



SUGAR RESEARCH AUSTRALIA LIMITED
ANNUAL REPORT

19/20

sra
Sugar Research
Australia®

*(Cover image) In the field in the Herbert as part a month-long demonstration on a commercial scale to assess harvesting optimisation in action.
(This page) Conducting a rainfall simulation in the field as part of the Cane to Creek 2.0 project.*





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Our Values



INNOVATION
INVESTOR SATISFACTION
ACCOUNTABILITY
TEAMWORK

Sugar Research Australia Limited

Brisbane Office 50 Meiers Road, Indooroopilly QLD 4068 Australia
Postal Address PO Box 86 Indooroopilly QLD 4068 Australia

T 07 3331 3333
E sra@sugarresearch.com.au
sugarresearch.com.au

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MESSAGE FROM THE CHAIRMAN

Dr Ron Swindells



Welcome to the 2019/20 Sugar Research Australia Annual Report.

Over the last 12 months, the Australian sugar industry has been impacted by a number of unfavourable global circumstances. Chief among these has been the fallout from the COVID-19 pandemic. We are having to deal with lower raw sugar prices, depressed ethanol demand, volatile global currency markets, and global trade

concerns. We are also experiencing high input costs and difficult weather conditions in a number of regions. However, our industry is responding determinedly to these challenges.

SRA is also responding by ensuring that we are investing in a way that delivers a high-impact portfolio of research that creates outcomes for the industry and that we have business continuity through the pandemic for our investors.

Specifically, in relation to COVID-19, our focus has been to keep our staff and the community safe so as to sustain our business operations. Our CEO, Ms Ros Baker, explains more about the COVID-19 response in her introduction on the following pages.

On that note, I welcome Ros to SRA, replacing Mr Neil Fisher in January 2020. I thank Neil for his efforts over his seven years with SRA and for his leadership in that time. We are grateful to have Ros within SRA to assist SRA to respond to the industry challenges and to deliver improved outcomes in the context of a new strategy and structure for the company. You can read more about the

strategy and operating model review within Ros's introduction on pages 6-7. We are also continuing to engage with staff, industry and other stakeholders in the development of SRA's new strategy.

We welcomed two new Directors to the Board at the Annual General Meeting in October 2019. Dr Jeremy Burdon and Mr Lee Blackburn joined the Board, alongside existing Directors Ms Lindy Hyam, Dr Guy Roth, Mr Peter Russo, Mr Sam Bonanno and myself.

Jeremy Burdon has an international reputation as both a scientist and a research manager and strategic planner, including being Chief of CSIRO Plant Industry from 2003-2012. He has also served on the Board of Trustees of Bioversity International, on the Board of the Grains Research and Development Corporation (2011-2017), and as the Chair of the Australian Academy of Science's National Committee for Agriculture, Fisheries and Food. Currently, he serves on the Board of the Cotton Research and Development Corporation. He has been a member of the SRA Research Funding Panel and is familiar to the Australian sugarcane industry through his role as

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(Right) Hervey Bay grower Ashley Petersen discussing farming systems and soil health with the SRA Board during a regional visit in August 2019.



a Director of the CRC for Sugar Industry Innovation through Biotechnology.

Lee Blackburn is a sugarcane grower at Mackay and serves on the Board of the Mackay Sugar. He is also Chair of the Eton Irrigation Scheme, and a Director of Queensland Commodity Services, Mackay Area Productivity Services and the Kinchant Dam Water Users Association.

I also extend my thanks to Dr Helen Garnett and Mr Steve Guazzo, who retired as Directors from SRA in 2019 and were with SRA since its inception in 2013.

Helen Garnett brought extensive international scientific and corporate experience to the Board, including valuable insights into the RD&E world in other agricultural industries such as grains and grapes and wine. She has also served on the People, Performance and Remuneration Committee and the Audit and Risk Committee, including as Chair.

Steve Guazzo brought valuable experience in sugarcane growing and harvesting experience to the Board and helped ensure that SRA continues to deliver value to our investors. He has

also chaired the People, Performance and Remuneration Committee since inception.

I also welcome Mr Andrew Dougall to the Research Funding Panel (RFP).

The work of SRA is built on partnerships and collaboration and our goal is to further solidify these relationships in the future. I would like to especially thank:

- Grower and millers who provide guidance and information through a range of activities, and who are the primary investors in SRA through the joint 70c per tonne levy.
- The Commonwealth and Queensland Governments (via the Department of Agriculture and Fisheries), both of whom provided co-investment into SRA.
- External research providers and investors including the Queensland Department of Environment and Science, the Department of Agriculture, Water and Environment (Rural R&D for Profit), The Department of Environment and Energy (Reef Trust), the Great Barrier

Reef Foundation (GBRF), and the Australian Centre for International Agricultural Research (ACIAR).

- The Australian Sugar Industry Alliance (ASA), CANEGROWERS, the Australian Sugar Milling Council (ASMC), the Australian Cane Farmers Association (ACFA), as well as all the industry bodies and research and extension providers with whom we collaborate.
- My fellow Directors on the SRA Board for their fearless input and guidance over the past year
- The members of the Research Funding Panel
- Our SRA staff, who continue to deliver upon our values of teamwork, investor satisfaction, accountability, and innovation, and have responded with distinction in managing the COVID-19 situation.
- SRA's CEO, Ms Ros Baker, who is providing energy and leadership for SRA.



MESSAGE FROM THE CHIEF EXECUTIVE OFFICER

Ms Roslyn Baker



It is an honour to be Sugar Research Australia's second CEO since its inception in 2013 and to present you the company's 2019/20 Annual Report.

I started with SRA in January 2020 and my immediate priority upon starting was engaging directly with levy-payers and stakeholders, via a three-week listening tour of the industry stretching from Mossman to Ballina.

I am grateful to everyone who attended the listening tour to provide information on their SRA-experience

and feedback about the need to improve our processes and approach to deliver better outcomes for the industry.

The industry needs a strong research organisation to tackle the opportunities and challenges ahead of us. There has been strong feedback that SRA needs to improve to ensure we are delivering this for you. As well as improving our service offering, industry is also looking to SRA to make significant adjustment to our operating model and expenditure, just as all our levy payers are currently doing.

The listening tour provided me with valuable insights in relation to improving the SRA model, and these topics are shaping the discussion on the SRA strategy review, which is a process that started in the later months of the reporting period of this Annual Report. Some of the key insights are:

- There is a need to continue to innovate within the SRA plant breeding program and to find ways to deliver greater value to the industry through varieties. In some regions, this also extends to improving the way that varieties are guided through to adoption in the local conditions.

- There have been significant challenges with stagnant productivity in recent decades. SRA must continue to find ways to drive productivity and profitability improvement, including investing in transformational research and development opportunities.
- The industry is looking for SRA to provide research that leads to a step change in productivity improvement. This will most likely mean that SRA will need to explore new areas of research and broker innovation.
- There are a range of views around SRA's role and the value SRA is currently delivering to the industry.
- There is a need for whole-of-industry support to move forward. SRA has a role to play in developing this vision.
- There was strong support for the industry's need for diversification, particularly in the context of the global price of sugar and Australian production costs. However, there is not a unified view on SRA's role in this space.

The industry needs a strong research organisation to tackle the opportunities and challenges ahead of us. There has been strong feedback that SRA needs to improve to ensure we are delivering this for you. As well as improving our service offering, industry is also looking to SRA to make significant adjustment to our operating model and expenditure, just as all our levy payers are currently doing.

- There remains some confusion regarding duplication of effort, and the exact role of SRA and productivity services organisations in some areas.

In this context, the SRA Board has recognised the need to transform SRA to ensure its ongoing sustainability and ability to meet future industry, government, and community requirements. By working on a new strategy for SRA, this provides an opportunity to examine all our activities and determine how we can deliver the best outcomes for industry.

At the time of writing, this process was underway, albeit in the context of COVID-19 social-distancing.

SRA has obviously had a strong focus on ensuring business continuity during the pandemic. Our focus has been upon the safety of our staff and the community and ensuring that SRA continues to deliver our projects and activities.

This has resulted in a modification to how we operate, with many of our staff working from home for an extended period, and other staff working in

a framework of increased social-distancing and hygiene measures. We have developed a COVID-19 management plan to assist our transition back to normal working arrangements.

There has also been a shift to digital formats for our meetings and communications, and I am grateful to everyone in the industry who has assisted with this rapid transition.

In presenting this Annual Report, I thank the Australian Sugar Industry Alliance (ASA), CANEGROWERS, the Australian Sugar Milling Council, Australian Cane Farmers Association, regional industry organisations, productivity services organisations, and all our research collaborators including commercial entities and research institutions.

Thank you to the Commonwealth Department of Agriculture, Water and Environment, the Queensland Department of Agriculture and Fisheries, the Queensland Department of Environment and Science and the Great Barrier Reef Foundation for their co-investments into SRA.

All our work is possible thanks to the contribution and support of our grower and miller investors. They are the focus of all that we do at SRA. In addition to this investment, many growers and millers contribute significant time and energy into SRA activities, such as participation in meetings and advisory groups or assisting with on-farm trials.

I thank the SRA team, who have risen to the challenge of working in a new way with COVID-19 and continue to demonstrate their passion for the Australian sugarcane industry.

Finally, I thank the SRA Board for their strategic advice and support.

I look forward to continuing to work with all of you to improve upon SRA and our strategy and, ultimately, to ensure we have a sustainable and innovative SRA for the Australian cane industry.

(Below) Mossman region stakeholders meeting with Ros Baker during the 2020 CEO listening tour.



ABOUT SRA

Sugar Research Australia (SRA) is an Industry-Owned Company (IOC) that invests in and manages a portfolio of Research, Development and Adoption (RD&A) 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&A activities 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.

The core responsibilities of SRA are to:

- Deliver cost-effective research and development services to the Australian sugar industry to enhance its viability, competitiveness and sustainability;
- Carry-out, coordinate and provide investment 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 had 151 (full-time equivalent) staff as at June 30, 2020, who operate across the business in a range of roles that support and drive RD&A for the Australian sugarcane industry.

Performance framework

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. Alongside these objectives, SRA has developed a performance monitoring and evaluation program to measure and demonstrate our performance against key performance indicators in our Strategic Plan and Annual Operational Plan.

The 2017/18 – 2021/22 Strategic Plan was developed with extensive investor and industry consultation. The plan is built upon the needs of our investors and key stakeholders and it has drawn on the lessons from our 2016 Independent Performance Review. At the time of publication, SRA is undertaking its second Independent Performance Review.

Our Strategic Plan is underpinned by four goals with a focus on measures of success and outcomes. These goals are: drive profitability; improve sustainability; enhance capability; and strengthen organisational excellence.

(Right) SRA Researcher Steve Staunton discussing near-infrared technology at the Tully Mill with TSL's Michelle Larsen.



SRA is also undertaking a comprehensive strategy review and, in doing so, 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. Our Strategic Plan and Annual Operational Plan are published on the SRA website. SRA also publishes an annual Performance Report, which provides information on a selection of SRA's research highlights and performance and is intended to accompany the Annual Report and provides more detail on SRA achievements.

RD&A Priorities

The key deliverables that underpin SRA's research agenda respond to the priority challenges and opportunities of the sugarcane industry and, more broadly, the priorities of the agricultural sector, government and the wider Australian public. More specifically, the KFAs and associated RD&A activities that SRA invest in respond to the issues raised during consultation with industry, government and researchers, as well as the principles, strategies and priorities set out by industry and government strategy documents.

For full detail see Appendix B.



STRATEGIC PLAN SUMMARY

Who we are	Why we exist	What we do	Our goals
SRA is Australia's specialist sugarcane research organisation	Enabling Australia's sugarcane industry to be profitable, sustainable and resilient	We invest in evidence-based research, development and adoption activities to meet industry challenges and opportunities	Drive profitability / Improve sustainability / Enhance capability / Strengthen organisational excellence

OUR KEY FOCUS AREAS	PRIORITIES (INCORPORATED INTO PROGRAMS)	OUTCOMES
 KFA1 / VARIETY DEVELOPMENT	Restructure and modernise the breeding program and broaden the genetic base	Increased sugarcane yield and commercial cane sugar (CCS)
 KFA2 / SOIL HEALTH, NUTRIENT MANAGEMENT AND ENVIRONMENTAL SUSTAINABILITY	Integrated and focused soil health program and enhance SIX EASY STEPS guidelines and nitrogen management	Better soil health, reduced nutrient losses and improved water quality
 KFA3 / PEST, DISEASE AND WEED MANAGEMENT	Integrated new precision technologies and activities on a cost/benefit basis	Reduced or avoided yield losses and/or input costs
 KFA4 / FARMING SYSTEMS AND HARVESTING	Economic analyses and demonstration of new or improved technology, farm management practices and analysis tools	Improved farm input-output efficiencies and profitability
 KFA5 / MILLING EFFICIENCY AND TECHNOLOGY	Enhanced capability and new technology for improving processing and energy efficiency	Optimised production, improved capital utilisation and waste minimisation
 KFA6 / PRODUCT DIVERSIFICATION AND VALUE ADDITION	Prioritised diversification opportunities for further R&D activity or market analysis	Diversified revenue streams and product innovation
 KFA7 / KNOWLEDGE AND TECHNOLOGY TRANSFER AND ADOPTION	New strategy targeting industry needs, problems and solutions	Accelerated adoption of new technology and practice change
 KFA8 / COLLABORATION AND CAPABILITY DEVELOPMENT	Leveraged industry, government and research partnerships and enhanced human capability programs	Enhanced efficiency and a more focused research capability and capacity
 KFA9 / ORGANISATIONAL EFFECTIVENESS	Embedded investor and performance-centric culture	Enhanced efficiency and increased investor satisfaction and returns on investment

OUR ENABLERS	OUR MEASURES OF SUCCESS	OUR VALUES
Mapping the future Innovating our science Sustaining financial viability Optimising return on investment Partnering for impact Transforming our business and culture	Increased profitability per tonne of sugarcane produced or processed Improved industry sustainability High-impact return on investment	Innovation Investor satisfaction Accountability Teamwork

RESEARCH INVESTMENT

SRA investment 2019/20 by Key Focus Area (KFA)

KFA	MILLION	%
 KFA1	\$12.9	30.0%
 KFA2	\$5.3	12.3%
 KFA3	\$3.8	8.8%
 KFA4	\$1.7	4.0%
 KFA5	\$2.0	4.7%
 KFA6	\$1.0	2.3%
 KFA7	\$6.1	14.2%
 KFA8	\$1.3	3.0%
 KFA9	\$8.9	20.7%
Expenditure	\$43.0	100%

Numbers are rounded.

(Right) SRA entomologist Dr Pauline Lenancker, Mackay, in the field with cane grub research.

Where we invested in 2019/20

The graph shows the 2019/20 investment of \$43 million across the eight RD&A Key Focus Areas defined in the SRA Strategic Plan.



OUR PERFORMANCE

(AGAINST OUR 2019/20 ANNUAL OPERATIONAL PLAN)

OUR KEY FOCUS AREAS (KFA)s	INPUTS
 KFA1 / VARIETY DEVELOPMENT	► \$12.9 million
 KFA2 / SOIL HEALTH, NUTRIENT MANAGEMENT AND ENVIRONMENTAL SUSTAINABILITY	► \$5.3 million
 KFA3 / PEST, DISEASE AND WEED MANAGEMENT	► \$3.8 million
 KFA4 / FARMING SYSTEMS AND HARVESTING	► \$1.7 million
 KFA5 / MILLING EFFICIENCY AND TECHNOLOGY	► \$2.0 million
 KFA6 / PRODUCT DIVERSIFICATION AND VALUE ADDITION	► \$1.0 million
 KFA7 / KNOWLEDGE AND TECHNOLOGY TRANSFER AND ADOPTION	► \$6.1 million
 KFA8 / COLLABORATION AND CAPABILITY DEVELOPMENT	► \$1.3 million
 KFA9 / ORGANISATIONAL EFFECTIVENESS	► \$8.9 million

OUTPUT PERFORMANCE RATING:

- DELIVERED / ON TRACK
- NOT DELIVERED / IN PROGRESS / A RISK BUT NOT AN ISSUE YET
- NOT DELIVERED / SERIOUS DELAYS / MAJOR ISSUES

* One RD&A output listed in 2019/20 Annual Operational Plan removed as output delivered in 2018/19.

** One RD&A output listed in 2019/20 Annual Operational Plan removed as SRA's involvement in the trials ceased.

*** Performance data was not collected during 2019/20. The status of this indicator will be reported in the 2020/21 Performance Report.

† No improvement recorded in 2019/20 due to suspension of project related to harvesting best practice demonstrations.

‡ Three RD&A outputs listed in 2019/20 Annual Operational Plan on hold pending the outcomes of SRA's Strategy and Operating Model Review.

ACTIVITIES	OUTPUTS	PERFORMANCE INDICATORS
<p>SRA's sugarcane plant-breeding investment program produces new and improved sugarcane varieties and facilitates their release and distribution for commercial production.</p> <p>39 investment activities</p>	<p>19 RD&A deliverables</p>  <p>● = 84% ● = 5% ● = 11%</p>	<p>A 2% genetic gain per annum, as measured by FAT test clone performance.</p> <p>A 12% increase in varietal performance over 10 years.</p> <p>SRA's breeding program utilises molecular markers in selection by 2022.</p>
<p>Investments related to improving soil health, management of nutrients and chemical inputs, capability to predict and adapt to climatic conditions and sustainability and social license to farm.</p> <p>18 investment activities</p>	<p>20 RD&A deliverables*</p>  <p>● = 70% ● = 20% ● = 10%</p>	<p>Release of updated nitrogen management recommendations by 2020.</p> <p>Release of recommendations for the use of Enhanced Efficiency Fertilisers by 2021.</p> <p>90% of growers using SIX EASY STEPS® by 2022.</p>
<p>Investments delivering improvements in pest, disease and weed management and SRA's Yellow Canopy Syndrome (YCS) research portfolio.</p> <p>33 investment activities</p>	<p>32 RD&A deliverables**</p>  <p>● = 75% ● = 16% ● = 9%</p>	<p>Up-to-date dossiers reflecting current knowledge for high-risk exotic threats, reviewed annually.</p> <p>At least 20% of growers adopted new and/ or improved pest management strategies within last five years.</p> <p>At least 2,000 clones from various stages of the selection programs, parents and foreign clones screened annually.</p>
<p>Investments dedicated to optimisation of sugarcane farming and harvesting systems. Focus areas include precision agriculture, water management, cropping management and on-farm energy efficiency research.</p> <p>14 investment activities</p>	<p>14 RD&A deliverables</p>  <p>● = 93% ● = 7% ● = 0%</p>	<p>Positive input-output efficiency ratios resulting from adoption of new technology and practices.</p> <p>A 10% increase in harvesting best practice demonstration sites per region per annum.¹</p>
<p>Investments in improving milling process efficiency and utilisation, optimising cane quality and transport and increasing sugar quality.</p> <p>19 investment activities</p>	<p>17 RD&A deliverables</p>  <p>● = 74% ● = 16% ● = 11%</p>	<p>Miller performance rating for SRA.</p> <p>Miller satisfaction and performance with SRA.</p>
<p>Investments including identification of new opportunities and uses for sugarcane, analysis of value-add opportunities and prioritisation of future industry diversification options.</p> <p>3 investment activities</p>	<p>3 RD&A deliverables*</p>  <p>● = 67% ● = 0% ● = 33%</p>	<p>Completion of technical review of diversification opportunities by 2019.</p> <p>Identification of new opportunities for product diversification by 2020.</p>
<p>Investments relating to adoption activities, research to understand and improve knowledge transfer, and projects to improve sugarcane farm business, risk management and decision making.</p> <p>15 investment activities</p>	<p>12 RD&A deliverables</p>  <p>● = 92% ● = 8% ● = 0%</p>	<p>At least 70% of growers producing more than 7,000 tonnes per annum adopted new practices and/or technology over two-year period.</p> <p>At least 50% of growers producing less than 7,000 tonnes per annum adopted new practices and/or technology over two-year period.</p> <p>Average grower and miller satisfaction with SRA adoption and communication activities rating of 4 out of 5 achieved by 2022.</p> <p>Improved industry adoption outcomes through implementation of the Strategy for Industry Led Adoption Activities.</p>
<p>Investments in capacity and capability development of industry and research personnel, and cross-sectoral collaborations to leverage knowledge, resources and impact.</p> <p>38 investment activities</p>	<p>13 RD&A deliverables</p>  <p>● = 100% ● = 0% ● = 0%</p>	<p>SRA participation and investment in relevant collaborative and cross-sectoral programs, including the Commonwealth's Rural R&D for Profit Programme.</p> <p>Maintain a minimum of four postgraduate scholarships and two research awards each year.</p> <p>At least two short-term placements per annum of students and/ or professionals in research or industry positions for industry exposure.</p>
<p>SRA's corporate, finance functions and operations including facilities and farms.</p> <p>48 corporate activities</p>	<p>32 RD&A deliverables†</p>  <p>● = 81% ● = 19% ● = 0%</p>	<p>SRA Investor performance Rating increase to 85% by 2022.</p> <p>Aggregated research investment benefit-cost ratio of 4:1 or above by 2022.</p> <p>Maintain 100% compliance with statutory and contractual requirements.</p> <p>Develop and implement a safety management plan for the safe operations during COVID pandemic</p> <p>To review SRA's safety culture and safety management systems to determine strategies for continuous improvement over the next three years.</p>

RESEARCH HIGHLIGHTS



KFA1 / Variety development

Fast track breeding strategies are being deployed with 1000 clones going into yield trials two years ahead of the normal schedule.

Three new varieties were approved for release:

- SRA28 offers growers in the North and Herbert high CCS with Pachymetra resistance
- SRA29 has shown a yield advantage over the leading varieties in Southern region trials
- SRAW30 has shown a yield advantage in NSW 2 year production and has resistance to Pachymetra and smut.

New technologies are being tested for their potential to reduce the cost of establishing sugarcane crops. Evaluation is underway of synthetic seed technology with New Energy Farms and novel tissue culture technology with Lowes TC Pty Ltd



KFA2 / Soil health, nutrient management & environmental sustainability

The new SIX EASY STEPS toolbox is now available on the SRA website and is built on years of research into nutrient management in the Australian sugarcane industry by SRA and other industry service providers. The Toolbox packages this research into a suite of information products and interactive tools.

The Sugarcane Soil Health Extension Toolkit continues to be tested and validated in several regions, via multiple investments in soil health with a broad range of collaborators. This toolkit is improving connections between growers and extension providers to drive improvements in soil health.

SRA is working with local industry in the Rocky Point region to develop and validate SIX EASY STEPS nutrient management guidelines for that region.



KFA3 / Pest, disease & weed management

SRA, through the Sugarcane Industry Biosecurity Committee and industry partners, helped manage the industry's response to the fall armyworm incursion. This included the provision of information on the pest and emergency control permits through the Australian Pesticides and Veterinary Medicines Authority (APVMA).

Through the iMapPests Rural R&D for Profit project, a sentinel surveillance unit was tested in sugarcane industry conditions in Far North Queensland, ensuring our industry has access to this leading-edge surveillance technology.

Trials using rainfall simulation indicated that ensuring imidacloprid for canegrub control in ratoons is consistently applied at 100 mm depth is the best way to reduce loss via runoff.

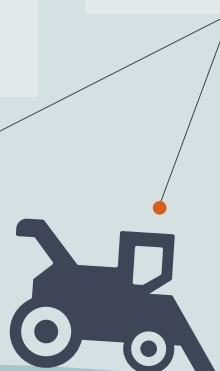


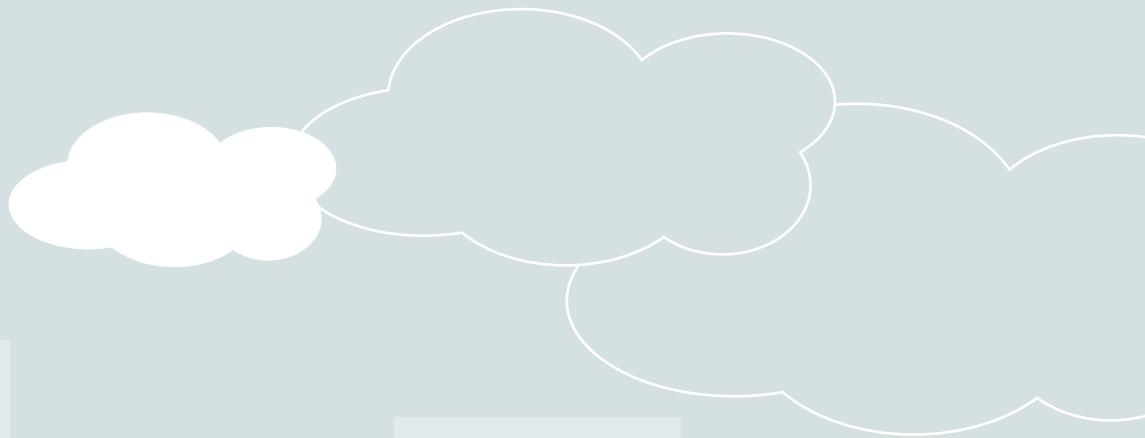
KFA4 / Farming systems & harvesting

Through research led by Norris ECT into the forward-feed components of harvesters, research identified that the impact of the gathering process result in yield reductions the following year of between 7 percent and 25 percent. This research could lead to potential modifications and improvements to the front-end of harvesters.

A new irrigation and energy portal was established on the SRA website, packing a range of videos, podcasts and publications to assist growers in decision-making around energy efficiency and irrigation.

A project led by the University of New England is leading to the establishment of the Sugar Maps platform, which is using satellite imagery to assist the industry with more accurate yield forecast information. This will aid in important areas such as harvest planning and commodity marketing.





KFA5 / Milling efficiency & technology

SRA has worked with Tully Sugar Limited to test the use of a micro-NIR instrument to measure bagasse characteristics in real time. This initiative has potential to improve milling efficiency.

A Small Milling Research Program project identified that within activated sludge plants there is potential for improved treatment performance through better control of dissolved oxygen, pH, nutrient application rates and sludge age. It was also identified that a number of trace elements may enhance the operation of activated sludge plants, and could be explored in future research.

Working in collaboration with QUT, SRA delivered nine milling webinars in 2020 to communicate the outcomes of research to the industry. This included shifting the regional research seminars to an online format due to COVID-19 restrictions.



KFA6 / Product diversification & value addition

Through the Biorefineries for Profit project, QUT researchers have continued to investigate and improve the potential for using cane by-products as a nutritious animal feed, including the use of pro-biotics and pre-biotics. This work through the Rural R&D for Profit program offers value-adding opportunities for the industry.



KFA7 / Knowledge & technology transfer & adoption

Three SRA staff completed their program through the Queensland Farmers' Federation (QFF) graduate program, enhancing the skills of the extension sector for the Australian sugar industry.

Through a new project funded by the Department of Environment and Science, SRA has helped 50 farm units establish nutrient management plans in the Russell-Mulgrave and Lower Barron catchments, meeting project milestones in the early phases of this project.

SRA has worked with industry partners in the Burdekin to establish and refine the Burdekin Irrigation Extension Plan, via a project funded by the Department of Agriculture and Fisheries.

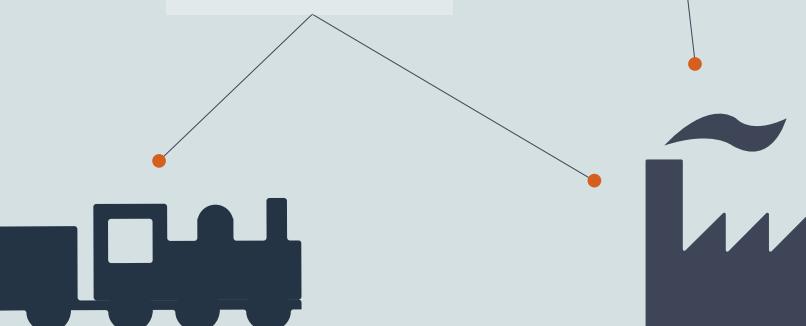


KFA8 / Collaboration & capability development

SRA continues to partner with the Sugar Research Institute and the Queensland University of Technology to ensure that the milling research sector of the industry has sufficient capability to continue to deliver over the long-term.

SRA's Next Crop program saw nine emerging sugarcane industry leaders equipped with advanced skills to help them meet future industry leadership challenges.

An SRA Travel and Learning Award saw graduates and adoption staff learning from other industries such as cotton, horticulture and beef during a visit to Southern Queensland. The group brought back practical tips for improving extension and adoption campaigns in the sugar industry.



This is a headline summary of some key achievements from SRA during 2019/20. For a comprehensive list, we recommend reading the SRA 2019/20 Performance Report available via sugarresearch.com.au.

RESEARCH COLLABORATIONS

SRA undertakes cross-sectoral collaboration and continues to invest in leveraged research activities with other Industry-Owned Companies (IOCs) and Research and Development Corporations (RDCs) to benefit both the Australian sugar industry and the broader Australian community.

These collaborations, which take different forms and vary in scale, 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. SRA also participates in a range of cross-sectoral activities within the National Primary Industries RD&E Framework as an investor, participant, program manager or steering committee member.

Rural R&D for Profit

This program aims to realise productivity and profitability improvements for primary producers via investment collaborations between rural IOCs and RDCs and other research partners. During the reporting period, SRA led two major projects under this program:

- A profitable future for Australian agriculture: biorefineries for higher-value animal feed, chemicals and fuel, led by SRA (total project investment \$6.09 million). This project was extended by one year.
- Enhancing the sugar industry value chain by addressing mechanical harvest losses, led by SRA (total project investment \$8.1 million, including in-kind).

SRA is also a participant in several other Rural R&D for Profit projects led by other RDCs / IOCs.

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 the following institutions:

AgEcon	Milling companies
Agtrix	Norris ECT
Australian Centre for International Agricultural Research	Pragmatic Thinking
Australian Research Council	Private sector
Colere Group	Productivity services organisations
CSIRO	Queensland Department of Agriculture and Fisheries
Department of Agriculture, Water and Environment	Queensland University of Technology
Department of Environment and Science	Southern Cross University
Farmacist	University of New England
Great Barrier Reef Foundation	University of NSW
James Cook University	University of Queensland
Lazuli Consulting	University of Southern Queensland

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.

(Over page) Associate Professor John Triantafyllis, University of NSW, in the field with the SRA-funded project Managing soil variability, improving crop yield and minimising off-site impacts in sugarcane using digital soil mapping.

External grants programs

SRA has also successfully secured additional research investment for the industry through external funding providers. This includes current projects underway through the Department of Environment and Science, the Australian Centre for International Agricultural Research (ACIAR), the Australian Research Council (ARC), and projects funded by a partnership between the Australian Government's Reef Trust and the Great Barrier Reef Foundation.

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, Mauritius, Vietnam and Reunion (via France).

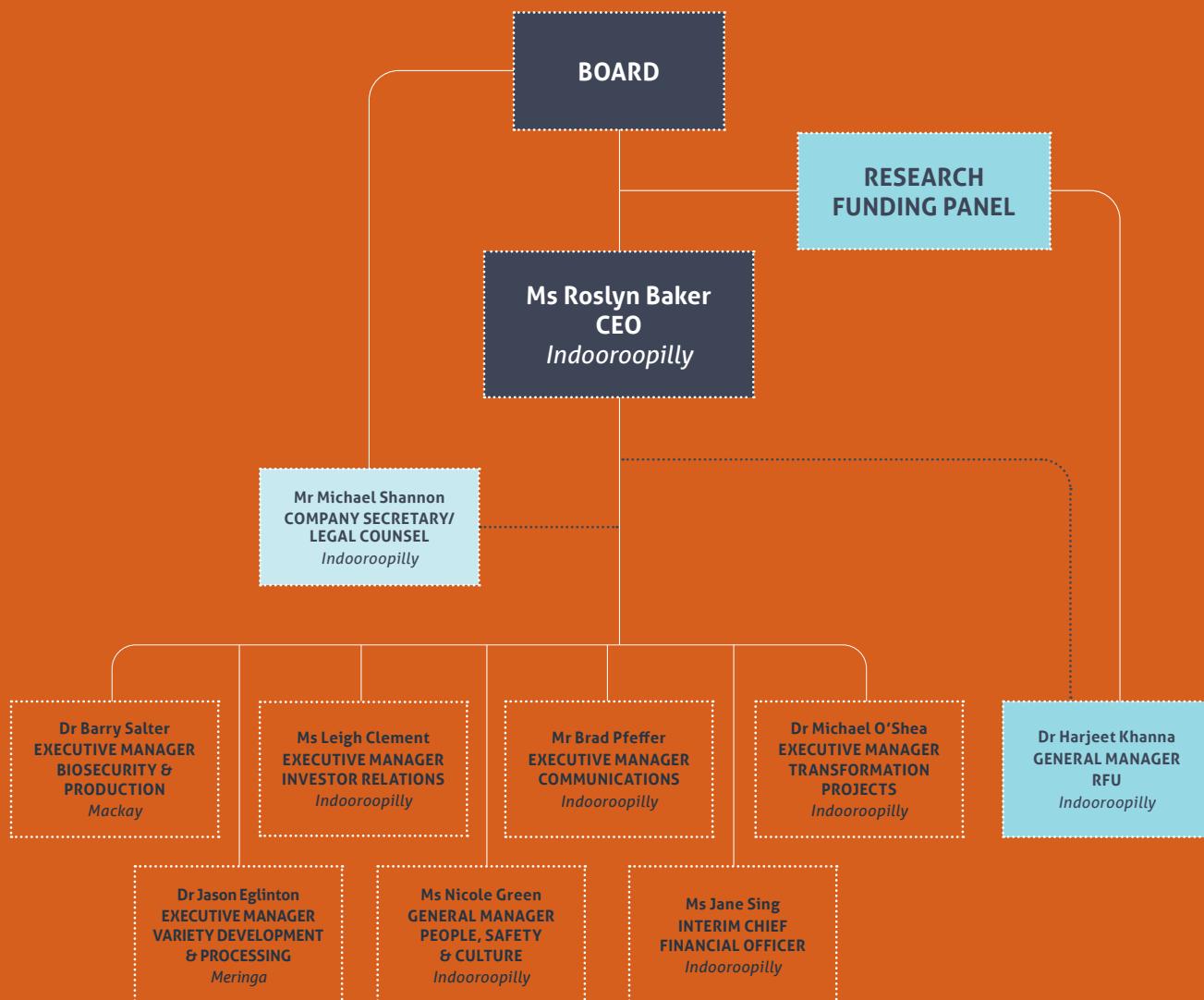
SRA continues to negotiate with other countries in ways that would enhance the genetic material being used in the industry's plant breeding. We are participating in a major collaborative project with the Sugarcane Breeding Institute in Coimbatore, India, to improve genetic control and genomic selection for important traits in sugarcane. The SRA Travel and Learning Awards are also another means used by SRA to strengthen relationships between our industry and overseas research institutions.



COMPANY STRUCTURE

SRA has an Executive Team in place to define responsibility and accountability across the business. Each area of the business is led by a manager whom 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 RFU report to the RFP and they are responsible for the day-to-day management of SRA-funded research projects.





INVESTMENT OVERVIEW

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 supported by funds from the Commonwealth and Queensland Governments, as well as minor income from other sources, such as interest and royalties from the use of intellectual property.

This revenue enabled an investment of approximately \$34.1 million in the 2019/20 financial year across the eight RD&A-focussed KFAs. In addition, SRA continues to leverage further investment opportunities through other major research programs to further drive positive outcomes for investors through programs such as Reef Trust, Rural R&D for Profit, and funders such as the Australian Centre for International Agricultural Research and the Department of Environment and Science. SRA undertakes these activities where they align with our strategic objectives and deliver value for our investors.

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

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

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

Investment program

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

The investment 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 become part of SRA's investment portfolio. The RFP also receive guidance on research proposals through research advisory committees that include grower and miller representatives.

In addition, SRA has also created the Small Milling Research Projects (SMRP) investment scheme, to target immediate research priorities for the milling sector.

Core funding

SRA also undertakes core activities outside of contestable research, which are necessary activities as part of SRA's service provision for the industry and to ensure efficient operation of the organisation. This includes a large portion of the organisation's work in relation to plant breeding, biosecurity, and adoption, as well as functions of ensuring organisational efficiency through best-practice corporate services and support.

People and capability

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.

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

SRA has also made significant investments in capability through programs such as post-graduate scholarships, early- and mid-career researcher awards, and Travel and Learning Awards. These programs build the skills industry participants, encourage innovative thinking, and deliver benefits for the greater industry.

Environmental sustainability

As the lead research agency for the Australian sugarcane industry, SRA plays a pivotal role investing in and researching activities related to nitrogen use and other issues concerning nitrogen use and the interaction between farming systems and water quality impacting the Great Barrier Reef.

SRA provides robust and independent research in this field and assists our industry investors to optimise productivity and profitability while also moving towards meeting water quality targets.

SRA investment ensures logical, scientific research in this area. SRA will continue to leverage its research funds to maximise research impact.

To achieve these objectives, SRA partners with a range of credible research agencies and co-investors. SRA is also committed to industry best practice and has achieved Smartcane BMP accreditation for its research stations.

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

(Below) SRA 2019 Next Crop participants Michael Cavallaro (Bundaberg), Ben Spann (Rocky Point), Aaron Moore, (Atherton Tableland), Michael Giudice (Mossman), Chris Lyne (Burdekin), Kevin Stevens (Brisbane), Tony Bartolo (Mackay) with Paralympian Kurt Fearnley, who spoke to the group about motivation and overcoming challenges. The Next Crop program was an SRA investment in future leaders of the Australian sugarcane industry.



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)*.

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). The Statutory Funding Agreement expired on 5 August 2017 and as a result SRA is now party to a new Statutory Funding Contract (entitled "Funding Contract 2017-2021" (dated 4 August 2017) 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 (4th edition)*. Refer to the comparison table at the end of this governance statement.

The Constitution, the Statutory Funding Contract and other documents and policies relevant to SRA's corporate governance framework (including a Governance Policy) are available on SRA's website at 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 and Group M members of the Director Selection Committee;
- 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; and
- Reporting responsibilities to its members (in conjunction with the *Corporations Act 2001 (Cth)*).

At the Annual General Meeting of SRA held on 25 October 2018, the amendments to the Constitution were as follows:

- Changes to allow SRA Directors to serve a term less than three years to enable better rotation of Directors;
- Removal of Rule 6(c) regarding the prohibition on SRA undertaking certain commercial activities;
- Removal of Delegates; and
- Some minor technical adjustments to certain rules regarding timing Performance Reviews and Director Selection Committee membership.

Statutory Funding Contract

Under the Statutory Funding Contract in place during the reporting period, the Commonwealth has agreed to pay the Sugarcane Levy paid by sugarcane growers and millers to SRA, together with Commonwealth matching payments. The Statutory Funding Contract sets out how these payments are to be used and the requirements that SRA must follow in relation to:

- Research, development and extension activities;
- Corporate governance and Board performance;
- Application and management of the Sugarcane Levy and matching Commonwealth funds in compliance with various Commonwealth guidelines;
- Reporting and accountability obligations of SRA including Strategic Plan, Annual Operational Plan, Risk Management Plan, Fraud Control Plan, Intellectual Property Management Plan and Asset Management Plan; and
- Procedures and requirements for consultations with the Commonwealth.

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 who 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 2020, there were 9 Group M members and 2,458 Group G members.

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; and
- CEO performance evaluation.

Composition

As at 30 June 2020 and the date of this Annual Report, the Board comprised seven non-executive directors ("Directors"). Under SRA's Constitution, the Board must have a majority of directors of independent status and 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 ((incl. organisational/cultural change, legal and compliance));
- Chairing a board;
- Executive and strategic leadership;
- Communication skills and ability to interrelate with industry and other investors;
- Sugarcane growing;
- Sugarcane processing for any product;
- Crop-based agriculture;
- National and international Research and Development ("R&D"), technology, technology transfer, commercialisation and adoption;
- Conservation and management of natural resources;

- Administration, prioritisation, oversight, monitoring of R&D (including an understanding of benefits of economic analysis in relation to R&D projects); and
- Finance and business management.

As required by the Constitution, the Board undertook an annual review (prior to 30 June 2020) of the skills required to effectively lead and manage the Company and contribute to Board processes and advised these to its investors.

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 35-38.

Role and responsibilities of the Board

SRA's purpose is to undertake targeted RD&A 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 in 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, investors, 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; and
- Reviewing and approving policies, plans, performance targets and budgets.

Rotation of the Board

The SRA Constitution was amended at the SRA Annual General Meeting held on 25 October 2018. As a result of the amendments to the Constitution approved by Members, a Director must retire from office at earlier of the conclusion of the third Annual General Meeting after the Director was last elected or reelected or the ending of the Directors' term of appointment. The positions of the Directors retiring under this rule will be open for selection by the Director Selection Committee established in that particular year. A person may serve a maximum of 11 years as a Director of SRA.

Board Meetings

The Board held six (6) scheduled meetings during the financial year ending 30 June 2020, two (2) 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, 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 regular Board meetings at a regional location. At these regional visits the Board meets with SRA staff, 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 SRA's Strategic and Operational Plans and KFAs. Matters arising from these reports are discussed at Board meetings. The Board regularly considers and discusses strategic issues and the KFAs set out in the Strategic Plan and matters that may assist to further promote and develop the Company's role in providing RD&A services to the Australian sugar industry.

Code of Conduct

The Constitution requires, and the Board has adopted, a Code of Conduct ("Code") for Directors, Senior Officers, 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; and
- 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 which applies to all Office Holders.

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;
- People, Performance and Remuneration Committee;
- Research Funding Panel; and
- Director Selection Committee (when an election of Directors is required).

Each Committee has a charter setting out its roles and responsibilities. The Audit and Risk Committee and the People, Performance and Remuneration 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 to be comprised of an independent Chair appointed by the Board and two members each nominated and appointed by the industry peak organisation. The members of each Committee, together with each member's attendance at meetings are set out in the Director's Report on pages 33-41.

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:

- To assist the Board in ensuring that the Company understands key risks for the Company and complies with its legislative and other obligations;
- To review the internal processes for identifying, monitoring and managing key risks for the Company;
- To review and monitor any transactions with related parties or agri-political organisations;

- To 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;
- To review the internal auditing of the Company, including the systems and procedures for that auditing, and reporting results of those audits;
- To review the external reporting of significant financial information about the Company to improve its objectivity and reliability; and
- To 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 Sam Bonanno (chair), Dr Ron Swindells and Mr Lee Blackburn as at 30 June 2020 and the date of this Annual Report.

The Committee met four (4) times during the financial year ending 30 June 2020. Under the Committee's Charter, the chief executive officer, chief financial officer 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:

- To conduct a contestable research grants process to identify project applications for support from Company contestable research investment;
- To 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;

- To 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; and
- To 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 RDC expectations.

During the reporting period, the RFP consisted of Mr Gary Longden (Chair), Dr Phillip Jackson, Mr Jeffrey Snoad, Mr Andrew Dougall and Dr Guy Roth (SRA Board Director). Dr Jeremy Burdon resigned from the RFP in October 2019.

The Committee met three (3) times during the financial year ending 30 June 2020. The manager of the RFU and other members of the RFU attend by invitation.

The People, Performance and Remuneration (PPR) Committee

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

- To develop and review policies on remuneration for Directors and senior officers of the Company, including terms of contracts, retention and termination;
- To review remuneration agreements for senior officers of the Company;
- To conduct assessments of key senior officers in relation to the performance objectives of the Company, and advise the Board;
- To assist the Board in ensuring that the Company complies with all regulatory and accounting requirements for disclosure of remuneration; and

- To deal with policy development that focuses on the quality of the workplace such as staff policies, diversity, professional development, and indigenous issues.

The Committee is comprised of Ms Lindy Hyam (Chair), Dr Jeremy Burdon and Mr Peter Russo as at 30 June 2020 and as at the date of this Annual Report. The committee met three (3) times during the financial year ending 30 June 2020.

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 and 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; and
- 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 (as amended on 25 October 2018) 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 on SRA's website at sugarresearch.com.au.

During the reporting period, the Committee comprised of Ms Kathryn Adams (Chair), Mr Paul Schembri (Group G Member representative), Mr Alan Dingle (Group G Member representative), Mr Stewart Norton (Group M Member Representative), and Mr Andrew Capello (Group M Member Representative). Mr Capello replaced Mr Shunjie Guo as a Group M member of the committee during the 2019 Director Selection Committee process.

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). The original Statutory Funding Agreement expired on 5 August 2017 and as a result SRA is now party to a new Statutory Funding Contract (entitled "Funding Contract 2017-2021" (dated 4 August 2017) with the Commonwealth of Australia represented by the Department of Agriculture. Under the Statutory Funding Contract, 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; and
- 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 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. SRA management is in the process of developing and enhancing the way SRA considers and identifies risks, and also how the Executive Team subsequently reports on these risks to the Audit and Risk Committee. This will include establishing a management risk committee which will meet to consider the list of risks and identification of new and emerging risks that may affect SRA.

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 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.

Intellectual property creation and protection

SRA has developed formal processes for the protection and administration of Intellectual Property ("IP") that is created and managed as a result of its research investment. An IP SRA Policy and IP Management Plan has been developed and approved by SRA. The Policy is available on the SRA website sugarresearch.com.au. The IP Management Plan (as amended) has been submitted to the Department of Agriculture. The SRA IP Policy and IP Management Plan supports the objects of SRA by providing clear direction to SRA and its personnel, and also research provider personnel, in respect of the identification, protection and management of IP rights arising from SRA's RD&A investment. This is to ensure that the products and services arising from this investment are delivered to the Australian sugar industry through the most efficient and appropriate route to adoption and without excessive encumbrances. SRA operates an online IP management system which records all third party IP, background IP and proposed project IP for all research projects funded by SRA. Each SRA funded research project for the reporting period was required to maintain and administer an IP Register utilising this online system.

COMPARISON OF SRA'S CORPORATE GOVERNANCE PRINCIPLES TO ASX CORPORATE GOVERNANCE PRINCIPLES AND RECOMMENDATIONS (4th EDITION)

Principle/recommendation	Description/reference of disclosure/compliance
PRINCIPLE 1. LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT	
Recommendation 1.1	
A listed entity should have and disclose a board charter setting out: (a) the respective roles and responsibilities of its board and management; and (b) those matters expressly reserved to the board and those delegated to management.	This is outlined in the Board Charter and detailed Delegations and Authorities.
Recommendation 1.2	
A listed entity should: (a) undertake appropriate checks before appointing a director or senior executive or putting someone forward for election as a director; and (b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.	<p>As part of the Director Selection Committee process in relation to annual director selection, appropriate background checks are undertaken each year.</p> <p>Candidates are shortlisted by reference to the selection criteria that act as terms of reference for the committee to ensure there is an appropriate mix of skills in the candidates nominated for election.</p> <p>Candidates' biographical details, included on the SRA Notice of Annual General Meeting, are prepared from the material submitted through the Director Selection Committee process.</p>
Recommendation 1.3	
A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	SRA has written engagement letters for directors and executive employment contracts with all members of the Executive Team.
Recommendation 1.4	
The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.	The Company Secretary is accountable to the Board through the Chair on all matters related to the proper functioning of the Board.
Recommendation 1.5	
<p>A listed entity should:</p> <p>(a) have and disclose a diversity policy;</p> <p>(b) through its board or a committee of the board set measurable objectives for achieving gender diversity in the composition of its board, senior executives and workforce generally; and</p> <p>(c) disclose in relation to each reporting period:</p> <p>(1) the measurable objectives set for that period to achieve gender diversity;</p> <p>(2) the entity's progress towards achieving those objectives; and</p> <p>(3) either:</p> <p>(A) the respective proportions of men and women on the board, in senior executive positions and across the whole workforce (including how the entity has defined "senior executive" for these purposes); or</p> <p>(B) if the entity is a "relevant employer" under the <i>Workplace Gender Equality Act</i>, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.</p>	<p>The Diversity Policy is available on SRA's website: sugarresearch.com.au/diversity-policy/</p> <p>The Board recognises and fosters a culture that encourages divergent views and robust discussion. In assessing candidates, the Director Selection Committee considers diversity of education, the nature of the businesses and business functions in which candidates have gained experience and the roles held, as well as the more obvious aspects of diversity such as gender, age, ethnicity and cultural background.</p> <p>SRA also enunciates its commitment to diversity in other policies such as the Discrimination, Bullying and Grievance Policy which are regularly reported to, monitored by and adjusted with approval by the Board.</p> <p>The proportion of women as at the date of this report:</p> <ul style="list-style-type: none"> • Board members: 14% • Executive Team: 50% • Whole organisation: 44%

Recommendation 1.6	
A listed entity should: <ul style="list-style-type: none"> (a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and (b) disclose for each reporting period whether a performance evaluation has been undertaken in accordance with that process during or in respect of that period. 	The Board evaluates its performance through an annual performance review, which is facilitated by an external consultant.
Recommendation 1.7	
A listed entity should: <ul style="list-style-type: none"> (a) have and disclose a process for evaluating the performance of its senior executives at least once every reporting period; and (b) disclose for each reporting period whether a performance evaluation has been undertaken in accordance with that process during or in respect of that period. 	The People, Performance and Remuneration Committee and Board conduct an annual assessment of the performance of the CEO and the Executive Team against agreed KPIs.
PRINCIPLE 2. STRUCTURE THE BOARD TO ADD VALUE	
Recommendation 2.1	
The board of a listed entity should: <ul style="list-style-type: none"> (a) have a nomination committee which: <ul style="list-style-type: none"> (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, and disclose: <ul style="list-style-type: none"> (3) the charter of the committee; (4) the members of the committee; and (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at (b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively. 	<p>SRA's Constitution and operation of the Director Selection Committee reflects this requirement.</p> <p>Refer also to the section about the Director Selection Committee in the 'Corporate Governance Framework'.</p>
Recommendation 2.2	
A listed entity should have and disclose a board skills matrix setting out the mix of skills that the board currently has or is looking to achieve in its membership.	The SRA Board Skills Matrix and biographical details of Directors are published on the SRA website at: sugarresearch.com.au/sra-information/investor-information/
Recommendation 2.3	
A listed entity should disclose: <ul style="list-style-type: none"> (a) the names of the directors considered by the board to be independent directors; (b) if a director has an interest, position or relationship of the type described in Box 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position or relationship in question and an explanation of why the board is of that opinion; and (c) the length of service of each director. 	<p>SRA discloses the independence of its Directors in its Board Skills Matrix on an annual basis at the same time as considering its skills and experience matrix. The SRA Board Skills Matrix of directors are published on the sugarresearch.com.au/sra-information/publications/</p> <p>Refer also to the Director Independence section in the 'Corporate Governance Framework'.</p> <p>Length of service of each director is included in the Director biographies.</p>

Recommendation 2.4	
A majority of the board of a listed entity should be independent directors.	A majority of the Directors are independent.
Recommendation 2.5	
The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.	The SRA Chair is an independent Director. The role of the Chair and the CEO are not performed by the same person. The CEO is not a member of the Board.
Recommendation 2.6	
A listed entity should have a program for inducting new directors and for periodically reviewing whether there is a need for existing directors to undertake professional development to maintain the skills and knowledge needed to perform their role as directors effectively.	SRA has a Director induction program for inducting new Directors and provides appropriate professional development.
PRINCIPLE 3. ACT ETHICALLY AND RESPONSIBLY	
Recommendation 3.1	
A listed entity should articulate and disclose its values.	SRA has a Code of Conduct which covers the governance and sets the expectation for the Board and all SRA personnel. The Code of Conduct, which was last revised and endorsed by the Board in December 2019, is on SRA's website. SRA discloses and articulates its values in its Strategic Plan and Annual Operational Plan.
Recommendation 3.2	
A listed entity should: (a) have and disclose a code of conduct for its directors, senior executives and employees; and (b) ensure that the board or a committee of the board is informed of any material breaches of that code.	SRA has a Code of Conduct which covers the governance and sets the expectation for the Board and all SRA personnel. The Code of Conduct sets out the process for reporting breaches of the code.
Recommendation 3.3	
A listed entity should: (a) have and disclose a whistleblower policy; and (b) ensure that the board or a committee of the board is informed of any material incidents reported under that policy.	SRA has a Whistleblower Policy and reporting procedures to the chairs of the Board and Audit and Risk Committee are set out in the policy.
Recommendation 3.4	
A listed entity should: (a) have and disclose an anti-bribery and corruption policy; and (b) ensure that the board or a committee of the board is informed of any material breaches of that policy.	SRA does not currently have an anti-bribery and corruption policy but does have a Fraud Policy and Fraud Control Plan.

PRINCIPLE 4. SAFEGUARD INTEGRITY IN CORPORATE REPORTING

Recommendation 4.1

<p>The board of a listed entity should:</p> <p>(a) have an audit committee which:</p> <ul style="list-style-type: none"> (1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and (2) is chaired by an independent director, who is not the chair of the board, and disclose: (3) the charter of the committee; (4) the relevant qualifications and experience of the members of the committee; and (5) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or <p>(b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.</p>	<p>The Board has established an Audit and Risk Committee which is structured so that consists only non-executive Directors and:</p> <ul style="list-style-type: none"> • is chaired by an independent chair who is not Chair of the Board; and • consists of at least three members of the Board. <p>Biographical details of directors and committee members are published to the SRA website: sugarresearch.com.au/sra-information/team/</p> <p>The charter of the committee is on SRA's website.</p> <p>Refer also to the section about the Audit and Risk Committee in the 'Corporate Governance Framework'.</p>
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Recommendation 4.2

<p>The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.</p>	<p>The wording of the declaration reflects the wording in the recommendation.</p>
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Recommendation 4.3

<p>A listed entity should disclose its process to verify the integrity of any periodic corporate report it releases to the market that is not audited or reviewed by an external auditor.</p>	<p>Not applicable to SRA.</p>
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PRINCIPLE 5. MAKE TIMELY AND BALANCED DISCLOSURE

Recommendation 5.1

<p>A listed entity should have and disclose a written policy for complying with its continuous disclosure obligations under listing rule 3.1.</p>	<p>As SRA is an unlisted public company it is not an ASX disclosing entity but does report annually to its members and to the Commonwealth Government on its operations and financial results.</p>
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Recommendation 5.2

<p>A listed entity should ensure that its board receives copies of all material market announcements promptly after they have been made.</p>	<p>As per 5.1 above.</p>
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Recommendation 5.3

<p>A listed entity that gives a new and substantive investor or analyst presentation should release a copy of the presentation materials on the ASX Market Announcements Platform ahead of the presentation.</p>	<p>As per 5.1 above.</p>
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PRINCIPLE 6. RESPECT THE RIGHTS OF SECURITY HOLDERS

Recommendation 6.1

A listed entity should provide information about itself and its governance to investors via its website.

SRA provides information about itself and its governance framework on its website. Refer sugarresearch.com.au/sra-information/investor-information

Recommendation 6.2

A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.

SRA has a Communications team and Communication Plan to promote effective two-way communication with members, levy payers, industry representative bodies and the State and Commonwealth Governments.

Recommendation 6.3

A listed entity should disclose how it facilitates and encourages participation at meetings of security holders.

SRA holds an Annual General Meeting. SRA releases an e-newsletter to members, industry representative bodies and the State and Commonwealth Governments.

Recommendation 6.4

A listed entity should ensure that all substantive resolutions at a meeting of security holders are decided by a poll rather than by a show of hands.

The SRA Constitution sets out the process for meetings of members and voting at meetings including via a poll.

Recommendation 6.5

A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.

SRA allows members to decide in what format it wishes to receive communications, either by post or electronically.

PRINCIPLE 7. RECOGNISE AND MANAGE RISK

Recommendation 7.1

The board of a listed entity should:

- (a) have a committee or committees to oversee risk, each of which:
 - (1) has at least three members, a majority of whom are independent directors; and
 - (2) is chaired by an independent director, and disclose:
 - (3) the charter of the committee;
 - (4) the members of the committee; and
 - (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or
- (b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.

The Board has established an Audit and Risk Committee which is structured so that consists only non-executive directors;

- is chaired by an independent chair who is not Chair of the Board; and
- consists of at least three members of the Board.

The charter of the committee is on SRA's website.

Refer also to the section about the Audit and Risk Committee in the 'Corporate Governance Framework'.

Recommendation 7.2

The board or a committee of the board should:

- (a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound and that the entity is operating with due regard to the risk appetite set by the board; and
- (b) disclose, in relation to each reporting period, whether such a review has taken place.

The Board sets its Risk Appetite pursuant to a Risk Management Policy and Risk Management Plan which is reviewed regularly.

Refer to the section about the Audit and Risk Committee section in the 'Corporate Governance Framework'.

Recommendation 7.3	
A listed entity should disclose: <ul style="list-style-type: none"> (a) if it has an internal audit function, how the function is structured and what role it performs; or (b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes. 	SRA conducts an internal audit function using qualified external consultants under an internal audit plan reviewed by the Audit and Risk Committee. <p>Refer to the section about the Internal Audit program in the 'Corporate Governance Framework'.</p>
Recommendation 7.4	
A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.	SRA reports annually to its members and to the State and Commonwealth Governments on its key risks, operations and financial results.
PRINCIPLE 8. REMUNERATE FAIRLY AND RESPONSIBLY	
Recommendation 8.1	
The board of a listed entity should: <ul style="list-style-type: none"> (a) have a remuneration committee which: <ul style="list-style-type: none"> (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, and disclose: <ul style="list-style-type: none"> (3) the charter of the committee; (4) the members of the committee; and (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive. 	The Board has established a People, Performance and Remuneration Committee which is structured so that consists of three non-executive directors. <p>The charter of the committee is on SRA's website.</p> <p>Refer also to the People, Performance and Remuneration Committee section in the 'Corporate Governance Framework'.</p>
Recommendation 8.2	
A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.	SRA discloses key management personnel compensation in its audited Financial Statements.
Recommendation 8.3	
A listed entity which has an equity-based remuneration scheme should: <ul style="list-style-type: none"> (a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and (b) disclose that policy or a summary of it. 	Not applicable as SRA does not have an equity-based remuneration scheme.

STATUTORY REPORTS: DIRECTORS' REPORT

for the year ended 30 June 2020

The Directors of Sugar Research Australia Limited ABN 16 163 670 068 ("Company" or "SRA") submit their report for the year ended 30 June 2020 ("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 2020, there were nine Group M members and 2,458 Group G members. The total amount the members of the Company are liable to contribute if the Company is wound up for 2019/20 is \$4,934.

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

The primary long-term objective of SRA is to enable Australia's sugarcane industry to be profitable, sustainable and resilient.

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

- Increasing profitability across the sugarcane value chain through innovation-led productivity gains, step-change, and value-adding;
- Improving sustainability through evidence-based research and sustainable production, biosecurity and environmental management;
- Enhancing capability through strengthened research and industry partnerships, capability development programs and collaborative knowledge transfer and adoption mechanisms; and
- Strengthening organisational excellence through enhanced research, development and adoption investment management, best practice organisational governance and a positive performance-focused organisational culture.

Strategy for achieving objectives

To deliver on these strategic objectives and goals, SRA has established nine key focus areas ("KFAs") – each with a suite of objectives, outputs, expected outcomes and measures by which to demonstrate success. These KFAs are intended to provide focus for SRA's research, development and adoption activities to address the primary productivity, profitability and sustainability challenges and opportunities facing industry, over the short-, medium- and long-term horizons. The KFAs are:

1. Variety development;
2. Soil health, nutrient management and environmental sustainability;
3. Pest, disease and weed management;
4. Farming systems and harvesting;
5. Milling efficiency and technology;
6. Product diversification and value addition;

7. Knowledge and technology transfer and adoption;
8. Collaboration and capability development; and
9. Organisational effectiveness.

The complete strategy for delivery on SRA's objectives, goals and KFAs is detailed in SRA's 2017/18 – 2021/22 Strategic Plan ("Strategic Plan") which is available on SRA's website at www.sugarresearch.com.au/wp-content/uploads/2017/03/Strategic-Plan-2017-D0.6_FINAL.pdf.

Principal activities during the reporting period

The Company's principal activities during the reporting period consisted of research, development and adoption 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, adoption and commercialisation of results of research and development activities in relation to the Australian sugar industry.

Financial Result

The financial result for the reporting period is \$5,354 thousand loss (2019: \$5,495 thousand loss), including:

- \$5,845 thousand loss (2019: \$6,377 thousand loss) from operating activities; and
- \$491 thousand (2019: \$882 thousand) of interest income.

Performance measurement

SRA's five-year Strategic Plan and Annual Operational Plans set out SRA's strategic and operational agenda, along with the Key Performance Indicators ("KPIs") by which delivery against this agenda is measured. The 2017/18 – 2021/22 Strategic Plan was developed in collaboration with SRA's industry and government investors and is underpinned by four impact-driven goals of profitability, improved sustainability, enhanced capability and organisational excellence.

SRA's Monitoring and Evaluation (M&E) Framework employs an impact pathway logic-based model to guide the assessment of SRA's performance against delivery of its Strategic and Annual Operational Plans. The primary mechanisms within SRA's M&E Framework include:

- Project milestone and output monitoring and reporting;
- Operational and strategic reporting to the Audit and Risk Committee;
- Six-monthly impact-pathway reporting, including traffic light reporting on output delivery;
- Six-monthly reporting on performance to the Commonwealth Department of Agriculture, Water and the Environment, as required under SRA's Statutory Funding Contract 2017-2021 with the Commonwealth Government ("SFC");
- Project and program impact assessments;

- Annual grower and miller surveys on practice change and investor satisfaction;
- Annual performance reports, including traffic light reporting against the KPIs in SRA's Strategic Plan and Annual Operational Plan;
- Independent Performance Reviews; and
- Cross Research and Development Corporations Impact Assessment Program.

The Audit and Risk Committee reviews, on an ongoing basis, a suite of reports that cover SRA's operational and strategic performance. These include: SRA operational reports, such as 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 SRA Board with recommendations for remedial action to be taken to ensure SRA's operational and strategic performance remains on-track.

SRA also regularly communicates with its investors and other stakeholders on the Company's strategic and operational performance and uses feedback on its performance to continually improve the quality of its research and investment processes, programs and activities.

Directors

The names, particulars, 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
Dr Ron Swindells <i>FIE Aust, FAICD B.E. (Chem) (Hons), PhD</i>	<p>Chairman – SRA Board <i>(Year appointed to Board - 2013)</i> <i>(Director status: Independent)</i></p> <p>Dr Swindells has been a Director of Sugar Research Limited and served as its Chairman between 1993 – 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"> Chief executive officer of Mackay Sugar for ten years Bundaberg Sugar Company as Manager of Millaquin Mill and Bundaberg Refinery. <p>More recently he has worked on a number of sugar-related consulting projects for various clients.</p> <p>Member - Audit and Risk Committee</p>
Ms Lindy Hyam <i>B.Ed, Dip Teach, MBA, FAICD</i>	<p><i>(Year appointed to Board - 2016)</i> <i>(Director status: Independent)</i></p> <p>Ms Hyam has worked extensively in agriculture with engagement across more than 40 established, new and emerging commercial plant based and levy paying industries and their research communities including sugar addressing issues along the value chain ranging from grower based through to commercialisation of R&D outcomes, biosecurity and international marketing of product.</p> <p>Ms Hyam has had 20 years of leadership experience at board and CEO levels in the private and public sectors across urban and regional Australia and internationally with a diverse range of organisations of all sizes and governance structures. Ms Hyam has held many board roles across a range of disciplines in addition to agriculture including city leadership, health, airports, resources recovery, legal services, professional services, the environment and education.</p> <p>During the reporting period, Ms Hyam served as:</p> <ul style="list-style-type: none"> Board member of the State Local Land Services Board, a NSW Government Agency for improving primary production and natural resource management; and Chair of the Hunter region Local Land Services Board (<i>term concluded March 2020</i>); and Chair, Hunter Valley Wine and Tourism Association (<i>term concluded November 2019</i>). <p>Ms Hyam is a Fellow of the Australian Institute of Company Directors.</p> <p>Chair – People, Performance and Remuneration Committee (<i>appointed PPRC Chair 24 October 2019</i>)</p>

DIRECTOR	EXPERIENCE, SPECIAL RESPONSIBILITIES AND INDEPENDENCE STATUS
Dr Guy Roth <i>B Rural Science (Hons), Masters Applied Science, PhD</i>	<p><i>(Year appointed to Board - 2015)</i> <i>(Director status: Independent)</i></p> <p>Dr Guy Roth has extensive experience as a director, executive, and leader in agricultural research, development, and consulting. He has particular expertise in services related to irrigation, water, soil, farming systems and natural resource management for agriculture and rural communities.</p> <p>Dr Roth was formerly the Chief Executive Officer of the Cotton Catchment Communities Cooperative Research Centre and Program Manager for the National Program for Sustainable Irrigation. In 2016 Dr Roth was awarded the Cotton Industry's Researcher of the Year Award.</p> <p>Dr Roth is currently:</p> <ul style="list-style-type: none"> • Director Northern Agriculture with The University of Sydney, Plant Breeding Institute at Narrabri; • Chair National Water Use in Agriculture RD&E strategy; and • Director – Roth Rural and Regional Pty Ltd. <p>Member – Research Funding Panel</p>
Mr Sam (Salvatore) Bonanno <i>B.E. (Mechanical), Adv Dip Business Management, GAICD</i>	<p><i>(Year appointed to Board - 2018)</i> <i>(Director status: Independent)</i></p> <p>Mr Sam Bonanno is an independent management consultant, a director and executive with more than 35 years' experience in mining/resources and agriculture, particularly infrastructure and logistics operations, in Australia and overseas.</p> <p>Mr Bonanno has experience in strategic planning and implementation, commercial negotiations, business planning, operations management, asset management, project management, materials processing and bulk supply chain management.</p> <p>Mr Bonanno has held four non-executive board positions in Australia—with three key industry-wide service providers and a government corporation for regional economic development—as well as being a director and chair of a global industry association for bulk export coal ports and terminals.</p> <p>Mr Bonanno is currently serving directorships with:</p> <ul style="list-style-type: none"> • STL - Sugar Terminals Limited; and • CQU - Central Queensland University: Member of the Strategic Planning and Projects Committee, University Council. <p>Chair – Audit and Risk Committee (appointed ARC Chair 24 October 2019)</p>

DIRECTOR	EXPERIENCE, SPECIAL RESPONSIBILITIES AND INDEPENDENCE STATUS
Mr Peter Russo MAICD	<p><i>(Year appointed to Board - 2018)</i> <i>(Director status: Non-independent)</i></p> <p>Mr Peter Russo has over 40 years of experience in sugarcane growing and milling. Working in a farming partnership with his two sons in the Childers region, Mr Russo is knowledgeable in all aspects of sugarcane farming and is particularly passionate about the adoption of innovative practices ranging from irrigation to land management to harvesting.</p> <p>Mr Russo is Chairman of the Board of the Isis Central Sugar Mill and has served on the Board since 1990. Mr Russo has served on various committees while on the Isis Central Sugar Mill Board and has also previously been a Board member of St Luke's Anglican School, Bundaberg.</p> <p>Mr Russo is currently serving directorships with:</p> <ul style="list-style-type: none"> • Isis Central Sugar Mill Co Ltd; and • PNR Nuts Pty Ltd. <p>Member – People, Performance and Remuneration Committee</p>
Mr Lee Blackburn GAICD	<p><i>Appointed 24 October 2019</i> <i>(Director status: Non-independent)</i></p> <p>Mr Lee Blackburn has been a sugarcane grower for 26 years and has been managing the family farm and harvesting business since 2002. He is chair of Eton Irrigation Scheme PTY LTD, is a director on the boards of Mackay Sugar PTY LTD, Queensland Commodity Services, Mackay Area Productivity Services and Kinchant Dam Water Users Association. He is a former director of Mackay Canegrowers Limited and former member of the Canegrowers Mackay Area Committee.</p> <p>Member – Audit and Risk Committee <i>(Appointed 24 October 2019)</i></p>
Dr Jeremy Burdon BSc (Hons), PhD, Hon DSc, FAA, FTSE, MAICD	<p><i>Appointed 24 October 2019</i> <i>(Director status: Independent)</i></p> <p>Dr Jeremy Burdon has an international reputation as both a scientist (evolutionary biology) and a research manager and strategic planner. In the early 2000s he was involved in the sugar industry guiding research relationships between CSIRO and BSES and as a Director of the CRC for Sugar Industry Innovation through Biotechnology. More recently he has served for four years as a member of SRA's Research Funding Panel.</p> <p>Dr Burdon has broad interests across all plant-based agricultural industries developed through a previous role as Chief of the Division of Plant Industry, CSIRO (2003-2012). Additionally and subsequently, he has served on the Board of Trustees of Bioversity International (a member of the CGIAR: 2009-2015), on the Board of the Grains Research & Development Corporation (2011-2017), and as the Chair of the Australian Academy of Science's National Committee for Agriculture, Fisheries & Food. Currently, he serves on the Board of the Cotton Research & Development Corporation.</p> <p>Member – People, Performance and Remuneration Committee <i>(Appointed 24 October 2019)</i></p>

DIRECTOR	EXPERIENCE, SPECIAL RESPONSIBILITIES AND INDEPENDENCE STATUS
Dr Helen Garnett PSM <i>BSc (Hons), PhD, FTSE, FAICD</i>	<p><i>Director (1 July 2019 – 24 October 2019)</i> <i>Resigned (24 October 2019)</i></p> <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, Chair of Delta Electricity, Chair of Australian Centre for Plant Functional Genomics, Director, Carbon Energy (and Chair – Audit and Risk Committee) and a director of the Grape and Wine Development Corporation.</p> <p>Dr Garnett is currently:</p> <ul style="list-style-type: none"> • Chair, Generator Property Management Ltd • Director, Grains Research and Development Corporation • Director, Crawford Fund • Director, Developing East Arnhem Ltd. <p>Chair – Audit and Risk Committee (Resigned 24 October 2019)</p>
Mr Steve Guazzo	<p><i>Director (1 July 2019 – 24 October 2019)</i> <i>Resigned (24 October 2019)</i></p> <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. Mr Guazzo served as a director of Sugar Research Development Corporation.</p> <p>Mr Guazzo served directorships with:</p> <ul style="list-style-type: none"> • Queensland Canegrowers Organisation Limited (Vice-Chairman) • CANEGROWERS Queensland Policy Council (Vice-Chair) • CANEGROWERS Herbert River (Chair). <p>Mr Guazzo ceased those directorships effective as of 30 April 2015.</p> <p>Chairman – People, Performance and Remuneration Committee (Resigned 24 October 2019)</p>

COMPANY SECRETARY	
Mr Michael Shannon <i>BA LLB (Hons), GradDipACG, GAICD</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, an Associate of the Governance Institute of Australia and a Graduate of the Australian Institute of Company Directors.</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>

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 remain 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 were as follows:

SRA BOARD & COMMITTEE MEETINGS 1 JULY 2019 TO 30 JUNE 2020*						
	Full Board			Board Committees		
	Scheduled	Meetings held between scheduled Board meetings	Total	Audit & Risk	People, Performance & Remuneration	Research Funding Panel
Dr Ron Swindells	6 [^] [6]	Nil	6 [^] [6]	4 [4]	3 [3] ^{^^}	-
Dr Helen Garnett**	1 [2]	Nil	1 [2]	0 [1]	-	-
Mr Steve Guazzo**	2 [2]	Nil	2 [2]	-	1 [^] [1]	-
Ms Lindy Hyam	6 [6]	Nil	6 [6]	-	3 [^] [3]	-
Dr Guy Roth	6 [6]	Nil	6 [6]	-	-	3 [3]
Mr Salvatore Bonanno	5 [6]	Nil	5 [6]	4 [^] [4]	-	-
Mr Peter Russo	6 [6]	Nil	6 [6]	-	3 [3]	-
Mr Lee Blackburn ***	4 [4]	Nil	4 [4]	3 [3]~	-	-
Dr Jeremy Burdon ***	4 [4]	Nil	4 [4]	-	2 [2]~	-

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 4 meetings during the reporting period.

** Resigned as Director and committee member – effective as of 24 October 2019

*** Appointed as Director – effective as of 24 October 2019

^ Indicates Chair. (Mr Guazzo chaired 1 PPRC meeting before resigning on 24 October 2019 and Ms Hyam was appointed PPRC Chair effective 24 October 2019.)

^^ Dr Swindells attended PPRC meetings as SRA Board chair

~ Appointed as committee member – effective as of 24 October 2019

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 2019/20* entitled Corporate Governance and these pages form part of this report.

Rounding

The Company is of a kind referred to in ASIC Corporations (*Rounding in Financial/Directors' Reports*) Instrument 2016/191 and in accordance with that instrument, amounts in the financial report and director's report have been rounded off to the nearest thousand dollars, unless otherwise stated.

Registered office

50 Meiers Road
Indooroopilly
Qld 4068

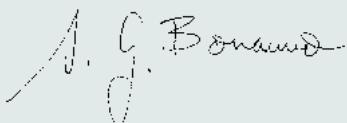
Auditor's independence

The Auditors Independence Declaration in relation to the audit for the year ended 30 June 2020 as required under section 307C of the *Corporations Act 2001* (Cth) has been received by the Company and is included on page 63 and forms part of the Directors' report for the reporting period ended 30 June 2020.

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



Ron Swindells (Chairman)



Sam Bonanno (Director)





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Statement of profit or loss and other comprehensive income

For the year ended 30 June 2020

<i>in thousands of dollars</i>	Notes	2020	2019
Revenue	4	36,717	38,554
Other revenue	5	231	468
		36,948	39,022
Employee benefits		19,907	20,112
Operating expenses	6	20,076	23,486
Depreciation and amortisation	7,11,12	2,810	1,801
		42,793	45,399
Results from operating activities		(5,845)	(6,377)
Finance Income		491	882
Profit (Loss) for the period		(5,354)	(5,495)
Other comprehensive income		-	-
Total comprehensive income		(5,354)	(5,495)

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 2020

<i>in thousands of dollars</i>	Notes	2020	2019
Assets			
Cash and cash equivalents	8	23,971	29,541
Trade and other receivables	10	1,852	3,283
Prepayments		497	446
Total current assets		26,320	33,270
Property, plant and equipment	11	30,363	30,822
Right of Use Asset	7	1,123	-
Intangible assets	12	1,754	1,760
Total non current assets		33,240	32,582
Total assets		59,560	65,852
Liabilities			
Trade and other payables	13	2,558	4,713
Lease liabilities	7	472	-
Employee benefits		2,266	2,152
Total current liabilities		5,296	6,865
Lease liabilities	7	599	-
Employee benefits		389	406
Total non current liabilities		988	406
Total liabilities		6,284	7,271
Net assets		53,276	58,581
Equity			
Retained earnings		53,276	58,581
Total equity		53,276	58,581

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 2020

<i>in thousands of dollars</i>	2020	2019
Opening balance	58,581	64,076
Total comprehensive income		
Profit / (Loss)	(5,354)	(5,495)
Other comprehensive income	-	-
Adjustment on adoption of AASB 16	49	-
Total comprehensive income for the period	(5,305)	(5,495)
Closing balance	53,276	58,581

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 2020

in thousands of dollars

	Notes	2020	2019
Operating activities			
Receipts from Statutory Authority and industry		39,111	38,635
Payments to suppliers and employees		(42,417)	(42,560)
Payments for short-term leases		(278)	-
Payments for low value leases		(5)	-
Payments for variable lease payments (not included in the measurement of the lease liabilities)		(22)	-
Net cash used in operating activities	9	(3,611)	(3,925)
Investing activities			
Interest received		491	882
Payments to acquire property, plant and equipment	11	(1,628)	(4,430)
Proceeds from sale of property, plant and equipment		19	116
Payments to acquire intangibles and other long term assets	12	(236)	(330)
Net cash used in investing activities		(1,354)	(3,762)
Financing activities			
Payments of lease liabilities		(605)	-
Net cash from financing activities		(605)	-
Net decrease in cash and cash equivalents		(5,570)	(7,687)
Cash and cash equivalents at beginning of period		29,541	37,228
Cash and cash equivalents at end of period	8	23,971	29,541

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 2020

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'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 18 August 2020.

(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 Corporations (Rounding in Financial / Director's Reports) instrument 2016/191 and in accordance with that instrument, amounts in the financial report and director's report have been rounded off to the nearest thousand dollars, 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.

Estimation of useful lives of assets

The company determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

2. Basis of Preparation (continued)

(d) Use of judgement and estimates (continued)

Employee benefits provision

The liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

Lease agreements

Critical judgement in identifying a lease

The Company has identified readily observable factors to determine whether a contract conveys the right to control the use of an identified asset for a period of time. Once a contract has been identified as having a lease, further analysis is conducted to ensure that it is correctly reflected in the financial statements.

Critical judgement in determining the lease term

In determining the lease term, the Company considers all facts and circumstances that create an economic incentive to exercise an extension option or remain in a leased position. Extension options are only included in the lease term if the lease is reasonably certain to be extended.

Critical judgement in determining components of a lease

In determining the components of a lease, the Company considers all facts and circumstance that distinguish between the different components of a lease as well as any services provided within the lease contract. Where non-lease components are found, they are accounted for separately from lease components and are based on their relative stand-alone selling price. Otherwise non-lease components are bundled together with lease components as a single lease component.

Critical judgement in determining the appropriate discount rate

In determining the appropriate discount rate, the Company considers all fact and circumstances surrounding the lease and whether it forms part of a portfolio of leases, the current economic environment in which the Company operates, the underlying nature of the lease asset, available resources and whether the impact on the financial statements is material or not.

The Company has also identified readily observable factors to determine if the rate should change due to changes in those underlying factors.

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) 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.

3. Significant accounting policies (continued)

(c) Revenue from contracts with customers

Revenue is recognised at an amount that reflects the consideration to which the Company is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the Company uses a 5 step recognition and measurement model for revenue recognition:

1. identifies the contract with a customer
2. identifies the performance obligations in the contract
3. determines the transaction price
4. allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered
5. recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method.

The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are recognised as a refund liability.

Grants

Grant revenue is recognised in profit or loss when the Company satisfies the performance obligations stated within the funding agreements.

If conditions are attached to the grant which must be satisfied before the Company is eligible to retain the contribution, the grant will be recognised in the statement of financial position as a liability until those conditions are satisfied.

Interest

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Other revenue

Other revenue is recognised when it is received or when the right to receive payment is established.

All revenue is stated net of the amount of goods and services tax.

(d) 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.

(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.

3. Significant accounting policies (continued)

(d) Employee Benefits (continued)

(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.

(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.

(e) 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.

(f) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits 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.

(g) Financial instruments

AASB 9 replaced the provision of AASB 139 that relates to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting.

Investment and other financial assets

Classification

From 1 July 2018, the Company classifies its financial assets in the following measurement categories:

- Those measured subsequently at fair value (either through Other Comprehensive Income, or through profit or loss), and
- Those measured at amortised cost.

The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows. For assets measured at fair value, gains and losses will either be recorded in profit or loss or Other Comprehensive Income.

The Company reclassifies debt investment when and only when its business model for managing those assets changes.

Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset.

Debt instruments: Subsequent measurement of debt instruments are done under the amortised cost method. This is based on the Company's business model for managing asset and cash flow characteristics of the asset.

Assets that are held for collection on contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses). Impairment losses are presented as separate line items in the statement of profit or loss.

3. Significant accounting policies (continued)

(h) 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.

(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:

	2020	2019
• 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.

(i) 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.

3. Significant accounting policies (continued)

(i) Intangible assets (continued)

(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.

(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:

	2020	2019
• 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.

(j) 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.

3. Significant accounting policies (continued)

(j) Impairment (continued)

(ii) Non-financial assets (continued)

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.

(k) 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.

(l) Leases

The Company has entered into several lease arrangements primarily covering properties, motor vehicles and some office equipment.

AASB 16 requires all leases to be recognised on the Balance Sheet unless the underlying asset is of low value or the lease has a term of 12 months or less. From 1 July 2019, the Company will recognise a 'right-of-use asset' representing its right to use leased assets and a 'lease liability', measured as the present value of future lease payments. The income statement will include depreciation of the right-of-use asset and any interest expense on the lease liability over the lease term.

The Company has determined that the absence of applying a discount rate will not create a material impact on the measurement and disclosure to the financial statements.

Payments associated with short-term lease and leases of low-value assets are recognised on a straight-line basis as an expense in the profit or loss. Short term leases are lease with a term of 12 months or less. Low-value assets primarily comprise office equipment.

Extension Options

Extension options are included in several property and equipment leases across the Company. The terms are used to maximise operational flexibility in terms of managing contracts. All extension options held are exercisable by the Company and not the respective lessor.

(m) New Standard adopted this year

Adoption of AASB 15 Revenue from contracts with customers and AASB 1058 Income of not-for-profit entities.

On 1 July 2019, the Company adopted AASB 15 Revenue from Contracts with Customers, replacing the previous standard, AASB 118 Revenue. Under AASB 118, revenue was recognised when risks and rewards transferred from the seller to the buyer. AASB 15 has introduced a single, principle-based five step recognition and measurement model for revenue recognition (see note 3c).

Where there is variable consideration in calculating a transaction price, revenue will only be recognised if it is highly probable that a significant revenue reversal will not subsequently occur. AASB 15 applies to contracts with customers except for revenue arising from items such as financial instruments, insurance contracts and leases.

Transition approach

The Company has used the modified retrospective approach in adopting AASB 15 which recognises the cumulative effect of initial application through opening retained earnings as at 1 July 2019. The Company has not restated the comparative period financial statements. The modified retrospective approach applied to contracts not completed at 30 June 2019.

AASB 1058 applies to transactions of not-for-profit (NFP) entities where the consideration to acquire an asset is significantly less than fair value principally to enable the entity to further its objectives. The Company applies AASB 1058 when consideration is less than fair value.

Impact

Changes to the Company's balance sheet as a result of adopting AASB 15 and AASB 1058, are not significant.

3. Significant accounting policies (continued)

(m) New Standard adopted this year (continued)

Adoption of AASB 16 Leases

On 1 July 2019, the Company adopted AASB 16 'Leases' replacing the previous standard AASB 117 'Leases' and related interpretations. AASB 117 required leases to be classified as operating leases or finance leases according to their economic substance at inception of the lease. Finance leases were recognised on the Balance Sheet. Operating leases were not recognised on the Balance Sheet and rent payable was recognised as an expense over the lease term. AASB 16 introduces a single accounting model for recognising and measuring lease arrangements. A contract contains a lease if it conveys the right to control the use of an identified asset for a period of time. Lessor accounting remains largely unchanged from the previous standard.

Total lease expense recognised over the life of a lease remains unchanged as compared to AASB 117, however the timing of expense recognition changes, with a higher expense recognised in the earlier stages of a lease due to the interest expense being determined on the lease liability that amortises over the lease term. The Company has applied the modified retrospective approach in adopting AASB 16 and measured the right-of-use asset for certain existing contracts as if AASB 16 has always been applied. Any resulting transition adjustments will be recognised in opening retained profits for the current year. For other leases, the right-of-use asset is measured as equal to the lease liability. Under this approach no restatement to comparative information is required.

The adoption of AASB 16 is expected to increase assets by approximately \$1,292 thousands and increase liabilities by the same amount. This will result in a change to retained earnings of \$48,500.

Contracts entered into relate to leases over the Company's agricultural premises, vehicle and office equipment. Management has applied judgement in determining these values which includes the determination of whether an arrangement contains a lease, the term of the lease, the discount rate and future lease cash flows.

In adopting AASB 16, the Company has only reassessed existing contracts that contained a lease that were identified under the previous standard AASB 117 and related interpretation. Further, the Company has elected to apply the following practical expediencies: -

- If necessary, the Company will apply a single discount rate to any portfolio of leases with have similar characteristics;
- The Company has relied on previous assessment on whether leases are onerous;
- The Company has decided to exclude all lease contracts with terms that end within 12 months from the 1 July 2019;
- The Company has excluded initial direct costs from the measurement of the right-of-use-asset at 1 July 2019; &
- The Company has used hindsight where necessary;
- The Company has decided not to separate lease and non-lease components, and instead account for each lease component and any associated non-lease component as a single lease component.

The Company has assessed that there is no material difference in measuring the present value of lease liability and undiscounted lease liability and therefore have not measured the lease liability using the incremental borrowing rate. The weighted average of SRA's incremental borrowing rate applied to the lease liabilities recognised in the Statement of Financial Position at the date of initial application is nil.

Reconciliation of operating lease commitments to lease liability under AASB 16	\$
Operating lease commitments disclosed as at 30 June 2019	1,217,804
<i>Add: adjustments for reasonably certain lease options</i>	117,375
<i>Less: short term leases</i>	(62,214)
<i>Less: adjustment to opening equity</i>	(48,500)
<i>Less: non-lease components</i>	-
<i>Less: low-value leases</i>	-
<i>Less: impact of discounting</i>	-
Lease liability recognised as at 1 July 2019	1,224,465
<i>Comprising</i>	
Current lease liabilities	475,842
Non-current lease liabilities	748,623
	1,224,465

4. Revenue from operating activities

<i>in thousands of dollars</i>	2020	2019
Industry contribution (i)	21,244	22,401
Commonwealth matching contribution (i)	6,259	6,599
Queensland government income (iii)	3,127	3,475
Commonwealth government grant income (ii)	1,265	636
Collaboration income (iv)	4,114	4,913
Sale of cane	708	530
	36,717	38,554

(i) Industry contribution and Commonwealth matching contribution

A statutory funding contract 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 Commonwealth Grant Agreements to fund collaborative research and development projects to support continued innovation in Australia's primary industries. The grants are provided as part of the Commonwealth government Rural R&D for Profit programme. The grants are 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 grants. As at the reporting date, there are no unfulfilled conditions.

(iii) Queensland government income

The company entered into grant deed agreements with Queensland government to carry out research and development project activity that aligns to objectives of the Department of Agriculture and Fisheries Strategic Plan.

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

<i>in thousands of dollars</i>	2020	2019
Lease and rental income	144	155
Sundry income	193	200
Profit (loss) on sale of asset	(106)	113
	231	468

6. Operating expenses

<i>in thousands of dollars</i>	2020	2019
External research providers	7,595	10,017
Asset and property management	2,752	3,347
Professional and consulting	4,629	4,109
Research consumables	1,435	1,384
Industry consultation	423	597
Registration, subscriptions and licences	542	711
Telecommunications	534	485
Other operating costs	2,166	2,836
	20,076	23,486

7. Leases

During the year ended 30 June 2020, the following was recognised in the profit and loss relating to:-

<i>in thousands of dollars</i>	2020
Income from sub-leases	-
Short-term leases	278
Low-value leases	5
Variable lease payments (not included in the measurement of the lease liability)	22
Interest expense on lease liabilities	-

RIGHT-OF-USE-ASSETS

<i>in thousands of dollars</i>	Land and buildings	Plant and equipment	Office equipment	Total
Balance at 1 July 2019	486	787	-	1,273
Additions / Modifications	13	403	40	456
Depreciation	(70)	(532)	(4)	(606)
Balance at 30 June 2020	429	658	36	1,123

LEASE LIABILITIES

<i>in thousands of dollars</i>	2020
Balance at 1 July 2019	1,224
Additions / Modifications	456
Interest Expense	-
Repayments	(609)
Balance at 30 June 2020	1,071

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>	2020	2019
Bank balances	4,250	6,404
Call deposits	19,721	23,137
Cash and cash equivalents	23,971	29,541
 Cash and cash equivalents in the statement of cash flows	 23,971	 29,541

Cash and cash equivalents are held with bank and financial institution counterparties, which are rated A-1 or better, based on rating agency Standard and Poor's ratings.

9. Cash flow reconciliation

<i>in thousands of dollars</i>	2020	2019
Profit (Loss) for the period	(5,354)	(5,495)
<i>Adjustments for:</i>		
Depreciation and amortisation	2,810	1,801
Interest received	(491)	(882)
Profit from sale of property, plant and equipment	106	(113)
<i>Change in working capital and provisions:</i>		
Decrease / (Increase) in trade and other receivables, and prepayments	1,379	(155)
Increase in payables	(2,156)	923
(Decrease) / Increase in provisions for employee benefits	95	(4)
Net cash used from operating activities	(3,611)	(3,925)

10. Trade and other receivables

<i>in thousands of dollars</i>	2020	2019
Accrued income	1,261	1,316
Other trade receivables	591	1,967
Contract assets	-	-
	1,852	3,283
 Current	 1,852	 3,283
Non-current	-	-
	1,852	3,283

On the adoption of AASB 15, the Company assessed that there were no contracts with customers giving rise to a nil opening balance in Contract Assets.

11. Property, plant and equipment

<i>in thousands of dollars</i>	<i>Note</i>	Land and buildings	Plant and equipment	Office equipment	Total
Cost					
Balance at 1 July 2019		25,205	12,723	941	38,869
Additions		207	1,286	134	1,627
Disposals		(77)	(59)	-	(136)
Balance at 30 June 2020		25,335	13,950	1,075	40,360
Accumulated depreciation and impairment losses					
Balance at 1 July 2019		(1,839)	(5,467)	(741)	(8,047)
Depreciation for the period		(448)	(1,425)	(90)	(1,963)
Disposals		7	6	-	13
Balance at 30 June 2020		(2,280)	(6,886)	(831)	(9,997)
Carrying amounts					
at 1 July 2019		23,366	7,256	200	30,822
at 30 June 2020		23,055	7,064	244	30,363
 in thousands of dollars					
Cost					
Balance at 1 July 2018		21,768	11,881	855	34,504
Additions		3,437	907	86	4,430
Disposals		-	(65)	-	(65)
Balance at 30 June 2019		25,205	12,723	941	38,869
Accumulated depreciation and impairment losses					
Balance at 1 July 2018		(1,461)	(4,225)	(649)	(6,335)
Depreciation for the period		(378)	(1,305)	(92)	(1,775)
Disposals		-	63	-	63
Balance at 30 June 2019		(1,839)	(5,467)	(741)	(8,047)
Carrying amounts					
at 1 July 2018		20,307	7,656	206	28,169
at 30 June 2019		23,366	7,256	200	30,822

As at 30 June 2020, \$329 thousand (2019: \$235 thousand) of acquired assets were under construction.

12. Intangible assets

	Software	Intellectual Property	Total
<i>in thousands of dollars</i>			
Cost			
Balance at 1 July 2019	1,967	8,900	10,867
Additions	235	-	235
Balance at 30 June 2020	2,202	8,900	11,102
Accumulated amortisation and impairment losses			
Balance at 1 July 2019	(207)	(8,900)	(9,107)
Amortisation for the period	(241)	-	(241)
Balance at 30 June 2020	(448)	(8,900)	(9,348)
Carrying amounts			
at 1 July 2019	1,760	-	1,760
at 30 June 2020	1,754	-	1,754
 <i>in thousands of dollars</i>			
Cost			
Balance at 1 July 2018	1,637	8,900	10,537
Additions	330	-	330
Balance at 30 June 2019	1,967	8,900	10,867
Accumulated amortisation and impairment losses			
Balance at 1 July 2018	(181)	(8,900)	(9,081)
Amortisation for the period	(26)	-	(26)
Balance at 30 June 2019	(207)	(8,900)	(9,107)
Carrying amounts			
at 1 July 2018	1,456	-	1,456
at 30 June 2019	1,760	-	1,760

As at 30 June 2020 there were no intangible assets under construction (2019: \$1,696 thousand).

Impairment charge

In the year ended 30 June 2020, there was 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

<i>in thousands of dollars</i>	2020	2019
Trade payables	1,573	2,971
Other payables and accrued expenses	360	1,742
Contract liabilities	625	-
	2,558	4,713
Current	2,558	4,713
Non-current	-	-
	2,558	4,713

14. Employee benefits

Defined contribution superannuation plans

The Company has paid contributions of \$1,641 thousand (30 June 2019: \$1,693 thousand) to defined contributions plans on behalf of employees for the reporting period.

15. Contingencies and commitments

The Company has outstanding milestone commitments of \$8,582 thousand as at 30 June 2020 (2019: \$14,730 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 2,458 (2019: 2,390) group G members and 9 (2019: 8) 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. Related parties

(i) Related party transactions

During the year ended 30 June 2020, the Company did enter into transactions with related parties totalling \$2,699 (2019: \$ 4,847).

These transactions were conducted on an arm's length basis and on normal commercial terms.

No amounts remain outstanding or commitments as at 30 June 2020.

(ii) Key management personnel compensation

The key management personnel compensation was \$3,327,801 (2019: \$3,062,592) for the reporting period.

18. Events occurring after the reporting date

The financial report was authorised for issue on 18 August 2020 by the Board of Directors.

No matters or circumstances have arisen since the end of the financial year which significantly affected or could significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company in future financial years.

Directors' declaration

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 42 to 61 are in accordance with the Corporations Act 2001, including:

(h) giving a true and fair view of the Company's financial position as at 30 June 2020 and of its performance, for the financial period ended on that date; and

(iii) 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 18 August 2020.



Ron Swindells

Director

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



Tel: +61 7 3237 5999
Fax: +61 7 3221 9227
www.bdo.com.au

Level 10, 12 Creek St
Brisbane QLD 4000
GPO Box 457 Brisbane QLD 4001
Australia

DECLARATION OF INDEPENDENCE BY K L COLYER TO DIRECTORS OF SUGAR RESEARCH AUSTRALIA LIMITED

As lead auditor of Sugar Research Australia Limited for the year ended 30 June 2020, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

K L Colyer
Director

BDO Audit Pty Ltd

Brisbane, 18 August 2020

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



Tel: +61 7 3237 5999
Fax: +61 7 3221 9227
www.bdo.com.au

Level 10, 12 Creek St
Brisbane QLD 4000
GPO Box 457 Brisbane QLD 4001
Australia

To the members of Sugar Research Australia Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Sugar Research Australia Limited (the Company), which comprises the statement of financial position as at 30 June 2020, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies, and the directors' declaration.

In our opinion the accompanying financial report of Sugar Research Australia Limited, is 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 2020 and of its financial performance for the year ended on that date; and
- (ii) Complying with Australian Accounting Standards - Reduced Disclosure Requirements and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report. We are independent of the Company in accordance with the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Other information

The directors are responsible for the other information. The other information obtained at the date of this auditor's report is information included in the directors report, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.



Tel: +61 7 3237 5999
Fax: +61 7 3221 9227
www.bdo.com.au

Level 10, 12 Creek St
Brisbane QLD 4000
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Australia

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors 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 gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (<http://www.auasb.gov.au/Home.aspx>) at:
http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf

This description forms part of our auditor's report.

BDO Audit Pty Ltd

BDO

K L Colyer
Director

Brisbane, 18 August 2020

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Appendix A

ANNUAL REPORTING COMPLIANCE CHECKLIST

The following checklist shows SRA's compliance with key annual reporting requirements completed during the 2019/2020 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 Contract (SFC) 2017-2021.

ANNUAL REPORTING REQUIREMENTS	WHAT SRA DELIVERED 2019/20 FINANCIAL YEAR	
Annual Report requirements — SRA Constitution (rules 22.6, 24.3)		
<p>The Board must include in the Annual Report for each financial year:</p> <ul style="list-style-type: none">• a report on the operations of the Committees specified in the Constitution during the year; and• a report on the operations of the code of conduct during the year including how the Board dealt with material breaches (if any).	<p><i>Annual Report 2019/20 pp 24-26</i> includes a report on the operations of each Committee; and</p> <p><i>Annual Report 2019/20 pp 24</i> includes a report on the operations of the SRA Code of Conduct.</p>	
Annual reporting to members of a company limited by guarantee — <i>Corporations Act 2001</i> (Cth) (section 316A)	<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">• the financial report; and• the directors' report; and• the auditor's report. <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">• 21 days before the next AGM after the end of the financial year; and• four (4) months after the end of the financial year.	<p><i>Annual Report 2019/20 pp 33-65</i> contains the financial report, directors' report and auditor's report.</p> <p>Members have been advised in the Notice of Annual General Meeting 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 at sugarresearch.com.au.</p>
Laying reports before AGM — <i>Corporations Act 2001</i> (Cth) (section 317)	<p>The directors of a public company must lay before the AGM:</p> <ul style="list-style-type: none">• the financial report; and• the directors' report; and• the auditor's report, <p>for the last financial year that ended before the AGM.</p>	<p><i>Annual Report 2019/20</i> to be presented to AGM scheduled for 11 December 2020.</p>

ANNUAL REPORTING REQUIREMENTS	WHAT SRA DELIVERED 2019/20 FINANCIAL YEAR
Lodging Annual Report with ASIC — <i>Corporations Act 2001 (Cth)</i> (section 319)	<p><i>Annual Report 2019/20</i> to be sent to ASIC within four months after the end of the financial year.</p>
Annual Report to include any direction from the Minister — <i>Sugar Research and Development Services Act 2013 (Cth)</i> (section 11(4))	<p>No written direction from the Minister for Agriculture 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>
<p>The Industry Services Body must, within 14 days of lodging a financial report (the annual report), give the Minister for Agriculture, Drought and Emergency Management, the Hon. David Littleproud 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>	
Provision of Annual Report to the Commonwealth — <i>Statutory Funding Agreement</i> (clauses 12.6, 12.7, 12.8 and 12.9)	<p><i>Annual Report 2019/20</i>: four copies to be provided to the Department of Agriculture (Cth) by 31 December 2020.</p>
<p>SRA to do certain things as follows:</p> <ul style="list-style-type: none"> • 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 • must provide four copies to the Commonwealth by 31 December 2020 and • the annual report to include a reasonably comprehensive coverage of matters listed in clauses 12.9(a)–(m) of the <i>Statutory Funding Agreement</i>. 	<p><i>Annual Report 2019/20</i> pp 22 includes coverage of matters listed in clauses 12.9(a)–(m) of the <i>Statutory Funding Agreement</i>.</p>

Appendix B

ALIGNMENT TO INDUSTRY AND GOVERNMENT PRIORITIES

STAKEHOLDER PRIORITIES	SRA KEY FOCUS AREAS								
	1. VARIETY DEVELOPMENT	2. SOIL HEALTH, NUTRIENT MANAGEMENT AND ENVIRONMENTAL SUSTAINABILITY	3. PEST, DISEASE AND WEED MANAGEMENT	4. FARMING SYSTEMS AND HARVESTING	5. MILLING EFFICIENCY AND TECHNOLOGY	6. PRODUCT DIVERSIFICATION AND VALUE ADDITION	7. KNOWLEDGE AND TECHNOLOGY TRANSFER AND ADOPTION	8. COLLABORATION AND CAPABILITY DEVELOPMENT	9. ORGANISATIONAL EFFECTIVENESS
<i>National Sugarcane Industry RD&E Strategy – Themes¹</i>									
1. Products: Expanding uses for sugarcane									
2. Productivity: Achieving significant productivity gains and increasing adoption									
3. Stewardship: Improving environmental performance and industry's social licence									
4. People: Building the capability of industry and research									
<i>National Science and Research Priorities²</i>									
1. Food									
2. Soil and water									
3. Transport									
4. Cybersecurity									
5. Energy									
6. Resources									
7. Advanced manufacturing									
8. Environmental change									
9. Health									
<i>Rural RD&E Priorities³</i>									
1. Advanced technology									
2. Biosecurity									
3. Soil, water and managing natural resources									
4. Adoption of R&D									
<i>Queensland Department of Agriculture and Fisheries – Theme Areas for Sugarcane Research Investment⁴</i>									
1. Sugarcane improvement – to improve productivity, quality and production efficiency									
2. Sugarcane plant protection									
3. Farming Systems broad acre dry land and irrigated, and mixed crop farming systems in Queensland									
4. Soil health									
5. New market opportunities and processes									
6. Agri-intelligent systems									
7. Breaking barriers to adoption									

¹ National Sugarcane Industry RD&E Strategy, 2017.
² National Science and Research Priorities, Australian Government, 2015.
³ Rural RD&E Priorities, Agricultural Competitiveness White Paper, Australian Government, 2015.
⁴ Department Strategic Objectives for funding projects for SUGARCANE, Queensland Department of Agriculture and Fisheries, 2018.

Appendix C

EXPENDITURE AGAINST NATIONAL RESEARCH PRIORITIES

The table details SRA's total expenditure for 2019/20 allocated against each of the National Science and Research Priorities and the Rural RD&E Priorities.

STAKEHOLDER PRIORITIES	TOTAL INVESTMENT 2019/20			
	FORECAST ¹		ACTUAL	
	(\$K)	%	(\$K)	%
<i>National Science and Research Priorities²</i>				
1. Food	19.5	44.9%	18.6	43.4%
2. Soil and water	7.3	17.0%	7.5	17.5%
3. Transport	-	-	-	-
4. Cybersecurity	-	-	-	-
5. Energy	0.3	0.5%	0.2	0.5%
6. Resources	-	-	-	-
7. Advanced manufacturing	3.8	8.6%	3.3	7.7%
8. Environmental change	3.6	8.2%	3.8	8.9%
9. Health	-	-	-	-
<i>Other*</i>	9.1	20.8%	9.5	22.1%
Total	43.6	100.0%	42.9	100.0%
<i>Rural RD&E Priorities³</i>				
1. Advanced technology	11.4	26.2%	10.2	23.8%
2. Biosecurity	8.2	18.7%	8.1	18.9%
3. Soil, water and managing natural resources	9.4	21.5%	10.0	23.3%
4. Adoption of R&D	5.1	11.8%	5.1	11.9%
<i>Other *</i>	9.5	21.8%	9.5	22.1%
Total	43.6	100.0%	42.9	100.0%

¹ As forecast in SRA Annual Operational Plan 2019/20.

² National Science and Research Priorities, Australian Government, 2015.

³ Rural RD&E Priorities, Agricultural Competitiveness White Paper, Australian Government, 2015.

* Other includes unallocated research, R&D management and corporate support.





Sugar Research Australia Limited

ABN 16 163 670 068

Brisbane Office 50 Meiers Road, Indooroopilly QLD 4068 Australia

Postal Address PO Box 86 Indooroopilly QLD 4068 Australia

T 07 3331 3333

E sra@sugarresearch.com.au

sugarresearch.com.au