

Addendum to Strategic Plan 2017/18 – 2021/22

August 2019



1. PURPOSE

This document represents an Addendum to Sugar Research Australia Limited's (SRA's) Strategic Plan 2017/18 – 2021/22 ("Strategic Plan") and is to be read in conjunction with the Strategic Plan which is available on SRA's website at https://sugarresearch.com.au/wp-content/uploads/2017/03/Strategic-Plan-2017-D0.6_FINAL.pdf.

The purpose of this Addendum is to:

- update SRA's critical research, development and adoption (RD&A) investment priorities to include social and scientific research in collaborative industry good initiatives concerning trade policy and market access and the Australian sugarcane industry's role in environmental management and human health; and
- adjust the financial forecasts to reflect current market outlook.

2. BACKGROUND

SRA reviews the Strategic Plan on an annual basis to ensure it continues to reflect and respond to current and emerging investor priorities, challenges and opportunities.

In early to mid-2019, SRA conducted a review of its Strategic Plan in consultation with industry and government investors. Whilst this review confirmed the currency of the objectives and priority RD&A investment areas set down in the Strategic Plan, it also highlighted the significant operating, financial and social pressures facing SRA's grower and miller investors, particularly in terms of sustained low world sugar prices, declining production, increasing on-farm regulation and maintaining social licence to operate.

In the face of these challenges, the Australian Sugar Industry Alliance (ASA) requested SRA provide a long-term funding commitment to address the high priority industry good issues related to trade policy and market access and social licence to operate.

In response to this call from industry, SRA has elevated social licence to operate and trade policy and market access as critical research investment priorities under its Strategic Plan and Annual Operational Plans. Specifically, SRA will support collaborative industry good initiatives through investment in social and scientific research associated with trade policy and market access and maintaining the Australian sugarcane industry's social licence to operate, with a focus on environmental management and human health/nutrition.

SRA has also updated the financial projections made in the Strategic Plan, taking into consideration a reduction in forecast income resulting from sustained low world sugar prices and projected decline in production for the remaining Strategic Plan period (2019/20 – 2021/22).

3. AMENDMENTS

As an outcome of SRA's annual Strategic Plan review and consultation with industry representative bodies, the SRA Board approved for the following amendments be made by way of an Addendum to the Strategic Plan. These amendments should be read in concert with the corresponding sections of the Strategic Plan.

Elevation of ‘industry good’ as a critical research investment priority

1. Refer [page 5](#) of the Strategic Plan – the following statement is an addition to the priority RD&A activities listed in the orange box under [paragraph 1](#).

“**Supporting** industry good collaborative initiatives through investment in social and scientific research to maintain the Australian sugarcane industry’s social licence to operate and competitive position in the world sugar market.”

2. Refer [page 11](#) of the Strategic Plan – the heading “Soil health, environmental sustainability and social licence to farm” is amended to “Soil health, environmental sustainability and social licence to operate”.

The following dot points are an addition under this heading.

Challenge or opportunity raised by industry	SRA Response
<ul style="list-style-type: none"> • Support for collaborative industry good initiatives concerning the Australian sugarcane industry’s role in environmental management and human health. 	<ul style="list-style-type: none"> • KFA 8 – Social and scientific research directed at maintaining the industry’s social licence to operate, with a focus on environmental stewardship and sugar nutrition aspects of human health.

3. Refer [page 12](#) of the Strategic Plan – the following dot points are an addition under the heading “Capability development”.

Challenge or opportunity raised by industry	SRA Response
<ul style="list-style-type: none"> • Support for collaborative industry good initiatives concerning trade policy and market access. 	<ul style="list-style-type: none"> • KFA 8 – Social and scientific research directed at maintaining the industry’s competitive position in the world sugar market, with a focus on economic research to underpin trade strategies and market access initiatives.

4. Refer [page 14](#) of the Strategic Plan – the first dot point under the heading “8. Collaboration and capability development” is amended from “Sectoral and cross-sectoral collaboration” to “Sectoral, cross-sectoral and industry good collaboration”.

5. Refer [page 31](#) of the Strategic Plan – the following additions are made under the respective headings.

Heading	Addition
Key RD&A Priorities	3. Support industry good initiatives: <ul style="list-style-type: none"> • Support industry representative bodies in social and scientific research initiatives aimed at revitalising the Australian sugarcane industry, maintaining the industry’s social licence to operate and maintaining the industry’s competitive position in the world sugar market.
RD&A Programs	1. Sectoral, cross-sectoral and industry good collaboration.
Key Outputs	1. Industry good collaboration in: <ul style="list-style-type: none"> • Social licence to operate, with a focus on environmental management and human health/nutrition; and • Trade policy and market access.
Key Outcomes 5-year horizon Longer-term horizon	4. Established legitimacy, credibility and trust with broader community. 3. Enhanced social licence to operate.
Key Impacts Sustainability	Derived economic, environmental and social benefits through leveraged investment in cutting-edge sectoral, cross-sectoral and industry good collaborative RD&A.

Revised financial forecasts

1. Refer [page 20](#) of the current SRA Strategic Plan 2017/18 – 2021/22:

The following table and accompanying footnotes supersede the table as reported in the Strategic Plan.

	2017/18 Actual	2018/19 Actual	2019/20 Forecast	2020/21 Forecast	2021/22 Forecast
Operating income	\$k	\$k	\$k	\$k	\$k
Industry investment ¹	23,674	22,401	22,120	21,700	21,700
Commonwealth co-investment ²	6,738	6,599	6,291	6,291	6,291
Queensland Government co-investment	4,031	3,475	3,109	2,850	2,850
Collaboration/Service Fee income ³	5,588	5,549	7,253	6,170	6,085
Interest	1,004	882	850	850	850
Other	1,122	1,000	840	840	840
Operating income total	42,157	39,906	40,463	38,700	38,616
Operating expenditure⁴					
R&D					
R&D contestable – externally won	10,280	10,303	8,341	6,655	6,962
R&D contestable – internally won	8,712	8,208	5,790	5,803	5,804
R&D internal core ⁵	11,905	12,558	11,974	12,050	12,574
Industrial contract research	3,912	3,188	2,858	1,613	1,113
Research adoption ⁶	2,899	3,904	5,765	5,769	5,998
R&D operational support ⁷	4,680	4,122	4,790	4,780	4,876
R&D total	42,389	42,283	39,518	36,670	37,326
Corporate					
Board and investor relations	997	1,022	1,100	1,074	1,095
Corporate support ⁸	1,926	2,097	2,908	2,915	2,973
Corporate total	2,923	3,119	4,008	3,989	4,068
Operating expenditure total	45,312	45,401	43,527	40,659	41,395
SRA operating result for the year	(3,155)	(5,495)	(3,063)	(1,958)	(2,779)

¹ Based on assumption the total crop production will be 31.6 million tonnes in 2019/20 and 31 million tonnes in 2020/21 and 2021/22.

² Commonwealth co-investment made under the 2017-2022 Statutory Funding Contract between SRA and the Commonwealth Government, administered by the Department of Agriculture and Water Resources.

³ Includes collaborative income from Rural R&D for Profit Programme.

⁴ Non-external expenditure reflects post-overhead allocations.

⁵ Internal core includes plant breeding, biosecurity, plant health.

⁶ Research adoption includes adoption and communications.

⁷ Includes research funding management, research stations and resources and research KFA management.

⁸ Includes Finance, IT, HR, Library and IP.