



The Crossroads Challenge

Addendum 1 – Governance

Overview

While conducting producer interviews for the Crossroads Challenge, it became evident that asking Ontario producers about their preferred governance model was an important element in building a long-term strategy for OSF.

The current governance model reflects the realities of farming a generation ago. The significant changes in agriculture and the effects of a long pandemic on governing modalities inform an important question - does the current governance model still reflect the needs of producers?

We noted that any significant change to OSF governance would require the active support of government and the Farm Products Marketing Commission.

OSF is a creation of the Farm Products Marketing Act and its governance model is prescribed in regulation. The model requires a board of 11 directors, elected by producers from 11 districts defined by geography.

Our questions to producers focused on the relevance of geography in representing their issues at the provincial level and the cost/benefit of including value chain representatives at the board level.

Board Composition

The discussion on governance explored a variety of alternate governance models including variations on methods of reducing the number of producer seats at the board (primarily by increasing the size of districts) and adding non-producer representatives.

While the difficulties of expanding the size of districts were noted, some producers believed that contributions from supply chain and public board members would be valuable.

We are satisfied that while the discussion was not exhaustive, it was sufficiently comprehensive. The cost/benefit of various governance models were considered, and our recommendations reflect the dominate concerns and desires of producers.

Considerations

While the discussions on alternative governance models were informative, it is evident that at this time there is insufficient support for any alternative model to warrant entertaining substantive board composition changes.

Ontario producers are generally comfortable with representatives elected at the district level and with the current boundaries of districts.

Moreover, a significant number of producers are uncomfortable with a Board of Directors that includes non-producer members. The general feeling is that producers pay for OSF through checkoff and only producer representatives should be voting members of the board.

While there was discomfort with value chain representation at the board table, there was agreement that processors and retailers had much to contribute to the future of the sector. Producers acknowledge that resolving supply chain challenges were an important component in the growth and prosperity of the sheep sector.

In considering the relative merits of the districts the challenges currently facing some or all districts were discussed. Many districts have a degree of difficulty recruiting and retaining executive members and encouraging participation, particularly with restrictions on in person meetings. Most producers agreed that districts had an important role in developing leadership in the sheep sector.

Recommendations

We recommend that OSF continue with the current BOD structure, augmented by specific changes in the committee structure.

The standing (permanent) committees should include executive, governance, finance, districts and industry. These standing committees should include representatives of the BOD and report directly to the BOD through the executive committee.

Every standing committee should have a clear charge and accountability framework.

The Industry Advisory Committee is provided under regulation. The BOD is required to seek and consider input from the Advisory Committee. As stated elsewhere in this report, we believe the Industry Advisory Committee should be given prominence in the boards considerations and that the expanded industry view be incorporated into both market intelligence and public trust/policy initiatives.

While the structure of the districts is cast in regulation, district functions beyond electing delegates and directors are not. We believe this is a significant underutilization of an important OSF asset.

We recommend making each district a standing committee reporting to the Executive Committee through the district director. Directors should be required to attend their district meetings, represented by OSF staff if they are unable to attend.

The district chairs should form a District Executive Table chaired by the OSF Chairperson. The district Executive Table would inform the board on matters pertaining to district issues including the election of directors.

OSF ad hoc committees (committees struck to address a specific issue or challenge) should be chaired by a board director, have a specific charge and reporting deadlines and be dissolved after the annual AGM. Ad hoc committees should be, if required, reformulated and recharged annually at the first meeting of the BOD.

We note that these recommendations place considerable onus on individual directors in addition to their current duties on the BOD. Directors are tasked with the sometimes-daunting challenge of absorbing and considering a large volume of material prior to monthly BOD meetings. However, individual directors have a singular contribution to make at the district level and efforts should be made to streamline the demands placed on BOD members to provide time for district functions.

We recommend relieving some of the directors burden by, where possible, reducing the BOD meeting schedule and redirecting any savings to compensate directors for expenses incurred in serving their district.

Reducing the number of full BOD meetings is a challenging task that can be assisted by eliminating operational matters from the BOD agenda and placing increased responsibility on the Executive Committee.

We recommend reviewing the functions of the Executive Committee to ensure that industry norms guide the scope of authority provided to OSF executive. Those norms generally limit executive to providing staff with directions on issues that are consistent with the strategic plan as agreed by the full BOD, that do not exceed a preset spending authority (generally 10% of the annual budget), do not in debt or contractually oblige the organization beyond the current and one additional fiscal year and do not require any member of the executive to declare a conflict.

Executive committees conducting association business under these conditions improve the function of the BOD while providing full transparency through disclosure of all Executive Committee actions and deliberations to the full BOD.

Notwithstanding the Chairs prerogative, we recommend the Executive Committee review and approve BOD agendas.

These recommendations are designed to increase cohesion with the sector supply chain and focus increased board resources at the district level by enhancing the efficiency and effectiveness of the BOD.