

Wine Australia

Board Review

Executive Summary

May 2020

Prepared by – Effective Governance Pty Ltd

Background

The Wine Australia Board is established and governed under the *Wine Australia Act 2013* (Cth). The Minister appoints the Chair and between five and seven Directors. The current Board has been appointed for the period 1 October 2018 to 30 September 2021, with Mr Brian Croser AO and Dr Mary Retallack ineligible to be reappointed having completed their second term of 3 years. However, the balance of the Directors may be reappointed by the Minister for another term. The Chair and former Deputy Chair sequentially resigned in late 2019, with Ms Cath Oates being appointed Deputy Chair in early 2020 and more recently Acting Chair. The Board has been without a Chair, pending Ministerial and Government appointment, since 1 October 2019.

On 5 February 2020, Effective Governance was appointed to undertake the independent review into the performance of Wine Australia Board, which was announced in December 2019 by the then Minister for Agriculture, Senator the Hon Bridget McKenzie.

As part of Wine Australia's commitment to ensuring a superior governance system is in place, the evaluation of the Board's performance was undertaken over the period 14 February 2020 to 30 April 2020.

The Process

The evaluation process was conducted in the following stages:

1. An evaluation of the Board as a whole was conducted through the completion of an online survey by the Board, recent former Directors and members of the Senior Management Team;
2. Interviews were then conducted with all Board members, recent former Directors, members of the Senior Management Team and 14 regional associations stakeholders;
3. Concurrently the Directors undertook a peer assessment of their and their fellow Directors' performance;
4. On the 3 March, a facilitated Board workshop agreed to the proposed recommendations of this report;
5. A Board Competency/Skills Assessment was conducted, against which to formalise the competency required of the vacant Director and Chair positions for the Department/Minister to consider; and
6. A detailed report was compiled as the aggregation of the previous activities and provides a series of recommendations for consideration by the Department and implementation by the Board.

The findings and recommendations from this evaluation were presented jointly to the Board and the Department of Agriculture, Water and the Environment on 30 April 2020. The outcome of the presentation is an agreed Governance Road Map for improvement over the coming 12 months.

Findings

The Board, past Directors and Senior Management Team have undertaken an honest and critical assessment of the Board's contribution to Wine Australia's success. From the data gathered, Effective Governance has identified nine themes for improvement, to address a number of key issues:

1. Board Composition/Urgent Appointment of Chair;
2. Stakeholder Engagement;
3. Governance Roles;
4. Behavioural Dynamics;
5. Strategy;
6. Risk Management;
7. Management Oversight;
8. Meeting Processes; and
9. Documentation Enhancement.

Many of these key issues have been recognised by the current Board, which has commenced implementation of projects to address these key issues concurrently to this Board review process. One such key issue is Board Composition/Urgent Appointment of Chair.

A comprehensive Board Competency/Skills Assessment was identified as a requirement during this review process and its conduct was approved by the Board to formalise the skills required of the vacant Director and Chair positions for the Department/Minister to consider. Where a core competency is carried by too few Directors, as agreed by the Board, then a gap is identified. Although the Board is currently carrying two vacant positions, including the Chair, the current Board can be considered adequately skilled to undertake its role to govern Wine Australia. Nonetheless the urgent appointment of a Chair of the Board should not be delayed.

The following Table 1 details the self-assessed competencies each Director brings to the Board.

The results, including incorporating the competency/skills gap impact of Directors Mr Brian Croser AO and Dr Mary Retallack's departure from the Board in 2021, indicate competency gaps in the following Industry/Technical/Governance key areas (in potential priority):

1. *Research, Development and Extension (RD&E) – specifically Agriculture Technology and Innovation;*
2. *Strategic Marketing and Communications;*
3. *Accounting;*
4. *People Management; and*
5. *Policy Frameworks.*

Further, the following key competencies are required of an incoming Chair:

6. *Government and Stakeholder Connections; and*
7. *Effective Governance (at Extensive Level).*

The detailed attributes that comprise these competencies have been added to the skills required for inclusion in the Director Position Description, held in Appendix 1 to this Executive Summary.

Given the stated self-assessed skills of the current Board and the number of Directors with a very high level of governance experience, a Board of this calibre, under the leadership of an experienced Chair, would have had the imprimatur to proactively address the matters raised in the recommendations of the report.

Table 1: Director Self-assessed Skills Assessment

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		Director 1	Director 2	Director 3	Director 4	Director 5	Director 6
Industry Experience and Knowledge	Wine Industry		✓	✓	✓	✓	✓
	Research, Development and Extension (RD&E)	✓	✓	✓		✓	
	Regulation	✓	✓	✓	✓	✓	
	International Exports			✓			✓
	Agribusiness	✓	✓		✓	✓	✓
	Regional Business	✓	✓		✓	✓	✓
	Regional Community Stakeholder Engagement	✓	✓		✓	✓	✓
	Government and Stakeholder Connections and Advocacy	✓	✓	✓	✓	✓	✓
Technical Skills and Experience	Industry Policy, Planning and Delivery	✓	✓	✓	✓	✓	✓
	Accounting						✓
	Finance	✓		✓			✓
	Law	✓		✓		✓	✓
	Strategic Marketing and Communications						✓
	Information Technology	✓				✓	✓
	Risk Management	✓		✓			✓
	People Management			✓	✓		
	Strategy Development and Implementation	✓		✓			✓
	CEO/Senior Management Experience in Substantial Organisations	✓		✓	✓	✓	✓
	Contemporary Corporate Governance	✓		✓		✓	✓
Governance Competencies	Commercial/Business Experience Acumen	✓	✓	✓	✓	✓	✓
	Strategy	✓	✓	✓	✓	✓	✓
	Financial Literacy	✓		✓			✓
	CEO Selection, Monitoring and Evaluation	✓		✓	✓		✓
	Monitoring	✓		✓	✓	✓	✓
	Compliance	✓		✓			✓
	Risk Management	✓		✓		✓	✓
	Policy Frameworks	✓		✓		✓	
	Networking	✓		✓	✓	✓	✓
	Stakeholder Engagement	✓		✓	✓	✓	✓
	Decision Making	✓	✓	✓	✓	✓	✓
Effective Governance	✓	✓	✓	✓	✓	✓	

Recommendations

As of 1 May 2020, 23 of the 61 recommendations have already been implemented, with the balance of recommendations being agreed by the Board to be implemented in the coming 12 months. They are routine governance matters that many Boards, having undertaken their first formal Board review, need to address to become more effective.

There are two exceptions, which fall within the Minister's remit:

1. The urgent appointment of an appropriately skilled Chair (as per Appendix 1) to provide authorised leadership to the Board and organisation; and
2. Ensure appropriate Director succession planning by considering the sequencing of Director terms by renewing 2–3 Directors each year.

Furthermore, the appointment of an experienced Chair is required to ensure the effective and timely implementation of the balance of the recommendations of this report; and to provide the leadership that Wine Australia can coalesce around to ensure the successful implementation of the 2020–2025 Strategic Plan.

Appendix 1: Competencies required for inclusion in Chair and Director Position Description

It is recommended that the following competencies be considered for inclusion in an ‘ideal’ Position Description to ensure appropriately skilled individuals join Wine Australia or for the appointment of an appropriately skilled individual(s) to a committee of the Board:

Competency	Competency Level	Description
Research, Development and Extension (RD&E)	Advanced	<ul style="list-style-type: none"> Up-to-date knowledge of RD&E and key issues in the wine or another agricultural industries Understands the need for research outcomes to be extended to, and adopted by, growers, farmers and other end users Has received funding for a research project in RD&E in the wine or other primary industry Able to contribute RD&E knowledge and experience to Board-level discussions
Accounting	Advanced	<ul style="list-style-type: none"> Is a member of CPA Australia or the Chartered Accountants Australia and New Zealand Holds at least a Bachelors Degree in Accounting or directly aligned discipline Has worked extensively in accounting across medium to large organisations for a period of 10 years or more Has experience with developing and reporting key accounts data in periodic reports Has led a team with accounting responsibility for more than 7 years Has advanced knowledge of accounting processes and standards Proven ability to provide oversight and acknowledged high level advice on accounting processes Is able to identify the tax implications applicable to operations and ensure compliance across an organisation Has demonstrated an ability to think strategically about accounting across an organisation, enhancing performance as a result
Strategic Marketing and Communications	Advanced	<ul style="list-style-type: none"> Has worked in marketing and/or communications for 10 years or more Has advanced understanding of marketing and communications principles including stakeholder engagement and communications planning, editing and publishing, policy development, writing press releases or similar tasks and processes Holds at least a Bachelors Degree or equivalent qualification in Marketing, Communications and/or related field(s) Has a history of leadership roles in marketing and/or communications spanning a period of 7 years or more Consistently demonstrates capability in reading and interpreting marketing and communications documents and data Proven ability to provide oversight and acknowledged high level advice on marketing and communications matters Has regularly exhibited an ability to make informed decisions about the marketing and communications strategy of an organisation Has demonstrated an ability to think strategically about marketing and communication plans across an organisation, successfully advancing the interests of the organisation as a result
People Management	Advanced	<ul style="list-style-type: none"> Has worked in executive leadership / people management for 10 years or more Has advanced understanding of executive leadership / people management principles and practices relating to the recruitment and retention of staff, performance reviews and evaluation, professional development, skills and leadership assessments and similar functions Holds at least a Bachelors Degree or equivalent qualification in Human Resource Management and/or related field Has a history of leadership roles in human resource management spanning a period of 7 years or more Proven ability to provide oversight and acknowledged high level advice on executive leadership / people management Has regularly exhibited an ability to make informed decisions about the people management of an organisation Consistently demonstrates capability in reading and interpreting key data and documentation relating to people management Has demonstrated an ability to think strategically about people management across an organisation, successfully advancing the interests of the organisation as a result
Policy Framework	Advanced	<ul style="list-style-type: none"> As a Director, has been directly involved with the development, implementation, monitoring or evaluation of policy frameworks at more than one organisation Has received formal or informal guidance or training with regards to the development, implementation, monitoring and evaluation of policies Actively discusses the development, implementation, monitoring and evaluation of the organisation’s policy framework at Board meetings Has been involved in the establishment and review of policy frameworks for one or more organisations over a period of more than 5 years Has experience with the development, implementation, monitoring and evaluation of policy frameworks across more than one organisation over a period of more than 5 years Is aware of relevant policies that should be in place across an organisation and ensures these are in place across the organisation Has an advanced understanding of appropriate content for most policies

In addition, the incoming Chair will require:

Competency	Competency Level	Description
Government and Stakeholder Connections	Extensive	<ul style="list-style-type: none"> • Has developed and maintained strong partnerships with key stakeholders, e.g. government departments, industry peak bodies • Demonstrated ability to influence the thinking of key stakeholders including politicians, policy makers and other key stakeholders • Recognises opportunities for stakeholder engagement and advocacy on behalf of the organisation • Ability to offer advice to the Board on approaches to key stakeholders • Able to lead to Board discussions on matters related to stakeholder engagement
Effective Governance	Extensive	<ul style="list-style-type: none"> • Has served as a Director on three or more occasions, across a period of more than 10 years and provides leadership in developing organisational culture • May have worked as a governance professional, e.g. company secretary, external advisor. • Has received and may now provide formal and informal guidance or training in governance and constantly leads the discussion of governance, encouraging others to contribute • Has led the establishment and review of governance frameworks and has a superior understanding of relevant policies and processes that enable effective governance • Demonstrates enthusiasm for transparency and disclosure in Board activity • Constantly challenges the Board to consider its dynamics as a function of structure (size, membership type, Director independence) and, through consultation, sets the human capital requirements for the Board, aligning these with strategic objectives and considering new appointments against these requirements • Provides clarity for others around the delineation of roles and responsibilities between the Board and management and regularly emphasises these with the Board • Recognises the many demands of Directors, including the time commitment and level of involvement required and invests substantial time and energy into meeting these