



Independent Review of Performance

Sugar Research Australia Limited

Final Report

April 2024

→ The Power of Commitment



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GHD Pty Ltd | ABN 39 008 488 373

Contact Susan Madden, Technical Director Natural Resources & Agriculture | GHD
 133 Castlereagh Street, Level 15
 Sydney, New South Wales 2000, Australia
T +61 2 9239 7100 | **F** +61 2 9239 7199 | **E** sydmail@ghd.com | **ghd.com**

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→ Executive Summary

GHD Pty Ltd was commissioned to undertake an independent performance review of Sugar Research Australia Ltd over the period from 2020 in accordance with the requirements of its Statutory Funding Agreement (SFA) with the Australian Government. The review evaluates SRA’s performance against its statutory obligations, in particular, the five Performance Principles outlined in the SFA relating to: Stakeholder Engagement, Research, Development & Adoption (RD&A), Collaboration, Governance Arrangements, and Monitoring and Evaluation.

This report is subject to, and must be read in conjunction with, the limitations set out in section 1 and the assumptions and qualifications contained throughout the report.







Sugar Research Australia (SRA) is the industry services body for the Australian sugar industry. It is responsible for managing and investing the funds received from sugarcane growers and millers and matching eligible R&D contributions from the Australian Government for the benefit of the Australian sugar industry and the Australian community.

SRA is somewhat unique amongst the Rural Research & Development Corporations (RDCs) in Australia given it is both an investor and provider of Research, Development and Adoption (RD&A) services for its industry.

The Australian sugar industry

Sugar is Australia’s second largest export crop with a total economic contribution of \$4 billion to Australian GDP. The Australian sugar industry produces raw and refined sugar from sugarcane. Around 95% of sugar produced in Australia is grown in Queensland and about five percent in northern New South Wales, along 2,100 km of coastline between Mossman in far north Queensland and Grafton in northern NSW.

While the industry exists on a well-established and long-standing supply chain, it has faced a range of challenges and opportunities over the review period that will remain relevant into the future.

	Weather volatility
	Price volatility
	Biosecurity, pests and diseases
	Competing land use
	Environmental risks
	Competition from other sources

Independent Performance Review

This review covers the period since 2020 and was undertaken between December 2023 and April 2024. The review was based on a desktop review of documents and consultation with a range of SRA’s internal and external stakeholders. The review included an open call for submissions, of which 3 responses were received.

>250	65
Documents reviewed	Individuals consulted

Review Conclusions

The period since the previous review was completed in 2020 saw SRA embark on an ambitious change process, with several initiatives occurring at both the strategic and operational levels. The review found that the scale of these initiatives, combined with high turnover across a number of SRA’s key leadership positions, and influences from its external operating environment, has meant that its change management process is not yet complete.

Importantly the review found that SRA is well connected to its levy payers and their RD&A needs. This is underpinned by the implementation of a successful district manager model, and active engagement and collaborative activities that provide a range of touchpoints for its key stakeholders.

The review found that SRA has delivered benefits to industry, government and the broader community from both its investment in and provision of RD&A.

Despite these outcomes, the review found that SRA has a number of gaps in the company’s underpinning policies, systems and processes.

Going forward it is important that issues relating to internal processes and organisational change can be swiftly and effectively resolved, so that SRA can continue to play its valuable role in supporting the industry deliver its longer-term RD&A agenda.

Summary of key findings

SRA's Statutory Obligations

- SRA was found to have largely met its obligations under the *Sugar Research and Development Services Act 2013 (Cth)*, *Corporations Act 2001 (Cth)*, Statutory Funding Agreement 2021-2031 and Constitution.
- SRA's Constitution outlines requirements for the development of SRA's strategic and Annual Operating Plans (AOP). The 2021/22 AOP is not considered to have met the requirements of SRA's Constitution.

PP 1 – Stakeholder Engagement

- SRA's approach to stakeholder consultation is outlined in its *Engagement and Consultation Plan* made available on its website. The plan is in line with the guiding principles of the *Best Practice Guide to Stakeholder Consultation* and is in the process of being updated in 2024.
- It is evident that SRA conducts a wide range of consultation and engagement with its stakeholders in the planning and delivery of its RD&A priorities and activities.
- Consultation suggests that while stakeholders generally feel well connected to SRA, there is opportunity for it to be more structured and strategic in its approach to obtaining stakeholder input to inform its investment planning and decision-making processes through more formalised consultative mechanisms.

PP 2 – RD&A investment

- SRA's *Strategic Plan 2021-2026* and the update to the plan that was issued in 2023, identify 'Strategic Pillars' and 'Research Missions' to ensure it invests through a portfolio that balances industry needs that includes both short, medium and longer-term research, as well as high and low-risk investments.
- The strategic plan however does not provide a clear indication of its budget allocation by either Strategic Pillar or Research Mission, making it difficult to assess annual progress against its five-year investment strategy.
- Annual operating plans and reports do provide a breakdown of SRA's investment by Research Mission but not the Strategic Pillars. They also show alignment with Government and industry priorities relevant during the period of the

review. Going forward, there will be a need to incorporate alignment with more recently communicated (August 2023) Australian Government priorities.

- SRA's planning approach incorporates a relatively large number of KPIs which reflect a strong level of ambition. Transparency of performance against KPIs is provided in SRA's annual reports.
- Consultation indicated that it continues to be challenging for SRA to balance the needs of its grower and miller levy payers, however, annual member surveying over the past two years has found relatively strong levels (around 7 out of 10) of satisfaction with SRA's research areas.

PP 3 – Collaboration

- As a smaller RDC, SRA recognises the importance of collaboration in maximising the return on investment by levy payers and government. SRA has set itself a target that 50% of its portfolio will involve cross-sectoral or multidisciplinary research by 2024, which it has exceeded during the period of the review.
- Over the review period, SRA contributed to 13 projects or initiatives involving collaboration with other RDCs, for a total investment of \$1.3M.
- SRA also relies on collaborative income, which has represented close to 20% of its total revenue since inception in 2013 when including income from QDAF. The review found that SRA has not made use of all the funding available to it from QDAF in recent years, highlighting the importance of ensuring that it is engaging effectively with this important R&D partner.
- The review found that while SRA is largely operating in line with the Australian Government's *RDC Knowledge Transfer and Commercialisation Guidelines*, its Intellectual Property Policy needs to be updated to ensure its currency.

PP4 – Governance arrangements

- SRA is governed by its Board supported by four Board Committees, which includes its independent Research Funding Panel (RFP).

- Governance weaknesses have been identified over time relating to the need to maintain an ‘ethical wall’ in the evaluation and funding of SRA’s core and contestable projects.
- Changes are currently underway to resolve these issues to ensure that SRA can effectively manage the real and perceived conflicts that may arise from its dual roles.
- This review and recent internal audits have identified gaps in SRA’s company policies and processes, as well as the need to complete the scheduled review of its existing policies.

PP 5 – Monitoring & Evaluation


- SRA evaluates its performance via an overarching *Monitoring and Evaluation Framework* and a more recently updated *Monitoring and Evaluation Plan*, which aligns with the SFA performance principles.
- Over the review period, SRA has commissioned 23 impact assessments in line with the CRRDC




issued guidelines. These independent assessments included both core and contestable projects, which were found to be delivering positive returns on investment. The aggregated Benefit Cost Ratios over the period of the review ranged from 2.2 in 2020/21 to 72.8:1 in 2022/23.



- SRA communicates its RD&A outcomes through a range of channels, including case studies. Both growers and millers indicated satisfaction with the quality of SRA communications in providing useful and credible information.
- SRA issued the required public response to the recommendations contained in the 2020 review of performance. GHD assessed current status of these recommendations and found that 10 of 16 were completed (though not all responses were effective), 3 were partially completed and 3 remain in progress.

Recommendations for continuous improvement

GHD has identified 20 recommendations from the review to assist with SRA’s ongoing efforts for continuous improvement. The recommendations and corresponding section references are provided in the table below.

Performance Principle	Recommendations from the review	Report Section
	1. SRA should develop a roadmap outlining key steps and timeframes in its change process. Focus should be given to demonstrating how: <ul style="list-style-type: none"> • Leadership stability will be maintained as the organisation transitions to a permanent CEO. • Transparency in SRA’s investment planning and decision-making frameworks will be delivered. • Appropriate policies, business systems and processes will be embedded. 	2.2.3
	2. The SRA Chair and CEO should continue regular tri-partite meetings (e.g. six-monthly) with industry representative bodies and the Australian Government to demonstrate its progress against the roadmap. This will help build investor confidence and demonstrate the necessary levels of transparency and accountability to SRA’s key stakeholders.	2.2.3

Performance Principle	Recommendations from the review	Report Section
 Stakeholder Engagement	<p>3. SRA should seek to implement a more structured and strategic approach to its engagement, including by:</p> <ul style="list-style-type: none"> Updating its <i>Consultation and Engagement Plan</i> to include the recently approved <i>Stakeholder Action Plan 2024</i>, which provides an annual calendar outlining the 'who, what, why and when' of its key engagement activities as they relate to R&D investment planning and reporting. Continuing to facilitate regular tri-partite meetings (e.g. 6 monthly) between industry, DAFF, and SRA Continuing to ensure mutually agreed approaches to consultation and engagement with QDAF. Building on the back of the success of the SRA Research Update held recently in Brisbane, SRA should continue with plans to make this an annual opportunity for levy payers, research partners and co-investors to interact with the SRA Board, staff, and RFP. Documenting and publishing in AOPs and Annual Reports the approach to obtaining stakeholder input to inform the development of RD&A priorities and activities. 	4.4
 RD&A	<p>4. Going forward, SRA should develop its investment planning and reporting processes to incorporate performance in delivering against the more recently communicated Australian Government priorities. This should include an increased focus on Indigenous Engagement, where relevant, in RD&A planning.</p> <p>5. SRA should include an indicative allocation of its investment against its key priorities in its strategic plan (e.g. Research Missions and/or Strategic Pillars) and align this with planned and actual expenditure reported on an annual basis in its AOPs and Annual Reports. Providing a time-series of this information over 3-5 years would also increase the transparency of SRA's performance against its planned portfolio balance over time.</p> <p>6. In future strategic plans, SRA should consider streamlining the 'Strategic Pillars' and 'Research Missions' and associated KPIs to a single set of priorities to provide greater clarity of SRA's strategic intent and transparency of its balanced portfolio.</p> <p>7. SRA should provide increased transparency around its approach to Rule 22.3(e) in the SRA Constitution relating to the allocation of funding to the contestable funding pool.</p> <p>8. SRA should consider including a simple rating criteria e.g. 'met', 'partially met', 'not met', or otherwise, along with the supporting commentary when reporting against achievement of 'measures of success' across strategic priorities in its Annual Reports.</p>	<p>5.2</p> <p>5.5.1</p> <p>5.5.1</p> <p>5.5.1</p> <p>5.5.2</p>
 Collaboration	<p>9. SRA should consider pursuing collaboration with other agrifood processing and milling sectors including cotton, dairy, meat, grain etc. to address shared objectives in energy, workforce management, OH&S, plant maintenance, compliance, transport, process efficiency, and traceability.</p> <p>10. SRA should update its intellectual Property Policy to accord with the RDC Knowledge Transfer and Commercialisation Guide</p>	<p>6.1</p> <p>6.3</p>

Performance Principle	Recommendations from the review	Report Section
 Governance	<p>11. SRA should proceed with updating its Compliance Policy and implement the associated Compliance Calendar and Compliance Register for streamlined compliance reporting.</p> <p>12. SRA should as a matter of priority, progress changes proposed to the RFP Committee function and membership based upon an agreed skills matrix.</p> <p>13. SRA should formally reflect the new RFP Committee's function and membership requirements in the RFP Committee Charter and communicate these changes to its key stakeholders.</p> <p>14. SRA should update its Procurement Policy to include a section on tender and tender evaluation process. This should include the establishment of elements during the tender process that can be used to support contract management into the future.</p> <p>15. SRA should complete its recently commenced review of Policy documents, and Board and Committee Charters, to ensure they remain current.</p> <p>16. SRA should bring forward the review of its Cost Allocation Policy in response to internal audit findings.</p> <p>17. SRA should re-instate the external evaluation of its Board and Committees on a periodic basis.</p> <p>18. SRA should continue with plans to lift the level of risk maturity by redrafting the current RMP to develop a Risk Management Framework and completing the work currently underway to update the risk registers.</p> <p>19. Changes should be made to Board and ARC reporting to focus only upon the top 10 Material Business Risks, movement trends and treatment plan implementation status.</p>	<p>3.5</p> <p>7.1.3</p> <p>7.1.3</p> <p>7.1.3</p> <p>7.2</p> <p>7.2</p> <p>7.2</p> <p>7.2</p> <p>7.2</p>
 Monitoring and Evaluation	<p>20. SRA should continue its update of the Monitoring and Evaluation Plan and implement its planned approach to complete ex-ante and ex-post evaluations tracking expected impacts from investment planning to project delivery.</p>	<p>8.3</p>

Glossary

A&RC	Audit and Risk Committee
AGM	Annual General Meeting
AIA	Agricultural Innovation Australia
AOP	Annual Operating Plan
ASMC	Australian Sugar Milling Council
BCR	Benefit Cost Ratio
CEO	Chief Executive Officer
CRCNA	Cooperative Research Centre for Developing Northern Australia
CRRDC	Council of Rural Research and Development Corporations
DAFF	Department of Agriculture, Fisheries and Forestry
DOA	Delegation of Authority
DPP	District Productivity Plans
DSC	Director Selection Committee
HSE	Health Safety & Environment
IAP	Internal Audit Program
IOCs	Industry-Owned Companies
IRO	Industry Representative Organisation
KPI	Key Performance Indicator
M&E	Monitoring and Evaluation
MBR	Material Business Risk
PBRI	Plant Biosecurity Research Initiative
PP	Performance Principle
PPRC	People, Performance and Remuneration Committee
PSB	Productively Services Board
QDAF	Queensland Department of Agriculture and Fisheries
R&D	Research and Development
RD&A	Research, Development and Adoption
RD&E	Research, Development and Expenditure
RDC	Rural Research and Development Corporation
RFP	Research Funding Panel
RFU	Research Funding Unit
RMP	Risk Management Plan
RVC	Regional Variety Committee
SFA	Statutory Funding Agreement
SRA	Sugar Research Australia Limited
TOR	Terms of Reference

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→ Introduction

→ The Power of Commitment

1. Introduction

Sugar Research Australia (SRA) is the declared Industry Services Body for the Australian sugarcane industry, providing and managing Research, Development and Adoption (RD&A) activities for the benefit of the sugarcane industry and the broader community.

Established in 2013, SRA is an independent corporate entity with an expertise-based board and is one of 10 Industry-Owned Companies (IOCs). IOCs are established under the *Corporations Act 2001* and declared by the Minister as an industry service body under industry specific legislation, which for SRA is the *Sugar Research and Development Services Act 2013 (Cth)*. SRA is somewhat unique amongst the Rural Research and Development Corporations (RDCs) in Australia given it is both an investor and provider of RD&A services for its industry.

Funding for SRA primarily comes from levies paid by sugarcane producers and millers, and contributions by the Commonwealth Government. The levy is currently set at 70 cents per tonne of cane, with both grower and milling businesses each contributing 35 cents per tonne of cane. SRA receives additional income from other grants and Research and Development (R&D) approved donors with recent funding announcements in late 2022 and 2023 to support the industry.

SRA's partnership with the Australian Government is formalised through a Statutory Funding Contract (also referred to as the Statutory Funding Agreement (SFA)) for the 2021-2031 period, which sets out expectations for SRA's performance, transparency and accountability to levy payers, the Government and the public. The SFA requires SRA to periodically obtain an independent review of its performance (no more than once every three years), with the most recent review completed in September 2020 (Forest Hill Consulting).

In November 2023 GHD Pty Ltd was commissioned to undertake an independent review of SRA's performance over the period from 2020. This report outlines the findings and recommendations from the review.

1.1 Terms of Reference

The Terms of Reference (TOR) for the review were agreed between SRA and the Commonwealth Department of Agriculture, Fisheries and Forestry (DAFF) being to:

1. Evaluate SRA's performance in meeting its obligations under:
 - a. SRA's Statutory Funding Agreement 2021-2031
 - b. SRA's Constitution
 - c. the *Corporations Act 2001 (Cth)*
 - d. the *Sugar Research and Development Services Act 2013 (Cth)*
2. Evaluate SRA's performance against the Statutory Funding Agreement Guidelines and Australian Government priorities, including:
 - a. Biosecurity
 - b. Sustainability and climate change
 - c. Trade
 - d. Indigenous engagement
 - e. Workforce
3. Evaluate the performance of SRA in achievement of the Key Performance Indicators (KPIs) outlined in the Performance Principles including:
 - a. Engaging stakeholders to identify RD&A priorities and activities that provide benefits to the sugarcane industry
 - b. Ensuring RD&A priorities and activities are strategic, collaborative and targeted to improve profitability, productivity, competitiveness and preparedness for future opportunities and challenges through a balanced portfolio
 - c. Undertaking strategic and sustained cross-industry and cross-sectoral collaboration that addresses shared challenges and draws on experience from other sectors

- d. Ensuring governance arrangements and practices fulfil legislative requirements and align with contemporary Australian best practice for open, transparent, and proper use and management of Funds
- e. Demonstrating positive outcomes and delivery of RD&A benefits to Levy Payers and the Australian community in general, and show continuous improvement in governance and administrative efficiency
 - i. Evaluate the implementation of actions to address feedback from the Commonwealth arising from annual reviews of performance
 - ii. Evaluate actions to implement recommendations from the last independent performance review conducted in 2020; identify any issues arising from the review to allow the Commonwealth and SRA to, where possible or necessary, in conjunction with each other, or solely by SRA, address any identified issues, with an agreed timeframe
4. Consult with levy payers and key stakeholders as part of the review
5. A final copy of the Performance Review Report will be provided simultaneously to SRA and the Commonwealth within 20 business days of concluding the independent review.

1.2 Methodology

The independent review of performance was undertaken between November 2023 and April 2024 and was based on a combination of desktop review and stakeholder consultation. Key steps in our methodology included:

- An inception meeting between SRA and the GHD review team to confirm the approach
- Development of a Review Framework outlining the lines of inquiry and evidence needs to address the TOR
- An introductory meeting with representatives from DAFF
- Desktop review of company material that is made available on SRA's website as well as relevant internal documents made available to GHD via a secure SharePoint site
- Targeted consultation conducted via telephone or videoconference with 65 individuals representing the following stakeholder categories (noting that many individuals fall into more than one stakeholder category):

• Board members	5
• Senior management team and staff	13
• DAFF/Queensland Department of Agriculture and Fisheries (QDAF)	6
• Research funding panel members	1
• Industry Representative Organisation (IROs)	10
• Growers	19
• Millers	5
• Research providers	4
• Other RDC's	2
- An open submission process hosted on GHD's website and distributed through SRA's communication channels to provide access to the review to levy payers, members and other key stakeholders. GHD received 3 written submissions in addition to targeted stakeholder interviews
- Targeted consultation included 4 online focus group meetings with growers in different regions which attracted 19 participants, in addition to 5 individual and small group meetings with millers
- A workshop of preliminary observations and themes was held with SRA's Senior Management Team and DAFF. This meeting provided the opportunity to validate the accuracy of key findings and observations and seek further evidence where required
- A draft report submitted and presented simultaneously to DAFF and the SRA Board outlining overall findings and recommendations from the review. Feedback to address any errors of fact were incorporated before finalising the review report.

1.3 Limitations

This report has been prepared by GHD for Sugar Research Australia Limited and may only be used and relied on by Sugar Research Australia Limited for the purpose agreed between GHD and Sugar Research Australia Limited as set out in section 1 of this report.

GHD otherwise disclaims responsibility to any person other than Sugar Research Australia Limited arising in connection with this report. GHD also excludes implied warranties and conditions, to the extent legally permissible.

The services undertaken by GHD in connection with preparing this report were limited to those specifically detailed in the report and are subject to the scope limitations set out in the report.

The opinions, conclusions and any recommendations in this report are based on conditions encountered and information reviewed at the date of preparation of the report. GHD has no responsibility or obligation to update this report to account for events or changes occurring subsequent to the date that the report was prepared.

The opinions, conclusions and any recommendations in this report are based on assumptions made by GHD described in this report. GHD disclaims liability arising from any of the assumptions being incorrect.

1.4 Structure of the report

This report has been structured to respond to the review TOR, and in particular, to evaluate SRA's performance against the five agreed Performance Principles. The report includes:

- Section 2 – key factors influencing SRA's internal and external operating context over the review period
- Section 3 – assessment of SRA's performance in meeting its statutory obligations (TOR 1)
- Section 4 – SRA's performance against Performance Principle 1: Stakeholder engagement (TOR 2 and 3)
- Section 5 – SRA's performance against Performance Principle 2: RD&A investment including alignment with Australian Government priorities (TOR 2 and 3)
- Section 6 – SRA's performance against Performance Principle 3: Collaboration (TOR 2 and 3)
- Section 7 – SRA's performance against Performance Principle 4: Governance arrangements (TOR 2 and 3)
- Section 8 – SRA's performance against Performance Principle 5: Monitoring, evaluation, reporting and improvement (TOR 2 and 3)
- Section 9 – a summary of recommendations from the review.

Consistent with TOR 4, consultation with levy payers and key stakeholders has informed all aspects of the review.

→ Operating context

2. Operating context

2.1 The Australian sugar industry

2.1.1 Industry snapshot

Sugar is Australia's second largest¹ export crop with a total economic contribution of \$4 billion to Australian GDP². The Australian sugar industry produces raw and refined sugar from sugarcane. Around 95% of sugar produced in Australia is grown in Queensland³ and about five percent in northern New South Wales, along 2,100 km of coastline between Mossman in far north Queensland and Grafton in northern NSW (Figure 1)⁴.

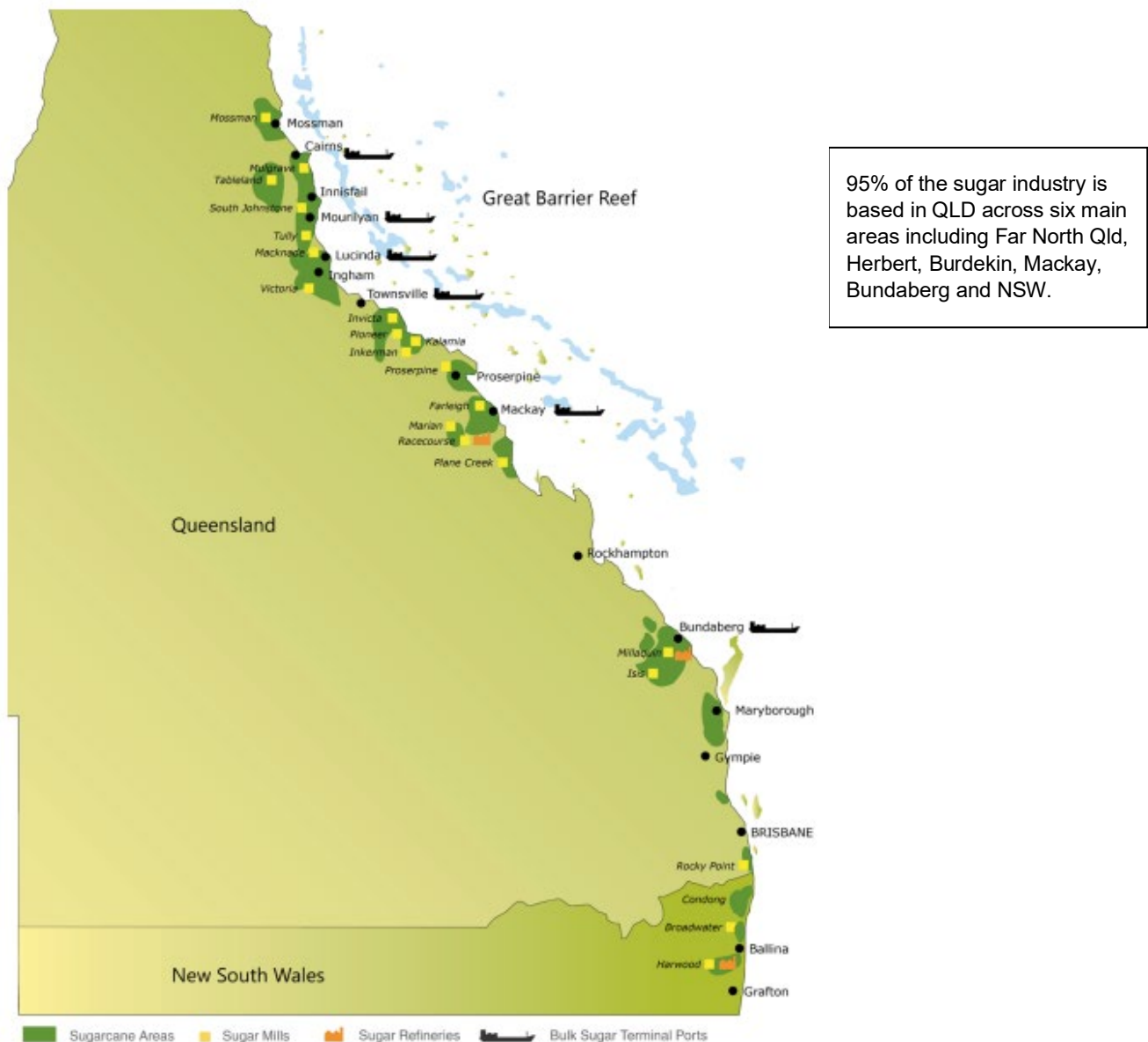


Figure 1 Sugar production and milling regions (Source: Canegrowers – We are Australian Sugarcane Growers, n.d.)

¹ Sugar Australia. (n.d.). *Industry Information*. <https://www.sugaraustralia.com.au/sugar-australia/about/industry-information/>

² Sugar Research Australia (SRA). (2021). *Sugar Research Australia Strategic Plan 2021-2026*.

https://sugarresearch.com.au/sugar_files/2021/07/210428_SRA-Strategic-Plan-2021-2026_Final-web_V2-spreads.pdf

³ SRA. (2021). *Sugar Research Australia Strategic Plan 2021-2026*.

⁴ Department of Agriculture, Fisheries and Forestry (DAFF). (2023). *Sugar Overview*. <https://www.agriculture.gov.au/agriculture-land/farm-food-drought/crops/sugar>

Most growers are small sized family farms with the average farm size being 100 hectares. There has been some increase in the number of mid-sized farms however the number of very large-scale farms has almost halved since 2013-2014⁵.

Australia's sugar mills manufacture and export raw sugar to both domestic and international sugar refineries⁶. Australian Sugar Milling Council (ASMC) reports that there are 22 sugar mills spread across the main growing regions, which are owned by nine companies⁷. This is a reduction in the total number of mills in recent years from 25 reported in the 2020 review⁸.

A snapshot of the Australian sugar industry is provided in Figure 2 below.

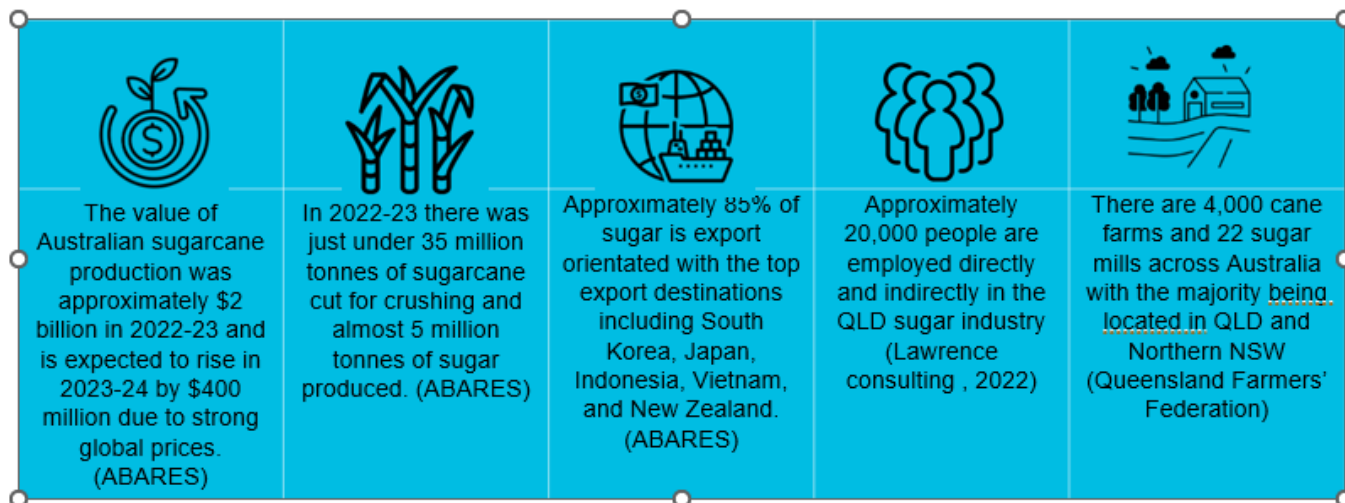


Figure 2 Key statistics for the Australian sugar industry

2.1.2 Production and price trends

As depicted in Figure 3, the gross production of Australian sugarcane has remained relatively stable over the 10-year period to 2022-23, ranging from approximately 30 million tonnes to 35 million tonnes per year. Figure 3 also shows the actual tonnes of sugar produced over the same period, with the average being 4,513 million tonnes.

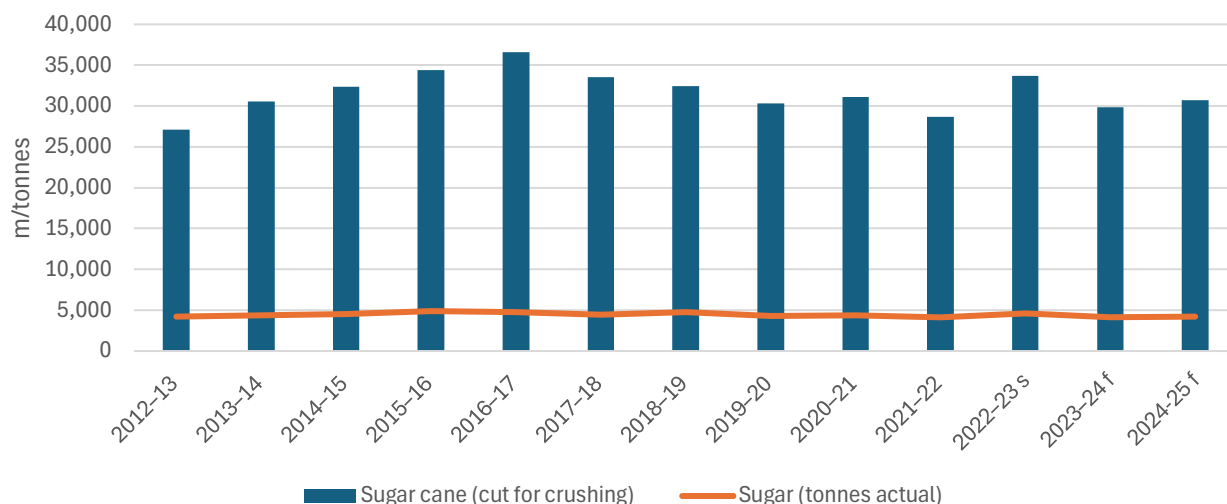


Figure 3 Sugarcane production 2013-14 to 2022-23 (Source: ABARES data 2023)

⁵ CaneGrowers. (n.d.). *We are Australian Sugarcane Growers*. https://www.canegrowers.com.au/icms_docs/327030_canegrowers---sustainable-sugarcane-farms-july-2021.pdf

⁶ Sugar Australia. (n.d.). *Industry Information*. <https://www.sugaraustralia.com.au/sugar-australia/about/industry-information/>

⁷ Australian Sugar Milling Council. (n.d.). *Raw Sugar Industry Overview*. <https://asmc.com.au/policy-advocacy/sugar-industry-overview/>

⁸ Sugar Research Australia (SRA). (2020). *Annual Report 2019-20*. https://sugarresearch.com.au/sugar_files/2020/12/Annual-Report-2019-20-G_Web.pdf

Sugar prices on the other hand tend to experience a higher degree of volatility (Figure 4). Australian sugar prices are heavily exposed to international prices as well as being influenced by the exchange rate and the individual risk appetite of individual millers and growers⁹. The period 2020 to 2023 has seen a significantly rise in prices compared to the three-years prior (Figure 4).

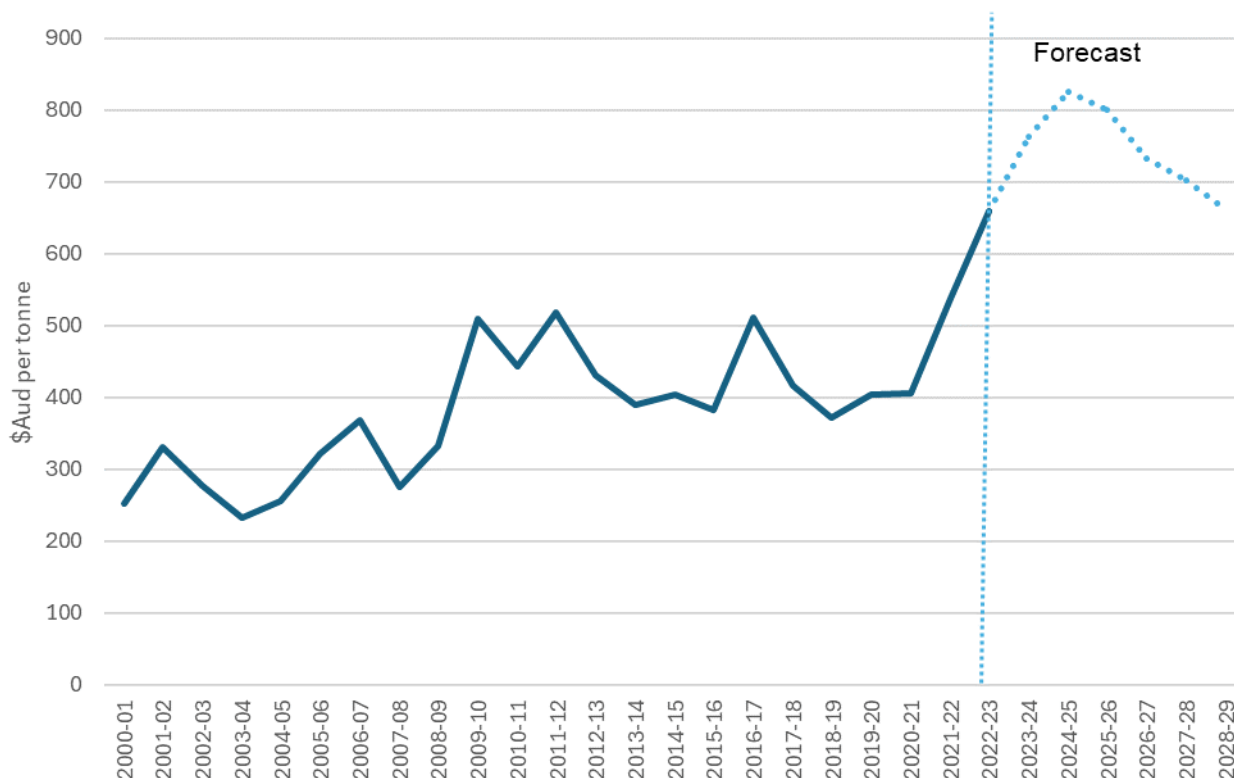


Figure 4 Real average annual domestic sugar price (Source: ABARES, ABS data 2023)

2.1.3 Industry challenges and opportunities

While the industry exists on a well-established and long-standing supply chain, it has faced a range of challenges and opportunities over the review period that will remain relevant into the future (Figure 5). Many of these are the same as those impacting Australian agriculture more broadly and are directly relevant to SRA's RD&A priorities and activities.



Figure 5 Key factors affecting the sugarcane industry in recent years. (Source: Sugar Plus Industry Roadmap, SRA 2022)

Challenges

- Although domestic production of sugar is efficient it is also very expensive. Meanwhile, globally, price volatility is consistent with slow growth in demand. This places immense pressure on all operators to improve operational efficiency to remain competitive.
- The industry faces significant biosecurity threat from pests, diseases, and weeds. Previous disease outbreaks caused by the Fiji leaf gall and orange rust resulted in financial losses of up to \$100M or more and resulted in

⁹ <https://www.agriculture.gov.au/abares/research-topics/agricultural-outlook/sugar#australian-sugar-prices-to-fall-over-the-outlook>

severe setbacks to plant breeding programs and on-farm management. The industry must focus on threats present in Australia as well as those disseminating across neighbouring regions such as Indonesia.

- Sugarcane breeding programs have long lead times and may take up to 12 years to breed, test and release a new variety.
- Weather volatility such as unseasonal winter rains in 2022 delayed harvesting times and affected yield quality. Studies have depicted that increase in atmospheric carbon concentrations have had significant negative impacts on sugarcane output.
- Increased competitive land use as some sugarcane farmers diversify away from sole sugarcane farming into other crops suitable to cultivate alongside sugarcane resulting in less cane production which threatens viability of mills.
- There is an increasing need for the industry to maintain its social license to operate through addressing environmental and sustainability concerns throughout the value chain.
- The disruptions of COVID-19 including to R&D investment programs, delivery of extension work and staff working from home.

Opportunities

As identified in the *Sugar Plus* roadmap released by the industry in 2022, future opportunities include:

- The demand for sustainable hydrocarbons from farming rather than fossil fuel for use in bioplastics and biofuels for transport and aviation will increase significantly over the next two decades resulting in dramatic increase in the demand for sugarcane derived products. This offers a unique opportunity for the sugarcane industry to capitalise on with the potential to expand harvest and invest in processing infrastructure.
- Key opportunities to increase production, reduce costs and capitalise on upcoming industry needs are now feasible due to advancement in technology and scientific understanding. However, the industry needs assistance in accessing these opportunities.
- Opportunities to secure a sustainable future for growers and millers are also on the horizon but will require changes across the industry's value chain.

2.2 The role of Sugar Research Australia

As the industry services body for the Australian sugar industry, SRA is responsible for managing and investing the funds received from sugarcane growers and millers and matching eligible R&D contributions from the Australian Government for the benefit of the Australian sugar industry and the Australian community.

SRA was established as an industry-owned research and development company in 2013, amalgamating the previous Sugar Research Development Corporation (SRDC) and Bureau of Sugar Experiment Stations, under the *Sugar Research and Development Services Act 2013 (Cwlth)*. All levy payers are invited to become members of the company. As of 30 June 2023, SRA was owned by 2,654 members comprising nine Group "M" members and 2,645 Group "G" members.

SRA is different from most other RDCs in that it is both an investor and a provider of R&D services for its industry. SRA has a significant asset footprint, a much broader range of delivered activities, and complex relationships with industry and its research partners.

2.2.1 Governance and organisational structure

As indicated above, SRA is the declared industry marketing body and the industry research body under section 9 of the *Sugar Research and Development Services Act 2013*. Its objectives are set out in its Constitution, with performance obligations and restrictions detailed in the *Sugar Research and Development Services Act 2013* and the SFA.

The SRA Board sets the strategic direction of the company, with strategic objectives guided by the objectives set out in the Constitution and framed by the performance obligations and restrictions set in the *Sugar Research and Development Services Act 2013* and SFA.

The SRA Board has established four Board committees that act to guide the company, including the Audit and Risk Committee (A&RC), Director Selection Committee (DSC), People, Performance and Remuneration Committee (PPRC) and the Research Funding Panel (RFP).

The Constitution specifies delegated powers, functions and accountabilities to the DSC and the RFP. The DSC is established to support the Board in identifying suitable director candidates. The RFP was established as a structural feature of SRA to create an 'ethical wall' of governance between the Research Funding Unit (RFU) / RFP and the rest of SRA (which includes the 'provider' function) to protect against the structural conflict of interest for SRA in its dual roles. The RFP and the 'ethical wall' are discussed in further detail in later sections of this report.

SRA's governance structure is represented in Figure 6 below.¹⁰

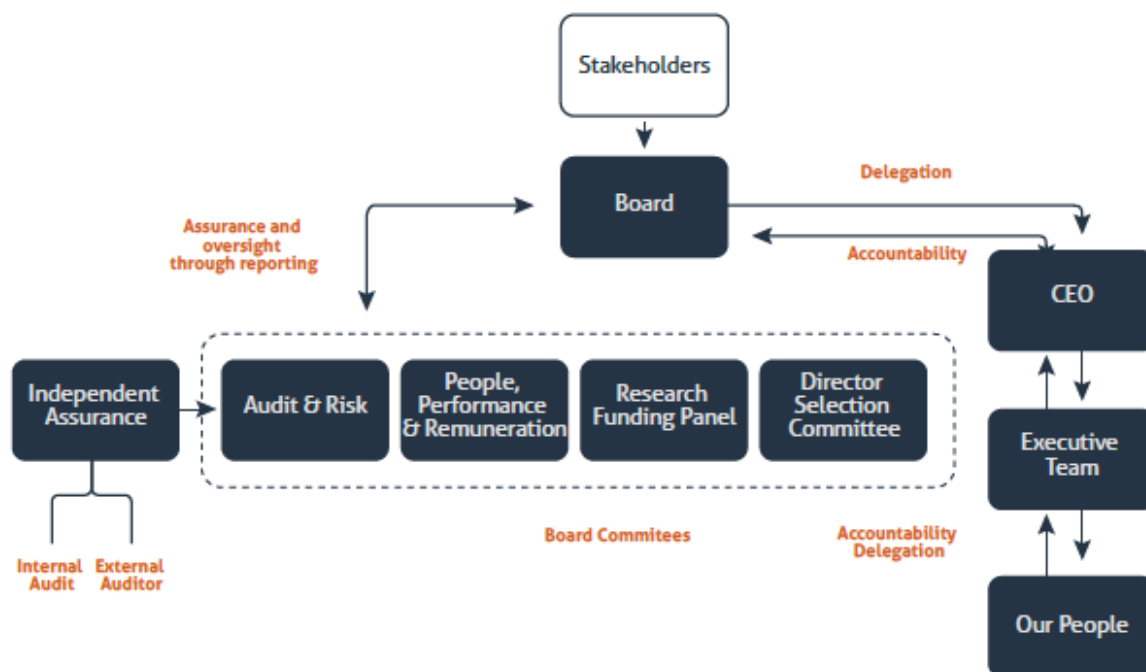


Figure 6 SRA governance structure (Source: SRA Annual Report 2022/23)

The SRA Board delegates the responsibility for management of the company to the Chief Executive Officer (CEO). The organisation is currently structured across four business units, including Variety Development, Industry Services, Research & Business Development, and Finance and Operations. The CEO's senior management team is made up of the General Manager of each of these units as well as the Company Secretary and General Counsel. The 2023 Annual Report states that SRA employs 125 staff across eight research stations and six farms, with SRA's corporate staff now based in a new head office in Brisbane.

The three-year period since the 2020 independent performance review has seen several key changes to SRA's board of governance and organisational structure that are relevant to this review, including:

- Election of a new Chair in November 2021
- Election of all new Board members during the review period
- Resignation of the previous CEO, with an Interim CEO appointed in July 2023
- Significant changes to the Senior Management Team with only two of the leaders still remaining within the business
- Further restructure of key organisational portfolios in late 2022
- The appointment of a new Company Secretary in mid-November 2023.

¹⁰ SRA Annual Report 2022-23 p14 https://sugarresearch.com.au/sugar_files/2023/11/Annual-Report-2022-23_Digital-F.pdf. This structure has since been updated to reflect the change from Executive Team to Senior Management Team

2.2.2 Funding model and financial performance

The primary source of funding for SRA is the sugarcane levy. The level was set at the inception of SRA in 2013 at 70 cents per tonne of cane delivered to the mills and is paid in equal parts by the grower and miller. The Commonwealth matches the levy expenditure up to 0.5% of the gross sugarcane production based on eligible RD&A investment and activities undertaken by SRA. The QDAF also provide co-investment to SRA on joint projects.

SRA's comprehensive income statement for the review period (Table 1 below) shows that SRA's expenditure has remained relatively stable over the period at approximately \$35 million per annum. The 2022/23 financial year saw SRA realise proceeds from the sale of its Indooroopilly property boosting revenue for the year to \$52.3 million. The sale of the Indooroopilly property was a strategic decision of the SRA Board to support its research portfolio and the significant upgrade of its research stations, scheduled to begin in 2023/24.

Table 1 Comprehensive income statement for the period of the review (Source: SRA Annual Reports)

\$'000	2020/21	2021/22	2022/23
Revenue			
Revenue from operating activities	34,789	33,542	38,943
Other revenue	445	311	12,465
Total Operating Income	35,243	33,853	51,408
Expenses			
Operating expenses	16,150	13,940	14,717
Employee benefits	17,340	16,805	18,049
Depreciation and amortisation	2,966	2,789	3,072
Interest Expense - Leases	-	-	85
Total expenses	36,456	33,534	35,923
Results from operating activities	(1,222)	319	15,485
Finance income	191	125	1,358
Profit (loss) for the year	(1,031)	444	16,843

As a provider of research SRA has a high-cost base relative to other Rural RDCs. This has presented challenges for SRA, and in particular, its ability to continue to invest in contestable project as its revenue base declines. Figure 7 provides a breakdown of SRA's revenue from operating activities for its ten years of operation. The figure shows that levy contributions peaked in FY17 and have since been falling up until the most recent financial year. The figure also shows that SRA has sought to increase its revenues from collaborations and services fees, however, it has not accessed the full amount of project funding available to it from QDAF in recent years.

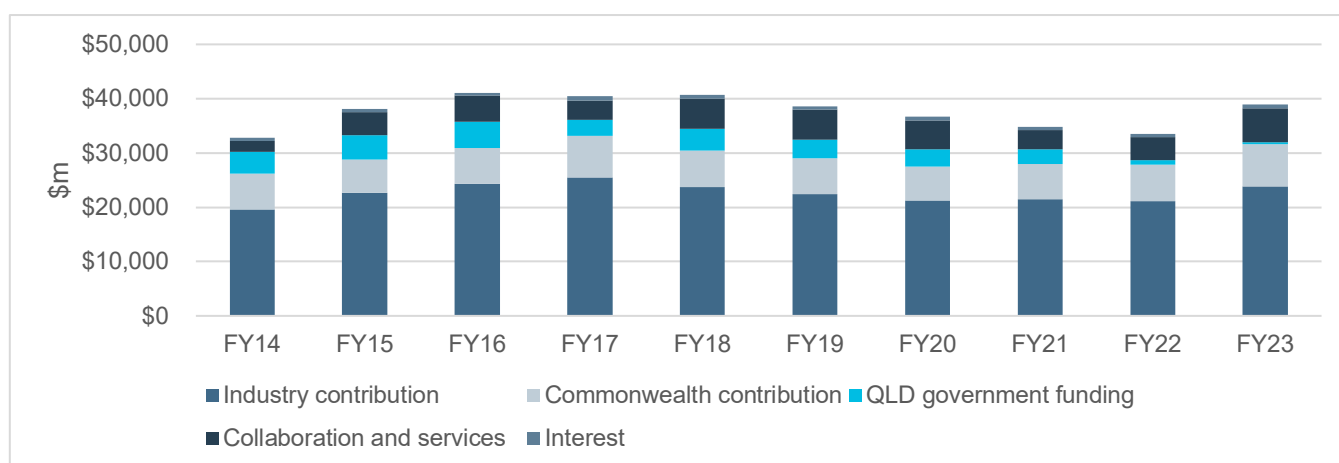


Figure 7 Revenue from operating activities for the ten year period to 2022/23 (Source: SRA Annual Reports)

It is against this backdrop that at the time of the previous review (2020) SRA had embarked on a review of its strategy and operating model, both of which are discussed further in the following section.

2.2.3 Progress since the previous review

2020 review recommendations

Forest Hill undertook the previous independent performance review of SRA covering the four-year period to June 2020. In forming its review conclusions and recommendations, Forest Hill noted that in coming years the organisation would be subject to a much larger change process as a result of an in-depth review of its business model that had commenced at the same time.

That being said, Forest Hill identified that SRA's financial situation had exposed fundamental issues in the operation of the organisation's 'ethical wall', in that as more difficult decisions about the allocation of funding were required to be made, the ethical wall had become a hindrance to the effective oversight and governance of SRA's whole portfolio of RD&A investment.

The Forest Hill report expressed concerns regarding transparency of the investment portfolio balance, the degree of rigour applied to core projects and the need to enhance its feedback to all unsuccessful contestable funding applications to external RD&A providers. Almost half (7 of 16) of the recommendations from the 2020 independent performance review were related to processes around the decisions and management of core and contestable funding including:

- The need to commission a formal review of RFP governance arrangements
- Ensuring the RFP is subject to annual performance reviews
- Increasing transparency with regards to actual expenditure on core- versus contestable-funded projects and the methodology used to allocate costs between the two
- Improving the process of providing formal feedback on unsuccessful project funding decisions to both internal and external RD&A providers
- Establishing a new process to receive advice on cane grower RD&A priorities, project review and selection
- Instituting a formal project management process for all core activities and ensuring that the same standard of oversight and management is applied to core activities as is applied to contestable projects
- Subjecting core RD&A activities and projects to the same rigour of the Monitoring and Evaluation Framework as contestable projects.

GHD's current review, as detailed throughout this report, noted that while SRA can demonstrate attempts to address a number of these recommendations over the last three years, the overarching intent of increasing transparency and embedding appropriate business systems and processes to ensure that SRA is effectively managing its investment portfolio across core and contestable funding has not yet been achieved.

A summary of GHD's assessment of SRA's response to all 16 of the recommendations from the previous review is provided in section 8.6 of this report.

SRA strategic and operating model review

At the strategic level, this included:

- In 2020 SRA undertook extensive consultation to develop its new 5-year Strategic Plan covering the period 2021-2026
- In 2021 SRA finalised a new 10-year statutory funding agreement with the Australian Government
- In 2022 SRA came together with industry to release an industry agreed vision and future roadmap: *Sugar Plus – Fuelling the Future of Food, Energy and Fabrication*
- In 2023 SRA released an update to its Strategic Plan 2021-2026, which was the result of a 12-month review of the plan's efficacy and to take into account the outcomes of the released *Sugar Plus* roadmap
- In late 2023 SRA also commenced the development of a 10-year R&D plan to detail long-term research priorities as reported by industry and government stakeholders.

SRA's new strategic direction was underpinned by a review of its operating model, which commenced under the then new CEO in 2020. SRA implemented an organisational restructure in 2020/21 to support the outcomes of this review and dedicated its 2021/22 Annual Operating Plan (AOP) (which was not published) as an internal communication document to map the organisational changes required to meet its strategic objectives. The organisational restructure created a Service Delivery Office with a direct reporting line to the then CEO to ensure a centralised approach to implementation. The AOP contained a long list of key implementation activities, which can be summarised as relating to:

- Developing a people and culture plan and leadership capability framework linked to corporate performance measures
- Embedding a “safety first” culture supported by systems and processes, communication and learning
- Divesting of the Indooroopilly site, relocating core functions, and developing a property strategy for regional sites
- Redesigning the investment management process including governance arrangements and increasing recognition of innovation and commercialisation opportunities
- Reviewing communications channels and engagement plans and activities
- Developing and launching District Productivity Plans
- Reviewing SRA's approach to variety distribution and accelerating development of innovative, high-performing varieties
- Developing a systems roadmap and risk assessment.

Conclusions from this review

As can be seen throughout this section, a range of internal and external drivers has meant that the three-years from 2020 have been a period of significant change for SRA, having resultant impacts on organisational culture, performance, and stakeholder perceptions. This review has found that while SRA and its stakeholders are keenly aware of, and efforts have been made against, the key issues that must be addressed by both SRA and the broader industry, inadequate progress has been made in embedding the required changes within SRA's governance arrangements and operating model over the review period.

Going forward, there is a clear need for SRA to give priority to:

- Ensuring stability in its leadership to support organisational culture through the change process and build confidence amongst SRA's key investors, i.e. industry and the Australian and Queensland governments
- Resolving and communicating the investment decision framework such that stakeholders can be confident that SRA is effectively and appropriately managing both the real and perceived conflicts of its dual roles
- Implementing the required changes to key supporting business systems and processes.

Demonstrated progress against these three areas over the coming review period will be central to ensuring that SRA can continue to be a viable investor and provider of RD&A, able to support the industry in meeting its future opportunities and challenges.

Priority recommendations from the review:



1. SRA should develop a roadmap outlining key steps and timeframes in its change process. Focus should be given to demonstrating how:
 - Leadership stability will be maintained as the organisation transitions to a permanent CEO
 - Transparency in SRA's investment planning and decision-making frameworks will be delivered
 - Appropriate policies, business systems and processes will be embedded.
2. The SRA Chair and CEO should continue regular tri-partite meetings (e.g. six-monthly) with industry representative bodies and the Australian Government to demonstrate its progress against the roadmap. This will help build investor confidence and demonstrate the necessary levels of transparency and accountability to SRA's key stakeholders.

→ Statutory obligations

3. Statutory obligations

SRA is the declared industry research body under sections 9 of the *Sugar Research and Development Services Act 2013*. As an industry owned RDC, SRA is also established under, and must comply with, provisions of the *Corporation Act 2001*, which sets out the obligations of companies and their boards of directors.

The *Sugar Research and Development Services Act 2013* provides for the Minister to enter into a funding contract with the industry services body, also known as the SFA. The main function of the SFA is to specify the terms and conditions for expenditure of R&D and matching Commonwealth payments. The SFA outlines expectations of performance and transparency, as well as accountability to levy payers, the government and the public.

In response to TOR 1, this section provides a summary of our evaluation of SRA's performance in meetings its key obligations contained in:

- SRA's Statutory Funding Agreement 2021-2031
- SRA's Constitution
- The *Corporations Act 2001 (Cth)*
- The *Sugar Research and Development Services Act 2013 (Cth)*.

This section also considers how SRA monitors and reports on its compliance obligations.

3.1 *Sugar Research and Development Services Act 2013*

The *Sugar Research and Development Services Act 2013* provides for the establishment of an industry body for the Australian sugar industry.

The Act places limitations on how payments made by the Australian Government to the industry body can be expended. In summary this includes requirements that the expenditure must be:

- For R&D related expenses and activities
- Applied to the industry
- In line with the SFA.

GHD has undertaken consultation with both SRA and DAFF, as well as received underpinning evidence including independent audit reports for the period of the review and concludes that SRA is meeting its obligations in this respect.

3.2 SRA Constitution

The rules contained in SRA's Constitution (as amended 25 October 2018) are summarised in SRA's governance statement and include:

- 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 Members and Group M Members of the DSC
- Requirements for the Strategic Plan and AOP, and reviews of performance
- Composition, selection, election and rotation of the Board and various Board Committees
- Procedures for Board and Board Committee meetings.

An assessment of SRA's governance arrangements, including operation of the Board, Board Committees and accountability to members is provided in section 7.

The review found some concern as to whether all of the Constitutional requirements relating to the Strategic Plan and AOP as well as those relating to the allocation of funding to contestable R&D had been met. These requirements are relevant to SRA's performance against Performance Principle 3 – investing in RD&A through a balanced portfolio, and therefore considered in more detail in sections 5.1.2 and 5.5.1.

3.3 Corporations Act 2001

The requirements and obligations under the *Corporations Act 2001* are numerous, including a range of requirements for companies limited by guarantee:

- Company formation and registration
- Ongoing operations and notification of changes
- Directors' and members' meetings
- Directors' duties
- Financial reporting
- Winding up and deregistration.

Key sources of evidence demonstrating SRA's compliance with these obligations includes the annual Directors Reports and Independent Audit Reports contained in the company Annual Reports for the period. Each of these report compliance with the *Corporations Act 2001*. Further discussion on SRA's approach to company reporting is provided in sections 7 and 8. It is also noted that consultation undertaken as part of this review did not identify any particular issues or concerns amongst stakeholders with regards to SRA's compliance with the *Corporations Act 2001*.

3.4 Statutory Funding Contract 2021-2031

The key performance and accountability framework for both industry-owned and statutory RDCs is set out in their funding agreement with the Australian Government. In 2019, the RDC funding agreements with all RDCs were renewed using a principles-based approach and to cover a 10-year period.

In addition to the Performance Principles contained with the SFA, Part 2 of the SFA sets out the following principles in summary:

- Must maintain, implement and regularly review a framework of good corporate governance to ensure proper use and management of the Funds and the Voluntary Contributions. In maintaining the governance framework, SRA should draw on best practice guidance as appropriate (refer section 7)
- Must maintain a Skills Based Board of Directors with the necessary skills and experience to effectively govern SRA (refer section 7)
- Should not engage in Agri-Political Activities
- Must not, at any time, act as an Industry Representative Organisation (IRO)
- Maintain process to monitor and evaluate its performance against the performance principles outlined in Section 10.2 of the SFA (refer sections 7 and 8)
- Maintain an approved Strategic Plan (refer sections 4 and 5)
- Must develop, implement and maintain an appropriate Balanced Portfolio (refer section 5).
- Obtain an independent view on SRA's performance against the performance principles, at least every three years, or as directed by the Commonwealth i.e. (this review).

Based on stakeholder consultation and supporting evidence provided by SRA, GHD found that SRA is meeting its administrative and reporting obligations as per the SFA.


Further assessment of SRA's performance against the five Performance Principles contained within the SFA is provided in sections 4 to 8 of the report in response to TOR 3.

3.5 Compliance monitoring and reporting

Compliance monitoring and reporting processes are multi-dimensional and include Board governance oversight, supported by ARC, Australian Government oversight, reporting processes that create sufficient transparency over reporting, the Annual General Meeting (AGM) and assurance processes such as this independent performance review.

Two positive features of SRA's approach to compliance monitoring and reporting are publication of an annual Corporate Governance Statement, and inclusion of a Compliance Checklist in SRA's Annual Report. It is noted though that the Compliance Checklist refers specifically to SRA's key annual reporting requirements, rather than SRA's compliance obligations more broadly.

The review found that SRA has a documented Compliance Policy which was last reviewed in March 2019 and at the time of conducting this review, the policy remains out-of-date. The policy is considered important because it not only confirms SRA's commitment to "complying with all laws, regulations, industry and internal codes of conduct, policies and procedures that impact on the activities of SRA" it provides clarity on the roles and responsibilities for implementing SRA's Compliance Framework, as well as supporting procedures. GHD considers that re-instating key elements of the policy, including the Compliance Calendar, Compliance Register and Compliance Report will assist SRA in both meeting and demonstrating that it has met its compliance obligations.

Performance Principle	Recommendation
 Governance	11. SRA should proceed with updating its Compliance Policy and implement the associated Compliance Calendar and Compliance Register for streamlined compliance reporting.

→ Stakeholder engagement

4. Stakeholder engagement

PP1: Engaging stakeholders to identify RD&A priorities and activities that provide benefits to the sugarcane industry

This section considers SRA's performance against *Performance Principle 1: Stakeholder engagement*, which relates to the engagement of stakeholders to input to setting RD&A priorities and activities including through the development of strategic and annual operating plans. The Australian Government's *Guidelines to SFA's* establish three KPIs for RDC's to demonstrate their performance in this area:

- 1.1 Strategy prioritisation and development processes include appropriate consultation plans, based on the Australian Government's *Best practice guide to stakeholder engagement*
- 1.2 Demonstrated stakeholder engagement in the identification of RD&A priorities and activities consistent with the consultation plan
- 1.3 Demonstrated incorporation of stakeholder feedback on RD&A priorities and activities. Where incorporation is not possible, demonstration of feedback to stakeholder/s on why incorporation was not possible.

It is noted that this section focuses on SRA's engagement activities, with the communication of benefits and investment outcomes further discussed in section 8.5.

4.1 Overview of SRA's engagement approach

SRA's approach to stakeholder engagement is outlined in the organisation's *Engagement and Consultation Plan* (2022), which was developed to align with the Australian Government's *Best Practice Guide to Stakeholder Consultation* (refer Appendix A) that applies to all RDCs under the respective SFAs.

The *Engagement and Consultation Plan* (2022) is published on SRA's website documents and includes its high-level stakeholder groupings, how SRA will meet the six key principles in the *Best Practice Guide to Stakeholder Consultation* (2021), and the planning activities to which stakeholders and levy papers are able to contribute.

SRA's stakeholder network is extensive given the complexity of its operating environment. Its network has been mapped in its more recent *Stakeholder engagement plan 2024* (which is still in draft) as including:

- Growers, including regional -based grower groups across the country
- Millers, including regional -based milling companies that service each of the 6 growing areas
- Australian Government, through DAFF and state government through QDAF and Department of Environment and Science Queensland
- Sugar representative bodies, including but not limited to Canegrowers, ASMC and Agforce.

And on a high level:

- Industry services, contractors and productivity providers
- Broader industry – such as equipment and product sales/manufacturers
- Industry and agricultural representatives domestically and internationally
- Rural RDCs and agricultural industries
- Research institutions and the broader scientific community
- Funding partners and potential funding partners
- Community groups, regional communities and the general public and media outlets.

The recruitment in early 2023 of a new Head of Communications and Industry relations has brought a renewed focus on stakeholder engagement and consultation. Moving the organisation toward focusing on investing in a range of tools to support the organisation's engagement. This includes the move to a new customer relationship management system, Consultation Manager, which is planned for implementation in 2024 and will allow for better capturing and mapping of client interactions and segmenting. The communication and engagement plan is also

under review in 2024 with a renewed focus and more detail on who and how SRA will target stakeholders in its engagement.

Both of these steps are considered valuable to SRA's continuous improvement of its engagement approach, with the potential to provide information to inform future engagement and consultation decisions. The identification and mapping of SRA stakeholders can then be completed on a more detailed level, identifying specific target groups, allowing SRA to tailor its communication to the target audience.

4.2 Developing strategy

4.2.1 SRA Strategic Plan (2021-2026)

SRA Strategic Plan 2021-2026 was developed during the second half of 2020. SRA provided a series of internal planning documents that demonstrate the extent of both the internal and external activities required to develop the plan. SRA's Strategic Plan was developed through a 5-stage planning process that includes:

1. Strategic intent
2. Business model
3. Functional model
4. Capabilities
5. Implementation plan.

Section six of the *Strategic Plan 2021-2026* identifies a series of engagement opportunities that supported the plan development including 250 staff and industry participating in the strategy roadshow in November and December of 2020, 330 people participating in the CEO listening tour and 150 people attending workshops on key topics of interest.

The plan was developed through a range of internal and external activities and supported by a series of milestone approvals and activities. Face to face consultation opportunities included a series of regional shed meets, government engagements and representation and engagement at industry forums.

Online engagement was through a series of virtual industry forums with capacity to provide input through other means such as written submissions, with a webpage and email address available to receive stakeholder inputs to the plan.

In 2023 SRA issued an update to its *Strategic Plan 2021-2026*. The Strategic Plan Update was reported as being the result of a review by the Board 12-month into the implementation of the plan and resulted in some level of refinement to the Strategic Pillars, initiatives and Research Missions, as well as some change to the respective outcomes and measures of success.

The Update doesn't explicitly outline if and how consultation was undertaken to inform the Update or to communicate the changes made, although it does note that the recently released *Sugar Plus* roadmap, co-developed by industry, was a significant factor in the plan update.

4.2.2 Annual Operating Plans

Each financial year SRA develops an AOP which details how investment decisions will be prioritised and delivered over a 12-month period, in alignment with the Strategic Plan. Over the review period there have been three AOP's developed. As discussed in section 2.2.3, an AOP was not published in 2021-2022, rather the document was developed as an internal plan to communicate to staff key steps in the organisation's change management process that was underway at the time.

The AOP's published throughout the review period do not specifically identify the engagement activities undertaken to inform plan development. However, a review of internal documents suggest that SRA engages with sugarcane growers, sugar millers, and other industry and government stakeholders, including QDAF, to identify RD&A priorities and activities for its AOP, informed by internal, industry, and government strategic plans. For example, the development of the 2022-23 AOP involved a survey issued to around 140 stakeholders to identify issues, followed by the formation of 'teams' to consider and prioritise potential solutions against the five Research

Missions contained in SRA's strategic plan. The teams comprised 5-9 industry stakeholders who participated in a series of workshops and targeted interviews. It is not clear from documentation which categories the participating stakeholders represented or how they were selected to participate in the consultation process.

4.2.3 District Productivity Plans

District Productivity Plans (DPPs) are in place for the purpose of increasing productivity at the district level. The DPPs summarise the challenge areas faced in each district and how these challenges are to be addressed. These plans include how the district manager will engage with the district including an event summary. They define the issues faced by the region such as R&D requirements and adoption concerns along with what, who, how and by when these actions will be carried out, along with defining measures of success.

The DPPs have been developed through consultation and engagement undertaken by SRA's Industry Services team with stakeholders across the sugar industry supply chain to drive investment at a local, applied level. It is reviewed and updated annually. Different sources of data have been used as inputs including grower ideas and contributions from past strategic workshops held with SRA, the industry ABARES survey, mill data, impact assessments where applicable, and a range of targeted interviews and survey results.

The plan identifies constraints and proposes solutions and actions to address them. The key to success will be implementation which will require leadership, change, and focus. Reporting on progress will occur six monthly.

The DPPs demonstrate stakeholders have been consulted throughout the development process however there are no documented processes for when and how this is being conducted. From information provided by SRA documenting specific stakeholder engagement plans for each of the districts will be a future priority. Further stakeholder mapping and planning may assist in addressing the need to increase the level of awareness amongst growers of the DPPs. SRA's 2023 Member Survey found that 46% of those surveyed were 'very familiar' or 'have some understanding' of the District Plans.

While there is obviously great value in the information and strategies being developed through DPPs it is not clear how these feed into SRA's strategic plan or AOPs. There is no reference to SRA's strategic plan or AIPs in the DPPs, nor does SRA's *Engagement and Consultation Plan* explicitly address how DPP consultation inputs to SRA's strategic investment planning and decision-making processes.

4.3 Other engagement initiatives

4.3.1 Regional Variety Committees

SRA's sugar varieties are considered central to help make the Australian sugarcane industry more productive, sustainable and competitive. Through the operation of Regional Variety Committees (RVCs), industry is directly involved in managing new variety releases and maintaining recommended variety lists within each sugarcane biosecurity zone. The RVCs are made up of industry representatives of growers, mills and productivity service organisations. Each RVC has formed and agreed on the composition and structure of their committee and determined acceptable voting requirements for progression of clones through the breeding program, for new variety release and to oversee appropriate disease thresholds for their region. The RVCs make decisions on the final stages of the breeding pipeline, and most importantly the decision about whether a variety is released to be grown commercially. Varieties are first introduced to the committees as Final Assessment Trials and the decision on whether to progress will be made every year until the variety is either released or removed from the program.

4.3.2 Productivity Services Boards

The Productivity Services Boards (PSBs) whilst not operated by SRA are one of the key mechanism for SRA's adoption activities. The PSBs are funded through separate levies paid through voluntary membership and have a range of functions that aim to support productivity, profitability and sustainability in the sugarcane industry. SRA aims to work closely with the PSBs in various regions to support the adoption of their research. Through consultation several stakeholders cited the varying success of the model and its effectiveness in the adoption of SRA's research. While the success or otherwise of individual PSB's is to a large extent outside the control of SRA, SRA is well placed to facilitate a future industry discussion on the effectiveness of the model going forward. This is

an important future discussion as the success or otherwise of PSB's impacts SRA's ability to achieve adoption and impact.

4.3.3 District Managers

SRA's organisational structure includes five district managers who work with local industry and services providers to identify improvement opportunities and develop DPPs. SRA District Managers provide a direct touch point in each district to build a deeper understanding of the challenges and constraints that industry faces in their local area.

Stakeholder feedback as part of this review suggested the relationship with the district managers is positive. This is consistent with the findings from SRA's member surveying, which found an average rating of 6.8 out of 10 satisfaction from growers surveyed in 2023 across the following four questions:

- That SRA district managers are a trusted information source?
- Responsiveness of SRA district managers in addressing the issues and opportunities raised in your district?
- With the quality of support provided to growers by SRA district managers?
- Adequate opportunities to engage with SRA district managers about issues and opportunities in your district?

This rating is an increase from the average rating of 6.0 out of 10 in 2022, reflecting feedback that the district model is gaining momentum as it has become embedded in SRA's operating model.

4.4 Continuous improvement

It is clear that SRA is doing an extensive level of engagement across its stakeholders. In its March 2023 annual performance meeting with DAFF, SRA reported that it had conducted 1,200 engagements with levy payers and stakeholder in the period since July 2021. Of this, 620 were identified as levy payers, which represents almost 20% of the total number of SRA levy payers.

SRA's stakeholder engagement activities can occur at various stages through a range of processes including, strategic planning, investment prioritisation, district planning, constitutional change, levy polls, plant breeding and variety development and communication and extension activities. SRA has a series of planning materials that support who they have engaged, as well as a comprehensive approach to annual stakeholder surveying.

Stakeholder feedback obtained throughout the review suggested that most growers felt well connected to SRA. They were appreciative of the district managers and local engagement that occurs. This is consistent with annual grower surveying commissioned by SRA, which found that 66% of growers surveyed in 2023 rated as 'very active' or 'active' in their perception of SRA staff engaging in industry matters and events in their district. This represented an improvement from the comparative 52% rating in the previous year.


Millers on the other hand reported throughout this review that they would like the opportunity to participate in more one-on-one engagement with SRA. This is also reflected in SRA's 2023 Miller Survey which found that 53% of millers surveyed rated 'very active' or 'active' in their perception of SRA staff engaging in industry matters and events in the district(s) where their mill(s) operate. This was a decline from 60% recorded in the previous year.

Many stakeholders also provided feedback to the review that the purpose of SRA's engagement was not always clear, in particular, whether SRA were informing them of decisions already made or seeking input to their planning processes. This included how district planning processes contributed to the AOP and investment decisions made by the RFP and SRA Board. Stakeholders also commented that at a strategic level, friction had existed at SRA's leadership level which had diminished some of the effectiveness of the engagement during this period.

Grower surveying conducted by SRA also points to a lack of awareness of, and familiarity with, SRA's Strategic Plan and research investment processes. The 2023 Grower Survey commissioned by SRA found that around one in three growers surveyed were familiar with SRA's Strategic Plan 2021-2026 and SRA's research investment planning, although those who were familiar with these processes reported a relatively strong level of satisfaction (6.8 satisfaction out of 10 with the Strategic Plan and 6.9 out of 10 for SRA's research investment planning). Millers on the other hand reported a higher level of familiarity with SRA's Strategic Plan 2021-2026 (58%) and SRA's research and investment planning (71%) in 2023 and similar levels of satisfaction.

SRA have provided a *Draft Stakeholder Action Plan* for 2024 that provides further details on the when, what, how and who of SRA's stakeholder engagement plans over the coming twelve months. This is considered a positive next step in SRA's engagement approach. SRA should consider options on how they can publicise this information so that stakeholders have a greater understanding of their opportunities to provide feedback and how this feedback is considered in the various planning processes. It is also important that pro-active approaches to engagement with DAF, QDAF and sugar industry bodies as representatives of its levy payers should also be given greater consideration in these plans as consultation with each indicated that SRA's engagement with them is not as structured as they might like.

The review found ample examples of engagement activities underway and evidence of how feedback received through consultation is acted upon. We consider however that there is opportunity to develop clearer structures around its engagement approach, to provide greater transparency to stakeholders and improve the line of sight across its various planning processes. In particular, SRA should consider the development of a formal advisory mechanism for the development of its AOP, supported by clear terms of reference and member selection process.

Performance Principle	Recommendations
 Stakeholder Engagement	<p>3. SRA should seek to implement a more structured and strategic approach to its engagement, including by:</p> <ul style="list-style-type: none"> • Updating its <i>Consultation and Engagement Plan</i> to include the recently approved <i>Stakeholder Action Plan 2024</i>, which provides an annual calendar outlining the 'who, what, why and when' of its key engagement activities as they relate to R&D investment planning and reporting • Continuing to facilitate regular tri-partite meetings (e.g. 6 monthly) between industry, DAFF and SRA • Continuing to ensure mutually agreed approaches to consultation and engagement with QDAF • Building on the back of the success of the SRA Research Update held recently in Brisbane, SRA should continue with plans to make this an annual opportunity for levy payers, research partners and co-investors to interact with the SRA Board, staff and RFP • Documenting and publishing in AOPs and Annual Reports the approach to obtaining stakeholder input to inform the development of RD&A priorities and activities.

→ RD&A priorities and activities

5. RD&A priorities and activities

PP2: Ensuring RD&A priorities and activities are strategic, collaborative and targeted to improve profitability, productivity, competitiveness and preparedness for future opportunities and challenges through a balanced portfolio

This section considers SRA's performance against *Performance Principle 2: RD&A*, which relates to ensuring SRA's RD&A priorities and activities are strategic, collaborative and targeted to improve profitability, productivity, competitiveness and preparedness for future opportunities and challenges through a balanced portfolio. The SFA defines a 'balanced portfolio' as one that incorporates an appropriate blend of issues of national importance based on government and levy payer priorities that seeks to balance short, medium and long term, high and low-risk, and strategic and adaptive research needs including consideration of regional variations and needs.

The Australian Government's *Guidelines to SFA's* establish two KPIs for RDC's to demonstrate their performance in this area:

- 2.1 RDC investments align with strategic plans and have demonstrated outcomes to levy payers and taxpayers, including through growth in the industry, increased profitability of producers, commercialisation, or access to new markets
- 2.2 Of levy payers who participate in RDC supported extension and adoption programs:
 - The majority (over half) have gained new knowledge or new information to improve their long-term profitability, productivity, competitiveness and preparedness
 - The majority (over half) intend to make or have made changes to existing practices by adopting the outcomes of R&D.

It is noted that this section primarily focuses on SRA's RD&A planning processes and investment balance. As a Committee of the Board, the role of the RFP in the investment decision making and project selection process is discussed in section 7.1.3. Further discussion on the impact of SRA's RD&A investment is provided in section 8.3.

5.1 SRA's investment strategy

5.1.1 SRA Strategic Plan

As outlined in section 4, SRA's main planning documents include its 5-year strategic plan, AOPs and DPPs. At the time of preparing this report SRA is also in the process of developing a 10-year R&D Plan which details the longer-term research priorities as reported by industry and government stakeholders.

SRA commenced the development of a new strategic plan in 2020, with the plan covering the five-year period 2021 to 2026. Both the SFA and SRA's Constitution (rule 18.2) require it to have a current strategic plan, which is published on its website. The Constitution includes detail of what should be included in the strategic plan, which includes an assessment of the operating environment, statement of the roles and responsibilities of SRA, consultation undertaken to inform the plan, objectives and priorities for the delivery of research management and R&D, along with planned outcomes, deliverables and performance indicators, and broad resource allocation.

The review found that the *Strategic Plan 2021-2026* essentially addresses each of these requirements. Key elements of which are outlined below.

The plan sets the vision for SRA to be:

A trusted partner, shaping the future prosperity of the Australian sugarcane industry and regional communities through innovation and ingenuity.

The Plan identifies five Research Missions and five Strategic Pillars as depicted in Table 2 below.

Table 2 Snapshot of SRA's Strategic Plan 2021-2026 including Research Missions and Strategic Pillars

Research Missions	Strategic Pillars
Profitable and Productive Continuous improvement in farming and milling profitability	Strategic Pillar 1: Strong foundations <i>Evolve SRA to keep pace with the changing industry landscape by developing a capable, engaged, and safe workforce, and a lean, agile, and entrepreneurial organisations with an agile and efficient cost-base</i>
Resilient and Enduring Position the industry to stay ahead of climate, environmental and biosecurity threats	Strategic Pillar 2: A high-performing research portfolio <i>Design a focused, balanced, and collaborative portfolio of RD&E investments and initiatives that deliver tangible solutions and options to advance the productivity, sustainability, profitability, and long-term growth prospects for the Australian sugarcane industry</i>
Diversified and Adaptable Capitalise on changing consumer preferences, and the growing bio and green economies to develop diversification opportunities	Strategic Pillar 3: Translation expertise <i>Translate research findings into tools, products, and services that save industry time and money, and improve environmental performance</i>
Wealth Generating through Land Stewardship Position the Australian sugarcane industry as leaders in profitability, environmental sustainability, and resource-use efficiency	Strategic Pillar 4: World-class sugarcane varieties <i>Accelerate innovation in variety development to offer varieties that consistently underpin the success of the industry's current and future product objectives, crop production and protection while lowering development costs and shortening cycle-times</i>
Skilled for the Future Support the development of an adaptable, professional, commercial, and entrepreneurial industry and research community	Strategic Pillar 5: Commercial benefits and rewards <i>Take our research work and investments to the next level by securing investors and funding and extracting commercial value from our intellectual property, research capability, facilities and strategic partnerships</i>

While it appears that the Strategic Pillars relate to SRA's core business and operations, and the Research Missions are linked to SRA's role as an R&D investor, this interpretation is not immediately obvious on review of the strategic plan. It also leads to a large number of KPIs (i.e. approximately 60 measures of success) at the strategic level.

The plan gives consideration to SRA's five-year income and expenditure forecast, based on anticipated revenues of approximately \$35m per year, which appears reasonable given historic contributions from industry, the Commonwealth Government, collaborative funding and other income streams. The expenditure forecasts however, are provided in just three categories: 1) variety development, 2) industry services – translation, and 3) research portfolio – investment across 5 missions (Figure 8). The plan indicates that projected overhead support costs of FY22 - \$6.7 million, FY23 \$6.6 million, FY24 \$6.7 million, FY25 \$6.8 million, FY26 \$7.2 million are allocated within each of these three categories. While indicative budget allocations can be said to have been provided, it is not possible to reconcile the planned level of expenditure by the five identified 'Strategic Pillars' or by the five identified 'Research Missions'.

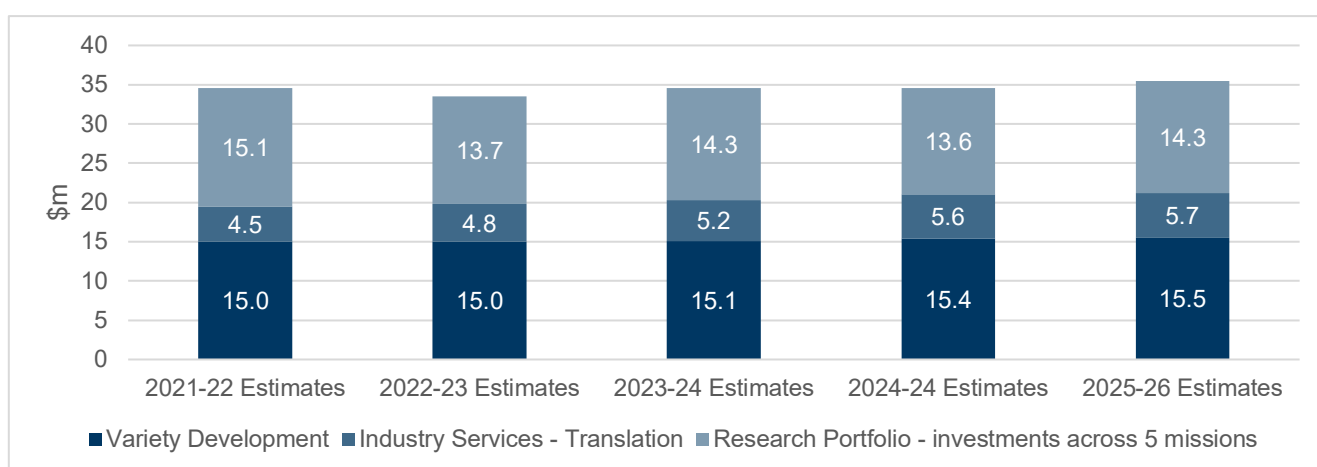


Figure 8 SRA's investment estimates across three research oriented lines of business in \$'000,000's (Source: SRA Strategic Plan 2021-2026)

As previously discussed, SRA has since issued an update to its strategic plan, which refines the Strategic Pillars from five to four (Figure 9), re-defines the key focus areas against each pillar, and reduces the associated measures of success from 38 relating to the Strategic Pillars in the original plan to 24 in the plan Update. The Update does not update the original forecasts for income or expenditure included in the *Strategic Plan 2021-2026* however it is clearly stated that the Update should be read in conjunction with the *Strategic Plan 2021-2026*.

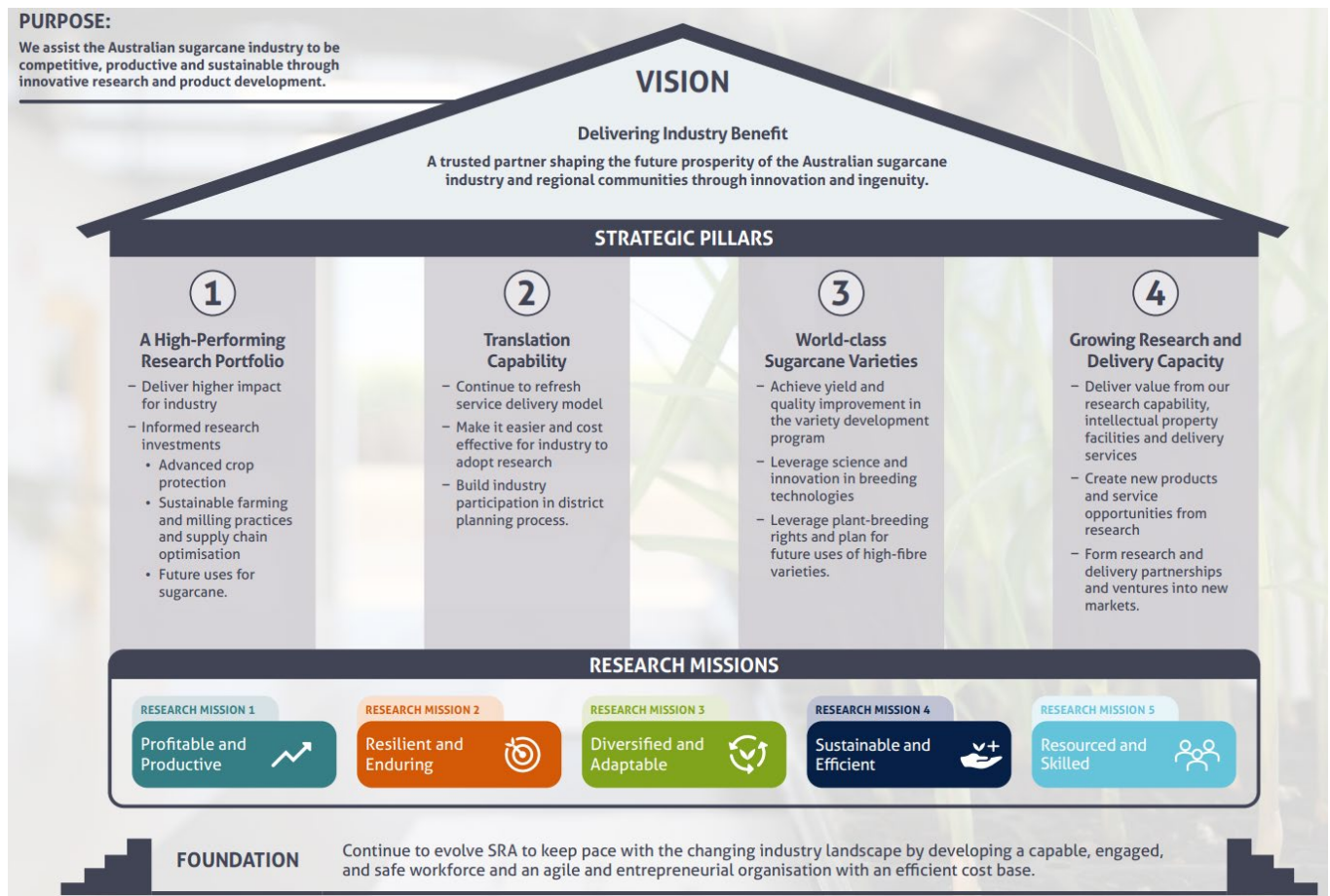


Figure 9 Snapshot of SRA's Strategic Plan 2021-2026 UPDATE

5.1.2 SRA Annual Operating Plans

The SRA Constitution (rule 18.3) also outlines requirements for the development of an AOP, projected expenditures and cost allocations. In summary it requires that:

- An operating plan is set out against the relevant strategic plan
- It includes projected expenditure by at least the following categories: the research funding program through the SRA RFP, the Company's research-based operational activities, and the Company carrying out R&D
- The Board must develop and apply a cost allocation policy for allocating direct and indirect costs to these categories (refer section 7.2).

The *Annual Operating Plan 2022/23* was the first AOP published against the *Strategic Plan 2021-2026*. The 2021/22 AOP was dedicated as an internal change management document rather than an AOP meeting the requirements of the AOP as outlined in the Constitution. The previous AOP (i.e. 2020/21) was published, however, aligned with the previous five-year strategic plan, which was current at the time.

The more recent AOPs for 2022/23 and 2023/24 contain a summary of RD&A activities and outputs, outcomes and impacts, KPIs, and a budget allocation against each of the five Research Missions. The planned activities, outputs, outcomes, impacts, KPIs and budget allocations are not mapped against the five Strategic Pillars. The AOPs also include a more detailed income and expenditure forecast for the 10-year R&D Plan.

5.1.3 10-year R&D Plan

At the time of preparing this report SRA is in the process of developing a 10-year R&D Plan which details the longer-term research priorities as reported by industry and government stakeholders. The plan guides research activities invested in by SRA to produce industry-wide impacts. The draft document sighted indicates that the annual funding call along with stakeholder engagement provides the basis for the plan. It is unclear based on the timelines how this process will be aligned to the AOP when the finalisation of R&D will be made in September 2024.

5.2 Alignment with Government priorities

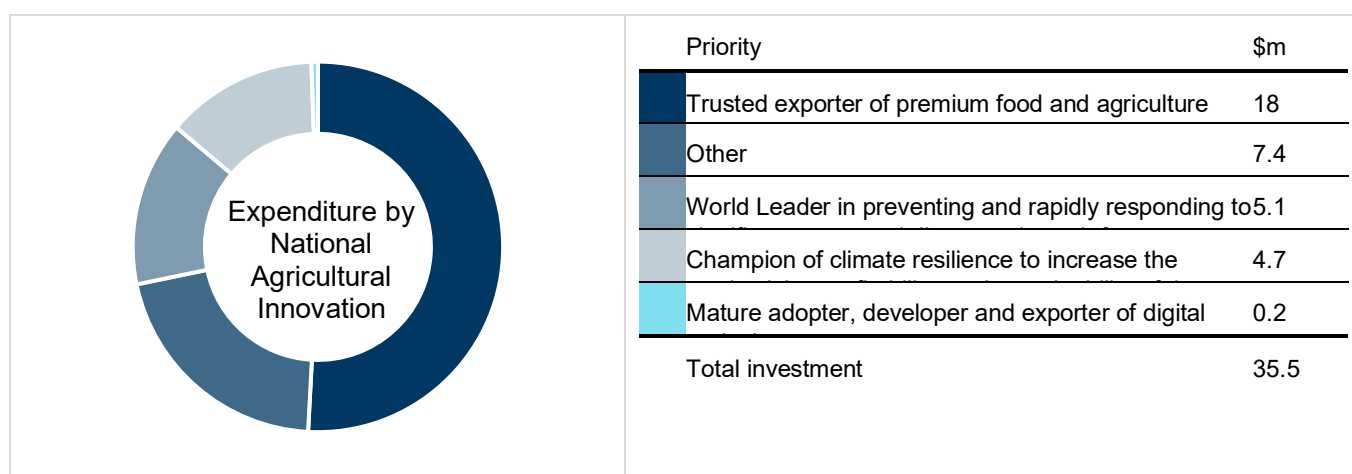
The *National Agricultural Innovation Policy Statement* was released on 11 October 2021 and highlights four long term priorities for Australia's agricultural innovation system to address by 2030. These priorities replace the Australian Government's *Rural Research, Development and Extension Priorities* that were published in the 2015 Agricultural Competitiveness White Paper and include:

- Australia is a trusted exporter of premium food and agricultural products by 2030
- Australia will champion climate resilience to increase the productivity, profitability and sustainability of the agricultural sector by 2030
- Australia is a world leader in preventing and rapidly responding to significant pests and diseases through futureproofing our biosecurity system by 2030
- Australia is a mature adopter, developer, and exporter of digital agriculture by 2030.

Investment in these priorities together with the Australian Government's *Science and Research Priorities* and *National Primary Industries Research Development and Extension Framework* is intended to ensure RD&E investment is strategic, collaborative and targeted to improve profitability, productivity, competitiveness and preparedness for future opportunities and challenges.

The Policy Statement outlines the importance of RDCs in underpinning the productivity of Australia's agriculture, forestry and fisheries industries with responsibility for investing Australian Government funding and industry levies for RD&E and marketing activities.

SRA's *Strategic Plan 2021-2026* and its subsequent AOPs and Annual Reports each give consideration to the proportion of SRA's investment against these national priorities. In addition, the AOPs and Annual Reports map the five Research Missions against the national priorities. By way of example, alignment of SRA investment by National Agricultural Innovation Priorities, National Science and Research Priorities, and Rural Research, Development, and Extension Priorities as depicted in the 2022/23 Annual Report is summarised Figure 10.



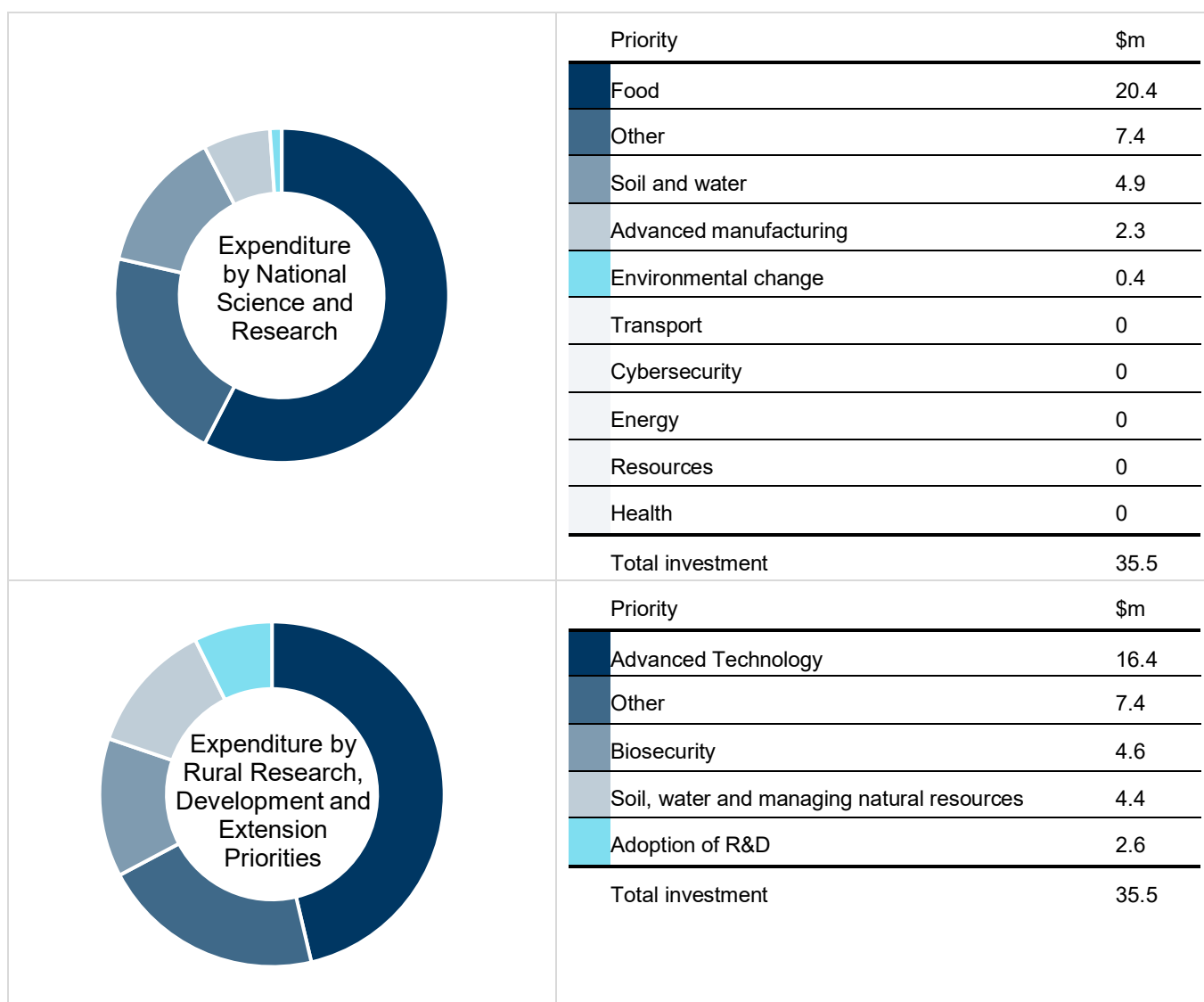


Figure 10 Alignment of SRA investment with Commonwealth government priorities (Source: SRA Annual Report 2022/23)

Following his appointment as the Federal Agricultural Minister in mid-2022, Senator the Hon Murray Watt issued correspondence to SRA, dated August 2023, advising them of the priorities of the new Government, being:

- Biosecurity
- Sustainability and climate change
- Trade
- Indigenous engagement
- Workforce.

SRA is in the process of incorporating these more recently announced Australian Government priorities into investment planning and reporting processes, however at the time of reporting the organisation did not appear to have a process for consciously aligning investments to these new priorities. Alignment was also not considered in the more recently released Update to the *Strategic Plan 2021-2026*. The organisation plans to introduce this process with the view to referring to and reporting against the priorities within updated Engagement and Consultation Plans, Investment Planning Process, DPPs, AOPs, and Annual Reports.

In preparation for this review, SRA broadly categorised actual and budgeted investments from FY 2022 to FY2024 against the Australian Government priorities, with the results (below) showing substantial investments in all categories with the exception of Indigenous Engagement, where no project investments were identified (Figure 11).

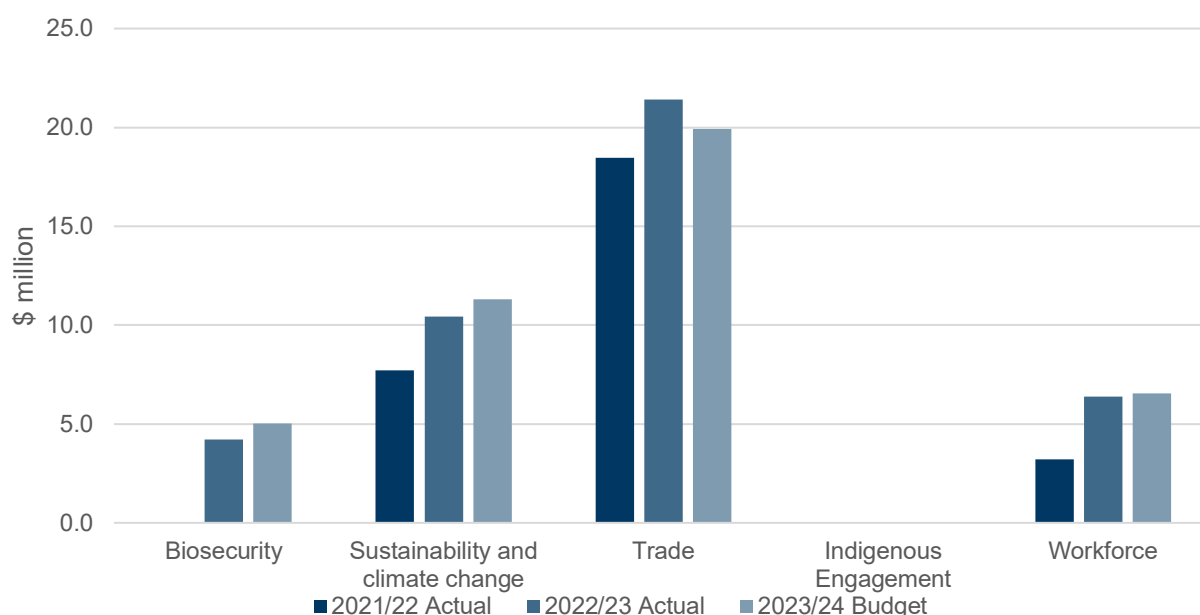



Figure 11 SRA R&D expenditure across Australian Government Priorities

The *SRA Strategic Plan 2021-2026* and the 2023 Update are defined by Strategic Pillars and Research Missions. Across each Pillar and Research Mission there are elements that relate to the new government priorities. The preparation of a new Strategic Plan leading into 2026 provides SRA the opportunity to ensure that its future priorities continue to align with the Australian Government's priorities and are more explicitly identified in the plan.

Performance Principle	Recommendation
 RD&A	4. Going forward, SRA should develop its investment planning and reporting processes to incorporate performance in delivering against the more recently communicated Australian Government priorities. This should include an increased focus on Indigenous Engagement, where relevant, in RD&A planning.

5.3 Alignment with industry priorities

In 2022 the sugar industry released its industry vision for a future roadmap *SugarPlus: Fuelling the Future of Food, Energy and Fabrication* to allow the industry to strengthen and thrive in the long-term. The main partners in the development of the roadmap include SRA, ASMC, Agforce, Canegrowers Association, Australian Cane Farmers Association, Cooperative Research Centre for Developing Northern Australia (CRCNA) and DAFF. The roadmap identifies three key areas of focus:

1. The importance of raw sugar for human consumption and as feedstock for the new generation of animal-free foods
2. Energy that builds on current co-generated power and ethanol production to support sustainable mobility. This includes renewable energy and biofuels
3. Fabrication for the future in the way of bioplastics that support more sustainable living.

The 2022/2023 Annual Report identifies three projects being *Oil Canes Part 1: Technical readiness and regulatory assessment*, *Industry engagement and capacity building – new products and industry development*, and *Green market opportunities for the sugarcane industry* that are of benefit to the *Sugar Plus* roadmap. Whilst the more recent 2023/24 AOP aligns its third mission *Diversified and adaptable* with the roadmap. It also highlights several of the R&D projects which align with the roadmap and their planned expenditure.

5.4 Research Investment calls

SRA typically conducts an annual funding call to acquire RD&A activities, engaging stakeholders to identify priorities beneficial to the sugarcane industry. It is considered that this process creates opportunities for meaningful collaboration with industry and government stakeholders in determining priorities and activities.

SRA have provided information on their investment management process from 2022 onwards. In 2022 SRA updated their research and innovation funding call to consist of a two-part process. With part one being a general call for ideas to address industry challenges that deliver tangible solutions to meet the objectives of the Strategic Plan. The Research Investment Advisory Committee assessed applications against the assessment criteria and compared to other eligible applications in a funding round before subsequently inviting a shortlisted set of applicant teams to an interview to discuss the application.

During the second phase the Committee assessed applications and conducted interviews with a shortlisted set of applicant teams, before recommending to the CEO and the RFP a set of applications for funding and subsequently to the SRA Board for final approval.

SRA has made some adjustments to the 2023 10th Anniversary Research Fund Call. They have also provided a series of drafted documents which aim to detail the timeline of activities, assessment criteria, notional investment targets and the alignment with industry and government priorities.

A number of stakeholders cited frustrations around these processes, with several commenting that the timeframe for submissions limited the ability to form partnerships as there was often insufficient time to complete the approval processes required of both organisations.

The maintenance of the 'ethical wall' and ensuring that any real and perceived conflicts of interest that may arise in the investment of SRA's contestable funding are effectively managed is also of keen interest to SRA's stakeholders, in particular its R&D providers. This process is considered further in section 7.1.3.

5.5 Performance against investment plans

5.5.1 Investment balance

Given there is not clear alignment of the forecast allocation categories for expenditure used in the *Strategic Plan 2021-2026*, AOPs and Annual Reports it is difficult to assess if actual expenditure for the review period aligns with the indicative allocations determined by the Board in its *Strategic Plan 2021-2026*.

The Annual Reports and AOPs do show alignment however between forecast and actual expenditure against each of SRA's Research Missions. A summary of SRA's portfolio balance against Research Mission for the review period as provided by SRA is shown in the figure below (Figure 12).

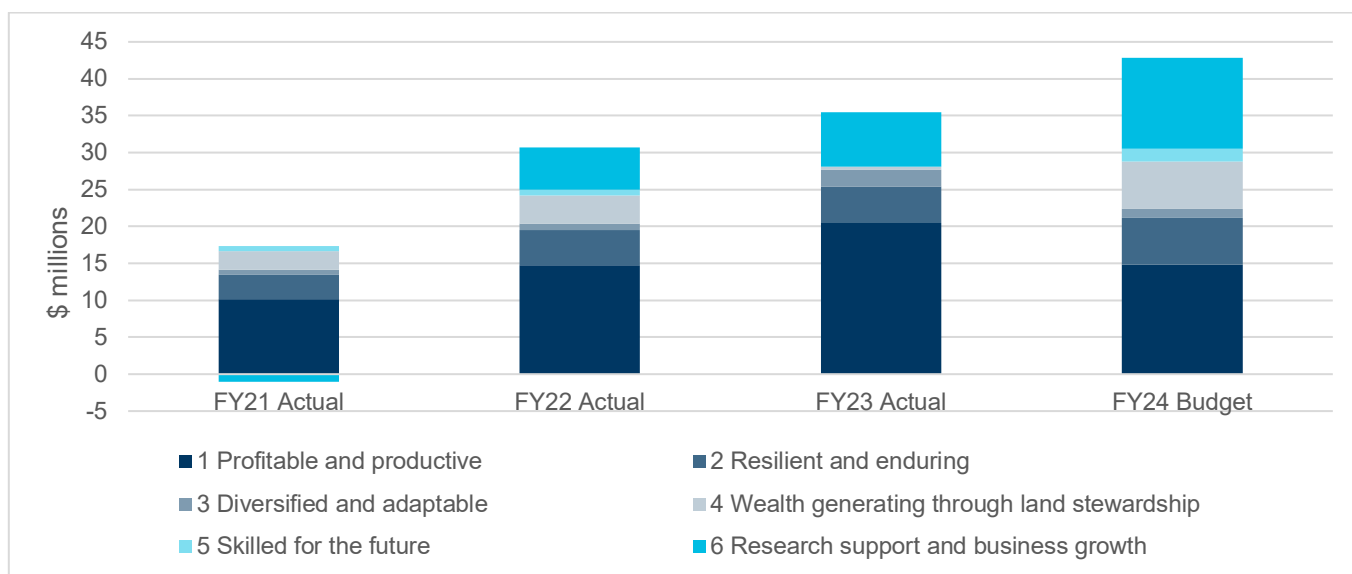



Figure 12 SRA actual spending by Research Mission for FY21, FY22, FY23, and budgeted spending for FY24

GHD suggests that in future planning and reporting processes it would be beneficial to ensure the strategic plan contains an indicative budget allocation for each of its strategic priorities, which can then be aligned to figures reported in AOPs and Annual Reports. Providing a time-series of this information over 3-5 years would also increase the transparency of SRA's performance against its planned portfolio balance. It is also considered that to avoid confusion and provide increased clarity over SRA's intent for its balanced portfolio, that only one set of strategic priorities, e.g. Strategic Pillars or Research Missions, are contained in its strategic plan.

Performance Principle	Recommendations
 RD&A	<p>5. SRA should include an indicative allocation of its investment against its key priorities in its strategic plan (e.g. Research Missions and/or Strategic Pillars) and align this with planned and actual expenditure reported on an annual basis in its AOPs and Annual Reports. Providing a time-series of this information over 3-5 years would also increase the transparency of SRA's performance against its planned portfolio balance over time.</p> <p>6. In future strategic plans, SRA should consider streamlining the 'Strategic Pillars' and 'Research Missions' and associated KPIs to a single set of priorities to provide greater clarity of SRA's strategic intent and transparency of its balanced portfolio.</p>

A further matter of importance in reporting against SRA's portfolio balance, is demonstrating transparency against rule 22.3(e) in SRA's Constitution, which requires:

In each Company annual operational plan, with reference to contestable funding and resourcing projections in the strategic plan, the Board will identify the quantum of funding allocated to the contestable Company research funding pool for that year. The Board should use best endeavours to ensure that, on average over the four years between Performance Reviews, approximately half of the Company's income is allocated to the contestable funding pool. The Board will also provide other guidance as needed on funding or strategic developments.

SRA has provided financial data which indicates that the quantum of funding allocated to contestable R&D is below the approximate half of the Company's income as outlined in the Constitution. For the three -year period of the review, i.e. FY21-FY23, the average is sitting at approximately 32%. A breakdown of SRA's expenditure over the review period is provided in Figure 13.

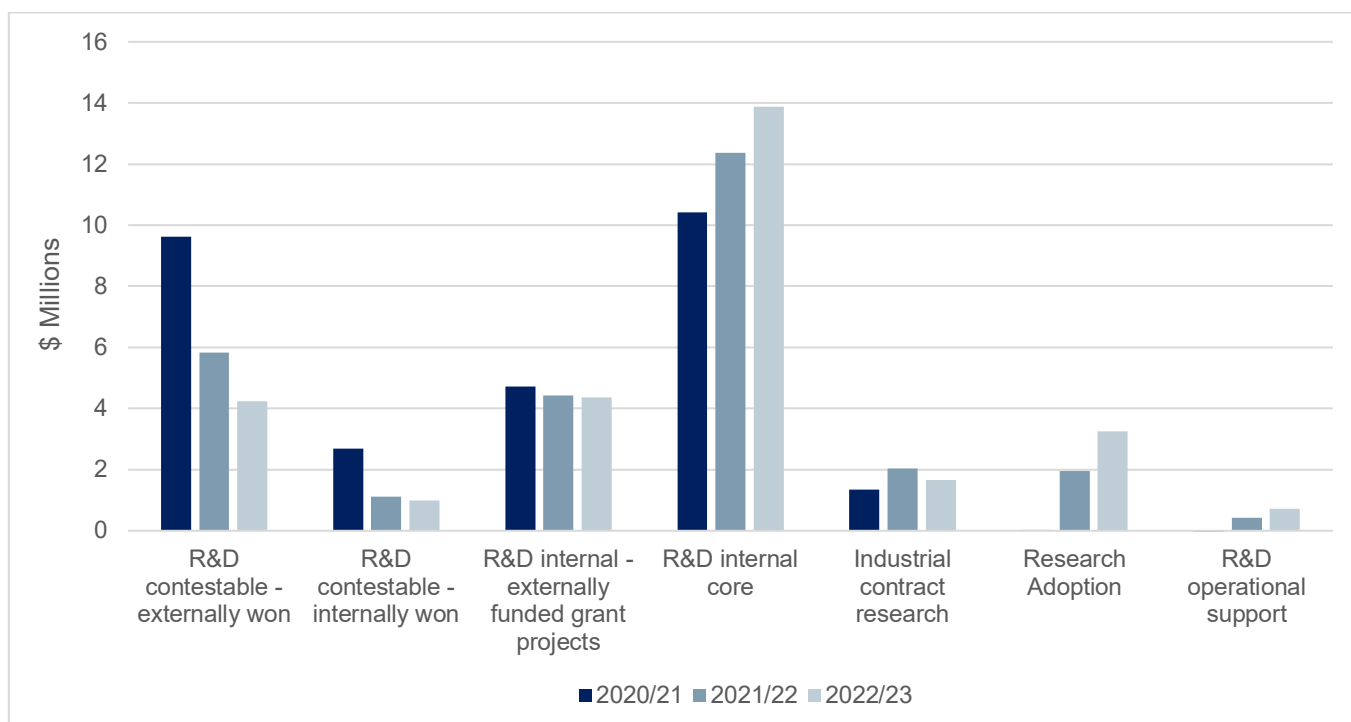



Figure 13 Breakdown of SRA expenditure over the period FY2020/21, FY2021/22, and FY2022/23


GHD recognises that as SRA's fixed costs rise and revenue remains static, it becomes increasingly difficult for the intended balance to be achieved. It is further recognised that the Constitution requires the Board to "use its best endeavours" to maintain this allocation. The analysis does however highlight the need for SRA to provide increased transparency around its consideration of this rule. GHD notes that Recommendation 6 of the 2020 Independent Performance Review was that SRA should publicly report a summary of actual expenditure on core versus contestable funded projects and the methodology used to allocate costs between the two. While SRA has publicly reported core versus contestable funding, it has not published the methodology used to allocated costs between the two.

Performance Principle	Recommendation
 RD&A	7. SRA should provide increased transparency around its approach to Rule 22.3(e) in the SRA Constitution relating to the allocation of funding to the contestable funding pool.

5.5.2 Achievement of KPIs

As was noted in section 5.1.1, SRA identifies a relatively large number of 'measures of success' in its strategic plan, which are also linked to its AOP process. Transparency on SRA's performance against these measures is provided in SRA's annual reporting process. While it is clear that the measures of success that have been developed for each Strategic Pillar and Research mission are based on a comprehensive body of work undertaken by SRA, and show a high level of ambition, it is noted that reporting against some measures will be more difficult and data collection, collation and analysis more resource intensive.

Where information is available, SRA's annual reports provide details of its performance for the year against the full range of measures identified for both 'Strategic Pillars' and 'Research Missions'. This includes detailed commentary providing context on why or why not the KPI has been achieved during the reporting period. GHD considers that communication of its performance could be enhanced in these reports by including a simple rating along with the commentary, e.g. 'met', 'partially met', 'not met', or otherwise.

Performance Principle	Recommendation
 RD&A	8. SRA should consider including a simple rating criteria e.g. 'met', 'partially met', 'not met', or otherwise, along with the supporting commentary when reporting against achievement of 'measures of success' across strategic priorities in its Annual Reports.

5.5.3 Stakeholder satisfaction

SRA's annual stakeholder surveying also provides input as to the perceptions of both growers and millers of SRA's investment in RD&A. SRA has sought feedback in its 2022 and 2023 Grower Surveys on grower satisfaction with SRA's investment in areas of research, receiving a strong average rating of 7.1 out of 10 in both years. This largely reflects grower sentiment obtained throughout the review, which largely indicated grower satisfaction with SRA's portfolio balance, in particular, the level of investment in SRA's varieties program.

While the annual Miller Survey asks a slightly different question, millers also reported a high average level of satisfaction with SRA's 'products and services' in 2022 (7.5 out of 10) although this fell somewhat in 2023 (6.9 out of 10). When asked specifically about its plant breeding program, the average rate of satisfaction was similar in

2022 (7.1 out of 10) and 2023 (6.9 out of 10). Feedback received from millers as part of this review pointed to what has been a long-standing challenge for SRA in balancing the RD&A needs of both millers and growers. Some stakeholder conceded as part of this feedback however that it has been more difficult for millers to provide an agreed set of RD&A priorities for SRA to invest in given the differences that exist amongst milling facilities.

→ Collaboration

→ The Power of Commitment

6. Collaboration

PP3: Undertaking strategic and sustained cross-industry and cross-sectoral collaboration that addresses shared challenges and draws on experience from other sectors

This section considers SRA's performance against *Performance Principle 3: Collaboration*, which relates to undertaking strategic and sustained cross-industry and cross-sectoral collaboration that addresses shared challenges and draws on experience from other sectors. The Australian Government's *Guidelines to SFA's* establish three KPIs for RDC's to demonstrate their performance in this area:

- 3.1 Completed, current and future R&D including commercialisation opportunities is accessible through the growAG platform
- 3.2 Number and quantum of cross-industry and cross-sector RD&A investments available
- 3.3 Number and quantum of RD&A projects and commercialisation projects listed on growAG, including commercialisation outcomes.

6.1 Cross-sector collaboration

SRA has sought to undertake cross-industry and cross sectoral collaboration through undertaking a range of RD&E activities with industry and RDCs to address common challenges and opportunities.

Under its 'High-Performing Research Portfolio' Strategic Pillar, SRA has set itself a target that 50% of its portfolio will involve cross-sectoral or multidisciplinary research by 2024. In its 2022/23 Annual Report SRA reported that approximately 60% of its research portfolio involved cross-sectoral or multidisciplinary research, which was 5% down on the previous year but still above its target.

Over the four period FY21 to FY24 SRA made contributions to 13 projects or initiatives involving collaboration with other RDCs, for a total investment of \$1.3 million (Table 3). This represents around 3.4% of its contestable R&D expenditure over the same period. The level of collaboration appears to have decreased from the previous performance review, which cited 12 cross-RDC projects with a total SRA contribution of over \$3 million.

Table 3 Cross-RDC projects that SRA invested in over the period FY21 to FY24

Financial Year	SRA investment (\$)
Plant Biosecurity Research Initiative - Phase II	\$90,000
Plant Biosecurity Research Initiative - Phase III	\$43,510
A common approach to sector level GHG accounting for Australian agriculture (Agricultural Innovation Australia (AIA))	\$25,000
Agri Climate Outlooks	\$107,500
Biorefineries for Profit - Phase II	\$133,333
Boosting Diagnostic Capacity for Plant Production Industries	\$84,000
Climate Research Strategy for Primary Industries	\$5,000
EU-PEF Australian Participation in the European Union Product Environmental Footprint Technical Advisory Board	\$30,900
Managing Climate Variability – Phase IV - Forewarned is forearmed: equipping farmers and agricultural value chains to proactively manage the impacts of extreme climate events	\$75,000
Smarter Irrigation for Profit - Phase II	\$358,518
The Community Trust in Rural Industries Program	\$70,000

Financial Year	SRA investment (\$)
Subscription to AIA	\$173,095
Subscription to Council of RDCs	\$120,747
TOTAL	\$1,316,604


Consultation suggests SRA is a close and frequent collaborator with the Cotton Research and Development Corporation, with the two organisations and industries sharing similar attributes (single plant species) and challenges (environmental, biosecurity, social licence etc). Collaboration between these organisations has extended to sharing staff and resources in some cases. The review also found bi-lateral collaboration occurring with Grains Research and Development Corporation and Hort Innovation Australia, particularly relating to RD&E on mixed farming systems (e.g. sorghum, bananas, macadamias) and reef based environmental challenges.

SRA is a foundational second tier investor and active participant in the Plant Biosecurity Research Initiative (PBRI) which facilitates cross-sectoral RD&E projects through contributions from plant-based industry RDCs and the Commonwealth. Consultation suggests that that SRA has been enthusiastic and proactive in developing and co-investing in collaborative projects within the PBRI, however has not yet led the delivery of a collaborative project.

Additional examples of cross-sector collaborations in which SRA takes an active role include:

- Engagement with AgriFutures Emerging Rural Issues Program
- Engaging with the AgriFutures Australia's growAG platform. At the time of this review SRA had independently submitted a series of research projects, opportunities and stories to the platform
- Since 2021-22 SRA has supported Agriculture Innovation Australia through an annual subscription payment, as well as contributions to initial climate and carbon accounting projects
- Regular and active participation in the Council of Rural Research and Development Corporations (CRRDC) meetings
- SRA collaborated with the University of Southern Queensland, Horticulture Innovation Australia, and Cotton Research and Development Corporation to develop the See & Spray™ technology, which was licenced to John Deere in 2022/23.

The review noted that limited collaboration currently occurs between SRA and other agrifood milling and processing sectors (cotton, dairy, meat, grain etc.) despite sharing a range of common challenges and opportunities in areas of energy, workforce, OH&S, maintenance, compliance, transport, process efficiency, traceability, etc.

Performance Principle	Recommendation
 Collaboration	9. SRA should consider pursuing collaboration with other agrifood processing and milling sectors including cotton, dairy, meat, grain etc. to address shared objectives in energy, workforce management, OH&S, plant maintenance, compliance, transport, process efficiency, and traceability.

6.2 Collaborative income

As indicated in section 2.2.2 since it was established in 2013, SRA sought to obtain a proportion of its revenue from collaborative partnerships. An assessment of SRA's income for the three-year period of the review, indicated that just over 13% of its total revenue for the period was sourced from collaborative partnerships and service fees. This is slightly above the 10-year average of 12%.

This analysis excludes contributions from the Queensland Government through QDAF, who have also been an important source of revenue for SRA, representing 8% of its total revenue since 2013. The proportion of revenue

sourced from QDAF for the period of the review however was only 4%, representing half of that of the 10-year total. Consultation further suggested that SRA had not accessed all the funding that might have been available to it from QDAF in recent years.


GHD notes that the previous independent performance reviews of SRA pointed to a level of dissatisfaction from QDAF about its involvement in RD&A planning and project selection. As outlined in section 4.4, it is important that SRA ensures a structured approach to its engagement with QDAF, which should be considered in further development of its consultation and engagement plans as well as in the ongoing review of the RFP.

6.3 Intellectual property management and commercialisation

The *RDC Knowledge Transfer and Commercialisation Guide* (Rural R&D Corporations 2021), provides guiding principles for knowledge transfer, including commercialisation, for the adoption of R&D investment within the Australian agriculture's Research and Development Corporation context.

SRAs *Intellectual Property Policy (version-2 - 2018)* was developed in 2014 and last reviewed in February 2018, despite the document indicating the next review was scheduled for December 2020. As a result, the *Intellectual Property Policy*, has not been updated to accord with the *RDC Knowledge Transfer and Commercialisation Guide*.

That being said, as far as can be determined within the scope of this review, the principles contained in the *RDC Knowledge Transfer and Commercialisation Guide* (refer Appendix B) are generally being met.

Performance Principle	Recommendation
 Collaboration	10. SRA should update its Intellectual Property Policy to accord with the <i>RDC Knowledge Transfer and Commercialisation Guide</i> .

'Commercial Benefits and Rewards' formed the fifth pillar of SRA's *Strategic Plan 2021-2026* with the objective being to: *take our research work and investments to the next level by securing investors and funding and extracting commercial value from our IP, research capability, facilities and strategic partnerships*. The pillar included that by June 2026, SRA would deliver net returns from commercial activities of at least \$4M per annum, which would represent approximately 10% of its total revenue.

In its 2022/23 Annual Report SRA highlights that it received \$823,133 in income for the year from services and consulting and \$498,140 for licensing of technologies. The latter of which is against the target of \$4M of net returns from commercial activities by 2026.

The 'Commercial Benefits and Rewards' pillar was one of the key changes in the 2023 Update to the *Strategic Plan 2021-2026*, which instead became 'Growing Research and Delivery Capacity'. While the objective remained unchanged, the focus was removed from commercialisation, along with the outcome statement and changes to the listed measures of success. The resultant measures include a greater focus on:

- Industry adoption and estimation of impact
- Increasing the number of innovations and technology available to the industry
- Positive change in research leverage
- Achievement of specific expansion targets into new and international markets.

→ Governance arrangements

7. Governance arrangements

PP4: Ensuring governance arrangements and practices fulfil legislative requirements and align with contemporary Australian best practice for open, transparent, and proper use and management of Funds

This section considers SRA's performance against *Performance Principle 4: Governance arrangements*, which relates to ensuring SRA's governance arrangements and practices fulfil legislative requirements and align with contemporary Australian best practice for open, transparent, and proper use and management of funds. The Australian Government's *Guidelines to SFA's* establish four KPIs for RDC's to demonstrate their performance in this area:

- 4.1 Ongoing oversight, planning and reporting of investment activities that is done in accordance with legislative and Australian Government requirements and timeframes
- 4.2 Demonstrated management of financial and non-financial risk
- 4.3 Relevant policies and procedures adopted and implemented (e.g. whistleblower, privacy, etc)
- 4.4 Non-financial resources implemented effectively (HR, IT, IP, etc).

7.1 SRA's governance structure

Governance bodies direct the operation of an organisation, framed by legislative obligations and are responsible for developing the control framework and management systems that will support achievement of strategic objectives. Typically governance is active at different levels ranging from Board oversight to other key areas supporting delivery.

Governance is also responsible for establishing and monitoring the effectiveness of the control framework and management systems required to delivery organisational objectives. Governance responsibilities rest with the Board, but governance functions are typically embedded across the organisation where higher risks are present.

On an annual basis SRA publishes a Corporate Governance Statement. This outlines the key elements that constitute the governance framework and contains a gap assessment to the ASX Corporate Governance Principles.

As detailed in its Corporate Governance Statement, SRA is a public company limited by guarantee and operates within a corporate governance framework consisting of:

- The *Corporations Act 2001 (Cth)*, compliance with which is supervised by the Australian Securities & Investments Commission (refer section 3.3)
- The *Sugar Research and Development Act 2013 (Cth)*, under which SRA has been declared as the "industry services body" for the sugar industry (refer section 3.1).

Its objectives, obligations and restrictions are framed by the:

- SRA Limited's Constitution
- SFA.

As detailed in section 2.2.1 the SRA Board has established four Board committees that act to guide the company, including the ARC, PPRC and the RFP (Figure 14). A separate DSC supports the Board in identifying suitable directors. Such a governance structure is typical to RDCs.

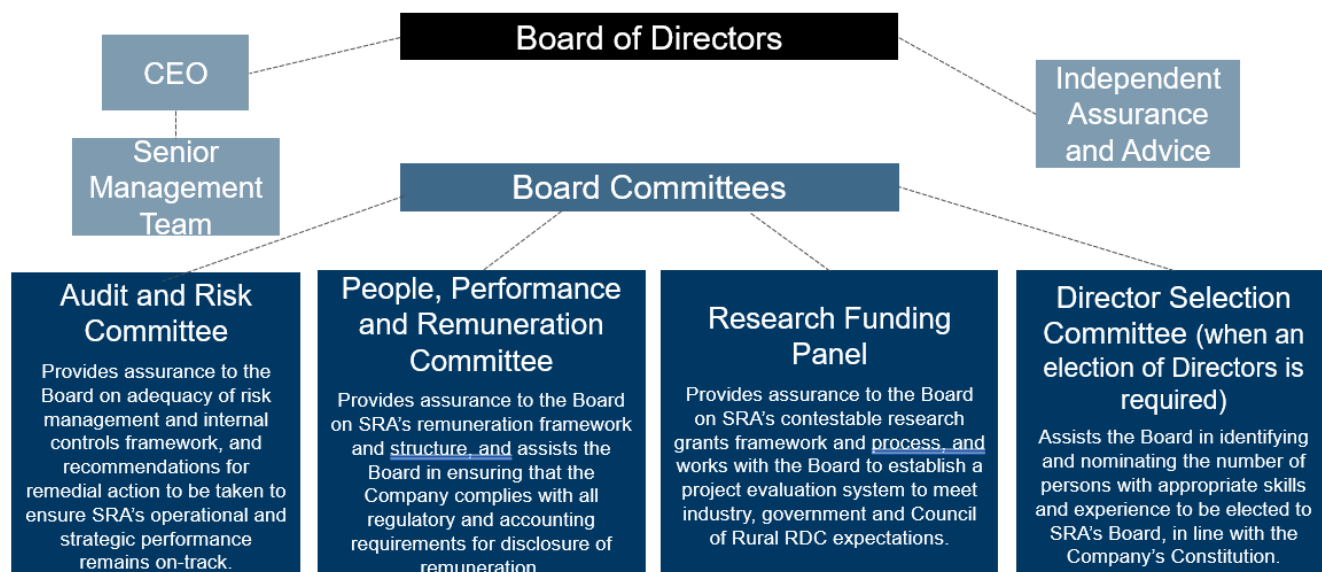


Figure 14 SRA's governance structure

These committees operate under separate charters as outlined below.

7.1.1 Audit and Risk Committee

Aligned with other Audit and Risk Committees covering statutory reporting, internal control integrity, risk and compliance management. Consisting of between 2 to 4 members who are SRA Directors appointed based on their experience and skills. Its Charter prohibits the Chair of the Board from acting as the A&RC Chair which is good governance practice.

A schedule to the A&RC Charter details a detailed list of responsibilities, which is considered good practice. These include in summary:

- Budgeting and performance monitoring
- Financial oversight and corporate reporting
- Internal controls, audit and assurance
- Risk monitoring and management
- Insurance
- Health, Safety and Environment (HSE)
- Compliance monitoring and management.

7.1.2 People Performance & Remuneration Committee

Aligned with similar committees, focused upon organisational competency, capacity, values and culture. The Chair of the committee and members are appointed by the Board and comprises between 2 to 4 members who must be SRA Directors.

The PPRCs responsibilities include:

- Remuneration setting
- People strategy including transformation
- Performance management, development and retention and secession planning
- Equal opportunity
- Compliance.

7.1.3 Research Funding Panel

Based upon the RFP Charter, “SRA is responsible for the direct provision of RD&A activities as well as the ongoing management of funds received from industry levy payers and Government, for the benefit of the Australian sugar industry”¹¹.

According to the RFP Charter, SRA’s RD&A portfolio comprises of both core and contestable projects. Core projects are undertaken internally by SRA and include plant breeding, biosecurity and adoption activities. Contestable projects are undertaken by both SRA and external providers.

The purpose of the RFP is to “ensure transparent, independent and robust review and monitoring of all RD&A project investment from SRA’s contestable pool of industry and Government investment funds”¹². The Panel Chair and members are appointed by the Board and can consist of 4 to 5 independent members and 1 SRA Director.

RFP responsibilities include:

- Functional oversight for the operation of the RFU to the extent that it relates to the RFU’s role of assisting the RFP in its proceedings and deliberations, and in the planning and administration of research activities delivered within the ‘contestable funding pool’.
- To ensure that the processes it uses for investments from the ‘contestable funding pool’ meet the criteria for R&D activities that qualify for both Commonwealth matching funding and the Australian Competitive Grants Register and accommodate State government expectations.

From a governance perspective there are several issues associated with SRA’s funding of core projects and the structure and function of the RFP as framed by its charter, including that core projects fall outside of the functional responsibility performed by the RFP. This can present a concern as the lack of market testing may raise questions with regards to efficiency and effectiveness.

The management of the potential conflict between core and contestable activities was raised in the 2020 Independent Performance Review prepared by Forest Hill. The report noted that “SRA is unique among industry-owned RDCs in being both a research funder and provider. A structural feature of SRA is an ‘ethical wall’ of governance between the RFU / RFP and the rest of SRA (which includes the ‘provider’ function) to protect against the structural conflict of interest for SRA in its dual roles.”¹³

At the time the report’s recommendations included the commissioning of a formal review of the governance implications of the RFP as it is constituted, including any conflicts with the CEO’s role and impacts on the effective and efficient functioning of SRA.

In cases where these core projects are not market tested through competitive tender processes there are several options possible, including:

1. Continuation of current practices based upon an assessment that these core projects represent specialised capabilities or some other source of advantage that cannot be supplied by the market. This assessment would need to be endorsement by relevant stakeholders.

As detailed by SRA’s Response and Implementation Plan to the 2020 Independent Performance Review, SRA commissioned an independent legal review of the powers and functions of the RFP to develop options available to SRA to address both governance and performance issues in respect of the RFP. These were presented to an industry and stakeholder workshop in November 2020, with participants indicating general support for structural changes to SRA by way of change to the Constitution. (Refer “ethical wall” discussion below.)

From a strategic point of view, organisations typically avoid outsourcing core activities where it can be demonstrated that the organisation holds specialised capabilities or some other source of advantage that cannot be supplied by the market. Outsourcing core projects could see the loss of core competencies, loss of commercialisation opportunities and the risk of increasing R&D fees from third parties.

¹¹ SRA Research Funding Panel Charter Page 1

¹² SRA Research Funding Panel Charter Page 1

¹³ 2016-2020 Independent Performance Review prepared by Forest Hill P6


2. Subject core projects to some form of benchmarking to support public benefit demonstration, or core activity performance reporting which is currently provided.
3. Subject core projects to market contestability, with the RFU structurally separated from tender evaluation processes.

The RFP Charter includes a description of the 'ethical wall' that has been created between the RFP and the RFU to help SRA demonstrate its contestability and probity obligations. As described by the charter, the General Manager of the RFU would normally report to the RFP Chairman on functional management but instead reports to the SRA CEO on line management and when undertaking functions within SRA which are not associated with the RFP. This is considered a relatively weak control to support the consideration of the balance between core verse contestable activities with regards to the balanced portfolio. In addition, consultation indicated that the 'ethical wall' was hindering effective collaboration.


Across August and September 2023 the Board considered the investment governance structure, detailed above, and the effectiveness of the 'ethical wall'. Based upon these discussions the following changes were proposed and are in the process of active implementation:

- The RFP would be restructured as a Board committee providing independent, objective advice covering all investment opportunities and the portfolio balance
- To support independence and effectiveness, a skills matrix would be developed suited to the new role, with membership to change to align with new skills requirements. This ideally could see milling experience included
- The same investment evaluation process would be used to rank all projects
- Conflicts of interests would be identified and managed through the RFP
- Investment decisions would be presented to a cross-sectoral group to sponsor transparency.

The effectiveness of this structure will heavily depend upon the independence of RFP committee members and their R&D and investment prioritisation experience.

Performance Principle	Recommendation
 Governance	<ol style="list-style-type: none"> 12. SRA should as a matter of priority, progress changes proposed to the RFP Committee function and membership based upon an agreed skills matrix. 13. SRA should formally reflect the new RFP Committee's function and membership requirements in the RFP Committee Charter and communicate these changes to its key stakeholders.

Following the theme of contestable projects, it is noted that SRA's Procurement Policy does not include a section that details the processes and controls to be followed during tender or tender evaluation processes. It also should detail the contract management elements that should be created through the tender process that can be used during contract management process. The Deloitte October 2023 Contract Management Internal Audit Report also noted that there were no policies or procedures to support contract management processes.

Performance Principle	Recommendation
 Governance	<ol style="list-style-type: none"> 14. SRA should update its Procurement Policy to include a section on tender and tender evaluation process. This should include the establishment of elements during the tender process that can be used to support contract management into the future.

7.1.4 Director Selection Committee

This committee supports the identification of possible Directors based upon the Board Composition Matrix (Skills Matrix). The DSC comprise of 5 independent members, with the Chair appointed by the SRA Board and the other members appointed by the Board following nominations from IPOs received in advance of the AGM each year. Director nominations are approved through the AGM.

This structure reinforces the independence of the DSC, but can diminish the context that could be provided by the Board as to strategic intent, feedback on what's working well / not working and how this translates into skills requirements. It is therefore important that consistent with rule 26.1(d) that the board takes an active role in annually reviewing the skills required to effectively lead and manage the Company and to contribute to Board processes and advise these to each DSC.

7.2 Assessment against good governance principles

Numerous sources provide guidance on governance. The Australian Public Service Commission has made the following insightful observations about the effectiveness of governance:

There is no 'one size fits all' approach to governance. While there are common elements, themes and models, agencies need to develop systems that meet their specific circumstances and be prepared to adapt and evolve their governance arrangements to meet changing needs.

Governance can only work if it is part and parcel of the culture of the organisation—it needs to be actively upheld and implemented by every person in the organisation. Everyone must know and act on their responsibilities.

Common elements of good governance are expressed by the eight central principles contained in the ASX Corporate Governance Principles and Recommendations. Other guidance includes the *Not-for-Profit Governance Principles* published by the Australian Institute of Company Directors.

Section 8 of the SFA details that “SRA must maintain, implement and regularly review a framework of good corporate governance to ensure proper use and management of the Funds and the Voluntary Contributions. In maintaining the governance framework, SRA should draw on best practice guidance as appropriate.”¹⁴

For these purposes SRA has used the eight principles set out in the ASX Corporate Governance Council – Corporate Governance Principles and Recommendations. To create transparency, which is a key governance principle, SRA has published their assessment in their annual Corporate Governance Statement. This analysis considers each of the ASX Corporate Governance Council recommendations and details the attributes held that supports alignment.

Rather than replicate this analysis, GHD has considered each of the governance principles from both an attribute and performance perspective. This includes an additional consideration against the *Not-For-Profit Good Governance Principles* issued by the Australian Institute of Company Directors detailed in the following table (Table 4).

¹⁴ SFA Page 13

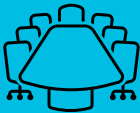
Table 4 Assessment against good governance principles

The ASX good governance principles	The not-for-profit good governance principles	GHD assessment
Lay solid foundations for management and oversight	<p>Purpose and strategy <i>The organisation has a clear purpose and a strategy which aligns its activities to its purpose</i></p> <p>Roles and responsibilities <i>There is clarity about the roles, responsibilities and relationships of the board</i></p> <p>Performance <i>The organisation uses its resources appropriately and evaluates its performance</i></p>	<p>Lay solid foundations for management and oversight</p> <p>In terms of laying solid foundation for management and oversight, the Board is responsible for the development and oversight of SRA's control environment. This includes the adoption of a Board Charter that reflects the objects of SRA Limited's Constitution, and which sets out the roles and responsibility of the Board.</p> <p>SRA's control environment consists of the following elements which are typical to supporting good governance:</p> <ul style="list-style-type: none"> – SRA Limited's Constitution that sets out the organisations objectives with the SFA setting out performance expectations and restrictions – Board Charter that sets out the roles and responsibilities of the Board which is consistent with other organisations. The Charter was due for review by the Board in June 2023 – The mix of skills that Board members should collectively exhibit – Board committees which perform functions to help the Board fulfil its responsibilities covering key risk areas and include the A&RC, PPRC and the RFP – The governance support provided by assurance functions such as internal audit. As detailed below SRA has an established Internal Audit Plan (IAP) and conducts audits on key business processes on a cyclic basis annually – Risk management processes that analyse operational and sectorial risks to inform decision making and support the development of strategic initiatives – The Delegation of Authority (DOA) which sets out tiered delegations based upon financial thresholds – A range of policies and procedures that are considered suitable for SRA's role including elements of an anti-fraud and corruption framework as listed below and made also available on SRA's website: <ul style="list-style-type: none"> ○ Board Governance Policy ○ Declaration of Interests Policy ○ DOA ○ Diversity Policy ○ People and Culture Policy ○ Compliance Policy ○ Risk Management Policy and Risk Management Plan ○ Whistleblower Policy ○ Code of Conduct ○ Code of Conduct Office Holders ○ Procurement Policy – It was found that many of these policies are past their scheduled review dates. – In addition, SRA has a Cost Allocation Policy as required under rule 18.3(c) of its Constitution. While focused specifically on project cost allocation processes for research projects, an internal audit undertaken in May 2023 found that SRA's Cost Allocation Policy is

The ASX good governance principles	The not-for-profit good governance principles	GHD assessment
		<p>outdated and does not effectively support project management and cost allocation processes. The management response indicated that the policy would be reviewed by December 2023, however during this review it was stated this would occur in December 2024.</p> <ul style="list-style-type: none"> – The setting of strategy, framed by the 5 year Strategic Plan and Annual Investment Plans (AIP) – Management reporting including reporting against key priorities set, further detailed in section 8 with Transparency representing a key governance element – Performance Reporting to DAFF – External Audit – The conduct of the AGM <p>To support the Board in fulfilling its responsibilities the A&RC, PPRC and the RFP committees perform functions in areas of higher risk. The A&RC meets at least four times per year and its Charter is consistent with other Audit and Risk Committees. The A&RC is supported by external and internal audit coverage and regularly reviews sector risks, further detailed below.</p> <p>The PPRC has been discussed above and the range of functions performed is consistent with other RDC's.</p> <p>The RFP has also been discussed above noting that its function does not cover core project or consideration of the mix of core and contestable projects to frame a balanced portfolio.</p> <p>Purpose and strategy</p> <p>SRA's purpose is framed by the objectives set out in the SRA Limited's Charter, performance expectations and activity restrictions set out in the SFA.</p> <p>Roles and responsibilities</p> <p>The Board is directed by its Charter that provides an appropriate outline of Board, Directors, CEO, the Board Chair and Company Secretary responsibilities</p> <p>Performance</p> <p>SRA's performance is monitored through a range of processes which creates transparency which represents a key governance attribute. These processes include:</p> <ul style="list-style-type: none"> – The conduct of the AGM – Annual Report – Strategic plan publication – The monitoring, evaluation, reporting and improvement (MERI) further detailed in section 8 – Departmental performance review (SFA) – Corporate communication and events.
<p>Structure the board to be effective and add value</p>	<p>Board composition</p> <p><i>There is clarity about the roles, responsibilities and relationships of the board</i></p> <p>Board effectiveness</p>	<p>Board composition</p> <p>Board members are identified through a DSC process whose membership consists of 5 independent members, with the Chair appointed by the SRA Board and the other members appointed by the Board following nominations from IPOs received in advance of the AGM each year. Candidates are shortlisted by reference to the selection criteria that act as TOR for the committee to ensure there is an appropriate mix of skills in the candidates nominated for election.</p>

The ASX good governance principles	The not-for-profit good governance principles	GHD assessment
	<i>The board is run effectively and its performance is periodically evaluated</i>	<p>The PPRC is governed by a Committee Charter that directs that the membership should consist of a Chair appointed by the Board and comprises between 2 to 4 members who must be SRA Directors. The PPRC Charter includes assessment of Director and CEO performance remuneration and incentive framework for senior executives and all staff including the CEO and Directors.</p> <p>Board effectiveness</p> <p>The Board evaluates its performance through a cyclic self-assessments. It is noted that the Board previously engaged external parties to undertake its Board evaluation and it is suggested that it would be good practice to re-instate this process during this period of change.</p>
Instil a culture of acting lawfully, ethically and responsibly	<p>Conduct and compliance</p> <p><i>The expectations of behaviour for the people involved in the organisation are clear and understood</i></p> <p>Culture</p> <p><i>The board models and works to instil a culture that supports the organisation's purpose and strategy</i></p>	<p>Directors must exercise their powers and discharge their duties in good faith in the best interests of the organisation, and for a proper purpose. They also have fiduciary obligations to act honestly and in good faith and avoid conflicts of interest.</p> <p>SRA's PPRC monitors corporate culture through surveys, turnover and exit surveys.</p> <p>SRA has a Code of Business Conduct and Ethics and has policy elements typically present in a anti-fraud and corruption framework including:</p> <ul style="list-style-type: none"> – Whistleblower Policy – Declaration of Interest Policy – It is also noted that SRA's Constitution and Board Governance Policy requires the majority of directors to be independent. <p>While employee surveying suggests a reasonable level of employee engagement, consultation as part of the review suggests that the changes that have occurred over the period of the review have impacted the organisation's culture.</p>
Safeguard the integrity of corporate reports		<p>This corporate good governance principle relates to demonstration of appropriate processes to verify the integrity of reporting. SRA's Annual Reports are subject to external audit and a range of independent reviews in a number of key areas have been conducted that supports evidence of good governance.</p>
Make timely and balanced disclosure	<p>Accountability and transparency</p> <p><i>The board demonstrates accountability by providing information to stakeholders about the organisation and its performance</i></p>	<p>For corporates this relates to the timely release of material information to the market. This principle relates to transparency which is a key attribute of good governance. This can include the publication of materials such as the Annual Report / Performance Reporting and events such as the AGM. These aspects have been considered in section 8 and SRA can demonstrate with respect to the range of reports and communication materials.</p>
Respect the rights of security holders	Stakeholder engagement	<p>With respect to this element of good governance, the not-for-profit governance principles are more applicable. SRA's SFA performance principles include:</p>

The ASX good governance principles	The not-for-profit good governance principles	GHD assessment
	<i>There is meaningful engagement of stakeholders and their interests are understood and considered by the board</i>	<ul style="list-style-type: none"> – To engage stakeholders to identify RD&E priorities and activities that provide benefits to the Industry – To ensure RD&E priorities and activities (and Marketing Activities) are strategic, collaborative and targeted to improve profitability, productivity, competitiveness and preparedness for future opportunities and challenges through a Balanced Portfolio – To undertake strategic and sustained cross-industry and cross sectoral collaboration that addresses shared challenges and draws on experience from other sectors. <p>It also includes the following restrictions:</p> <ul style="list-style-type: none"> – SRA must not engage in Agri-Political Activity – SRA must not, at any time, act as an IRO or reference or provide information which implies to stakeholders or trading partners that SRA is an IRO. <p>As such stakeholder engagement must align with the performance principles set and stay with the SFA restrictions. In summary, the stakeholder engagement activities are appropriate and have been separately covered in section 4.</p>
Recognise and manage risk	Risk management <i>Board decision making is informed by an understanding of risk and how it is managed</i>	<p>SRA holds a Risk Management Policy and a draft Risk Management Plan (RMP). Review of the draft RMP indicates that it contains elements largely related to what would be found in a Risk Management Framework related to governance, roles and responsibilities, the risk process and mechanisms for rating risks.</p> <p>A RMP would normally detail the risk assessment of operational and strategic risks, highlighting any areas outside of risk tolerance or As Low As Reasonably Practicable and what actions / monitoring is required to bring the risks to an acceptable level.</p> <p>GHD has not reviewed operational and strategic risk registers and discussions indicate that these are currently being updated. Further discussion indicate that risk reporting at the Board and ARC is too granular rather than focusing upon the top 10 Material Business Risks (MBR) which is common practice suitable for Board and ARC reporting.</p>
Remunerate fairly and responsibly		This is a common corporate governance perspective with the PPRC also performing the role of a remuneration committee as is detailed above.

Performance Principle	Recommendations
 <p>Governance</p>	<ol style="list-style-type: none"> 15. SRA should complete its recently commenced review of Policy documents, and Board and Committee Charters, to ensure they remain current. 16. SRA should bring forward the review of its Cost Allocation Policy in response to internal audit findings. 17. SRA should re-instate the external evaluation of its Board and Committees on a periodic basis. 18. SRA should continue with plans to lift the level of risk maturity by redrafting the current RMP to develop a Risk Management Framework and completing the work currently underway to update the risk registers. 19. Changes should be made to Board and ARC reporting to focus only upon the top 10 Material Business Risks, movement trends and treatment plan implementation status.

→ Monitoring and Evaluation

8. Monitoring and Evaluation

PP5: Demonstrating positive outcomes and delivery of RD&A benefits to Levy Payers and the Australian community in general, and show continuous improvement in governance and administrative efficiency, including implementation of actions from previous annual reviews and independent performance reviews

This section considers SRA's performance against *Performance Principle 5: Monitoring and evaluation*, which relates to demonstrating positive outcomes and delivery of RD&A benefits to levy payers and the Australian community in general, and continuous improvement in governance and administrative efficiency. The Australian Government's *Guidelines to SFA* establish three KPIs for RDC's to demonstrate their performance in this area:

- 5.1 Impact (cost-benefit) assessment of a random sample of RD&A investments undertaken annually
- 5.2 Demonstrated consideration of and response to outcomes of monitoring and evaluation processes
- 5.3 Transparent communication to stakeholders (including government) on the impacts and benefits of the RD&A activities.

Consistent with the TOR, this section also includes an assessment of the implementation of actions to address feedback from the Commonwealth arising from annual reviews of performance as well as actions to implement recommendations from the last independent performance review conducted in 2020.

8.1 SRA's Monitoring and Evaluation

SRA evaluates performance via an overarching *Monitoring and Evaluation Framework*, developed in 2018 and a more recently updated *Monitoring and Evaluation Plan* developed in 2022, which aligns with the SFA performance principles. At the time of the review SRA was working on developing a more comprehensive *Monitoring and Evaluation Plan* which will allow for better measurement and tracking of expected impacts, from investment decisions through the adoption.

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

- Project milestone and output monitoring and reporting
- Operational and strategic reporting to the Board and A&RC
- Six-monthly exception reporting to the Board on progress against the Strategic Plan
- Annual reporting on performance to DAFF
- 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 AOP
- Independent Performance Reviews
- Cross Research and Development Corporations (CRRDC) Impact Assessment Program.

In addition to satisfying the monitoring and evaluation requirements of the Commonwealth SFA, SRA also has separate monitoring and evaluation requirements under its Funding Deed with QDAF for certain contestable projects. These requirements are not always consistent.

8.2 Monitoring and Reporting against SFA Performance Principles

During the review period SRA developed a Monitoring and Evaluation Plan for assessing compliance with the SFA Performance Principles, updated in 2022. The review found this Plan to be comprehensive and includes robust and quantifiable measures of performance. Performance against these measures is being tracked and reported to DAFF at Annual Performance Meetings, via a companion report and presentation.

8.3 Assessing impact from investments

Over the past 3 financial years, SRA has commissioned 23 impact assessments, completed by external consultants applying the Council of Rural R&D Corporation's Cross-RDC Impact Assessment Program: Guidelines (2018) and Management Procedures (2018a).

Table 5 summarises the results from the evaluations completed during the period. In all years SRA has surpassed the agreed RDC benchmark of evaluating no less than 10% of total RD&E expenditure for a given project population each year. The results show that the aggregate Benefit Cost Ratio (BCR) varied considerably between financial years (from 2.2 to 72.8) with influence of outlier results. Results may also vary due to the use of different consultants across each year. The assessed BCR of individual projects varied from a low of 1 to a high of 316.

Table 5 Completed R&D impact assessments


Year	Investments Evaluated	Present Value of Benefits (\$m)	Present Value of Costs (\$m)	Net Present Value (\$m)	Aggregated Benefit Cost Ratio (BCR)
2020/21	5	4.42	2.04	2.38	2.2
2021/22	12	375.22	66.26	308.96	5.7
2022/23	5	865.70	11.89	853.81	72.8

SRA's approach to impact assessment has changed over the review period in response to several recommendations from the previous Independent Performance Review. In addition to evaluating the impact of contestable investments, SRA has started undertaking assessments of core investments, beginning with investments in plant breeding, biosecurity and industry services. In the future SRA is planning to extend this to other core investment areas, including translational research and agronomy.

The previous performance review emphasised the need for investments to be randomly selected for evaluation. This recommendation has only partially been implemented, due to the fact that SRA's Funding Deed with QDAF specifies that evaluations are to be completed on every project investment.

The previous performance review also recommended evaluations to be completed at different points in time, from ex-ante (pre-investment) analysis and ex-post analysis of outcomes delivered in the prior 3-5 years to provide a better assessment of adoption. Again, implementing this recommendation was complicated by the QDAF funding agreement which requires all evaluation to be completed in the year following project completion. Nevertheless, at the time of the review SRA was in the process of updating its Monitoring and Evaluation Plan, which will establish a process for each investment to be tracked over time, from investment decision to project delivery through to adoption. This process will allow for more robust tracking of expected outcomes and benefits, setting appropriate times for formal evaluation. SRA has developed a brief for the development of an ex-ante evaluation model, and has been discussing with economic consultants and other RDCs, different options which could be taken.

During the review period some efforts to accurately evaluate project investments were hampered by a lack of robust data. During consultation a number of stakeholders also lamented lack of industrywide data in areas of production, productivity and adoption. Some cited opportunities for SRA to play a more leading role in collecting and aggregating data from growers and millers.

Performance Principle	Recommendation
 Monitoring & Evaluation	20. SRA should continue its update of the Monitoring and Evaluation Plan and implement its planned approach to complete ex-ante and ex-post evaluations tracking expected impacts from investment planning to project delivery.

8.4 Responding to M&E outcomes

SRA reports the results of impact assessments and other Monitoring & Evaluation (M&E) activities to staff, the RFP and the Board for the purpose of continuous improvement. All reports are published on the SRA intranet on the Resources Centre and Industry Information and Insights pages.

This review found evidence of SRA responding to M&E outcomes, as well as some internal scepticism about modelled results. Significantly during the review period SRA completed evaluations of core plant breeding activities, with separated into productivity (yield, sugar content) and biosecurity (insurance protection from future pests and disease) objectives. Notably, the modelled return on investment from SRA's plant breeding for productivity was assessed at \$1.20 (mainly due to slow adoption rates) while the benefits of plant breeding for biosecurity protection was significantly higher.

The above findings appear to have prompted SRA to place a greater emphasis identifying and addressing the barriers to variety adoption, particularly using District Managers communicating with growers. This effort appears to have been part of a broader response to feedback from industry surveys, which prompted SRA to initiate improved engagement with growers and millers, informing them of SRA activities and research outcomes and opportunities.

8.5 Communicating benefits to stakeholders

An important component of Performance Principle 5 is to communicate the results of the impact and benefits of RD&E activities and investments to its stakeholders. Since July 2021, SRA has communicated project outcomes via 28 case studies including 12 impact assessments published in Annual Reports, Cane Matters Newsletter and E-News.

SRA also uses its annual surveying process to gather information on adoption as well as grower and miller communication needs and experiences. The survey found strong levels of satisfaction existed across both growers and millers of SRA's communications as shown in Table 5.

Table 6 Satisfaction with quality of SRA communications for providing useful and credible information

Member Survey	2022	2023
Growers	7.0	7.3
Millers	7.0	6.7

8.6 Response to previous performance review

Following the previous Independent Performance Review (Forest Hill Consulting 2020), SRA issued a Response and Implementation Plan in December 2020. GHD's assessment of the status of SRA's response is provided below (Table 6).

Table 7 Recommendations from the 2020 Review of Performance

Recommendations	Status
1. The Board should commission a formal review of the governance implications of the RFP as it is constituted, including any conflicts with the CEO's role and impacts on the effective and efficient functioning of SRA.	COMPLETE – But considered ineffective Review completed in 2020 and change in process implemented in 2021. However, these changes were seen to be ineffective and changes are underway to address the function and operation of the RFP to address governance concerns related to the “ethical wall” between core and contestable projects.
2. The RFP should be subject to annual performance review in the same way as the Board and other committees, whether as part of the Board evaluation process or separately.	COMPLETE Annual performance reviews initiated in December 2020. Reporting to ARC meetings initiated in 2020.
3. SRA should continue its increased focus on workplace health and safety, including consideration of changes to the current Board committees to elevate the prominence of safety in the company.	COMPLETE Evidence of many key actions implemented to increase focus on WH&S, including providing HSE reports to Board and A&RC.
4. SRA, in conjunction with Industry Representative Bodies, should consider the development of an industry plan / vision. ASA should drive, while SRA may facilitate, the development of the plan.	COMPLETE <i>Sugar Plus</i> – Industry Roadmap has been developed.
5. SRA should include, in its annual reports, a high-level summary of progress towards the achievement of KPIs from the strategic plan and annual operational plan, as well as the results of any impact assessments undertaken.	COMPLETE Implemented from 2020-21.
6. SRA should publicly report a summary of actual expenditure on core- versus contestable-funded projects and the methodology used to allocate costs between the two.	PARTIALLY COMPLETE Refer section 5.5.1.
7. SRA should improve the process of providing formal feedback on unsuccessful project funding decisions to both internal and external RD&A providers, which might include providing a summary of the number of internal vs external projects funded and their total budgets.	COMPLETE SRA stakeholders acknowledged that they were receiving feedback on the outcome of unsuccessful projects however they indicated that there was room to improve the quality of this feedback. Stakeholders felt that the reasons supplied did not appear transparent and at times lacked detail.
8. SRA should establish a new process to receive advice on cane grower RD&A priorities, project review and selection. Appropriate TOR for this (and indeed all) advisory committees should be established.	IN PROGRESS SRA has advised that it has established a new group of industry and government stakeholders and forum to discuss research priorities, and that accompanying documentation of this process is to be completed.

Recommendations	Status
9. SRA should institute a formal project management process for all core activities and ensure that the same standard of oversight and management is applied to core activities as is applied to contestable projects.	IN PROGRESS
10. SRA should report, and provide the rationale for, the balance of its RD&A portfolio across key dimensions such as risk/reward and time to delivery, in addition to allocation across KFAs, in its annual reports.	PARTIALLY COMPLETE Refer Section 5.4 for opportunities for continuous improvements in reporting of portfolio balance.
11. SRA should consider the implementation of a grower segmentation strategy with a particular focus on engagement with very large corporate levy payers.	PARTIALLY COMPLETE SRA has implemented comprehensive stakeholder surveying, which is providing valuable data and information to the organisation. Implementation of the CRM and updates to consultation and engagement plans will provide opportunity to embed this approach and leverage data and information being collated.
12. SRA should subject core RD&A activities and projects to the rigour of the Monitoring & Evaluation Framework, notably independent impact assessments in line with CRRDC guidelines.	COMPLETE Impact assessments completed on SRA's core activities.
13. SRA should conduct true ex post assessments of a random selection of core and contestable projects that were completed 3-5 years prior to the assessment year to obtain a truer picture of adoption and impact.	COMPLETE Ex post evaluation program has been expanded.
14. SRA should continue with its planned implementation of conducting ex ante benefit-cost analysis of projects as part of their project selection process.	IN PROGRES Refer section 8.3.
15. SRA should ask its impact assessment suppliers to provide more detailed commentary on the likely distribution of benefits from projects between sectors of the Australian sugar industry, notably between canegrowers and mills.	COMPLETE Feedback communicated and implemented.
16. SRA should communicate the results from the impact assessments to stakeholders using clear, simple language in its annual report and levy-payer magazines using case studies and time-series.	COMPLETE Results communicated via case studies, reported in Annual Reports and Cane Matters.

→ Summary of recommendations

9. Summary of recommendations


Independent performance reviews provide an opportunity to assess SRA's interim progress against its ten-year agreement with the Commonwealth, providing an external lens to supplement annual performance meetings.




The review found that SRA is generally well connected to its levy payers and their RD&A needs. It found that SRA can demonstrate that both its investment and provision of RD&A is delivering benefits for the industry, government and broader community.



Despite this, the review found that SRA has a number of gaps in the company's underpinning policies and procedures. The review also found that SRA has not yet implemented an effective resolution to the operation of its RFU and RFP, as necessary to deliver the 'ethical wall' that was intended to manage real and perceived conflicts of interest that may arise from its dual role as an investor and provider of RD&A.

The past three-years have presented a number of challenges to the industry as a result of both internal and external drivers. This has hampered progress on many areas of the work that SRA has underway to address these issues. It is important however that issues relating to internal process and organisational culture are resolved quickly, so that SRA can continue to play its valuable role in supporting the industry to address its longer-term RD&A challenges and opportunities.

A summary of the recommendations from the review to assist in SRA's continuous improvement is provided below. The first two being of particular importance to build confidence amongst its internal and external stakeholders that the necessary progress can be achieved within the next review period.

Performance Principle	Recommendations from the review	Report Section
	1. SRA should develop a roadmap outlining key steps and timeframes in its change process. Focus should be given to demonstrating how: <ul style="list-style-type: none"> • Leadership stability will be maintained as the organisation transitions to a permanent CEO. • Transparency in SRA's investment planning and decision-making frameworks will be delivered. • Appropriate policies, business systems and processes will be embedded. 	2.2.3
	2. The SRA Chair and CEO should continue regular tri-partite meetings (e.g. six-monthly) with industry representative bodies and the Australian Government to demonstrate its progress against the roadmap. This will help build investor confidence and demonstrate the necessary levels of transparency and accountability to SRA's key stakeholders.	2.2.3

Performance Principle	Recommendations from the review	Report Section
 Stakeholder Engagement	<p>3. SRA should seek to implement a more structured and strategic approach to its engagement, including by:</p> <ul style="list-style-type: none"> Updating its <i>Consultation and Engagement Plan</i> to include the recently approved <i>Stakeholder Action Plan 2024</i>, which provides an annual calendar outlining the 'who, what, why and when' of its key engagement activities as they relate to R&D investment planning and reporting. Continuing to facilitate regular tri-partite meetings (e.g. 6 monthly) between industry, DAFF, and SRA Continuing to ensure mutually agreed approaches to consultation and engagement with QDAF. Building on the back of the success of the SRA Research Update held recently in Brisbane, SRA should continue with plans to make this an annual opportunity for levy payers, research partners and co-investors to interact with the SRA Board, staff, and RFP. Documenting and publishing in AOPs and Annual Reports the approach to obtaining stakeholder input to inform the development of RD&A priorities and activities. 	4.4
 RD&A	<p>4. Going forward, SRA should develop its investment planning and reporting processes to incorporate performance in delivering against the more recently communicated Australian Government priorities. This should include an increased focus on Indigenous Engagement, where relevant, in RD&A planning.</p> <p>5. SRA should include an indicative allocation of its investment against its key priorities in its strategic plan (e.g. Research Missions and/or Strategic Pillars) and align this with planned and actual expenditure reported on an annual basis in its AOPs and Annual Reports. Providing a time-series of this information over 3-5 years would also increase the transparency of SRA's performance against its planned portfolio balance over time.</p> <p>6. In future strategic plans, SRA should consider streamlining the 'Strategic Pillars' and 'Research Missions' and associated KPIs to a single set of priorities to provide greater clarity of SRA's strategic intent and transparency of its balanced portfolio.</p> <p>7. SRA should provide increased transparency around its approach to Rule 22.3(e) in the SRA Constitution relating to the allocation of funding to the contestable funding pool.</p> <p>8. SRA should consider including a simple rating criteria e.g. 'met', 'partially met', 'not met', or otherwise, along with the supporting commentary when reporting against achievement of 'measures of success' across strategic priorities in its Annual Reports.</p>	<p>5.2</p> <p>5.5.1</p> <p>5.5.1</p> <p>5.5.1</p> <p>5.5.2</p>
 Collaboration	<p>9. SRA should consider pursuing collaboration with other agrifood processing and milling sectors including cotton, dairy, meat, grain etc. to address shared objectives in energy, workforce management, OH&S, plant maintenance, compliance, transport, process efficiency, and traceability.</p> <p>10. SRA should update its intellectual Property Policy to accord with the RDC Knowledge Transfer and Commercialisation Guide</p>	<p>6.1</p> <p>6.3</p>

Performance Principle	Recommendations from the review	Report Section
 Governance	<p>11. SRA should proceed with updating its Compliance Policy and implement the associated Compliance Calendar and Compliance Register for streamlined compliance reporting.</p> <p>12. SRA should as a matter of priority, progress changes proposed to the RFP Committee function and membership based upon an agreed skills matrix.</p> <p>13. SRA should formally reflect the new RFP Committee's function and membership requirements in the RFP Committee Charter and communicate these changes to its key stakeholders.</p> <p>14. SRA should update its Procurement Policy to include a section on tender and tender evaluation process. This should include the establishment of elements during the tender process that can be used to support contract management into the future.</p> <p>15. SRA should complete its recently commenced review of Policy documents, and Board and Committee Charters, to ensure they remain current.</p> <p>16. SRA should bring forward the review of its Cost Allocation Policy in response to internal audit findings.</p> <p>17. SRA should re-instate the external evaluation of its Board and Committees on a periodic basis.</p> <p>18. SRA should continue with plans to lift the level of risk maturity by redrafting the current RMP to develop a Risk Management Framework and completing the work currently underway to update the risk registers.</p> <p>19. Changes should be made to Board and ARC reporting to focus only upon the top 10 Material Business Risks, movement trends and treatment plan implementation status.</p>	<p>3.5</p> <p>7.1.3</p> <p>7.1.3</p> <p>7.1.3</p> <p>7.2</p> <p>7.2</p> <p>7.2</p> <p>7.2</p> <p>7.2</p>
 Monitoring and Evaluation	<p>20. SRA should continue its update of the Monitoring and Evaluation Plan and implement its planned approach to complete ex-ante and ex-post evaluations tracking expected impacts from investment planning to project delivery.</p>	<p>8.3</p>

→ Appendices

Appendix A

Best Practice Guide to Stakeholder Consultation

A-1 Best Practice Guide to Stakeholder Consultation

Principle
Guiding Principles for all RDCs
Transparent: RDCs must be transparent about their operations and expenditure, and the setting and implementation of RD&E [and marketing] priorities and activities. RDCs have a responsibility to be accountable to their stakeholders and an obligation to make any information related to performance available to their stakeholders.
Accessible: RDCs should ensure information is provided in a format that is easy for stakeholders to understand, through a variety of means that enables them to consult in the easiest and most appropriate way to suit their needs.
Straightforward: RDCs should consider the needs and competing priorities of their stakeholders to ensure that they are able to consult in the most appropriate and simplest way.
Well planned: RDCs should plan well ahead, and give stakeholders advance notice about how they will be consulted and provide adequate time for them to prepare feedback and advice, to achieve meaningful input.
Fit for purpose: RDCs are expected to balance the long-term, short-term, high and low risk RD&E [and marketing] activities. Industries have a diverse range of stakeholders and there will inevitably be different needs and expectations to be managed.
Responsive: As part of their SFAs, RDCs are required to undertake monitoring and evaluation. This includes a commitment to communicate and demonstrate the results of RD&E [and marketing] activities and investments to stakeholders.
Industry specific information
This section is a reconciliation between RDCs and industry on what good consultation looks like. It is to inform the development of an overarching consultation plan that must be published online – with a view to make it easy for levy payers to participate.
Organisational Governance
Annual Report and Annual Operating Plan.
SRA Strategic Plan for 2021–2026
Supporting corporate policies and documentation
Process and Activities
Hosting in-person events, including across sugar regions, shed meetings and field trials.
Regular CEO and Board Engagement at the district level, including holding regional board visits
Holding research strategy workshops involving representatives from industry, government and the research community.
Continuing engagement with local extension providers, involving productivity services companies and local private agronomists and advisors.
Conducting grower and miller surveys
Maintaining a regional presence working with and through district managers to work with industry and local productivity services companies, identify district specific productivity constraints and develop a RD&E plan to address these issues, and ensure the plan is delivered.
Retain translation science capacity to assist industry with the uptake of R&D
Publications and Communications
– Sugar Research Australia is encouraged to maintain a range of communication channels that enable industry stakeholders to see their input reflected in RD&E activities and projects and receive ongoing invitations to engage on these activities
– Multiple print, electronic and face-to-face channels including quarterly print media, fortnightly eNewsletter, webinars, social media (Facebook, LinkedIn, Twitter and YouTube)
– Publication of manuals and booklets, as well as variety and plant breeding newsletters, and an eLibrary through which members can access research reports.
– Distribution of tools, products, services and scientific expertise at the district level, through local extension providers
– Circulation of annual reports
– The effectiveness of these tools in reaching their desired communication outcomes should be tested regularly to ensure they remain fit for purpose and relevant to SRA's audiences.

Appendix B

RDC Knowledge Transfer and Commercialisation Guide

B-1 RDC Knowledge Transfer and Commercialisation Guide

Principle	
Invest in impactful innovation	
1.	RDCs invest in a balanced portfolio of projects focused on industry impact and adoption, primarily to ensure the maximum benefit is accrued by levy holders. Investment in commercialisation should focus on the most efficient and sustainable pathway to primarily enable technology access by levy payers.
2.	Research investment should consider knowledge transfer pathways to adoption and impact early, to ensure that R&D outputs are consistent with the primary objectives and optimal pathways for adoption.
3.	The RDC should ensure that appropriate knowledge transfer and commercialisation resources (qualified and experienced staff, external expertise and/or funding) and systems including intellectual property (IP) management plans, policies and organisational support, are in place to protect IP and manage knowledge transfer, particularly the commercialisation pathway for adoption.
Intellectual property	
4.	Intellectual property ownership and rights of project outputs should be covered off contractually and generally structured to primarily support adoption by levy payers towards achieving maximum industry impact, whilst mitigating risks to the industry, the RDCs and Australia
5.	IP registration should only be considered when it is required to assist with leveraging adoption, as a defensive measure, as required to maintain quality control of the outcomes, or when brand protection is considered valuable or necessary. A central, pro-actively managed register of registered IP should be maintained.
Dissemination of published works	
6.	Publications from research funding are encouraged to be made available via open access. This enables learned outcomes to be utilised and built upon by others. Creative Commons licensing facilitates the use and adaption of copyrighted material by others.
7.	Copyrighted material should acknowledge authors and creators (when known) in a clear and reasonably prominent manner. Moral Rights waivers for copyrighted material are often incorporated into contracts, which assists RDC's to fulfill their obligations under their Commonwealth Statutory Funding Agreement.
Commercialisation path to market	
8.	Commercialisation of technologies should primarily focus on providing the strongest benefits and impact to Australia and the industry served, rather than royalty income.
9.	RDCs will encourage private sector investment and collaboration in the commercialisation of project outputs wherever appropriate.
10.	RDCs should seek to accelerate the adoption of novel technologies and services by selecting the most appropriate commercialisation pathway, which could include a collaboration, licence, assignment, joint venture or start-up company. Where IP is licensed, minimum performance requirements/targets will be included to ensure that commercial delivery obligations are established and met.
11.	Australian public commercialisation marketplaces and innovation platforms such as growAG and evokeAG will be supported and leveraged for amplification of innovation and identification of collaborative and commercial partners. These platforms, hubs and marketplaces can also be used to validate and/or develop ideation and approaches to R&D

Principle	
Partnering for commercialisation success	
12.	As applicable, the value propositions to multiple organisations, touch points and actors along the delivery pipeline, as well as the end user, should be understood. Pitches for support, should be structured to create interesting, insightful, persuasive short stories, that can be easily comprehended and translated by the receiver to match their value proposition requirements.
13.	When negotiating project participation and commercial terms of engagement, RDCs should seek to build sustainable collaborative partnerships with commercial partners, both to assist with the strong adoption of the IP and to assist in creating an ongoing relationship for the commercialisation for future technology opportunities.
14.	When applicable, RDCs should utilise uncomplicated commercialisation models and straightforward agreements commensurate to the technology and market, to facilitate the smooth and efficient commercialisation of IP and new technologies.
15.	Often RDCs will implement systems to ensure due diligence and risk management principles are applied to commercialisation activities, in accordance with the RDCs' risk appetite.
16.	Appropriate exit strategies are determined as soon as a RDCs' ongoing involvement is no longer desirable or required to maintain industry benefit.
17.	Where RDCs generate a commercial return on exploitation of intellectual property (via licensing, royalties, divestment, equity vehicles and other commercial arrangements) this will not be to the detriment of ensuring industry benefits and advantages are maintained.
18.	Income generated from commercialisation should be expended on projects or activities that are consistent with the objectives of RDCs as defined by their Constitution.
Commercialising overseas	
19.	Consideration may be given to commercialisation of intellectual property outside of Australia when: <ul style="list-style-type: none"> - no major disadvantage to the Australian industry is evident; and - it may enhance the industry's competitive position; and/or - global benefits from the international collaboration or commercialisation are evident; and/or - it is necessary to underpin the capability and viability of the commercialisation or RDC strategy.
Risk Management	
20.	Often systems are implemented to ensure due diligence and risk management principles can be applied to establish basic freedom to operate in relation to IP creation, management and commercialisation activities undertaken.
Impact	
21.	What will success look like? RDCs should consider the potential impact from research outputs and consider ways to measure actual impact from adoption by including reporting requirements on adoption figures in contracts and referencing in published materials



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