cherry industry.

This restructure can't happen without you. With a range of membership pledge options available for consideration, CGA urges you to make your commitment today and join us in this pivotal moment.

Play your part and join other cherry growers in supporting this important change... together, we can create a thriving future for the Australian cherry industry.

FAQS

1 How much will annual membership cost and how many votes do I get?

There will be 4 membership categories: the number of votes per membership type and the proposed annual membership fee are displayed below. To allow for a broad range of cherry production operation sizes the production membership category has a number of options to suit the smallest to the largest cherry producers and everyone in between.

MEMBERSHIP CATEGORY		VOTES	COST*
State association member		4	$5,000
Levy member	Levy payer	1	N/A
Production member: Area under crop and producing cherries	< 10 hectates	2	$1,000
	10 to < 20 hectares	3	$2,000
	20 to < 40 hectares	4	$5,000
	40 to < 80 hectares	5	$10,000
	80+ hectares	6	$24,000
Affiliate member	Industry suppliers & professionals associated with the industry	N/A	$1,000

*Proposed annual membership fee

FAQS

2

Why can’t CGA stay as an incorporated association?

CGA is currently an incorporated association. It is registered under and must comply with the Tasmanian Associations Incorporation Act 1964. The Corporations Act 2001 (Cth) **(Corporations Act)** prohibits incorporated associations from operating outside of their State or Territory of incorporation unless they have applied for approval under that act to do so in the form of an Australian Registered Business Number which is issued by the Australian Securities and Investments Commission **(ASIC)**.

It is proposed that CGA transfer to a company limited by guarantee **(CLG)** structure which is permitted to operate throughout Australia. A CLG is incorporated under and governed by the Corporations Act. CLGs are a common company structure used for not-for-profit and charitable organisations and are often used because they are particularly suited for conducting non-profit activities.

Specifically, CLGs:

- cannot pay dividends to members;
- cannot issue shares and therefore no person can acquire a controlling interest in or profit from the company;
- cre formed on the principle that the liability of members is limited to the amount they agree to contribute if the company is wound up (proposed to not exceed $20); and
- enable members of the company to have a vote.

FAQS

3 Why pursue charity registration?

Previously, CGA has 'self-assessed' its income tax status, however, following a change in Australian Taxation Office **(ATO)** requirements, not-for-profits that self-assess income tax exemption and have an active Australian Business Number are now required to lodge an annual self-review return with the ATO, with the first review due by 31 October 2024.

There is a risk that the ATO will disagree with the CGA's self-assessment once the return is lodged, and if that occurs, not only will any income earned in that financial year be taxable, but also the ATO has a discretion to back-date the requirement to pay income tax to any date it thinks fit, meaning that CGA risks significant financial consequences if it has not been correctly self-assessing its income tax exempt status in previous years.

The ATO has recommended that organisations that are currently self-assessing their income tax exemption that are eligible to register as a charity with the Australian Charities and Not-for-profits Commission **(ACNC)**, consider applying to register as a charity. The ATO has made this recommendation on the basis that charities registered under the Australian Charities and Not-for-profits Commission Act 2012 (Cth) **(ACNC Act)** are automatically exempt from the payment of income tax provided they comply with the ACNC registration requirements.

Another benefit of charity registration is that many of the obligations of CLGs set out in the Corporations Act are turned off, for example, CGA would not be required to lodge financial statements with ASIC but will instead lodge its financial statements and an Annual Information Statement (a simplified form which sets out the CGA's activities and key financial information) with the ACNC.

The current CGA Board of Management intends that, immediately following incorporation of the company and completion of the restructure, the company will apply for registration as a charity under the ACNC Act.

FAQS

4

What will the new CGA board look like?

The board is to comprise a minimum of 4 and a maximum of 9 people:

- 6 people elected by financial fee paying members and
- up to 3 people appointed by the board, having specific skills and or experience deemed by the board to be beneficial to the company.

Directors on the board must have a broad range of skills with expertise or relevant experience in one of more of the following areas:

- at least 5 years' experience in cherry production or processing in Australia, cherry distribution or cherry exports or
- expertise or relevant experience as approved by the board, for example: financial management, strategic planning or corporate governance.

FAQS

5

How are directors elected?

Candidates will be elected based on a simple tally of votes received, subject to at least 1 elected director residing in each of the following four electorates:

- NSW, ACT and QLD;
- SA, WA and NT;
- TAS and
- VIC.

For example, if none of the candidates receiving the 4 highest votes reside in VIC or NSW, the final two places on the board will be filled by:

- the candidate residing in VIC who received the highest number of votes of all candidates residing in VIC; and
- the candidate residing in NSW who received the highest number of votes of all candidates residing in NSW.

FAQ'S

6 How will my state/electorate be represented on the board?

With the move to a more skills focused board, directors will be elected rather than being appointed by their state association.

If there have been no nominations from a particular electorate, the Board may identify and nominate additional candidates for inclusion on the Director Candidate List.

7 How long can a director be on the board?

Director terms will be for 3 years, with no director able to serve more than 3 consecutive terms.

8 If I make a pledge to join CGA, when will I need to pay for my membership?

Once support from industry is certain, the current CGA Board of Management will commence the steps required to restructure CGA from an association to a company limited by guarantee. It is expected that this process would take approximately 6 months. Upon incorporation, pledged membership fees will become due.

FAQS

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How do I show my support for the restructure?

That's easy! Just complete the pledge document and return it to CGA via email office@cherrygrowers.org.au or mail it to **262 Argyle St Hobart, TAS 7000**.

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Need more information?

That's not a problem – you have 2 options to find out more information and have your questions answered.

Either send us an email at office@cherrygrowers.org.au or attend the CGA industry information meeting at **3.30pm 31 July 2024** at **Hotel Grand Chancellor Hobart, Ground Floor/1 Davey St, Hobart TAS 7000.**