



# Annual Report 2014–15

## Our vision

*Delivering valued solutions for a growing Australian sugar industry*

## Our purpose

*Undertaking targeted research, development and extension (RD&E) programs for the sugar industry*

## Our values



*Innovation*

*Investor satisfaction*

*Accountability*

*Teamwork*

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### Front cover image

Senior Researcher Plant Breeding, Dr Felicity Atkin, with Principal Researcher Plant Breeding, Dr George Piperidis, going over SRA varieties with visiting Indonesian plant breeder Bambang Heliyanto.

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**Warning:** Our tests, inspections and recommendations should not be relied on without further, independent inquiries. They may not be accurate, complete or applicable for your particular needs for many reasons, including (for example) SRA being unaware of other matters relevant to individual crops, the analysis of unrepresentative samples or the influence of environmental, managerial or other factors on production.

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Board members Dr Helen Garnett, Company Secretary Mr Michael Shannon, Mr Mike Gilmour, and Mr John Pollock along with CEO Mr Neil Fisher and Board members Dr Ian Johnsson and Mr Paul Wright AM discuss soil health during a regional Board visit to the Herbert.

## Message from the Chairman

*The Australian sugarcane industry has a proud history of research and innovation that many sugar-producing countries around the world are envious of and aspire to emulate.*

The history of innovation in the industry dates back more than 100 years, and I am proud that even after all this time that the industry continues to innovate and deliver positive and practical research outcomes.

Part of our world-class research agenda comes with acknowledging our successes, analysing where we can do better, and setting ambitious goals for the future.

The formation of Sugar Research Australia (SRA) two years ago formed an important part of that future planning process of ensuring the sugarcane industry's new industry-owned company was well-placed to continue delivering for the industry and that it could face the research challenges that confront us.

With two years of operation now concluded, we are seeing results for SRA's investors.

This annual report sets out some of these achievements and outlines plans for the future according to our benchmarks that include a five-year strategic plan and an annual operational plan.

With the industry continuing to operate in a challenging environment, research, extension and adoption in our industry are more important than they have ever been and I am proud of SRA's achievements on behalf of our investors.

At the Board and management level, we are very focused on delivering outcomes for those who invest in us as a company: growers, millers, and governments,

as well as other institutions via collaborations with other research entities and commercial companies.

Our aim is to deliver a valuable return on their investment, and this annual report sets out how we are delivering that. SRA is continuing to deliver outcomes against the eight key focus areas defined in our five-year strategic plan, while we are also conscious of emerging and urgent issues that the industry faces.

Knowing this, we have galvanised significant resources around the four priority Impact Areas of solving Yellow Canopy Syndrome (YCS), conventional and genetically modified plant breeding, harvest losses, and extension and adoption.



Paul Wright, AM, Chairman.

On YCS, we are funding this important research from SRA reserves to ensure we are looking at the problem from every angle.

This substantial investment is recognition of how important it is to find solutions quickly to this problem.

The research agenda for the year ahead is exciting when it comes to projects that have significant potential to yield real value.

This is my final Chairman's report for the SRA annual report as I am retiring from this position as at the annual general meeting in October 2015.

It has been a rewarding and interesting journey and I am privileged to have played a part in the great work that SRA has done, as well as BSES before it.

The transition to the new company had its challenges, but it has been a team effort within SRA and the broader industry that has made it a success.

Our work and successes are possible thanks to contributions from many individuals and organisations whom

I thank: CANEGROWERS Australia, Australian Sugar Milling Council (ASMC), Australian Sugar Industry Alliance (ASA), Australian Cane Farmers Association (ACFA), the Commonwealth Department of Agriculture, the Queensland Government Department of Agriculture and Fisheries (DAF), and other regional grower bodies and productivity boards.

Their contributions and support are vital in the ongoing successes of SRA.

I also thank the SRA Board for its ongoing commitment to driving SRA's strategic direction and governance and the Board members' work in building relationships at all levels, ranging from growers to government and to all stakeholders in between.

I also thank the Research Funding Panel (RFP), which plays a critical role in targeting the contestable funding pool at achieving outcomes for SRA investors.

Finally I pay special thanks to the SRA team, who are at the coalface of delivering outcomes for sugarcane RD&E.

Research and everything that goes with it can be challenging work, but our staff continue to work hard on delivering real products that result in positive outcomes for growers and millers.

I thank all of these groups and individuals for their ongoing input and enthusiasm and their shared commitment to making positive contributions for the RD&E agenda for the Australian sugarcane industry.

With our efforts focussed on the grass-roots results for our investors – growers and millers – I believe we will continue to deliver even greater outcomes in the years ahead.

I wish the industry all the very best going forward and that it is strong, united, and prosperous into the future.



Paul Wright, AM



Minister for Agriculture, Fisheries and Forestry, Barnaby Joyce, at SRA's Mackay research station with Chairman Paul Wright AM and CEO Mr Neil Fisher for the launch of the *High Yielding Sugarcane* manual.

## Message from the Chief Executive Officer

*Sugar Research Australia (SRA) exists because of our investors, but most importantly we are focused on delivering positive outcomes that improve productivity and sustainability outcomes for our investors.*

This is delivered through SRA's broad-reaching agenda of research, development and extension that is driven by our committed staff and Board and our mutual quest for innovation, which delivers practical outcomes on-farm and at the mill.

We understand that the Australian sugarcane industry faced multiple challenges during the past year.

The 2015 crop is down in some regions due to dry weather and other factors including YCS, and the industry is grappling with other issues such as increased electricity prices and a depressed world sugar price. Other regions were making the most of a good harvest.

Understanding the immediate challenges, our focus throughout the year has been on the priority Impact Areas of YCS, conventional and GM plant breeding, harvest losses, and extension and adoption.

We have the best researchers working on the YCS dilemma and we are putting more effort into solving the YCS problem than we have before into any other issue.

Through our conventional and genetically modified plant breeding programs, we are continually bringing new varieties and traits to the field that deliver productivity and profitability outcomes for both growers and millers. We are continuing to release new

varieties under the new SRA name as part of the conventional plant breeding program, while our ongoing development of herbicide tolerant sugarcane in partnership with DuPont is meeting its milestones and the research is on track for delivery in 2018.

We also have a strong focus on minimising the substantial harvest losses that are costing the industry tens of millions of dollars. In addition, we are strengthening our efforts with the adoption of research to ensure that research is translated into real outcomes for growers and millers.

To achieve our research outcomes, SRA has strong links with other research organisations and with industry, and



Neil Fisher, Chief Executive Officer.

we have strong mechanisms in place to ensure that the research agenda is driven by the grassroots needs of industry.

SRA has been built on a base of ensuring that it is in close contact with the direct needs of our research users, and that we are incorporating their ongoing feedback into our processes.

More than half of grower levy payers and all milling groups are signed up to be SRA members and our membership continues to grow. We communicate and interact with our members and levy payers through a broad range of channels including field days and events, magazines, electronic newsletters, and via new media channels such as social media, and online videos.

Growers and millers are also represented by our Delegates (see Appendix B for your local Delegate). These people are representatives of their local mill area for SRA and they help relay information between individual members and SRA and vice versa.

SRA also plays an important role in staying in contact with industry by bringing together local Variety Adoption Committees, and continually meeting with CANEGROWERS, the Australian

Sugar Milling Council, the Australian Cane Farmers Association, the Australian Sugar Industry Alliance, as well as local organisations such as productivity boards and local industry organisations.

These groups and many individuals within them continue to help inform SRA, just as many of them helped steer the eight Key Focus Areas (KFAs) of our research, which exist alongside the Impact Areas I have already mentioned.

We also continue to collaborate with our larger investors and stakeholders including milling companies and Federal and State Governments. I thank them for their contributions and collaboration.

Thank you to the Commonwealth Department of Agriculture and the Queensland Department of Agriculture and Fisheries (DAF) for their continued investment into SRA.

I am proud of the focus that SRA has put forward in its first two years of operation. We are firmly focused on the needs of our clients and we manage investments in a strategic way for the industry.

We have worked quickly to build a positive culture where we are focussed on achievements and outcomes,

and in this vein we developed SRA's internal values, which are: investor satisfaction, team work, innovation, and accountability.

Thank you to the dedicated staff of SRA for their commitment and drive for innovation and their focus on delivering outcomes for the industry.

Thank you to the RFP for its role in ensuring the industry gets the best return from its investment from the contestable funding pool.

Thank you to the SRA Board, who continues to provide valued leadership for SRA, and in particular retiring Chairman Paul Wright AM, who has always had an unnerving focus on delivering outcomes for our investors and has provided such strong leadership.

And finally, I thank the growers and millers who invest in SRA through the statutory levy. As I mentioned at the outset, our research agenda is firmly targeted at their needs.

Neil Fisher, CEO



## About SRA

*SRA is an Industry Owned Company (IOC) that invests in and manages a portfolio of RD&E projects that drive productivity, profitability and sustainability for the Australian sugarcane industry.*

As the declared Industry Services Body for the Australian sugarcane industry under the *Sugar Research and Development Services Act 2013* (Cth), SRA is responsible for the direct provision of RD&E as well as the ongoing management and investment of funds received from industry levy payers and government, for the benefit of the sugarcane industry and for the wider public good.

### SRA core responsibilities

The core responsibilities of SRA are to:

- Deliver cost-effective R&D services to the Australian sugar industry to enhance its viability, competitiveness and sustainability;

- Carry-out, coordinate and provide funding for R&D activities in relation to the Australian sugar industry;
- Facilitate the dissemination, extension, adoption and commercialisation of results of R&D activities; and
- Support and develop industry research capacity.

SRA operates research farms, laboratories, and offices across the Australian sugarcane industry. The SRA research effort extends across the industry and occurs for all growers and millers. SRA has approximately 160 staff that operate across the business in a range of roles that support and drive research, development, and extension for the Australian sugarcane industry, both internally and externally.

SRA has developed a targeted approach to our operational objectives to ensure that the services we deliver to the industry can be measured and are of value.

The figure on the opposite page illustrates the process of SRA delivering on these objectives. Alongside these objectives, SRA has developed a performance dashboard that measures our performance against key performance indicators in this plan.

### SRA locations

As shown above, SRA locations are Broadwater, Indooroopilly, Woodford, Bundaberg, Burdekin, Ingham, Tully and Meringa.



**Our vision**

*Delivering valued solutions for a growing Australian sugar industry*

**Our purpose**

*Undertaking targeted RD&E programs for the sugar industry*

**Our Key Focus Areas**

1. Optimally-adapted varieties, plant breeding and release
2. Soil health and nutrient management
3. Pest, disease and weed management
4. Farming systems and production management

5. Milling efficiency and technology
6. Product diversification and value addition
7. Knowledge and technology transfer and adoption
8. Capability development, attraction and retention



**Our Impact Areas**

**Our operational objectives**

1. Embed performance leadership and culture
2. Improve financial management and budgetary control
3. Enhance investor relationships and communication
4. Support RD&E project delivery in Impact Areas
5. Augment contestable investment governance

**Our values**



*Innovation*  
*Investor satisfaction*  
*Accountability*  
*Teamwork*



# Driving the Australian sugar industry RD&E agenda

*SRA's 2013/14–2017/18 Strategic Plan guides our RD&E program and sets the medium- to long-term outcomes SRA intends to deliver for the Australian sugarcane industry.*

The Strategic Plan was developed in close collaboration with industry to ensure SRA's objectives and planned outcomes address the needs and priorities of the sugar industry.

In addition, SRA's Strategic Plan is aligned with the broader RD&E priorities of our government investors – the Commonwealth and Queensland Governments. More specifically, the Strategic Plan aligns with:

- *Strategic Research Priorities*, Australian Government, 2013
- *Statement on Priorities for Research 2011–2014*, Australian Sugar Industry Alliance, 2011

- *National Sugarcane Industry RD&E Strategy*, 2010
- *National Primary Industries RD&E Framework and Guidelines*, Department of Agriculture, 2009
- *Rural Research and Development Priorities*, Department of Agriculture, 2007
- *Queensland's Agriculture Strategy*, Department of Agriculture, Fisheries and Forestry, 2013
- *Food and Fibre – Labor's Plan for Agriculture*, Queensland Labor Party, 2015 (The Queensland Government is currently developing a ten-year plan for agriculture and food which will augment the objectives of this document).

Having regard to the priorities of industry and government, eight Key Focus Areas (KFAs) and associated RD&E objectives, deliverables, outcomes and measures of success are identified in SRA's Strategic Plan.

With the mid-term of the Strategic Plan approaching, SRA conducted a consultative review of the Strategic Plan in May 2015 to ensure the ongoing relevance of the KFAs and continued alignment with industry and government priorities. The findings of this review endorsed the current Strategic Plan.

To support the delivery of SRA's Strategic Plan, Operational Plans are developed on an annual basis.



The 2014/15 Annual Operational Plan further outlines the RD&E activities and investment portfolio that SRA undertook to meet the objectives established under the Strategic Plan.

In delivering our Strategic Plan and Annual Operational Plans, SRA will continue to collaborate with our members, levy payers, industry representative bodies, government, productivity services, extension providers, other industry stakeholders, researchers and international peers and partners.

SRA also intends to leverage synergies and opportunities with other IOCs and research and development corporations to address cross-sectoral issues impacting agricultural industries, and identify and improve access to leading-edge innovation, best-practice and technological advancements.

### Board strategy – KFAs and Impact Areas

In April 2015, the SRA Board and Executive Management Team held a workshop to discuss critical strategic issues facing the industry. This workshop reinforced the importance of the eight KFAs (see Appendix C) which were established

to address the primary productivity, profitability and sustainability challenges and opportunities facing growers and millers. A number of issues and challenges that fall within the KFAs were identified as requiring more immediate attention.

These issues are currently having a significant impact on industry or present significant opportunities to improve industry productivity and profitability.

The specific short-term, high-priority issues or 'Impact Areas' that are given greater emphasis in terms of RD&E activity and investment during 2015/16 are :

- Yellow Canopy Syndrome (YCS);
- Plant breeding (conventional and genetically modified (GM));
- Adoption; and
- Minimising harvest losses.

### Plans for the next 12 months

SRA is soon to release a comprehensive performance report that will allow SRA investors to track our performance in relation to meeting the objectives set out in our Strategic Plan.

SRA will be seeking investor feedback on the performance report so that we can ensure we provide a clear and meaningful summary of our RD&E performance and achievements.

In addition, SRA is playing a lead role in the development of a new National Sugarcane Industry RD&E Strategy.

A Strategy Steering Committee was established in August 2014 to oversee the Strategy development process and a Strategy Working Group, comprising representation from industry and RD&E organisations, was established in June 2015.

An RD&E capability audit has already been undertaken to inform the Strategy development process.

With work to continue across the second half of 2015, it is expected that the strategy will be finalised for Steering Committee review and approval in December 2015.



SRA is driven by the needs of its investors, providing valued solutions for sugarcane growers and millers.

## Investment overview

### Sources of revenue

SRA's investment in research is supported primarily through the statutory Sugarcane Levy of 70c per tonne of cane, with growers and millers each contributing 35c per tonne of cane. This is matched by funds from the Commonwealth Government, while the Queensland Government also provides grant support through the Department of Agriculture and Fisheries (DAF).

The Commonwealth and Queensland Governments play an important role in the provision of significant funding towards RD&E.

Their investments, using public funds, help to deliver economic, social and environmental benefits to the general community.

The ongoing support of the Queensland Government recognises the vital role that the sugarcane industry plays in economic development and supporting jobs across the State and especially in regional areas.

### Contestable funding program

SRA operates a contestable funding program that encourages researchers, and research organisations from the broader sugar research community and other sectors, to bring their best ideas to our industry.

The process has been established to provide a competitive, unbiased and independent assessment of research project submissions.

The contestable funding process is managed day-to-day by the staff of the Research Funding Unit (RFU), and the research agenda is overseen by

the Research Funding Panel (RFP), an independent skills-based Panel appointed by the SRA Board.

The RFP ensures that through a rigorous and robust evaluation of all applications, only those research projects that address industry issues and national priorities are funded.

With accountability for all SRA-funded projects, every dollar invested in research will be used wisely to produce knowledge and practices that can be adopted on-farm and at the mill.

With a number of research projects underway from previous Project Calls, SRA has a substantive body of work underway and significant existing research commitments under its management.

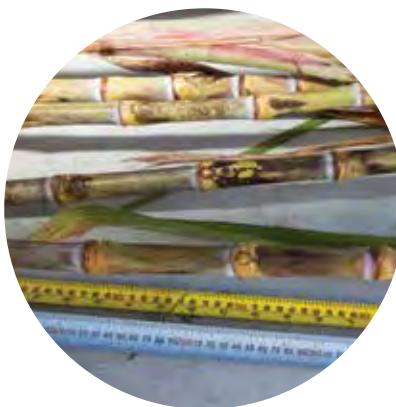


### Core research and activities

SRA continues to undertake core research activities that are crucial to the future of the Australian sugarcane industry, including activities in plant breeding and biosecurity.

These activities are conducted at SRA facilities across the industry.

*Benchmarking of the SRA breeding program has shown:*



**5-7 varieties were released in each of the six regions from 2011-15, well above the benchmark of 3 varieties per 5-year period.**

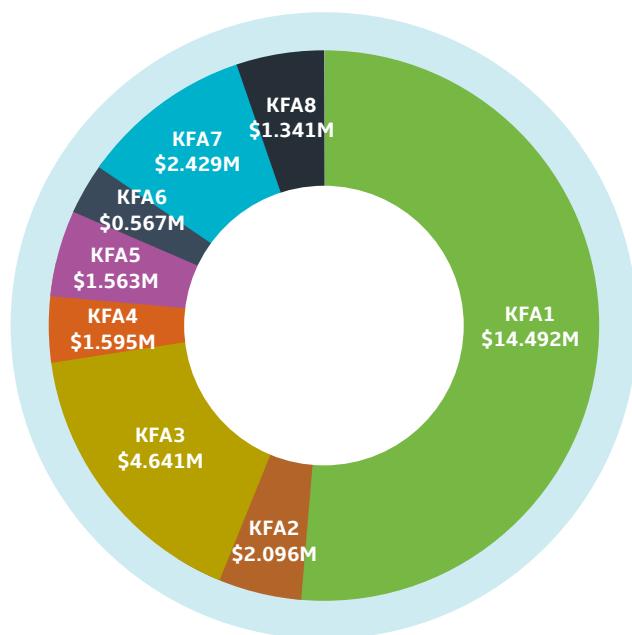
**PBR varieties accounted for 94.6% to 99.6% of production in Queensland regions and 69.1% of production in New South Wales, up from 52.7% in 2013.**

**The rate of genetic gain in Queensland increased to 192 kg of sugar/ha/year in the 30 years to 2015.**



## Research highlights

*SRA's investments in 2014–15 achieved significant outputs on the priorities identified by our members, industry representative bodies and wider stakeholders.*



The pie chart shows the 2014-15 investment of \$28.723M over the eight KFAs.

### Where we invested in 2014–15

Investment area	%
<b>Key Focus Area 1</b>	50
Optimally adapted varieties, plant breeding and release	
<b>Key Focus Area 2</b>	7
Soil health and nutrient management	
<b>Key Focus Area 3</b>	16
Pest, disease and weed management	
<b>Key Focus Area 4</b>	6
Farming systems and production management	
<b>Key Focus Area 5</b>	5
Milling efficiency and technology	
<b>Key Focus Area 6</b>	2
Product diversification and value addition	
<b>Key Focus Area 7</b>	9
Knowledge and technology transfer and adoption	
<b>Key Focus Area 8</b>	5
Capability development, attraction and retention	

## Research highlights KFA1: Optimally adapted varieties, plant breeding and release

- The first three new SRA varieties were released: SRA1 and SRA2 for the Southern and NSW regions; and SRA3 in the Herbert region.
- SRA released seven current Q canes in additional regions: Q242<sup>Ø</sup>, Q245<sup>Ø</sup>, Q247<sup>Ø</sup>, Q249<sup>Ø</sup>, Q252<sup>Ø</sup> and Q253<sup>Ø</sup> in the Northern coastal region; and Q252<sup>Ø</sup> in the Central region.
- 13 advanced clones were propagated for possible release in 2015-16.
- 54 clones from the SmutBuster program were repeated or propagated to be repeated in a second series of Final Assessment Trials (FATs) across all regions, which demonstrated the enormous value of recovering valuable genes from smut-susceptible lines.
- 41 introgression clones, derived from both *Saccharum spontaneum* and *Erianthus arundinaceus*, were planted into Final Assessment Trials (FATs) in Burdekin, Central, Southern and NSW Regions in 2015, while 60 introgression clones were propagated for possible inclusion in FATs in Northern and Herbert regions in 2016.
- We made 877 field crosses and 992 photoperiod facility crosses in 2014.
- Industry endorsed a new approach for the economic weighting of traits for the SRA plant breeding program.
- The SRA Board adopted the recommendations of an independent review to enhance plant breeding in the Herbert.
- We signed a new variety exchange agreement with Sri Lanka.
- CSIRO researchers generated a sugarcane genomic sequence relevant to traits important in the industry, as part of the Australian contribution to the Sugarcane Genome Sequencing Initiative of sequencing the R570 genome.
- Researchers generated an improved genetic map of Q165.
- CSIRO and SRA developed a sugarcane GBrowse web platform that contains the sugarcane genome current best assembly linked to the sorghum genome.
- A sugarcane SNP chip containing 345,704 SNP markers was developed in collaboration with CSIRO and Syngenta.
- CSIRO researchers filled a critical knowledge gap regarding sugarcane seed dormancy and establishment to support safe deployment of genetically modified sugarcane.
- We quantified the extent of genetic variation of a diverse set of commercial sugarcane clones for nitrogen use efficiency (NUE) through systematic testing under field conditions.
- The GM program for developing herbicide-tolerant sugarcane met all milestones, as set by SRA's commercial partner.

## Research highlights KFA2: Soil health and nutrient management

- On behalf of the Commonwealth Government Department of Agriculture, SRA brokered a 'Review of nitrogen use efficiency in sugarcane' by a team of industry experts and researchers from a range of institutions. The recommendations of the report support current industry initiatives promoting adoption of SIX EASY STEPS principles for nitrogen management and the need for further research that can reduce industry-average nitrogen fertiliser use which will not compromise crop productivity but increase NUE.
- CQG Consulting completed workshops in all sugarcane regions to provide a comprehensive assessment of the environmental risks associated with the recycling of milling by-products on farm (mill mud and ash) and the potential for nutrient loss.
- This led to the development of Regional Risk Management Plans for mill operators, contractors and growers for the transport and application of mill by-products on farm.
- Recommendations on the application of mill-by product applied in a band on the row have been included as an appendix to the recently published soil reference booklet for the Mackay region.
- The final report of the Herbert Water Quality Monitoring Program, as implemented by Herbert Cane Productivity Services Ltd (HCP SL), Terrain and James Cook University, was published, with results of water quality monitoring in the Herbert River catchment between 2011 and 2014.
- An economic analysis by DAF showed that application of mill ash by a Herbert River grower group (LUMPS farming) improved the sugarcane gross margin, with the greater benefit from broadcast application in the trial but with zonal application becoming preferred at a higher price of mill ash delivery (at greater distance from the mill).
- An applicator has been built by a grower group at Maryborough (the DAG Group – Driving Agricultural Goals) to allow soil amendments (mill mud, compost) to be applied sub-surface at a commercial scale, to improve the productivity of marginal soils.



## Research highlights KFA3: Pest, disease and weed management

- As a result of a long-term collaboration between SRA and Crop Care Australia, suSCon maxi Intel was registered for control of common canegrub species.
- Satellite imagery completed by the University of New England, SRA and UQ allowed an accurate detection of the extent of canegrub damage in a region, as ground-truthed by SRA staff. Risk maps can be produced each year to enable growers to improve their management decisions. Our validation work yielded overall damage detection accuracies of at least 90%.
- A novel technique to test varietal resistance to exotic moth borers in a greenhouse facility was trialled successfully in Papua New Guinea by SRA and Ramu Agri-industries (PNG). This will allow resistance ratings against these significant biosecurity threats.
- SRA's cooperative research with CSIRO identified DNA markers that explained a significant proportion of variation for resistance to Pachymetra root rot and smut in sugarcane clones.
- Advanced introgression clones with high levels of resistance to Pachymetra root rot and nematodes were identified and are being used as parents to introduce new sources of varietal resistance to these diseases.
- Next-generation DNA sequencing was used to identify a protozoan that is consistently associated with chlorotic streak.
- Weed management trials testing different thicknesses of trash blankets against the emergence of four common vine species found that even a thick mulch was not enough to achieve efficient weed control and that additional control measures were required.
- Ground surveys in the Mackay district have increased our knowledge of vine preferences in terms of cane varieties, soil type and fallow management. These can be used to design farming practices to create less favourable vine-growing conditions.
- Sugarcane metabolome and transcriptome databases were developed from YCS research.
- Assessment of the performance of a new leaf sheath biopsy DNA (PCR) diagnostic for ratoon stunting disease progressed.
- Collaborative research with Ramu Industries in Papua New Guinea to improve preparedness of the Australian sugar industry against the incursion of exotic disease threats identified and developed pest and disease resistance ratings for important Australian germplasm (and commercial varieties) against exotic borers, Downy Mildew and Ramu Stunt.
- New cane varieties were screened for herbicide tolerance in a pot trial run by SRA, and different methods of measuring tolerance were compared.
- NSW CANEGROWERS (Tweed) assisted local farmers to sample fields for Pachymetra and develop a map of Pachymetra distribution in the Condong Mill region, to increase awareness among growers of the problem.
- A grower-group project coordinated by the Herbert Cane Productivity Services Ltd (HCPSL) delivered its final report regarding feral pigs, with useful information booklets on feral pig management now available on the HCPSL website.
- A type of electronic nose named DiagNose classified 86% of ratoon stunting disease infected samples correctly at the CSIRO laboratory in Canberra. It will be deployed in southern Queensland later in 2015 to validate results under field conditions. This testing method, if successful, would give a faster turn-around time and lower running costs than alternative detection systems.
- Trials conducted by Isis Productivity Ltd and DAF found significant differences in nematode populations among cane varieties, with Q245<sup>®</sup> in particular hosting lower numbers of root knot nematode than other varieties. Patterns of varietal susceptibility were different for lesion nematode, with KQ228<sup>®</sup> hosting lowest numbers of this species.

## Research highlights KFA4: Farming systems and production management

- The University of New England used satellite imagery to develop predictions of average yield for nine growing regions during the 2014 growing season. The average prediction error for average yield within each growing region was 15.7 t cane/ha.
- SRA developed a system to reduce dissolved oxygen around potted cane plants to levels similar to those measured in flooded fields. This system will be used to compare the tolerance to water logging of different cane varieties.
- Preliminary trials were conducted by SRA on an EHS Manufacturing designed chopper system in the Burdekin at Dalbeg. Initial data showed potential reductions in chopper losses with the EHS system.
- SRA cut two stool damage/ratooning trials in the Herbert, and investigated the effects of high/low harvester ground speed and high/low basecutter height. The treatments in these permanent trial sites will be repeated over subsequent harvests to determine impacts of harvester damage on crop yield over time.
- The NSW Milling Cooperative conducted 11 trials with different harvesting speeds and four with different cutting heights, in order to develop guidelines for, and encourage adoption of, harvest best practice. Yields will be measured in 2015.
- Burdekin Productivity Services Ltd conducted six harvester speed trials during the 2014 harvest season. Economic analysis by DAF showed that harvest costs decreased as speed increased. Effects of speed on yield of the following crop will be measured later in 2015.
- Laser-levelling on four farms was coordinated by the Mulgrave Central Mill Company Limited, in order to demonstrate to growers the productivity gains possible from improved drainage.

## Research highlights KFA5: Milling efficiency and technology

- Improved modelling capability was developed by QUT researchers to more accurately represent the various processes occurring in a tangential entry fixed-vane wet scrubber.
- A review of wet scrubber technology in the sugar and non-sugar industries was completed.
- Training resources for traffic officers were developed by QUT researchers for improving the efficiency of cane traffic office operations.
- TOTools was updated to contain both the historical GPS data analysis software and the arrival time prediction software.
- A project run by QUT developed a suitable 'whole of factory' model – SysCAD. SysCAD can be developed to provide dynamic simulation and so is capable of being used to assess advanced control options for improved operational efficiency in mills.
- Work at QUT developed three sets of equipment to measure bagasse material behaviours relevant to bagasse degradation and spontaneous combustion. Outputs of the project will assist in the improved design and management of large stockpiles, thereby enabling year-round reliable delivery of high quality bagasse feedstock to sugar industry power and biofuel projects.
- The performance of vacuum belt press filters to process mill mud was examined by QUT and compared with that of rotary vacuum filters commonly used in Australian factories. The most economic installation will depend on mill-specific data. The project results should be useful to any mill considering replacing an existing filter or installing new ones.
- Research concluded at QUT provided a greater understanding of the factors behind poor clarification and poor mud filtration performance under some circumstances. The study indicated that the clarification process in which slow settling muds are formed must be improved in order to enhance filtration rate in the mud filters. It also showed that the addition of ash to mud prior to filtration improved permeability and possibly mud retention because of reduction in filtration rate.

## Research highlights KFA6: Product diversification and value addition

- QUT identified economically viable technologies to produce biofuels, platform chemicals and other value-added products of consistent quality by the thermochemical processing of bagasse. Analytical procedures and infrastructure have been established for the characterisation of those products. Protectable IP has been developed in the invention of these processes.
- Research at QUT demonstrated that it is feasible to remove dissolved solids from dunder, in order to improve the sustainability of dunder disposal and, potentially, derive valuable by-products from those solids, using a novel technology.
- Work concluded at Southern Cross University found that concretes that used bagasse fly ash as a supplement showed improved strengths, and chemical resistance, particularly to sulphate and chloride and acids.
- Further work at SCU demonstrated that zeolites, which have many and varied industrial uses, could be produced from bagasse ash. Production of concrete and of zeolites could value-add to sugarcane production and provide a solution to bagasse ash disposal.
- UQ researchers identified novel materials as catalysts for the production of furan derivatives from sugar waste components.

## Research highlights KFA7: Knowledge and technology transfer and adoption

- We published practical manuals including: soils guide for Isis; soils guide for Mackay; and high yielding cane manual.
- We developed a comprehensive electronic library of industry research, with approximately 1000 research reports and publications.
- SRA developed an industry-first events calendar; [www.canecalendar.com.au](http://www.canecalendar.com.au).
- We continued and improved new communication channels with growers and millers via Twitter, Facebook, and LinkedIn.
- SRA continued existing communication channels including a quarterly industry magazine, regular YCS updates, and twice-yearly milling research publication, as well as emails and CaneClips via SRA's YouTube channel.

## Research highlights KFA8: Capability development, attraction and retention

- SOTrain (Supervisor and Operator Training) online training tools for factory supervisors and operators were developed and delivered to syndicated mills. The training modules have been well received by mills and will produce supervisors of higher calibre, higher degree of job and career satisfaction, and the factories should benefit from increased skill level of supervisory and operational staff and better retention and commitment to the industry.
- Coordinated by the Australian Cane Farmers' Association (ACFA) Next Gen Program, future leaders in sugar were prepared to become the new face of the industry by allowing them to complete the Foundations of Directorship course, facilitated by the Australian Institute of Company Directors (AICD), as well as take part in an industry mentoring-style program.
- cane farmers were run in six locations from Mossman to Ballina.
- SRA approved four new PhD scholarships and two early/mid-career awards during 2014/15.
- SRA approved 16 new travel and learning awards during 2014/15.
- We sponsored a scholarship for a senior sugar industry leader to attend the Training Rural Australians in Leadership (TRAIL) Blazers course.



SRA investors at the SRA stall at the CaneTrends Bundaberg event, discussing new varieties.

## Extension highlights

*In 2014–2015, SRA's Professional Extension and Communication (PEC) unit built on the foundations that were laid during SRA's first year of operation.*

With a focus on communicating research outcomes in order for our investors to benefit from the research that they invest in, SRA continued to host and support events for the grower, miller and advisor communities, launched a number of new extension publications and tools and provided additional tools and communication channels to complement existing ones.

A greater focus was placed on our industry liaison role that saw a greater presence at industry meetings and involved more collaboration among industry working groups to assist in the communication, extension and uptake of new research outcomes, technologies and practices.

**38 93 PERCENT**



**93%**  
of growers have in the last year planted a new variety released over the last five years

**38%**  
of their cropping area has been planted to new varieties

Source: SRA Grower Survey 2015

## July 2014

- **Harvesting forum NSW**
- **Milling webinar**  
*New methodology for competency base training*
- **Variety Guides 2014/15**  
*Herbert and Northern, Burdekin and Central, Southern and NSW*

## October 2014

- **Milling webinar**  
*A new approach to traffic officer training*
- **MillingMatters Issue 2**

## December 2014

- **YCS updates**  
*Mossman, Mulgrave, Ingham, Burdekin, Proserpine*
- **TCPSL bus tour and farmer teaching farmer**
- **SRA herbicide trial field walk**  
*Mirriwini, Gordonvale*
- **CaneConnection Summer Edition**

## March 2015

- **Step-Up Conference (Sponsor and booth)**
- **Women in Sugar Conference (Sponsor)**
- **SRA BPS grower research update**
- **Introductory disease and identification workshop**
- **Advanced disease and identification workshop**
- **Milling webinar: Loco GPS**
- **Regional milling research seminar**  
*Townsville, Innisfail, Bundaberg*
- **YCS update Mackay (Septimus)**
- **CaneConnection Autumn Edition**

## June 2015

- **Burdekin harvesting forum**

## Events and publications

## August 2014

- **Isis Soil Guide**

## September 2014

- **Milling webinar**  
*Improved modelling of wet scrubbers*
- **CaneConnection Spring Edition**
- **Annual Report 2013/14**

## November 2014

- **SRA high yielding cane workshop**
- **Milling webinar**  
*SASTA and ISSCT Highlights*
- **High Yielding Cane Booklet**
- **Irrigation Manual**

## February 2015

- **MAPS trial information day**
- **Introduction sugar advisors workshop**
- **SRA herbicide farm walk**  
*Gordonvale, Mossman*

## April 2015

- **ASSCT (booth)**
- **Milling webinar**  
*Evaporator tubes*
- **YCS update Plane Creek**
- **YCS presentation Mackay (Gargett)**
- **SRA HCPSL field day**

## May 2015

- **SRA/MAPS Mackay field day**
- **Herbert harvesting forum**
- **Herbert Sustainable Farming Systems Group forum**
- **Young Industry Participants forum**
- **Canetrends Bundaberg (booth and sponsor)**
- **Tully grower update**
- **Gordonvale grower update**
- **SRA industry update Burdekin**
- **Mackay Soil Guide**



SRA CEO Mr Neil Fisher speaks to ABC Rural's Mr David Sparkes at the launch of the high-yielding cane manual.



SRA Researcher Dr Barry Salter speaks with Channel 7 at the SRA/MAPS field day in May 2015.

# Communications

*SRA communicates with its investors and the Australian sugarcane industry via a range of media.*

Our communication continues to provide information in new and innovative ways, while also working through established and traditional communication channels to ensure that all SRA investors are afforded the opportunity to engage with SRA and to hear about our activities.

Throughout the year, SRA continued its existing communications direct with members via the quarterly magazine *CaneConnection*. This magazine offered a range of informative extension information provided by the Development Officers in the Professional Extension and Communication Unit.

Into the future, this magazine is being expanded to also include extensive information on other SRA activities such as our research investment, as well as case studies on research. The magazine was complemented by a quarterly four-page mail-out on YCS. This specific mailout allows us to keep industry informed of the extensive work that is being undertaken by SRA into this problem.

In addition, SRA continued to provide regular email updates via our enewsletter to members, producing this communication approximately every two weeks.

We continued to collaborate with groups including CANEGROWERS, the Australian Cane Farmers Association (ACFA), the Australian Sugar Milling Council (ASMC), and local productivity boards to provide content for these organisations' publications and newsletters.

Our strong relationships with external organisations – right across the industry – are an important aspect of SRA being able to deliver and communicate successful outcomes with the industry.

We also communicate via a range of new media channels. SRA continues to develop its YouTube channel and produce regular videos via the PEC Unit, as well as extending our use of social media including LinkedIn, Twitter, and Facebook.

In June 2015, SRA launched a new industry events calendar at [www.canecalendar.com.au](http://www.canecalendar.com.au). This calendar was developed in partnership with industry and has strong industry support, and it is expected to provide a valuable resource for the industry into the future.

SRA also has a strong focus on direct communication with our members, Delegates, and the entire industry. This occurs through a range of field days, shed meetings, conferences, industry

events, variety adoption committee meetings, as well as formal meetings with industry organisations.

Further information on SRA events is detailed in the extension highlights section (page 16).

SRA is continuing to improve the way we communicate with our Delegates, and consequently the way our Delegates interact with local growing and milling communities.

This process was discussed at a meeting between SRA and our Delegates on April 21, 2015, and is being built upon throughout 2015 and into the future.

SRA continues to develop a positive relationship with the media to ensure we are accountable and to provide further means of communicating with our members and investors.

Throughout the year, there was extensive media interest in YCS in northern areas of the industry, while SRA also continued to generate proactive media coverage on a range of research and other activities.

In the next 12 months, SRA will continue to evolve our communications processes.



**SRA Researcher Mr Davey Olsen is leading the SRA YCS project: *Is YCS caused by a living or non-living factor, and what role does stress play in triggering or increasing the symptoms of YCS?***

## Response to Impact Areas

*SRA continues to work with the industry to deliver outcomes and achievements for research, development and extension in both the medium-term and long-term.*

Part of that strategic response also requires SRA to respond and adapt to emerging and immediate issues impacting the industry. In 2014/15, SRA identified four priority Impact Areas that require urgent attention and resources for the Australian sugarcane industry. These are: solving YCS, conventional and GM plant breeding, research adoption, and minimising harvest losses.

The SRA Board has confirmed these Impact Areas and prioritised investment into these areas in 2014/15, as well as in 2015/16 and beyond.

### Yellow Canopy Syndrome (YCS)

SRA has made YCS a priority for our investment and research. We are determined to identify the cause or causes of YCS and, once we understand that, investigating ways to manage it.

In 2014/15, the worst impacted areas were Mulgrave, Herbert, Burdekin and Mackay. YCS was also present in the Tablelands, Mossman, South Johnstone, Tully, Proserpine and Plane Creek.

SRA's research program on YCS is collaborating with leading scientists from Australia and around the world. This research is overseen by the independent Scientific Reference Panel, a group of four experts in their respective scientific fields that inform and guide SRA-funded research. The panel consists of Professor John Lovett (Chair), Dr Andre Drenth, Dr Geoff Inman-Bamber, and Professor Roger Hellens.





## YCS projects

Project	Lead research organisation	Purpose of the research	Project dates
<b>What biological factors cause or drive the development of YCS</b>	SRA	How does YCS affect the internal behaviour of the sugarcane plant?	Completed June 2015
<b>Solving the sugarcane Yellow Canopy Syndrome</b>	SRA	Is YCS caused by a living or non-living factor, and what role does stress play in triggering or increasing the symptoms of YCS?	2014-2017
<b>A novel polyphasic framework to resolve the YCS paradox</b>	University of Western Sydney	What living organisms are present in YCS-affected plants?	2014-2016
<b>Sugarcane root systems for increased productivity; development and application of a root health assay</b>	CSIRO	What are the links between root health and the productivity of YCS-affected plants?	New project commencing 2015
<b>Leaf sucrose: The link to diseases, physiological disorders such as YCS and sugarcane productivity</b>	SRA	What are the links between leaf sucrose and diseases and physiological disorders such as YCS?	New project commencing 2015

### Conventional and GM plant breeding

SRA's work in conventional and GM plant breeding is the biggest focus of our research investment via both core SRA activities and our research.

SRA understands the productivity challenge confronting the Australian cane industry and the role of new varieties in meeting that challenge, along with a range of other issues including farming systems and management.

SRA has taken a proactive and constructive approach to variety release, by working with Variety Adoption Committees (VACs) to allow them to choose the varieties that they want.

In May 2015, SRA released the first three new SRA varieties SRA1, SRA2, and SRA3.

SRA's research into GM sugarcane that is herbicide tolerant is continuing in partnership with DuPont and is on track to deliver the results of this research.

### Harvest losses

Harvesting losses are a multi-million dollar cost to the industry that require attention. Cleaning losses range from 5% to 25% and base cutter damage and ratooning loss is a hidden cost that can run from 5% to 20%. In 2014/15 SRA has funded three projects underway looking at harvesting efficiency and the harvest value chain.

Further investment in harvesting efficiency is planned for the year ahead.

Value chain data is needed to confirm existing assumptions around harvest losses and impacts prior to funding targeted activities. This may be done by adding resources to two existing harvesting projects (Burdekin and NSW), building a new project or both.

SRA management has commenced informal discussions with some of our milling members as to how SRA might add value to their current efforts in reducing harvest losses.

### Extension and adoption

SRA recognises that the industry faces a huge challenge in getting research implemented on-farm and at the mill.

SRA continues to work hard to see its research being used to the benefit of those investing in the company.

The extension team is improving its communication and interaction with investors.

Regional officers will now have a dual role that is 50% focussed on their discipline and with 50% working with investors.



# People

*SRA recognises the value of and the integral role our people play in the pursuit of our vision: **delivering valued solutions for a growing Australian sugar industry.***

The SRA Board and management have worked with the industry since the creation of SRA to drive a high-performance culture at SRA where excellence is encouraged and rewarded, thus delivering optimal outcomes for the industry.

SRA has developed internal values as a collaborative process across the company. These values are: accountability, investor satisfaction, innovation, and team work. These values are focused on the dual outcomes of delivering outcomes for SRA investors and ensuring that SRA is a rewarding place to work.

This has been enhanced by a human resources strategy that uses best practice principles – employee professional development, a range of entitlements and benefits, and effective learning – to build the company's capacity to deliver world-class research that meets industry's needs.

SRA is very proud of the achievements of our people in their service to industry. Outstanding performance in research is recognised by various international and national awards.

Each year the President of the Australian Society of Sugar Cane Technologists (ASSCT) offers awards to high achieving researchers within the industry. At the conference in Bundaberg in April 2015, SRA staff received the following awards:

- The best poster in the Agricultural section went to SRA researchers Alison Jensen, Roy Parfitt, Jo Stringer, and Mike Cox for their poster: *Review of Competition Analysis for Early Stage Clone Selection.*
- SRA Manager for Plant Breeding, Mike Cox, was also appointed as a life member of ASSCT.

SRA Researcher Danielle Skocaj has completed her PhD studies at JCU with a thesis titled *Climate forecasting to improve nitrogen management in the wet tropics.*

External researcher Kameron Dunn with QUT was awarded Outstanding Doctoral Thesis Award (Executive Dean's Commendation Award) for his PhD study on *Conversion of sugar cane lignin into*

*aromatic products and fractionation of products for industrial use.* His studies were supported by an SRA scholarship. In addition, Darryn Rackemann was awarded a PhD at QUT for his thesis *Production of levulinic acid and its derivatives from sugarcane biomass.* He was assisted by an SRA scholarship.

Justin Sexton has successfully submitted his Master's thesis *Identifying and overcoming limitations in crop models with respect to drought tolerance and climate change* at JCU with the assistance of SRA funding. Justin has also been awarded a PhD scholarship to continue his studies. He was supported with SRA funding.

SRA Principal Researcher Dr Rob Magarey was announced as a Citizen of the Year for his services to the Industry and Community in the Cassowary Coast region during the Australia Day Awards.

Mayor Bill Shannon described Rob Magarey as an inspiring and highly respected community leader whose contribution to the region over many years has been outstanding.



# Research collaborations

*SRA undertakes cross-sectoral collaboration and continues to invest in leveraged research activities with other IOCs and RDCs to benefit both the Australian sugar industry and the broader Australian community.*

These collaborations, which take many different forms and vary widely in scale, are an important way to achieve greater outcomes from investments than would otherwise have been achieved alone.

The improved communication and coordination within these activities helps to better disseminate R&D activities and outcomes across different industries and improves the prospects of future collaboration.

## Cross-sectoral R&D

SRA currently invests in and collaborates on cross-sectoral R&D in the strategy areas outlined below within the National Primary Industries RD&E Framework.

SRA participates in these strategies as an investor, participant, program manager and/or steering committee member.

### • **Biofuels and bioenergy**

This strategy acts as a forum to provide opportunities for collaboration and communication, encourage knowledge sharing and resource efficiency, lead appropriate R&D activities and update the national RD&E strategy and priorities.

### • **Climate Change Research Strategy for Primary Industries**

This strategy aims to prioritise and direct research funds on priority climate change research, identify key research organisations and research capacity, collaborate broadly to conduct R&D activities and to communicate with government and policy makers on climate change issues.

### • **Managing Climate Variability**

This program funds research into climate forecasting tools and supports knowledge and communication activities to increase the understanding and uptake of climate-related opportunities that benefit agriculture and Australia's natural resources.

### • **Water use in agriculture**

This strategy aims to achieve world-leading farm water productivity within Australian agriculture, while enhancing environmental and social sustainability and maximising RD&E benefits.

### • **Plant biosecurity**

This strategy is led by Plant Health Australia with the goal of protecting Australia from the negative effects of plant pests, sustaining food supply quality and supporting long-term sustainable production practices.

### • **Soils**

This national strategy aims to improve soil management to increase productivity and profitability, enhance soil mapping, develop better ways to manage soils and soil constraints, and grow the understanding of the role of soils in natural ecosystems.

Other research activities that fit within the cross-sectoral investment theme include participation within:

- **National Working Party for Pesticide Application**

This working party is a forum to assist with understanding Australian Pesticides and Veterinary Medicines Authority (APVMA) policies, provision of practical risk management advice, and the facilitation of targeted research in areas such as managing pesticide spray drift and downwind buffers.

- **Improved access to Agvet chemicals for agricultural industries**

This program aims to determine priorities for chemical access and develop frameworks to specific case studies to quantify industry benefits. It also seeks to develop measures to understand industry reliance on chemicals and enable comparisons across different primary industries.

## Rural R&D for Profit

The program aims to realise productivity and profitability improvements for primary producers via funding collaborations between rural IOCs and RDCs and other research partners. As at the first funding round announced in May 2015, SRA is leading one project under the program and partnering on five other projects.

For a relatively modest investment by SRA of \$875,000 over the next three years, sugarcane growers and millers will be able to leverage considerable opportunities from these projects, which represent a total research investment of almost \$27 million cash from government and RDCs, as well as in-kind investment.

Projects that SRA is collaborating with include:

- A profitable future for Australian agriculture: biorefineries for higher-value animal feed, chemicals and fuel, led by SRA (total project investment \$6.09 million).
- Improved use of seasonal forecasting to increase farmer profitability, led by Rural Industries RDC (total project investment \$3.8 million).
- Waste to revenue: novel fertilisers and feeds, led by Australian Pork Limited (total project investment \$2 million).
- Smarter Irrigation for Profit, led by Cotton Research and Development Corporation (total project investment \$10 million).
- Stimulating private sector extension in Australian agriculture to increase returns from R&D, led by Dairy Australia (total project investment \$3.09 million).
- Consolidating targeted and practical extension services for Australian farmers and fishers, led by Rural Industries RDC (total project investment \$1.6 million).

**Opposite:** Manager of Plant Breeding with SRA Dr Mike Cox with SRA Senior Researcher, Plant Breeding, Dr Felicity Atkin, showing Dr Aruna Wijesuriya (Head Plant Breeding, SRI, Sri Lanka) the photoperiod facility at Meringa.

## Research collaborations

SRA has strong research partnerships with many leading universities and research institutions. SRA partners with other organisations to leverage valuable resources to deliver optimum outcomes for the Australian sugarcane industry. We have working research relationships with many institutions, including the following:

University of Southern Queensland	Queensland University of Technology
University of Queensland	CSIRO
James Cook University	NSW Sugar Milling Co-operative
Agtrix	Plant Health Australia
Biological Crop Protection	Ag Profit
Crop Care Australasia	Local productivity boards
University of New England	Bio Active
University of Western Sydney	Queensland Department of Agriculture and Fisheries
Biological Crop Protection	DuPont
Queensland Department of Science, Information Technology and Innovation	AgResearch

## International collaborations

SRA collaborates with sugar-related research institutes around the world. We have variety exchange agreements with many major sugarcane breeding countries such as Brazil, Guatemala, the United States of America, China, Japan, Sri Lanka and Mauritius. SRA continues to negotiate with other countries in ways that would enhance the genetic material being used in the industry's plant breeding.



In 2014, SRA signed an international Memorandum of Understanding to strengthen our links with the Sugarcane Research Institute (SRI) of Sri Lanka. The ten-year MOU will expand the potential of both countries' sugarcane plant breeding programs, and it will allow the organisations to exchange germplasm and other cane materials, and also share information and identify collaborative research and development opportunities.



## Members and Delegates

*All grower and miller levy payers are invited to become members of SRA. As members they can directly engage with our company in a number of ways, including being permitted to vote at general meetings, nominating for election to the Director Selection Committee (DSC), and nominating or being nominated as a Delegate. Members receive ongoing communication and interaction with SRA, including access to information about events, email newsletters, free magazines, and other information.*

As at 30 June 2015, SRA had 8 Group M (miller) members and 2361 Group G (grower) members.

SRA held a meeting of its Delegates on 21 April 2015 in Brisbane. For SRA, it was a valuable opportunity to have a conversation with grower and miller Delegates about our research program and priority areas of activity and direction.

It was an opportunity for SRA to work on solutions to challenging problems going forward.

SRA is continually working to improve our communication with Delegates and ensure that they are a strong link between the entire growing and milling communities and SRA.

At the meeting, the Group G Delegates and Group M Delegates separately resolved to elect their member representatives to the SRA Board DSC for 2015:

Group G	Group M
Paul Schembri	Chris Connors
Allan Dingle	John Pratt

The SRA Board has again appointed Mr David Crombie as the independent Chairman of the DSC for 2015. The DSC will now commence the process for selection of three Board positions ahead of the SRA Annual General Meeting in October.

## Grower Delegate Profile: Jeffrey Cantamessa



### Mill area/group

Wilmar Mills Group (Herbert)

### Background in sugarcane farming

I farm in the Tara Seymour Area (from Banks of the Herbert River to the foothills of The Great Dividing Range) and produce cane and run cattle. I've been in the industry for 42 years.

### Do you have any particular passions in a certain area of sugarcane farming?

Industry representation and trying to get best outcomes for all growers.

### What prompted you to nominate to become a Delegate?

Having always been involved in BSES, SRA and HCPSL trials in the district, I feel I still have something to offer. I was also the CANEGROWERS Representative on the Herbert BSES RPAC variety meetings.

### How do you feel Delegates can add value for SRA members?

Being the person that growers can talk to about SRA. I can be the person going to gather further information if required and liaise with the Levy Payer.

### As an SRA Grower Delegate, what are the types of things that you can assist an SRA member with?

I can assist with information on the sugar industry generally, information on the plant breeding review in the Herbert, and research priorities in the Herbert. I also had an inquiry from a local SRA supplier about the SRA purchasing policy.

### Have you seen a change within the industry in the time that you have been an SRA Delegate?

Yes, including the plant breeding review and having information on how cane varieties are chosen, and also the work being done on harvesting research.

### How can member's best get in touch with you?

Phone 0418 182 067.

## Miller Delegate Profile: Greg Shannon



### Mill area/group

Tully Sugar Limited and Tully Sugar Industry Area

### Background in sugarcane farming

I grew up on a mixed farming property on the western Darling Downs and worked in horticulture for 10 years (Toowoomba and the Burdekin) before joining the sugar industry.

I've worked in the cane industry since 1996, when I joined with then BSES and joined Tully Sugar Limited in March 2012.

### Do you have any particular passions in a certain area of sugarcane farming/milling?

I am interested in crop presentation for harvest, which influences yield and cane quality which in turn affects all sectors of the sugarcane industry value chain; with particular interest in sugarcane variety improvement and adoption, field layout/drainage, soil health, crop nutrition, and harvesting. I also have a particular interest in communications.

### What prompted you to nominate to become a Delegate?

A sincere desire to assist SRA staff and management in finding meaningful and sustainable ways to interact and communicate with the sugarcane industry in an ever-changing industry landscape.

### How do you feel Delegates can add value for SRA members?

By being honest and real, maintaining focus and providing useful feedback,

as well as keeping the wider industry well informed of SRA work programs, achievements and learnings as required.

### As an SRA Miller Delegate, what are the types of things that you can assist an SRA member with?

I can assist with organising information meetings, communications, providing feedback to industry bodies, and providing local knowledge.

### Have you seen a change within the industry in the time that you have been an SRA Delegate?

I have only just started in the role, but the industry is always seeking continual improvement.

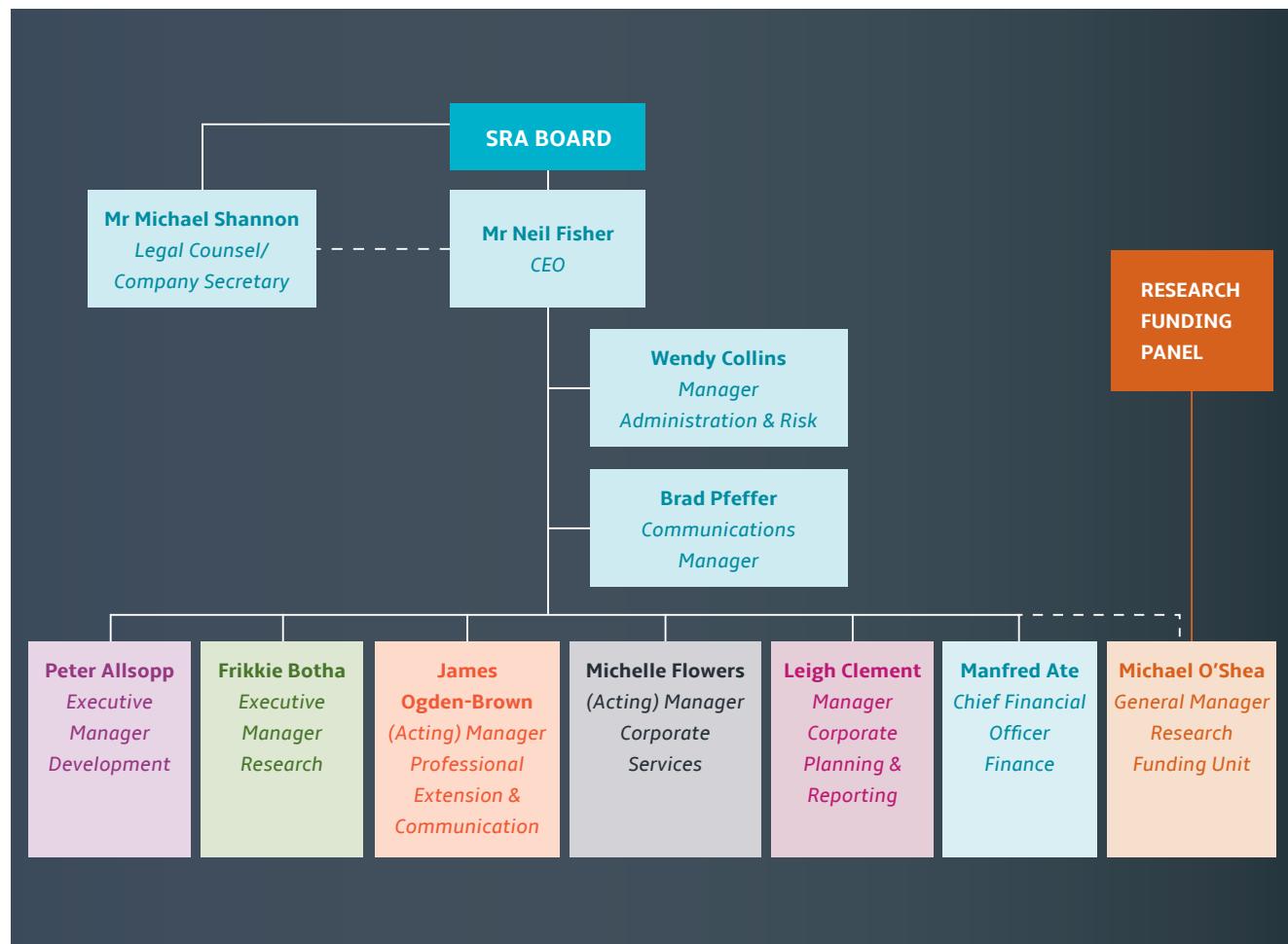
### How can member's best get in touch with you?

Email gshannon@tsl.com.au or phone 0400 586 968.



# Company structure

SRA has an Executive Management Team in place to define responsibility and accountability across the business. Each area of the business is led by a manager who reports to the CEO. The CEO reports to the SRA Board. Appointed by the SRA Board, the RFP manages SRA's contestable research program. The staff of the Research Funding Unit (RFU) report to the RFP and they are responsible for the day-to-day management of SRA-funded research projects.



# Statutory reports:

## Corporate governance framework

Sugar Research Australia Limited ('SRA' or 'Company') was incorporated on 8 May 2013 as a public company limited by guarantee. SRA is an industry-owned corporation with a membership consisting of grower and miller members.

SRA operates within a corporate governance framework consisting of the *Corporations Act 2001* (Cth) supervised by the Australian Securities & Investments Commission (ASIC), other relevant laws and its Constitution. SRA is the 'Industry Services Body' as declared for the purposes of the *Sugar Research and Development Act 2013* (Cth). As such, SRA is party to a Statutory Funding Agreement 2013–2017 (dated 5 August 2013) with the Commonwealth of Australia represented by the Department of Agriculture.

In developing and implementing SRA's corporate governance framework and practices, SRA has taken into account the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations* (3<sup>rd</sup> edition).

The Constitution, the Statutory Funding Agreement and other documents and policies relevant to SRA's corporate governance framework (including a Governance Policy) are available on SRA's website: [www.sugarresearch.com.au](http://www.sugarresearch.com.au)

### Constitution

SRA's Constitution contains rules regarding, among other things:

- the objects of the Company
- activities not permitted by the Company (including agri-political activities)
- criteria for eligibility for membership as a Group G Member or Group M Member
- voting procedures and entitlements for members' meetings

- appointment of Group G Delegates and Group M Delegates
- requirements for strategic and annual operating plans and reviews of performance
- composition, selection, election and rotation of the Board and various committees
- procedures for Board and committee meetings
- reporting responsibilities to its members (in conjunction with the *Corporations Act 2001* (Cth)).

### SRA membership

Under the Constitution, there are two classes of members: Group G Members and Group M Members. A sugarcane growing business or milling company that pays the Sugarcane Levy in the calendar year concerned (or previous calendar year) is eligible for membership of SRA. Group G Members and Group M Members can participate in general meetings of the Company and in the election of Directors.

As at 30 June 2014, there were eight Group M Members and 2,361 Group G Members.

### SRA Delegates

The Constitution sets out the process for the nomination, election and appointment of Group G Delegates and Group M Delegates (together, 'Delegates').

The role of each Delegate is pivotal to the membership-related governance processes of SRA.

The primary role of Delegates, as prescribed under the Constitution, is to attend Delegates' meetings, as scheduled by SRA, for the purposes of:

- considering matters relating to Performance Reviews and the Sugarcane Levy
- voting to elect SRA's Director Selection Committee members (21 April 2015).

A list of the current Delegates and the mill areas they represent is available in Appendix B of this report and on the SRA website: [sugarresearch.com.au](http://sugarresearch.com.au)

# Corporate governance

## The Board

The Board has adopted a Board Governance Policy which details:

- the constitutional requirements for Board composition and eligibility
- procedures for Board meetings and Board minutes
- Directors' access to information, advice and staff
- Board induction process
- Directors' professional development
- Board performance evaluation
- CEO performance evaluation.

### Composition

As at 30 June 2015 and the date of this Annual Report, the Board comprised seven non-executive directors ('Directors'). Under SRA's Constitution, the Board must have a balance of appropriate and identified skills and experiences, having regard to the nature and business affairs of the Company and needs to demonstrate collective expertise against each of the following:

- corporate governance (including chairing a company)
- sugarcane growing
- sugarcane processing for any product
- Research & Development ('R&D'), technology transfer, commercialisation and adoption
- conservation and management of natural resources
- administration of R&D
- finance and business management.

As required by the Constitution, the Board undertook an annual review (prior to 30 June 2015) of the skills required to effectively lead and manage the Company

and contribute to Board processes and advised these to the Director Selection Committee.

### Board members

The names and details of the Company's Directors in office during the reporting period and until the date of this report are listed on pages 33-36. All Directors were in office for the entire reporting period.

### Role and responsibilities of the Board

SRA's vision is to deliver valued solutions for a growing Australian sugar industry and its purpose is to undertake targeted RD&E programs for the Australian sugar industry. The Board seeks to carry out the Company's objects set out in the Constitution and guide its strategic direction.

The role and responsibilities of the Board are set out detail in a formal Board Charter. More specifically, the Board's responsibilities include:

- ensuring the Company has an appropriate corporate governance structure
- monitoring and assessing the Company's performance against the Strategic Plan and Annual Operational Plans
- monitoring compliance with legal and regulatory obligations
- monitoring SRA's risk management systems and processes
- providing accountability to SRA members and stakeholders
- appointment and oversight of the Chief Executive Officer
- ensuring adequate resourcing to meet objectives of the Company
- monitoring and reviewing succession planning for executive management

- establishing Board committees with roles and responsibilities, delegations and reporting frameworks
- making sound financial decisions
- reviewing and approving policies, plans, performance targets and budgets.

### Rotation of the Board

The Constitution provides for three year periods of office for Directors.

Directors are to rotate from the second and each subsequent Director Selection Committee process outlined in the Constitution. The second Director Selection Committee process will occur before the Annual General Meeting in 2015. The Constitution provides that 40% (to the nearest whole number) of the Director positions must be open for review and selection by the Director Selection Committee and subsequent recommendation for election by the members of SRA. Vacancies created when Directors retire by rotation allows the Board's composition to be reviewed annually to ensure that it continues to align with the skills and experiences necessary to effectively lead and manage the Company.

### Board meetings

The Board held six scheduled meetings during the financial year ending 30 June 2015, three of which were held in sugarcane regional locations.

Meeting agendas are formulated in preparation for each Board meeting and also include items from an annual Board reporting agenda that sets out various items to be considered and reviewed throughout the year. These items include reviews of the Company's strategic environment, KFAs, Impact Areas, operational and industry issues, and forecasts.

Regular management reports, Committee reports, WH&S reports and Risk Management reports are prepared for each Board meeting. The annual reporting agenda also sets review dates for items that must come before the Board under performance, compliance and governance. Meeting agendas are set by the Chairman in consultation with the Chief Executive Officer and Company Secretary.

Where necessary, management attends and provides input into agenda items of particular Board meetings relevant to their portfolios. Directors have regular exposure to management and other employees through convening every second Board meeting at a regional location. At these regional visits the Board meets with SRA employees, industry bodies, growers and millers and attends industry forums and events.

Directors receive regular reports from the Chief Executive Officer on the Company's activities since the last report to Directors, including information on research and other projects, variety improvement, farming and extension services, financial performance and strategic initiatives and performance against the Strategic Plan and the eight KFAs. Matters arising from these reports are discussed at Board meetings.

The Board regularly considers and discusses strategic issues and the eight KFAs set out in the Strategic Plan and matters that may assist to further promote and develop the Company's role in providing RD&E services to the Australian sugar industry. During the reporting period, the Board participated in a formal strategic planning workshop with the Executive Management Team in April 2015.

#### Code of Conduct

The Constitution requires, and the Board has adopted, a Code of Conduct ('Code') for Directors, Senior Officers, Delegates, and Committee members (together 'Office Holders'). The Code includes provisions, among other things, relating to:

- use and disclosure of information
- receiving, keeping, holding and reporting gifts of any description by Directors and senior officers of the Company
- conflicts of interest and duty

- ethical behaviour by the Company, Directors and its senior officers in relation to the Company's affairs.

Under the Code, all Office Holders must act in accordance with seven fundamental principles of selflessness, integrity, objectivity, accountability, openness, honesty and leadership.

By accepting appointment as an Office Holder, each Office Holder agrees to be bound by and comply with the Code.

During the reporting period, no material breaches of the Code were reported to the Board or came to its notice.

#### Conflicts of interest

Each Director provides information about their business and other interests to the Board at the time of their appointment and this information is updated following further notifications by a Director.

The Board has adopted a Declaration of Interests Policy that applies to all Office Holders (as defined above in the *Code of Conduct*).

### Independent advice

The Constitution recognises there may be occasions when the Board as a whole, or Directors as a group or as individuals, believe it to be in their interests and in the interests of the Company to seek independent professional advice, on matters such as accounting, taxation or law, at the Company's expense. Requests for the provision of such advice are to be directed to the Chairman or the Company Secretary.

#### Board performance

Under the Board Governance Policy, the Board must conduct an annual review to evaluate performance of the Board as a whole, the Chairman, each individual Director and committees as it considers appropriate. The Board uses independent consultants to assist in performing the annual Board performance evaluation.

#### Delegations to management

The Board has delegated responsibility for management of SRA's day to day operations to the Chief Executive Officer.

SRA has a formal policy on delegations and authorities, which sets out levels of financial and contractual delegations to management and staff.

#### Board committees

SRA has established four committees (each a 'Committee') as follows:

- Audit and Risk Committee
- Remuneration and Appointments Committee
- Research Funding Panel
- Director Selection Committee.

Each Committee has a charter setting out its roles and responsibilities. The Audit and Risk Committee and Remuneration and Appointments Committee are comprised solely of non-executive Directors, with management attending Committee meetings by invitation only. The Research Funding Panel is a Committee of the Board and was comprised of an independent Chair and four other independent people appointed by the Board plus one Director of SRA. The Director Selection Committee is comprised of an independent Chair appointed by the Board and two members each elected from Group G and Group M representatives by the respective Group G and Group M Delegates.

The members of each Committee, together with each member's attendance at meetings are set out in the Director's Report on page 37.

#### Audit and Risk Committee

The Audit and Risk Committee reviews, on an ongoing basis, a suite of reports that cover SRA's operational and strategic performance. The suite of performance reports that are considered by the Committee include: SRA operational reports, such as Finance, Workplace Health and Safety and Risk Management, and Research Funding Unit reports on the investment project portfolio. Where required, the Committee provides the Board with recommendations for remedial action to be taken to ensure SRA's operational and strategic performance remains on-track.

The Committee has formal terms of reference approved by the Board as

detailed in its Charter. The key functions and accountabilities of the Audit and Risk Committee and which are set out in its Charter are as follows:

- assist the Board in ensuring that the Company understands key risks for the Company and complies with its legislative and other obligations
- review the internal processes for identifying, monitoring and managing key risks for the Company
- review and monitor any transactions with related parties or agri-political organisations
- review the external auditing of the Company, including making recommendations to the Board on the qualifications, appointment, remuneration and monitoring of the Company's external auditor
- review the internal auditing of the Company, including the systems and procedures for that auditing, and reporting results of those audits
- review the external reporting of significant financial information about the Company to improve its objectivity and reliability
- review the Board and Company procedures and practices relating to the SRA Research Funding Panel and the overall conduct of research and research management functions.

The Audit and Risk Committee consists of Mr Mike Gilmour (Chair), Dr Helen Garnett and Dr Ron Swindells as at 30 June 2015. The Committee met five time during the financial year ending 30 June 2015.

Under the Committee's Charter, the chief executive, executive manager Planning and Resources and other members of the management team and representatives of the Company's auditors attend by invitation.

## Research Funding Panel

The Research Funding Panel (RFP) has formal terms of reference approved by the Board as detailed in its Charter. The key functions and accountabilities of the RFP and which are set out in its Charter are as follows:

- conduct a contestable research grants process to identify project applications for support from Company contestable research funding
- develop and promulgate processes for selection of a portfolio of projects, from applications from internal and external providers, on merit against the Strategic Plan, and industry and national priorities and through a robust, transparent system timed to optimise research performance and to meet reporting requirements
- work with the Board to ensure separation of Company research staff and SRA RFU staff responsible for the contestable research funding process, including monitoring and evaluation management, so that internally and externally provided projects are selected and managed objectively and without bias
- work with the Board to ensure systems for efficient contracting and research program and R&D project monitoring and to develop and establish a project performance evaluation system to meet industry, government and Council of Rural Research and Development Corporations expectations.

During the reporting period and as at 30 June 2015, the RFP consisted of Professor Alan Johnson (Chair), Mr Laurie Watson, Dr Paul Donnelly, Dr Andrew Wood and Dr Ian Johnsson (SRA Board director). The Committee met three times during the financial year ending 30 June 2015.

The manager of the RFU and other members of the RFU attend by invitation.

## Remuneration and Appointments Committee

The Remuneration and Appointments Committee has formal terms of reference approved by the Board as detailed in its Charter. The key functions and accountabilities of the Committee which are set out in its Charter are as follows:

- develop and review policies on remuneration for Directors and senior officers of the Company, including terms of contracts, retention and termination

- review remuneration agreements for senior officers of the Company
- conduct assessments of key senior officers in relation to the performance objectives of the Company, and advise the Board
- assist the Board in ensuring that the Company complies with all regulatory and accounting requirements for disclosure of remuneration.

The Committee is comprised of Mr Steve Guazzo (Chair) and Dr Helen Garnett as at 30 June 2015. The committee met three times during the financial year ending 30 June 2015.

## Director Selection Committee

The Director Selection Committee has formal terms of reference approved by the Board as detailed in its Charter. The key functions and accountabilities of the Committee which are set out in its Charter are as follows:

- to identify and nominate the number of persons needed for election to the Board as Directors of the Company
- to ensure a field of candidates and to choose from the available candidates for nomination those persons who will in its view best ensure the Board collectively has an appropriate balance of skills and experience in the areas identified under the Constitution
- if the Chair is a retiring Director, to identify and nominate a person with appropriate skills for election to be Chair of the Company
- each Director Selection Committee may take any action it thinks appropriate to advertise vacancies and using a transparent search process, to identify persons suitable for election or re-election to the office of Director.

The Constitution and the Committee Charter set out the requirements for the proceedings of the Committee and the qualifications, skills and experience necessary for the Board and which the Committee must consider. The Board Composition matrix is available to view at SRA's website: [www.sugarresearch.com.au](http://www.sugarresearch.com.au)

The Committee is comprised of Mr David Crombie (independent Chair), Mr Paul Schembri (Group G member representative), Mr Allan Dingle (Group G member representative), Mr Chris Connors (Group M member representative) and Mr John Pratt (Group M member representative).

## Reporting and accountability

SRA communicated regularly with its key stakeholders throughout the reporting period.

As noted above, SRA entered into a Statutory Funding Agreement 2013-2017 (dated 5 August 2013) with the Commonwealth of Australia acting through the Department of Agriculture (as it is now termed).

Under the Statutory Funding Agreement, a reporting framework is set out under which SRA must report to the Commonwealth. Key reporting obligations include:

- Strategic Plan
- Annual Operational Plan
- Risk Management Plan
- Fraud Control Plan
- Intellectual Property Management Plan
- Asset Management Plan.

After each financial year, the Company must provide the Commonwealth with a compliance audit report and a certification report in respect of compliance with the *Sugar Research and Development Act Services 2013* (Cth).

## Risk management

SRA's risk management policies and assessments are set out in its Risk Management Plan which outlines the process followed to identify risks and categories of risks (e.g. strategic, operational). Individual risks have been identified, assessed, categorised and entered on a risk register, which forms part of the plan.

The Board has delegated to the Audit and Risk Committee the responsibility to monitor and review risks via reports from management. A management risk committee meets regularly to consider the list of risks and identifies new risks for consideration by the Audit and Risk Committee.

## Insurance

SRA maintains an insurance program that provides cover for identified, insurable risks. The Constitution provides for an indemnity by the Company to each of the directors and other officers of the Company for potential losses incurred as a result of a claim by reason of an act committed by them in their capacity as director or office holder, unless the liability arises from conduct involving a lack of good faith.

During the financial year, the Company paid an insurance premium in respect of an insurance policy for the benefit of directors, company secretary and other officers of the Company and an additional premium in respect of professional indemnity insurance.

The directors' and officers' liability insurance policy grants indemnification in respect of certain liabilities for which the *Corporations Act 2001* (Cth) allows indemnification.

In accordance with normal commercial practice and under the terms of the insurance policies, the nature of the liabilities insured against and the amount of premiums paid remained confidential.

# Directors' Report for the year ended 30 June 2015

The Directors of Sugar Research Australia Limited ABN 16 163 670 068 ('Company' or 'SRA') submit their report for the year ended 30 June 2015 ('reporting period') as follows:

## Company limited by guarantee

The Company was incorporated on 8 May 2013 and is a public company limited by guarantee. The Company has Group G Members and Group M Members (together the 'members'). The Constitution states that, if the Company is wound up, the liability of each member is limited as follows:

- (a) each member at the time the winding up starts; and
- (b) each person who, at any time in the 12 months before the winding up started, was a member;

Undertakes to contribute to the assets of the Company up to an amount not exceeding \$2 for payment of the debts and liabilities of the Company, including the costs of winding up.

As at 30 June 2015, there were 8 Group M Members and 2,357 Group G Members. The total amount the members of the Company are liable to contribute if the Company is wound up for 2014/15 is \$4,730.

On any winding up of the Company, any surplus property must not be paid to members but must be paid or transferred to another corporation, fund, authority or institution with:

- (a) objects similar to the Company's objects; and
- (b) a constitution which prohibits the distribution of its income and property among its members.

## Objectives

SRA's primary long-term objective is to facilitate and deliver innovative technology and best practice to the sugar industry through a disciplined customer- and outcome-centric research, development and extension ('RD&E') development and investment program and practical and effective knowledge exchange that translates research and development into practice.

In support of this objective, SRA is focused over the short- to medium-term on:

- Better positioning SRA to respond to emerging industry issues, such as Yellow Canopy Syndrome;
- Improving the adoption of research and development outputs; and
- Identifying, developing and delivering RD&E programs that contribute to broader industry outcomes, such as improved yield, productivity, profitability and sustainability.

To deliver on these strategic objectives, SRA has identified a suite of RD&E objectives for the key focus areas identified in the Strategic Plan.

## Strategy for achieving objectives

To deliver on these strategic objectives, SRA has established eight key focus areas ('KFA's') – each with a suite of objectives, key deliverables, expected outcomes and measures by which to demonstrate success. These KFA's are intended to provide focus for SRA's RD&E activities to address the primary productivity, profitability and sustainability challenges and

opportunities facing industry, over the short-, medium- and long-term horizons. The KFA's are:

1. Optimally-adapted varieties, plant breeding and release;
2. Soil health and nutrient management;
3. Pest, disease and weed management;
4. Farming systems and production management;
5. Milling efficiency and technology;
6. Product diversification and value addition;
7. Knowledge and technology transfer and adoption; and
8. Capability development, attraction and retention.

In addition to the KFA's, SRA has identified the following four high-priority 'Impact Areas' that are to be addressed in the short- to medium-term through increased investment and activity:

1. Yellow Canopy Syndrome – identifying causal factor/s and management strategies for Yellow Canopy Syndrome;
2. Plant breeding – enhancing plant breeding (both conventional and genetically-modified (GM));
3. Adoption – improving industry extension and adoption pathways and initiatives; and
4. Harvest losses – maximising productivity along the value chain through adoption of Harvesting Best Practice.

The complete strategy for delivery on these objectives is detailed in SRA's 2013/14–2015/16 Strategic Plan which is available on SRA's website at: [http://www.sugarresearch.com.au/page/About\\_SRA/Corporate\\_publications/](http://www.sugarresearch.com.au/page/About_SRA/Corporate_publications/).

## Principal activities during the reporting period

The Company's principal activities during the reporting period consisted of research, development and extension activities to contribute to the development of the Australian sugar industry. As detailed in the Constitution, the Company receives, amongst other funding, funds from the Commonwealth of Australia by way of proceeds from the sugarcane levy payable by sugarcane growers and millers under the *Primary Industries (Excise) Levies Act 1999* (Cth).

Through utilisation of the sugarcane levy (and funding from other sources) the Company carries out, co-ordinates and invests in research and development activities so as to facilitate dissemination, extension, adoption and commercialisation of results of research and development activities in relation to the Australian sugar industry.

## Financial result

The profit for the reporting period is \$6,342 thousand (period 8 May 2013 to 30 June 2014: \$52,099 thousand), including:

- \$nil (period 8 May 2013 to 30 June 2014: \$46,457 thousand) as the result of transfer of the business activities of BSES Limited and the Sugar Research and Development Corporation into the SRA: and
- \$5,141 thousand (period 8 May 2013 to 30 June 2014: \$4,823 thousand) from operating activities; and
- \$1,201 thousand (period 8 May 2013 to 30 June 2014: \$819 thousand) of interest income.

- member and stakeholder satisfaction and feedback.

The Audit and Risk Committee reviews, on an ongoing basis, a suite of reports that cover SRA's operational and strategic performance.

The suite of performance reports that are considered by the Audit and Risk Committee include: SRA operational reports, including, among other things, Finance, Workplace Health and Safety and Risk Management, and Research Funding Unit ('RFU') reports on the investment project portfolio.

Where required, the Audit and Risk Committee provides the Board with recommendations for remedial action to be taken to ensure SRA's operational and strategic performance remains on-track.

## Directors

The names and particulars and the qualifications and experience of the Directors of the Company in office during the reporting period and until the date of this report are as follows. Directors and officers were in office for this entire period unless otherwise stated.

Director	Experience, special responsibilities and independence status
Mr Paul Wright AM	<p><b>Chairman</b></p> <p>Mr Wright served as Chairman of BSES Limited from 2006 to 2013 and has held senior management and leadership roles in the banking, health, hospitality and consulting industries. In 2006, Paul was appointed a Member of the Order of Australia for his service to medical administration and to business and commerce.</p> <p>During a working career spanning over 45 years, including 30 years as a company director, he was:</p> <ul style="list-style-type: none"> <li>• General Manager for Queensland and the Northern Territory of the Medical Benefits Fund of Australia Limited</li> <li>• General Manager of The Brisbane Club</li> <li>• Chairman of The Australian Institute of Management</li> <li>• Chairman of The Royal Flying Doctor Service</li> <li>• Chairman of The Queensland Institute of Medical Research (QIMR) Trust</li> <li>• Deputy Chairman of the QIMR Council.</li> </ul> <p>Mr Wright is currently serving directorships with:</p> <ul style="list-style-type: none"> <li>• Australian Sugar Industry Alliance Limited</li> <li>• Phoenix Eagle Company Pty Ltd (Chair)</li> <li>• Janette McArthur Pty Ltd</li> <li>• Idec Solutions Pty Ltd.</li> </ul>

Director	Experience, special responsibilities and independence status
<b>Dr Helen Garnett PSM</b> <i>BSc (Hons), PhD, FTSE, FAICD</i>	<p>Dr Garnett is an experienced company director and Chairman, with more than 20 years' experience as a director with listed and unlisted entities in the primary industry resource, energy health and education sectors, complemented by 15 years as a chief executive of entities involved in research, technology development and transfer and education. She is a fellow of the Australian Institute of Company Directors and the Australian Academy of Technological Sciences and Engineering. Dr Garnett was previously the Chair of the Australian Biosecurity Intelligence Network and a director of the Grape and Wine Development Corporation.</p> <p>Dr Garnett is currently:</p> <ul style="list-style-type: none"> <li>• Chair, Delta Electricity</li> <li>• Chair, Australian Centre for Plant Functional Genomics</li> <li>• Director, Carbon Energy (and Chair – Audit and Risk Committee)</li> <li>• Director, ABM Resources Limited (and Chair – Audit and Risk Committee)</li> <li>• Director, Grains Research and Development Corporation</li> <li>• Director, National Centre for Vocational Educational Research</li> <li>• Director, Crawford Fund</li> <li>• Director, Energy Resources of Australia Ltd (and Chair of Audit and Risk Committee) (Resigned – effective as at 20 June 2015).</li> </ul> <p>Member – Audit and Risk Committee.</p> <p>Member – Remuneration and Appointments Committee.</p>
<b>Mr Mike Gilmour</b> <i>Dip Acctg, MBA, GradDipACG, FCPA, FAICD, FGIA JP (Qual)</i>	<p>Mr Gilmour is an experienced company director with a strong commitment to corporate governance. He is also an experienced chief financial officer and senior executive manager, with experience in the professional services, health and manufacturing sectors. Mr Gilmour currently consults to listed and unlisted companies and organisations on financial and business re-engineering, risk management, governance and strategic planning.</p> <p>Through his schooling years and early work career, Mr Gilmour lived in the wheat and sheep growing district in the mid-north of South Australia.</p> <p>Mr Gilmour recently stepped down from the role of Chair of the Metro North Brisbane Medicare Local, and as Chair of the Brisbane Metropolitan Region TAFE. He is a former President of the Queensland Division of CPA Australia and currently holds these directorships:</p> <ul style="list-style-type: none"> <li>• Independent Director of Isis Central Sugar Mill Ltd</li> <li>• Chair of Open Minds</li> <li>• Director of Aviation Australia Pty Ltd.</li> </ul> <p>Chairman – Audit and Risk Committee.</p>
<b>Mr Steve Guazzo</b>	<p>Mr Guazzo has extensive sugar industry experience as a sugarcane grower and harvesting contractor. He has also filled a range of industry representative positions for over 35 years.</p> <p>Mr Guazzo served as a Director of Sugar Terminals Limited for nine years and is a member of the Australian Institute of Company Directors.</p> <p>Mr Guazzo is currently serving directorships with:</p> <ul style="list-style-type: none"> <li>• Queensland Canegrowers Organisation Limited (Vice-Chairman)</li> <li>• CANEGROWERS Queensland Policy Council (Vice-Chair)</li> <li>• CANEGROWERS Herbert River (Chair).</li> </ul> <p>Chairman – Remuneration and Appointments Committee.</p>

Director	Experience, special responsibilities and independence status
<b>Dr Ian Johnsson</b> <i>B. Rural Science (Hons I), PhD</i>	<p>Dr Johnsson has worked extensively for national rural industries in the not-for-profit R&amp;D corporation environment and reported to Rural R&amp;D Corporation Boards since 1987.</p> <p>Dr Johnsson was the General Manager for Livestock Production Innovation with Meat and Livestock Australia until 2011 and continues to consult in rural RD&amp;E strategy development and program evaluation.</p> <p>As the acting Managing Director of the Pig R&amp;D Corporation, Dr Johnsson managed the wind-down and transition of research management staff into a new industry-owned company, Australian Pork Ltd. In this new organisation he served as the General Manager for Research &amp; Innovation from 2001–2006.</p> <p>Dr Johnsson was a member of the Board of the Australian Biosecurity Cooperative Research Centre from 2004–2006 and has been a member of the Australian Institute of Company Directors since 2002.</p> <p>Dr Johnsson is currently serving a directorship with the Cooperative Research Centre for Sheep Industry Innovation.</p> <p>Dr Johnsson also chairs the following:</p> <ul style="list-style-type: none"> <li>• Science Review Panel for the National Livestock Methane Program (Executive Chair); and</li> <li>• Steering Group for Livestock Genetics RD&amp;E (Executive Chair).</li> </ul> <p>Member – Research Funding Panel</p>
<b>Mr John Pollock</b> <i>MAgSc, BAgSc, Dip Ag</i>	<p>Mr Pollock served as a Director of BSES Limited from 2006–2013 and has extensive expertise in research, natural resource management, primary industries and corporate management and currently serves as Chair of several government committees.</p> <p>Mr Pollock has had a connection with the sugar industry throughout his life as a cane grower, researcher, public policy officer and research manager and funder.</p> <p>He has also held roles as:</p> <ul style="list-style-type: none"> <li>• Executive Director of the Department of Primary Industries and Fisheries;</li> <li>• Deputy Commissioner for the Murray-Darling Basin Commission;</li> <li>• Board Member of the Queensland Fisheries Management Authority;</li> <li>• Director of the Sugar Research and Development Corporation; and</li> <li>• Director of Skyview Solutions Ltd.</li> </ul> <p>Mr Pollock is currently serving a directorship with:</p> <ul style="list-style-type: none"> <li>• Tablelands Futures Corporation Ltd.</li> </ul> <p>Resigned 9 July 2015</p>
<b>Dr Ron Swindells</b> <i>FIE Aust, FAICD B.E. (Chem) (Hons), PhD</i>	<p>Dr Swindells has been a Director of Sugar Research Limited and served as its Chairman between 1993 and 2003. He has also been a Director for Mackay Refined Sugars and the Australian Sugar Milling Council as well as an alternate Director of Sugar Australia Ltd and the New Zealand Sugar Company.</p> <p>Dr Swindells has operated at the senior management level in a number of companies including:</p> <ul style="list-style-type: none"> <li>• Chief Executive Officer of Mackay Sugar for 10 years</li> <li>• Bundaberg Sugar Company as Manager of Millaquin Mill and Bundaberg Refinery.</li> </ul> <p>More recently he has worked on a number of sugar-related consulting projects for various clients.</p> <p>Dr Swindells is currently serving a directorship with:</p> <ul style="list-style-type: none"> <li>• Pelala Pty Ltd.</li> </ul> <p>Member – Audit and Risk Committee.</p>

Company Secretary	Experience, special responsibilities and independence status
<b>Mr Michael Shannon</b> <i>BA LLB (Hons), GradDipACG</i>	<p>Company Secretary and Legal Counsel</p> <p>Mr Shannon is an experienced company secretary and lawyer specialising in corporate and commercial law having worked in private legal practices in Australia and the UK and has performed in-house company secretarial and legal roles at an ASX listed company and at a large Australian retail banking organisation.</p> <p>Mr Shannon specialises in corporations and commercial law, corporate governance, risk and compliance. He is a Solicitor of the Supreme Court of Queensland and a member of the Queensland Law Society and an Associate of the Governance Institute of Australia.</p> <p>As SRA's Company Secretary, Michael provides the company secretarial and corporate governance advice to the Chairman, the Board, the CEO and the executive management team.</p> <p>As SRA's Legal Counsel, Mr Shannon is responsible for providing legal advice on all commercial, contractual, intellectual property (IP), procurement and insurance matters and broader legal matters as required.</p>



Mr Paul Wright, AM, Chairman.



Dr Helen Garnett.



Mr Mike Gilmour.



Mr Steve Guazzo.



Dr Ian Johnsson.



Mr John Pollock.



Dr Ron Swindells.

## Insurance of officers

During the reporting period, the Company paid an insurance premium in respect of an insurance policy for the benefit of directors, company secretary and other officers of the Company and an additional premium in respect of professional indemnity insurance. The directors' and officers' liability insurance policy grants indemnification in respect of certain liabilities for which the *Corporations Act 2001* (Cth) allows indemnification.

In accordance with normal commercial practice and under the terms of the insurance policies, the nature of the liabilities insured against and the amount of premiums paid remained confidential.

## Meetings of Directors

The number of Directors' meetings and Board committee meetings held during the reporting period and the number of meetings attended by each Director was as follows:

SRA Board and Committee meetings 1 July 2015 to 30 JUNE 2015*						
	Full Board			Board Committees		Research Funding Panel
	Scheduled	Meetings held between scheduled Board meetings	Total	Audit & Risk	Remuneration & Appointments	
Mr Paul Wright AM	6** [6]	Nil	6 [6]	-	-	-
Dr Ron Swindells	6 [6]	Nil	6 [6]	5 [5]	-	-
Dr Ian Johnsson	6 [6]	Nil	6 [6]	-	-	3 [3]
Mr Steve Guazzo	6 [6]	Nil	6 [6]	-	3** [3]	-
Mr Mike Gilmour	6 [6]	Nil	6 [6]	5** [5]	-	-
Dr Helen Garnett	6 [6]	Nil	6 [6]	5 [5]	3 [3]	-
Mr John Pollock	6 [6]	Nil	6 [6]	-	-	-

Where a Director did not attend all meetings of the Board or relevant committee, the number of meetings for which the Director was eligible to attend is shown in brackets.

\* The Company also established a Director Selection Committee which does not comprise any Directors and is comprised of an independent chairman and 2 representatives from Group M Members and 2 representatives from Group G Members. This Committee held 2 meetings during the reporting period.

\*\* Indicates Chair.

## Company Secretary

Mr Michael Shannon was appointed Company Secretary on 13 January 2014 and continues in the role of Company Secretary as at the date of this report.

## Statement of Corporate Governance

A statement of corporate governance is set out in the section of the Annual Report 2014–15 entitled *Corporate Governance* and these pages form part of this report.

## Rounding

The amounts in the financial report have been rounded to the nearest thousand dollars (\$'000), or in certain cases, the nearest dollar unless otherwise stated under the option available to the Company under ASIC Class Order 98/100. The Company is an entity to which the Class Order applies.

## Registered office

50 Meiers Road  
Indooroopilly  
QLD 4068

## Auditor's independence

The Auditor's Independence Declaration in relation to the audit for the year ended 30 June 2015 as required under section 307C of the *Corporations Act 2001* (Cth) has been received by the Company and is included on page 58 and forms part of the Directors' report for the reporting period ended 30 June 2015.

This report is made in accordance with a resolution of the Board of Directors and is authorised for and on behalf of the Directors by:



Paul Wright (Chairman)



Mike Gilmour (Director)

26 August 2015

# Financial statements

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## Statement of profit or loss and other comprehensive income

For the year ended 30 June 2015

	Notes	Year ended 30 June 2015	8 May 2013 to 30 June 2014
<i>in thousands of dollars</i>			
Revenue	4	38,154	32,755
Other revenue	5	308	640
		<u>38,462</u>	<u>33,395</u>
Employee benefits		15,868	13,684
Operating expenses	6	16,189	13,536
Depreciation and amortisation	11,12	1,264	1,352
		<u>33,321</u>	<u>28,572</u>
<b>Results from operating activities</b>		<u>5,141</u>	<u>4,823</u>
<b>Finance Income</b>		1,201	819
Gain from bargain purchase	17	-	55,357
Impairment loss on asset acquired in business combination	12	-	(8,900)
<b>Net gain from business combinations</b>		<u>-</u>	<u>46,457</u>
<b>Profit for the period</b>		<u>6,342</u>	<u>52,099</u>
<b>Other comprehensive income</b>			
<b>Total other comprehensive income</b>		<u>-</u>	<u>-</u>
<b>Total comprehensive income</b>		<u>6,342</u>	<u>52,099</u>

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

## Statement of financial position

As at 30 June 2015

<i>in thousands of dollars</i>	Notes	2015	2014
<b>Assets</b>			
Cash and cash equivalents	8	33,778	30,349
Trade and other receivables	10	5,484	2,791
Prepayments		518	72
<b>Total current assets</b>		<b>39,780</b>	<b>33,212</b>
Property, plant and equipment	11	22,758	22,442
Intangible assets	12	68	104
<b>Total non current assets</b>		<b>22,826</b>	<b>22,546</b>
<b>Total assets</b>		<b>62,606</b>	<b>55,758</b>
<b>Liabilities</b>			
Trade and other payables	13	1,636	1,194
Employee benefits		2,018	1,994
<b>Total current liabilities</b>		<b>3,654</b>	<b>3,188</b>
Employee benefits		511	471
<b>Total non current liabilities</b>		<b>511</b>	<b>471</b>
<b>Total liabilities</b>		<b>4,165</b>	<b>3,659</b>
<b>Net assets</b>		<b>58,441</b>	<b>52,099</b>
<b>Equity</b>			
Retained earnings		58,441	52,099
<b>Total equity</b>		<b>58,441</b>	<b>52,099</b>

The above statement of financial position should be read in conjunction with the accompanying notes.

## Statement of changes in equity

For the year ended 30 June 2015

	Notes	Year ended 30 June 2015	8 May 2013 to 30 June 2014
<i>in thousands of dollars</i>			
<b>Opening balance</b>		52,099	-
<b>Total comprehensive income</b>			
Profit		6,342	52,099
Other comprehensive income		-	-
<b>Total comprehensive income for the period</b>		<b>6,342</b>	<b>52,099</b>
<b>Closing balance</b>		<b>58,441</b>	<b>52,099</b>

*The above statement of changes in equity should be read in conjunction with the accompanying notes.*

## Statement of cash flows

For the year ended 30 June 2015

	Notes	Year ended 30 June 2015	8 May 2013 to 30 June 2014
<i>in thousands of dollars</i>			
<b>Operating activities</b>			
Receipts from Statutory Authority and industry		35,781	31,208
Payments to suppliers and employees		(32,001)	(26,070)
<b>Net cash from operating activities</b>	9	<u>3,780</u>	<u>5,138</u>
<b>Investing activities</b>			
Interest received		1,201	819
Payments to acquire property, plant and equipment		(1,589)	(1,126)
Proceeds from sale of property, plant and equipment		49	41
Payments to acquire intangibles and other long term assets	12	(12)	(61)
Cash received in business combinations	17	-	25,538
<b>Net cash from / (used in) investing activities</b>		<u>(351)</u>	<u>25,211</u>
<b>Financing activities</b>			
<b>Net cash from financing activities</b>		<u>-</u>	<u>-</u>
<b>Net increase in cash and cash equivalents</b>		<u>3,429</u>	<u>30,349</u>
<b>Cash and cash equivalents at beginning of period</b>		<u>30,349</u>	<u>-</u>
<b>Cash and cash equivalents at end of period</b>	8	<u>33,778</u>	<u>30,349</u>

The above statement of cash flows should be read in conjunction with the accompanying notes.

## Notes to the financial statements

### For the year ended 30 June 2015

#### 1. Reporting entity

Sugar Research Australia Limited (the Company) is a not-for-profit company limited by guarantee, domiciled and incorporated in Australia.

The Company was incorporated on 8 May 2013. The current reporting period is for the 12 months ended 30 June 2015. The Board of Directors determined under section 323D of the Corporations Act (2001) that the previous reporting period was the first reporting period for the Company and was from 8 May 2013 to 30 June 2014.

For the purpose of comparing trading activity in the current reporting year to the previous reporting period, trading activity commenced upon acquisition of the activities of:-

• BSES Limited	2 August 2013
• Sugar Research and Development Corporation	1 July 2013

The Company's registered office is at 50 Meiers Rd, Indooroopilly, Brisbane. The Company primarily invests in and manages a portfolio of research, development and extension (RD&E) projects that drive productivity, profitability and sustainability for the Australian sugarcane industry.

#### 2. Basis of preparation

##### (a) Statement of compliance

These financial statements are Tier 2 general purpose financial statements which have been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements adopted by the Australian Accounting Standards Board and the Corporations Act (2001).

Tier 2 reporting, which comprises the same recognition and measurement requirements of Tier 1 (standard reporting) but with substantially reduced disclosure requirements, assists users by providing a clearer and less technical explanation of the results of the Company.

These financial statements were authorised for issue by the Board of Directors on 26 August 2015.

##### (b) Basis of Measurement

These financial statements have been prepared on the historical cost basis.

##### (c) Functional and presentation currency

These financial statements are presented in Australian dollars, which is the Company's functional currency.

The Company is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and in accordance with that Class Order, all financial information presented in Australian dollars has been rounded to the nearest thousand unless otherwise stated.

##### (d) Use of judgements and estimates

The preparation of financial statements in conformity with Australian Accounting Standards – Reduced Disclosure Requirements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following note:

- Note 12 – Intangible assets

### 3. Significant accounting policies

The accounting policies set out below have been applied consistently for the period presented in these financial statements.

#### (a) Determination of fair values

A number of the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

#### (b) Business combinations

Business combinations are accounted for using the acquisition method as at the acquisition date – i.e. when control is transferred to the Company. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The Company measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised in the profit or loss on the date of acquisition. The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in the profit or loss. Transaction costs that the Company incurs in connection with a business combination are expensed as incurred.

#### (c) Foreign currency transactions

Transactions in foreign currencies are translated to the functional currency of the Company at exchange rates at the dates of the transactions.

#### (d) Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the entity and the revenue can be reliably measured.

#### (e) Employee benefits

##### (i) Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and has no legal or constructive obligation to pay further amounts for example, a superannuation plan. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in the profit or loss in the periods during which related services are rendered by employees. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

### 3. Significant accounting policies (continued)

#### (e) Employee benefits (continued)

##### (ii) Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

##### (iii) Other long-term employee benefits

The Company's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. The discount rate is the yield at the current reporting date on corporate bonds that have maturity dates approximating the terms of the Company's obligations. At the previous reporting date, the government bond yield was used to approximate the discount rate.

##### (iv) Termination benefits

Termination benefits are expensed at the earlier of when the Company can no longer withdraw the offer of those benefits and when the Company recognises costs for a restructuring. If benefits are not expected to be settled wholly within 12 months of the end of the reporting period, then they are discounted.

#### (f) Income Tax

The Company is exempt from income tax under Division 50 of the Income Tax Assessment Act 1997, as amended. Under this division the Company is considered to be classified as an entity established for the purpose of promoting the development of various Australian resources, including agricultural resources and not carried on for the profit or gain of its individual members.

#### (g) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with original maturities three months or less from the acquisition date that are subject to an insignificant risk of change in fair value, and are used by the Company in the management of its short-term commitments.

#### (h) Financial instruments

##### (i) Non-derivative financial assets

The Company initially recognises loans and receivables on the date that they are originated. All other financial assets are recognised initially on the trade date, which is the date that the Company becomes a party to the contractual provisions of the instrument.

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in such transferred financial assets that is created or retained by the Company is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

The Company classifies non-derivative financial assets into the category of "loans and receivables".

### 3. Significant accounting policies (continued)

#### (h) Financial instruments (continued)

##### (i) Non-derivative financial assets (continued)

###### Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market but excludes cash equivalents. Such assets are recognised initially at the transaction price. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses see Note 3(k)(i).

Loans and receivables comprise trade and other receivables.

##### (ii) Non-derivative financial liabilities

The Company initially recognises all financial liabilities on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

The Company derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

The Company classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognised initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest rate method.

Other financial liabilities comprise trade and other payables.

#### (i) Property, plant and equipment

##### (i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the following:

- the cost of materials,
- any other costs directly attributable to bringing the assets to a working condition for their intended use,
- when the Company has an obligation to remove the assets or restore the site, an estimate of the costs of dismantling and removing the items and restoring the site on which they are located.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gains and losses on disposal of an item of property, plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in the profit or loss.

### 3. Significant accounting policies (continued)

#### (i) Property, plant and equipment (continued)

##### (ii) Subsequent costs

Subsequent expenditure is capitalised only when it is probable that the future economic benefits associated with the expenditure will flow to the Company. Ongoing repairs and maintenance are expensed as incurred.

##### (iii) Depreciation

Items of property, plant and equipment are depreciated from the date that they are installed and are ready for use, or in respect of internally constructed assets, from the date that the asset is completed and ready for use.

Depreciation is calculated to write off the cost of property, plant and equipment less their estimated residual values using the straight-line basis over their estimated useful lives. Depreciation is generally recognised in the profit or loss, unless the amount is included in the carrying amount of another asset. Land is not depreciated.

The estimated useful lives for the current year of significant items of property, plant and equipment are as follows:

	<b>2015</b>	<b>2014</b>
• buildings	5 - 40 years	5 - 40 years
• plant and equipment	3 - 40 years	3 - 40 years
• fixtures and fittings	2 - 15 years	2 - 15 years

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

#### (j) Intangible assets

##### (i) Research and development

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in the profit or loss as incurred.

Development activities involve a plan or design for the production of new or substantially improved products and processes.

Development expenditure is capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Company intends to, and has sufficient resources to, complete development and to use or sell the asset. The expenditure capitalised includes the cost of materials, direct labour and overhead costs that are directly attributable to preparing the asset for its intended use, and capitalised borrowing costs. Other development expenditure is recognised in the profit or loss as incurred.

Capitalised development expenditure is measured at cost less accumulated amortisation and any accumulated impairment losses.

##### (ii) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in the profit or loss as incurred.

### 3. Significant accounting policies (continued)

#### (j) Intangible assets (continued)

##### (iii) Amortisation

Intangible assets, less amount impaired, are amortised on a straight-line basis in the profit or loss over their estimated useful lives, from the date that they are available for use.

The estimated useful lives for the current year are as follows:

	2015	2014
• Software	2 - 10 years	2 - 10 years

Amortisation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

#### (k) Impairment

##### (i) Non-derivative financial assets

A financial asset not classified at fair value through the profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset, and that the loss event(s) had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired includes default or delinquency by a debtor, restructuring of an amount due to the Company on terms that the Company would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers, economic conditions that correlate with defaults or the lack of presence of an active market.

Financial assets measured at amortised cost

The Company considers evidence of impairment for financial assets measured at amortised cost (loans and receivables and held-to-maturity financial assets) at both a specific asset and collective level. All individually significant assets are assessed for specific impairment. Those found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Assets that are not individually significant are collectively assessed for impairment by grouping together assets with similar risk characteristics.

In assessing collective impairment the Company uses trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or lesser than suggested by trend analysis.

##### (ii) Non-financial assets

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset cash-generating unit (CGU) exceeds its recoverable amount.

The recoverable amount of an asset or CGU unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

Impairment losses are recognised in the profit or loss. Impairment losses recognised in respect of CGUs are allocated to reduce the carrying amounts of assets in the CGU (or group of CGUs) on a pro rata basis.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

### 3. Significant accounting policies (continued)

#### (l) Provisions

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as a finance cost.

#### (m) Leases

##### (i) Lease assets

Assets held under operating leases are not recognised in the Company's statement of financial position.

##### (ii) Lease payments

Payments made under an operating lease are recognised in the profit or loss on a straight line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

#### (n) New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 July 2014, and have not been applied in preparing these financial statements. Those which may be relevant to the Company are set out below. The Company does not plan to adopt these standards early.

- **AASB 9 Financial Instruments (2013), AASB 9 Financial Instruments (2010) and AASB 9 Financial Instruments (2009) (together AASB 9)**

AASB 9 (2009) introduces new requirements for the classification and measurement of financial assets. Under AASB 9 (2009), financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows. AASB 9 (2010) introduces additional changes relating to financial liabilities. The IASB currently has an active project to make limited amendments to the classification and measurement requirements of AASB 9 and add new requirements to address the impairment of financial assets.

AASB 9 (2013) introduces new requirements for hedge accounting.

AASB 9 is effective for annual periods beginning on or after 1 January 2018. The effective date is subject to review pending the finalisation of the outstanding phases of the standard. However, early adoption is permitted. The extent of the impact has not yet been determined.

- **AASB 15 Revenue from Contracts with Customers**

AASB 15 introduces a single revenue recognition model based on the transfer of goods and services and the consideration expected to be received for that transfer. Under AASB 15 an entity shall report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer.

AASB 15 is effective for annual periods beginning on or after 1 January 2017. However, early adoption is permitted. The extent of the impact has not yet been determined.

#### 4. Revenue from operating activities

	Year ended 30 June 2015	8 May 2013 to 30 June 2014
<i>in thousands of dollars</i>		
Industry contribution (i)	22,679	19,542
Commonwealth matching contribution (I)	6,064	6,692
Queensland government income (iii)	4,501	4,031
Commonwealth government grant income (ii)	2,229	-
Collaboration income (iv)	2,092	1,971
Sale of Cane	589	519
	<hr/> 38,154	<hr/> 32,755

(i) Industry contribution and Commonwealth matching contribution

A statutory funding agreement is in place between the Commonwealth Government of Australia (Commonwealth) and Sugar Research Australia Limited. This agreement establishes terms on which the Commonwealth remits industry contributions toward research and development to the Company. The agreement also establishes the terms for Commonwealth matching contributions. Commonwealth matching contribution matches industry contribution dollar for dollar to a maximum level of 0.5% of the gross annual value of production of the sugar industry, provided conditions of the agreement are met.

(ii) Commonwealth government grant income

The Company has entered into a Commonwealth Grant Agreement to fund a collaborative research and development project to support continued innovation in Australia's primary industries. The grant is provided as part of the Commonwealth government Rural R&D for Profit programme.

The grant started on 23 June 2015 and ends on 30 June 2018.

The total amount payable under the grant is \$3,091 thousand (exclusive of GST) with the first instalment of \$2,229 thousand (exclusive of GST) was made on execution of the funding deed. The grant will be paid in instalments by the Commonwealth upon completion of agreed milestones to the reasonable satisfaction of the Commonwealth, and compliance by the Company with its obligations under the grant. As at the reporting date, there are no unfulfilled conditions.

(iii) Queensland government income

The company entered into a grant deed agreement with Queensland government to carry out research and development project activity that aligns to objectives of the Department of Agriculture and Fisheries Strategic Plan. The grant agreement is agreed each year, in accordance with a memorandum of understanding (MOU) with BSES Limited dated 16 October 2010 to 30 June 2016. Pursuant to the MOU, BSES Limited transferred its rights and obligations to the Company.

The Queensland government income is \$4,501 thousand (period 8 May 2013 to 30 June 2014: \$4,031 thousand), including:

- \$4,132 thousand (period 8 May 2013 to 30 June 2014: \$3,868 thousand) relating to the Queensland Department of Agriculture and Fisheries grant deed; and
- \$369 thousand (period 8 May 2013 to 30 June 2014: \$163 thousand) from other Queensland government income.

As at the reporting date, there are no unfulfilled conditions.

(iv) Collaborative income

Collaboration income is contribution received from third parties where the Company is collaborating with them to achieve project objectives.

## 5. Other revenue

*in thousands of dollars*

	Year ended 30 June 2015	8 May 2013 to 30 June 2014
Lease and rental income	163	135
Sundry income	153	491
Profit (Loss) on sale of asset	(8)	14
	<b>308</b>	<b>640</b>

## 6. Operating expenses

*in thousands of dollars*

	Year ended 30 June 2015	8 May 2013 to 30 June 2014
External research providers	6,024	4,622
Asset and property management	2,963	2,434
Professional and consulting	2,553	2,239
Research consumables	1,028	1,109
Industry consultation	634	484
Registration, subscriptions and licences	456	445
Telecommunications	440	409
Other operating costs	2,091	1,794
	<b>16,189</b>	<b>13,536</b>

## 7. Operating leases

At the end of the reporting period, the future minimum lease payments under non-cancellable operating lease are payable as follows.

*in thousands of dollars*

	2015	2014
Less than one year	432	406
Between one and five years	558	630
More than five years	-	-
	<b>990</b>	<b>1,036</b>

During the year ended 30 June 2015 \$648 thousand (8 May 2013 to 30 June 2014: \$511 thousand) was recognised as an expense in the profit and loss in respect of cancellable and non-cancellable operating leases.

## 8. Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and balances with banks, and investments in on call term deposits. Cash and cash equivalents included in the statement of cash flows comprise the following amounts in the statement of financial position:

<i>in thousands of dollars</i>	<b>2015</b>	<b>2014</b>
Bank balances	5,676	3,156
Call deposits	28,102	27,193
<b>Cash and cash equivalents</b>	<b>33,778</b>	<b>30,349</b>
 Cash and cash equivalents in the statement of cash flows	 <b>33,778</b>	 <b>30,349</b>

Cash and cash equivalents are held with bank and financial institution counterparties, which are rated AA or better, based on rating agency Standard and Poor's ratings.

## 9. Cash flow reconciliation

	<b>Year ended 30 June 2015</b>	<b>8 May 2013 to 30 June 2014</b>
<i>in thousands of dollars</i>		
Profit for the period	6,342	52,099
<i>Adjustments for:</i>		
Depreciation and amortisation	1,264	1,352
Impairment loss	-	8,900
Interest received	(1,201)	(819)
(Profit)/Loss from sale of property, plant and equipment	8	(14)
Gain from bargain purchase	-	(55,357)
<i>Change in working capital and provisions:</i>		
Increase in trade and other receivables, and prepayments	(3,139)	(2,177)
Increase in payables	442	842
Increase in provisions for employee benefits	64	312
<b>Net cash used from operating activities</b>	<b>3,780</b>	<b>5,138</b>

## 10. Trade and other receivables

<i>in thousands of dollars</i>	<b>2015</b>	<b>2014</b>
Accrued income	1,431	1,934
Other trade receivables	4,053	857
	<b>5,484</b>	<b>2,791</b>
 Current	 5,484	 2,791
Non-current	-	-
	<b>5,484</b>	<b>2,791</b>

## 11. Property, plant and equipment

<i>in thousands of dollars</i>	<b>Land and buildings</b>	<b>Plant and equipment</b>	<b>Office equipment</b>	<b>Total</b>
<b>Cost</b>				
Balance at 1 July 2014	17,910	5,190	610	23,710
Additions	117	1,403	69	1,589
Disposals	-	(71)	(1)	(72)
Balance at 30 June 2015	<b>18,027</b>	<b>6,522</b>	<b>678</b>	<b>25,227</b>

### Accumulated depreciation and impairment losses

Balance at 1 July 2014	(260)	(848)	(160)	(1,268)
Depreciation for the period	(287)	(780)	(149)	(1,216)
Disposals	-	14	1	15
Balance at 30 June 2015	<b>(547)</b>	<b>(1,614)</b>	<b>(308)</b>	<b>(2,469)</b>

### Carrying amounts

at 1 July 2014	17,650	4,342	450	22,442
at 30 June 2015	<b>17,480</b>	<b>4,908</b>	<b>370</b>	<b>22,758</b>

<i>in thousands of dollars</i>	<b>Land and buildings</b>	<b>Plant and equipment</b>	<b>Office equipment</b>	<b>Total</b>
<b>Cost</b>				
Balance at 8 May 2013	-	-	-	-
Assets acquired as part of business combinations	17,842	4,386	387	22,615
Additions	68	835	223	1,126
Disposals	-	(31)	-	(31)
Balance at 30 June 2014	<b>17,910</b>	<b>5,190</b>	<b>610</b>	<b>23,710</b>

### Accumulated depreciation and impairment losses

Balance at 8 May 2013	-	-	-	-
Depreciation for the period	(260)	(852)	(160)	(1,272)
Disposals	-	4	-	4
Balance at 30 June 2014	<b>(260)</b>	<b>(848)</b>	<b>(160)</b>	<b>(1,268)</b>

### Carrying amounts

at 8 May 2013	-	-	-	-
at 30 June 2014	<b>17,650</b>	<b>4,342</b>	<b>450</b>	<b>22,442</b>

## 12. Intangible assets

*in thousands of dollars*

### Cost

Balance at 1 July 2014

Additions

Balance at 30 June 2015

	Software	Intellectual Property	Total
Balance at 1 July 2014	184	8,900	9,084
Additions	12	-	12
Balance at 30 June 2015	196	8,900	9,096

### Accumulated amortisation and impairment losses

Balance at 1 July 2014

Amortisation for the period

Impairment loss

Balance at 30 June 2015

Balance at 1 July 2014	(80)	(8,900)	(8,980)
Amortisation for the period	(48)	-	(48)
Impairment loss	-	-	-
Balance at 30 June 2015	(128)	(8,900)	(9,028)

### Carrying amounts

at 1 July 2014

at 30 June 2015

at 1 July 2014	104	-	104
at 30 June 2015	68	-	68

*in thousands of dollars*

### Cost

Balance at 8 May 2013

Asset acquired in business combination

Additions

Balance at 30 June 2014

	Software	Intellectual Property	Total
Balance at 8 May 2013	-	-	-
Asset acquired in business combination	123	8,900	9,023
Additions	61	-	61
Balance at 30 June 2014	184	8,900	9,084

### Accumulated amortisation and impairment losses

Balance at 8 May 2013

Amortisation for the period

Impairment loss

Balance at 30 June 2014

Balance at 8 May 2013	-	-	-
Amortisation for the period	(80)	-	(80)
Impairment loss	-	(8,900)	(8,900)
Balance at 30 June 2014	(80)	(8,900)	(8,980)

### Carrying amounts

at 8 May 2013

at 30 June 2014

at 8 May 2013	-	-	-
at 30 June 2014	104	-	104

### Impairment charge

In the year ended 30 June 2015, there was a no impairment charge.

Plant breeders' rights, with a fair value of \$8,900 thousand were acquired on 2 August 2013 as part of a business combination involving the acquisition of most activities of BSES Limited by the Company.

The Company has assessed the recoverable amount of the plant breeders' rights (PBR) on 2 August 2013 to be nil. The PBRs were acquired as part of the business combination and transfer of assets from BSES limited. The main source of funding of the Company is the receipt of a Statutory Levy and as a result there are no cash flows from PBRs in the Company and an \$8,900 thousand impairment loss has been recognised in the statement of profit or loss and other comprehensive income in the period 8 May 2013 to 30 June 2014.

### 13. Trade and other payables

*in thousands of dollars*

	<b>2015</b>	<b>2014</b>
Trade payables	1,359	385
Other payables and accrued expenses	277	809
	<b>1,636</b>	<b>1,194</b>
Current	1,636	1,194
Non-current	-	-
	<b>1,636</b>	<b>1,194</b>

### 14. Employee benefits

#### Defined contribution superannuation plans

The Company has paid contributions of \$1,390 thousand (period 8 May 2013 to 30 June 2014: \$1,230 thousand) to defined contributions plans on behalf of employees for the reporting period.

### 15. Contingencies and commitments

The Company has outstanding milestone commitments of \$22,073 thousand as at 30 June 2015. (2014: \$11,331 thousand)

### 16. Capital and reserves

The Company is a company limited by guarantee, and as such, does not have share capital. The Company's capital consists of financial assets and retained earnings.

Membership is divided into grower members (group G) and miller members (group M).

At the reporting date there were 2,357 (2014: 2,250) group G members and 8 (2014: 7) group M members guaranteeing to contribute up to \$2.00 each to the property of the Company in the event of it being wound up.

### 17. Business combinations

The Company was declared as the industry services body for the Australian sugar industry on 5 August 2013 after passage of the following legislation by the Commonwealth Parliament on 28 June 2013:

- Sugar Research and Development Services Act 2013
- Sugar Research and Development Services (Consequential Amendments and Transitional Provisions) Act 2013
- Sugar Research and Development Services (Consequential Amendments - Excise) Act 2013

During the reporting period the Company acquired the assets and most activities of BSES Limited and the Sugar Research and Development Corporation.

BSES Limited was the principal provider of research, development and extension to the Australian sugar industry. BSES Limited was deregistered on 28 November 2014.

## 17. Business combinations (continued)

Sugar Research and Development Corporation was a statutory authority of the Australian Government, established under the Primary Industries and Energy Research and Development Act 1989. It was abolished on the 30 September 2013 as part of the creation of the industry services body.

The date of acquisition for each undertaking is as follows:-

BSES Limited	2 August 2013
Sugar Research and Development Corporation	1 July 2013

The Company did not provide any consideration for the acquisition.

The identifiable assets acquired and liabilities assumed at fair market value for each entity is as follows:-

<i>in thousands of dollars</i>	BSES Ltd	SRDC	Total
Cash & cash equivalents	16,717	8,821	25,538
Receivables and prepayments	686	-	686
Property, plant and equipment	22,614	-	22,614
Intangible assets	9,024	-	9,024
Liabilities	(2,505)	-	(2,505)
Net assets	46,536	8,821	55,357

Net assets acquired have been recognised in the profit and loss as a gain from a bargain purchase.

## 18. Related parties

### (i) Key management personnel compensation

The key management personnel compensation was \$2,196,025 (period 8 May 2013 to 30 June 2014: \$1,872,875) for the reporting period.

# Directors' declaration

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In the opinion of the directors of Sugar Research Australia Limited ('the Company'):

- (a) the Company is not publicly accountable;
- (b) the financial statements and notes that are set out on pages 39 to 56 are in accordance with the Corporations Act 2001, including:
  - (i) giving a true and fair view of the Company's financial position as at 30 June 2015 and of its performance, for the financial period ended on that date; and
  - (ii) complying with Australian Accounting Standards – Reduced Disclosure Regime and the Corporations Regulations 2001; and
- (c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors:

Dated at Brisbane day of 26 August 2015.



**Paul Wright**

Director

# Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001



## *Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001*

To: the directors of Sugar Research Australia Limited

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2015 there have been:

- (i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.

A handwritten signature in black ink, appearing to read 'M L Gray'.

KPMG

A handwritten signature in black ink, appearing to read 'M L Gray', placed over a large, hand-drawn double-lined oval.

M L Gray  
Partner

Brisbane  
25 August 2015

KPMG, an Australian partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

Liability limited by a scheme approved under Professional Standards Legislation.

# Independent Auditor's Report to the Members of Sugar Research Australia Limited



## Independent auditor's report to the members of Sugar Research Australia Limited

We have audited the accompanying financial report of Sugar Research Australia Limited (the Company), which comprises the statement of financial position as at 30 June 2015, and the statement of profit and loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, notes 1 to 18 comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

### *Directors' responsibility for the financial report*

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards – Reduced Disclosure Requirements and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

### *Auditor's responsibility*

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We performed the procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001* and Australian Accounting Standards – Reduced Disclosure Requirements, a true and fair view which is consistent with our understanding of the Company's financial position and of its performance.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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*Independence*

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Sugar Research Australia Limited on 25 August 2015, would be in the same terms if given to the directors as at the time of this auditor's report

*Auditor's opinion*

In our opinion the financial report of Sugar Research Australia Limited is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Company's financial position as at 30 June 2015 and of its performance for the year ended on that date; and
- (b) complying with Australian Accounting Standards – Reduced Disclosure Requirements and the Corporations Regulations 2001.

KPMG

M L Gray  
*Partner*

Brisbane  
26 August 2015

# Appendix A

## Annual reporting compliance checklist

The following checklist shows SRA's compliance with key annual reporting requirements completed during the 2014/2015 financial year in accordance with the Company's Constitution, the *Corporations Act 2001* (Cth), the *Sugar Research and Development Services Act 2013* (Cth) and the Statutory Funding Agreement (SFA).

Annual reporting requirements	What SRA delivered 2014/2015 financial year
<b>Annual Report requirements – SRA Constitution (rules 22.6, 24.3)</b>	
<p>The Board must include in the Annual Report for each financial year:</p> <ul style="list-style-type: none"> <li>• a report on the operations of the Committees specified in the Constitution during the year; and</li> <li>• a report on the operations of the code of conduct during the year including how the Board dealt with material breaches (if any).</li> </ul>	<p><i>Annual Report 2014–15</i> pages 29-31 include a report on the operations of each Committee; and</p> <p><i>Annual Report 2014–15</i> page 29 includes a report on the operations of the SRA Code of Conduct.</p>
<p><b>Annual reporting to members of a company limited by guarantee – Corporations Act 2001 (Cth) (section 316A)</b></p> <p>A member of a company limited by guarantee may, by notice in writing to the company, elect to receive a hard copy or an electronic copy of the:</p> <ul style="list-style-type: none"> <li>• the financial report; and</li> <li>• the directors' report; and</li> <li>• the auditor's report.</li> </ul> <p>The company must send a copy of the above listed reports, free of charge, to each member who has made an election for that financial year, in accordance with the election, by the earlier of:</p> <ul style="list-style-type: none"> <li>• 21 days before the next AGM after the end of the financial year; and</li> <li>• four months after the end of the financial year.</li> </ul>	<p><i>Annual Report 2014–15</i> pages 38-60 contains the financial report, directors' report and auditor's report.</p> <p>Members have been advised in the Notice of Annual General Meeting dated on or about 18 September 2015 that they may, by notice in writing, elect to receive a hard copy or an electronic copy of the financial report, directors' report and auditor's report.</p> <p>An electronic copy was made available to the members via the SRA website: <a href="http://www.sugarresearch.com.au">www.sugarresearch.com.au</a></p>
<b>Laying reports before AGM – Corporations Act 2001 (Cth) (section 317)</b>	
<p>The directors of a public company must lay before the AGM:</p> <ul style="list-style-type: none"> <li>• the financial report; and</li> <li>• the directors' report; and</li> <li>• the auditor's report,</li> </ul> <p>for the last financial year that ended before the AGM.</p>	<p><i>Annual Report 2014–15</i> to be presented to inaugural AGM scheduled for 29 October 2015.</p>
<b>Lodging Annual Report with ASIC – Corporations Act 2001 (Cth) (section 319)</b>	
<p>A company must lodge the Annual Report with the Australian Securities &amp; Investments Commission (ASIC) within four months after the end of the financial year.</p>	<p><i>Annual Report 2014–15</i> to be sent to ASIC within four months after the end of the financial year.</p>

Annual reporting requirements (continued)	What SRA delivered 2014/2015 financial year
<b>Annual Report to include any direction from the Minister – <i>Sugar Research and Development Services Act 2013 (Cth)</i> (section 11(4))</b>	
<p>The Industry Services Body must, within 14 days of lodging a financial report (the Annual Report), give the Minister for Agriculture, the Hon. Barnaby Joyce MP a copy of the report.</p> <p>The report must comply with section 295 of the <i>Corporations Act 2001</i> and section 11 of the <i>Sugar Research and Development Services Act 2013 (Cth)</i>.</p>	<p>No written direction from the Minister for Agriculture, the Hon. Barnaby Joyce MP pursuant to section 11 of the <i>Sugar Research and Development Services Act 2013 (Cth)</i> was given to SRA as Industry Services Body during the financial year.</p>
<b>Provision of Annual Report to the Commonwealth – <i>Statutory Funding Agreement</i> (clauses 12.6, 12.7, 12.8 and 12.9)</b>	
<p>SRA to do certain things as follows:</p> <ul style="list-style-type: none"> <li>must prepare an Annual Report complying with the <i>Corporations Act 2001 (Cth)</i> and the requirements of the <i>Statutory Funding Agreement</i>; and</li> <li>must provide four copies to the Commonwealth by 31 December 2015; and</li> <li>the Annual Report should include a reasonably comprehensive coverage of matters listed in clauses 12.9(a)–(m) of the <i>Statutory Funding Agreement</i>.</li> </ul>	<p><i>Annual Report 2014–15</i>: four copies to be provided to the Department of Agriculture (Cth) by 31 December 2015.</p> <p><i>Annual Report 2014–15</i> addresses, where appropriate, matters listed in clauses 12.9(a)–(m) of the <i>Statutory Funding Agreement</i>.</p>

# Appendix B

## List of Delegates per mill area/group

Mill area/Mill group	Processing Plant/Mill	Group G (Grower) Delegates	Group M (Miller) Delegates
Mossman	Mossman	Brett Coulthard	Quinton Hildebrand*
Tableland	Tableland	<i>No nominations received</i>	Trevor Crook
Mulgrave	Mulgrave	Jeffrey Day	Trevor Crook
South Johnstone	South Johnstone	Joseph Marano	Trevor Crook
Tully	Tully	Thomas Harney	Greg Shannon
Wilmar Mill Group (Herbert)	Victoria Macknade	Jeffrey Cantamessa Christopher Bosworth	Paul Britton Paul Britton
Wilmar Mill Group (Burdekin)	Invicta Pioneer Kalamia Inkerman	Cy Kovacich Arthur Woods Colin Ivory Laurence Dal Santo	Ian Davies Ian Davies Julian Venning Julian Venning
Proserpine	Proserpine	Anthony Large	Peter Larsen
MSL Mill Group (Central)	Farleigh Marian Racecourse	Joseph Borg Michael Deguara Bill MacDonald	Quinton Hildebrand* Quinton Hildebrand* Quinton Hildebrand*
Plane Creek	Plane Creek	Malcolm Langdon	Peter Larsen
Bundaberg Sugar Mill Group (South)	Bingera Millaquin	Jay Hubert Kelvin Griffin	Gary Nixon Gary Nixon
Isis	Isis	Neil Kingston	John Gorringe
Maryborough	Maryborough	Elton Peterson	Trevor Crook
Rocky Point	Rocky Point	Greg Zipf	David Heck
NSW Sugar Co-op Mill Group	Condong Broadwater Harwood	David Bartlett Wayne Rogers Ross Farlow	Chris Connors James Sneesby Ian Causley

\*Resigned as of 15 September 2015

# Appendix C

## 2013/14–2017/18 Strategic Plan summary

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*See pages 65-66.*

# Appendix C: 2013/14-2017/18 Strategic Plan Summary

Our vision	Delivering valued solutions for a growing Australian sugar industry			
Our purpose	Undertaking targeted RD&E programs for the sugar industry			
Our key focus areas	1. Optimally-adapted varieties, plant breeding and release	2. Soil health and nutrient management	3. Pest, disease and weed management	4. Farming systems and production management
Our objectives	<ul style="list-style-type: none"> <li>World-class variety development.</li> <li>Enhanced variety breeding, selection and release.</li> <li>Collaborative, interdisciplinary and systems approach to RD&amp;E.</li> </ul>	<ul style="list-style-type: none"> <li>Understood and improved soil health issues.</li> <li>Understood impacts of on-farm practices on water quality.</li> <li>Improved methods and tools to enable, or improve, cane production on poor performing or marginal soils.</li> </ul>	<ul style="list-style-type: none"> <li>Enhanced biosecurity capability.</li> <li>Minimised economic and environmental impacts of pests, diseases and weeds through targeted research.</li> </ul>	<ul style="list-style-type: none"> <li>Research leading to the optimal use of inputs on-farm.</li> <li>Research on planting technologies, ratoonability, break-crop and fallow practices to optimise yields.</li> <li>Practical application of the value chain model to enhance grower, harvester and miller interfaces and improved adoption of harvesting best-practices.</li> </ul>
Our deliverables	<ul style="list-style-type: none"> <li>Locally-adapted cane varieties.</li> <li>Enhanced collaboration with growers, millers and productivity services groups.</li> <li>Increased regional trials and releases.</li> <li>Earlier communication and dissemination of information, including variety selection tools.</li> <li>Diagnostic and advisory services.</li> <li>Research collaborations.</li> </ul>	<ul style="list-style-type: none"> <li>Identification of soil health factors. This will include R&amp;D covering crop nutrition; soil biology; soil fertility; regional soil factors; chemical utilisation; and reduction of soil pathogens and nematodes.</li> <li>Practices to reduce chemical inputs and nutrient losses.</li> <li>Review of Six Easy Steps™.</li> <li>Rapid soil screening technologies.</li> </ul>	<ul style="list-style-type: none"> <li>Plant and molecular screening.</li> <li>Integrated pest and weed management systems.</li> <li>Pest and weed control strategies and technologies.</li> <li>Herbicide-resistant cane varieties.</li> <li>Alternative chemical treatments.</li> <li>Updated management dossiers on key exotic threats.</li> </ul>	<ul style="list-style-type: none"> <li>Precision-agriculture techniques and resources.</li> <li>Best-practice information.</li> <li>Improved planting technology and crop establishment.</li> <li>Harvesting best-practice regional trials and demonstration.</li> </ul>
Our measures of success	<ul style="list-style-type: none"> <li>3 varieties which meet the above expectations released per 5-year period for each region.</li> <li>Percent production from new varieties (&lt;7 years since release).</li> <li>Rate of genetic gain (tonnes of cane per hectare (TCH), commercial cane sugar (CCS), tonnes of sugar per hectare (TSH)).</li> <li>Weighted average disease ratings for varieties in each region.</li> </ul>	<ul style="list-style-type: none"> <li>Soil health indicators developed for sustainable sugarcane production.</li> <li>Guidelines, mechanisms and/or varieties identified for increasing nutrient use-efficiency within plant and ratoon crops.</li> <li>Guidelines and mechanisms developed for minimising chemical and nutrient losses and understanding water quality.</li> <li>SIX EASY STEPS™ nutrient management program reviewed with improvements made where necessary.</li> <li>Guidelines for implementation of PA developed.</li> </ul>	<ul style="list-style-type: none"> <li>Industry supported through effective pest, disease and weed diagnostic capabilities and awareness and training programs.</li> <li>Development and adoption of SRA-developed packages for integrated management of key pests, diseases and weeds.</li> <li>Weighted average disease ratings for varieties in each region.</li> <li>Up-to-date dossiers to support contingency plans to minimise threats and impacts of key exotics.</li> <li>Capability to provide entomology, pathology and weed expertise to meet the pest, disease and weed diagnostic and management needs of the industry.</li> </ul>	<ul style="list-style-type: none"> <li>Methodology for more rapid and efficient bulking of sugarcane varieties.</li> <li>Adoption of a better sugarcane planting technology.</li> <li>Improved crop performance over longer cropping cycles.</li> <li>Better crop management under conditions of water stress (too much and too little).</li> <li>Adoption of PA technology and techniques.</li> <li>Adoption of harvesting best-practice.</li> </ul>
Industry benefits	<ul style="list-style-type: none"> <li>Increased cane and sugar yields.</li> <li>Climate tolerant varieties.</li> <li>Pest and disease resistance.</li> <li>Reduced inputs.</li> <li>Improved ratoonability.</li> <li>Increased regional trials and releases.</li> <li>Faster varietal adoption.</li> </ul>	<ul style="list-style-type: none"> <li>Improved soil health.</li> <li>Reduced impact of off-farm run-off.</li> <li>Improved production on marginal soils.</li> <li>Improved reputation and relationship with community and environmental groups.</li> </ul>	<ul style="list-style-type: none"> <li>Enhanced capacity to deal with incursions of exotic pests, diseases and weeds.</li> <li>Minimised economic and environmental impacts.</li> </ul>	<ul style="list-style-type: none"> <li>Adoption of agronomic and harvesting best-practices.</li> <li>Optimised yields.</li> <li>Optimised use of inputs.</li> <li>Reduced operational costs.</li> </ul>

<p><b>Our values</b></p>	 <p><b>Innovation</b> <b>Investor satisfaction</b> <b>Accountability</b> <b>Teamwork</b></p>	<p>Through adaptability, creativity and goal orientation Through strategic alignment, active communication and commitment Through personal accountability, including health and safety, honesty, active communication and integrity Through shared goals, cooperation and trust</p>		
<p><b>Our key focus areas</b></p>	<p><b>5. Milling efficiency and technology</b></p>	<p><b>6. Product diversification and value addition</b></p>	<p><b>7. Knowledge and technology transfer and adoption</b></p>	<p><b>8. Capability development, attraction and retention</b></p>
<p><b>Our objectives</b></p>	<ul style="list-style-type: none"> <li>Review of logistics management to reduce operational costs and improve mill capacity utilisation.</li> <li>New or improved processes, technology and/or infrastructure to increase mill processing efficiency.</li> <li>Possible solutions to address quality issues.</li> </ul>	<ul style="list-style-type: none"> <li>Ongoing research to identify and/or develop alternative products or uses for sugarcane and determine the basic requirements for adoption.</li> <li>Economic feasibility studies of identified industry by-products, their use and likely market viability.</li> </ul>	<ul style="list-style-type: none"> <li>Coordinated extension that optimises innovation and adoption at the farm level and encourages research that meets the needs of the industry.</li> <li>Inclusion of extension mechanisms in research proposals.</li> <li>Enhanced communication and transfer tools to disseminate research findings to end-users and facilitate their uptake by growers and millers.</li> <li>Assessment of the uptake of developed technologies and evaluate the effectiveness of technology transfer tools.</li> </ul>	<ul style="list-style-type: none"> <li>Review of current and future RD&amp;E skills and capacity needs for the sugarcane industry.</li> <li>Development and retention of current industry participants, as well as attraction of new participants to the sugarcane industry.</li> <li>Fostered collaboration for cross-industry and cross-sectoral skill development, innovation and networks.</li> </ul>
<p><b>Our deliverables</b></p>	<ul style="list-style-type: none"> <li>Optimised milling processes and technology.</li> </ul>	<ul style="list-style-type: none"> <li>Industry supply chain analysis.</li> <li>Exploration of alternative processing options and products.</li> <li>Feasibility analysis of alternative products.</li> </ul>	<ul style="list-style-type: none"> <li>Translational research approach.</li> <li>Collaborative extension.</li> <li>Enhanced research and technology extension.</li> <li>Multi-media extension.</li> </ul>	<ul style="list-style-type: none"> <li>Industry RD&amp;E skills and capability assessment.</li> <li>Scholarship program.</li> <li>Participative and collaborative partnerships.</li> <li>Succession planning.</li> <li>Performance management framework.</li> </ul>
<p><b>Our measures of success</b></p>	<ul style="list-style-type: none"> <li>Adoption of improved or novel milling processes and technology.</li> </ul>	<ul style="list-style-type: none"> <li>Sugar industry supply chain analysis completed.</li> <li>Identification of new opportunities in product diversification and innovation.</li> </ul>	<ul style="list-style-type: none"> <li>Joint planning of research translation and extension programs with other stakeholders.</li> <li>Effective delivery of extension messages, as demonstrated through research uptake.</li> <li>Increased awareness of technological innovations, locally and internationally.</li> <li>Research outputs' key RD&amp;E messages are promoted in a timely manner through various channels.</li> <li>Increased support for and participation in SRA delivery networks, events and extension programs.</li> </ul>	<ul style="list-style-type: none"> <li>Published results of industry RD&amp;E skills and capability assessment and recommended strategies in National Sugarcane Industry RD&amp;E Strategy.</li> <li>SRA participation and investment in relevant collaborative and cross-sectoral RD&amp;E programs.</li> <li>Increased availability of skilled industry personnel.</li> <li>SRA sponsored Young Industry Participants' Forum held annually.</li> <li>Development and uptake of new and existing knowledge transfer or training programs or resources.</li> <li>Scholarships awarded to current and future industry participants.</li> </ul>
<p><b>Industry benefits</b></p>	<ul style="list-style-type: none"> <li>Improved mill capacity utilisation.</li> <li>Improved mill processing efficiency.</li> <li>Improved quality.</li> <li>Optimised mill transport and logistics.</li> </ul>	<ul style="list-style-type: none"> <li>Alternative products or uses for sugarcane.</li> <li>Economic feasibility of industry by-products.</li> </ul>	<ul style="list-style-type: none"> <li>Skilled advisory sector that drives the adoption of new technology and practices.</li> <li>Improved collaboration and coordination of extension services.</li> <li>Improved communication, knowledge transfer and adoption.</li> </ul>	<ul style="list-style-type: none"> <li>Attraction and retention of industry participants.</li> <li>Highly-skilled industry workforce.</li> <li>Cross-industry and cross-sectoral collaboration.</li> <li>Connected and respected.</li> </ul>

# Appendix D

## Alignment to industry and government priorities

Stakeholder priorities	SRA Key Focus Areas							
	1. Optimally adapted varieties, plant breeding and release	2. Soil health and nutrient management	3. Pest, disease and weed management	4. Farming systems and production management	5. Milling efficiency and technology	6. Product diversification and value addition	7. Knowledge and technology transfer and adoption	8. Capability development, attraction and retention
<b>Statement on Priorities for Research 2011-2014 – Key Issues for Research Action<sup>1</sup></b>								
1. <b>Industry growth:</b> need to stop decline and build to 36Mtpa, including by RD&E to increase yield and achieve step-change in productivity								
2. <b>Cost and profitability:</b> of cane and sugar production, across different farm types and mills, including by RD&E on efficiency along the value chain								
3. <b>Environmental and regulatory pressures:</b> including by RD&E into water, chemicals and technologies/systems to lift environmental sensitivity								
4. <b>Diversification:</b> biomass, fuel and new products								
<b>National Science and Research Priorities<sup>2</sup></b>								
1. Food								
2. Soil and water								
3. Transport								
4. Cybersecurity								
5. Energy								
6. Resources								
7. Advanced manufacturing								
8. Environmental change								
9. Health								

<sup>1</sup> Statement on Priorities for Research 2011-2014, Australian Sugar Industry Alliance, 2011.

<sup>2</sup> National Science and Research Priorities, Australian Government, 2015.

Stakeholder priorities	SRA Key Focus Areas							
	1. Optimally adapted varieties, plant breeding and release	2. Soil health and nutrient management	3. Pest, disease and weed management	4. Farming systems and production management	5. Milling efficiency and technology	6. Product diversification and value addition	7. Knowledge and technology transfer and adoption	8. Capability development, attraction and retention
<b>Rural Research and Development Priorities<sup>3</sup></b>								
1. Productivity and adding value								
2. Supply chain and markets								
3. Natural resource management								
4. Climate variability and climate change								
5. Biosecurity								
6. Innovation Skills								
7. Technology								
<b>Queensland's Agriculture Strategy – Pathways to Growth<sup>4</sup></b>								
1. Securing and increasing resource availability								
2. Driving productivity growth across the supply chain								
3. Securing and increasing market access								
4. Minimising the costs of production								
<b>National Sugarcane Industry RD&amp;E Strategy – Goals<sup>5</sup></b>								
1. A growth industry, successfully competing in the world market, through profitable businesses								
2. Successful diversification into related sugarcane products, using world-class research and development								
3. Global leaders in environmental sustainability								
4. Dynamic and cooperative industry leadership								

<sup>3</sup> Rural Research and Development Priorities, Department of Agriculture, 2007.

<sup>4</sup> Queensland's Agriculture Strategy, Department of Agriculture, Fisheries and Forestry, 2013.

<sup>5</sup> National Sugarcane Industry RD&E Strategy, 2010.

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