

RESPONSE PLAN

to Independent Performance Review 2023-24





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Overview

Under the Statutory Funding Agreement (SFA) 2021-2031 between Sugar Research Australia (SRA) and the Australian Government's Department of Agriculture, Fisheries and Forestry, SRA is required to engage an independent party to conduct a comprehensive review of its performance against the SFA, the Performance Principles outlined in the *Guidelines for Statutory Funding Agreements, the SRA constitution, and the Sugar Research and Development Services Act 2013 (Cth)*.

In November 2023, SRA engaged advisory firm GHD to undertake the review, covering the period from 2020 to 2023. The review included a desktop analysis of over 250 documents detailing our business practices and consultations with 65 internal and external stakeholders, including industry and government investors, representative bodies, research delivery partners, and staff. Additionally, an open call for submissions was issued, resulting in three responses.

We thank the growers, milling company representatives, industry and government representatives, delivery partners, and our staff, for their feedback to the review.

The review, completed in April 2024, found that SRA has largely met its obligations. It recognised our extensive stakeholder consultation efforts although recommended continuing to adopt a more structured, strategic approach with formalised mechanisms for improvement. The review also called for clearer reporting of investment allocations against Australian Government priorities and greater transparency regarding funding allocation across the research portfolio. Additionally, while we collaborate regularly with research partners, the review noted underutilisation of available funding from our key investment partner, the Queensland Government's Department of Agriculture and Fisheries, indicating a need for better

engagement. Regarding governance, the review highlighted the recent improvements implemented by the Board to address conflicts of interest and policy gaps. Finally, for monitoring and evaluation, the review found SRA's practices align with the Performance Principles and recommended continuing with planned improvements.

Regarding these findings the review made 20 recommendations including two rated as priority and 18 as continuous improvement. Our Board has reviewed all the recommendations, and the current Response Plan outlines the actions that have already begun and those planned to be undertaken.

At the core of our response is our commitment to continuing our engagement with industry and government stakeholders and increasing transparency. We note the concerns raised by stakeholders highlighted in the review, particularly regarding leadership changes, the need for more structured and transparent investment planning and procurement, and governance structures to manage potential conflicts that may arise from our dual role as both a research investor and provider.

These issues relate to SRA's ability to invest in and deliver impactful research for the Australian sugarcane industry. We endeavour to address these concerns through the actions outlined in the Response Plan, which will be treated as a dynamic document.

We will continue to collect feedback on our progress from stakeholders, including through our annual surveys, and will make necessary adjustments as required. Additionally, progress updates will continue to be shared during SRA events and through our communication channels, including Cane Matters.

We look forward to the next three years as we implement the Response

Plan alongside the priorities outlined in our strategic and investment plans. By achieving these priorities, we aim to show that we are delivering on our vision to support the sugarcane industry in becoming more competitive, productive, and sustainable through innovative research and product development. These efforts will help pave the way for a prosperous future for both the industry and the communities in which we operate.

Response to Priority Recommendations

RECOMMENDATION 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 Chief Executive Officer (CEO)
- Transparency in SRA's investment planning and decision-making frameworks will be delivered
- Appropriate policies, business systems and processes will be embedded.

Response

SRA recognises the need to retain the confidence of our industry and government stakeholders by demonstrating our current and future capability to effectively invest in and deliver research, development, and extension (RD&E) activities that benefit the Australian sugarcane industry and regional communities. We have developed the SRA Roadmap for Change ("SRA Roadmap") that outlines actions and timelines to address this. It includes plans for maintaining leadership stability which was commenced by the interim CEO and the Board will work with the incoming CEO, Mr Mick Bartlett to continue to deliver this, while also delivering on RD&E investments outlined in our Annual Operating Plan 2024-25. The SRA Roadmap also sets out the annual consultative processes with stakeholders to guide investment planning. It specifies the purpose of these activities, including when, who, and what matters we will seek feedback on. Additionally, it outlines how we will communicate decisions made about investment allocation and procurement to enhance transparency.

Additionally, the SRA Roadmap reaffirms the planned updates to our policies, Board and committee charters and systems.

Implementation

The SRA Roadmap will be shared on the SRA website. We will also provide updates during tripartite meetings, SRA events and across our communication channels. We are committed to listening to and acting on feedback from our stakeholders and will make necessary adjustments as required.

RECOMMENDATION 2

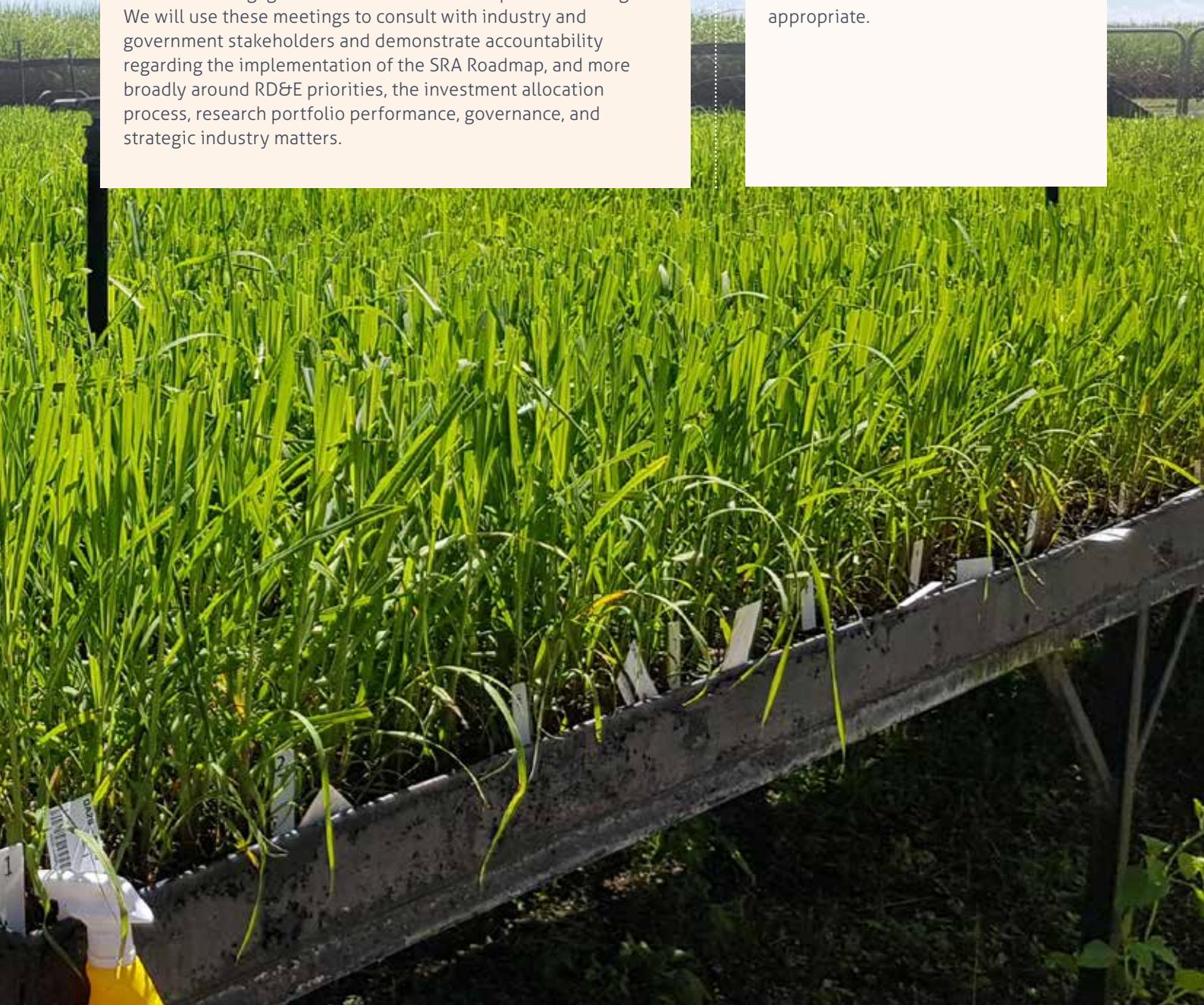
The SRA Chair and CEO should initiate regular tripartite meetings (e.g. six-monthly) with industry representative bodies and the Australian Government to demonstrate its progress against the roadmap. This will help build investor confidence and demonstrate the necessary levels of transparency and accountability to SRA's key stakeholders.

Response

SRA accepts the recommendation and will continue broad stakeholder engagement activities such as tripartite meetings. We will use these meetings to consult with industry and government stakeholders and demonstrate accountability regarding the implementation of the SRA Roadmap, and more broadly around RD&E priorities, the investment allocation process, research portfolio performance, governance, and strategic industry matters.

Implementation

Tripartite meetings for 2024 and 2025 will be scheduled as appropriate.



Response to Recommendations for Continuous Improvement

STAKEHOLDER ENGAGEMENT

RECOMMENDATION 3

SRA should seek to implement a more structured and strategic approach to its engagement, including by:

- Updating its Stakeholder Engagement and Consultation Plan to include the recently approved Stakeholder Action Plan 2024, 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.

Response

SRA is committed to a structured and strategic approach to stakeholder consultation and values input in the development of its annual strategic, investment, and operating priorities. SRA will update its *Consultation and Engagement Plan* to include annual processes with stakeholders including:

- Consultation on research prioritisation using grower and miller surveys in October to facilitate a ground-up approach
- Consultation with industry representative and government stakeholders about priorities and investment allocation via tripartite and other meetings in December, including with our key investment partner, DAF
- Facilitation of a co-design process with key stakeholders to identify gaps in our research portfolio, including our contestable and core research activities and outputs, between October and February
- Consultation with key industry stakeholders locally through our District Managers to pinpoint regional productivity constraints and investment priorities between December and February.

Implementation

The updated *Consultation and Engagement Plan* will be published on our website and our Annual Operating Plan will continue to reflect annual engagement and consultation processes with industry and government stakeholders.

Previous surveys show that stakeholders who are satisfied with our engagement are also more satisfied with our research investment and delivery. We will continue to track engagement perceptions through annual surveys, feedback forms at events, and general comments provided to our team, and make improvements as required.

RESEARCH, DEVELOPMENT AND ADOPTION PRIORITIES AND ACTIVITIES

RECOMMENDATION 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.

Response

SRA has integrated Australian Government priorities into its investment planning and reporting. These priorities were considered in developing our *Ten-Year R&D Plan 2024-2034*, launched in June 2024. The plan also reflects priorities from our other stakeholders such as DAF.

Implementation

We will continue to report on investment allocations against Australian Government priorities in our Annual Operating Plans and Annual Reports, available on our website.

RECOMMENDATION 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.

Response

SRA reports investment allocations according to our Research Missions and Strategic Pillars in our Annual Operating Plans and Annual Reports.

Implementation

SRA's reporting will continue to include SRA's other engagement and communication channels to inform stakeholders about SRA initiatives, including investment across the research portfolio.

To guide future improvement, we will include items in our annual surveys to measure the satisfaction by our stakeholders with investment across the research portfolio. These items will be added to surveys scheduled for October 2024.

RESEARCH, DEVELOPMENT AND ADOPTION PRIORITIES AND ACTIVITIES (CONTINUED)

RECOMMENDATION 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.

Response

SRA recognises the need to simplify the investment categories and associated measures.

Implementation

SRA will consider this in future planning including assessing whether to combine our Strategic Plan and our Ten-Year R&D Plan, noting however, that the R&D plan is already a key component of the Strategic Plan.

RECOMMENDATION 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.

Response

SRA is committed to a balanced portfolio that addresses our strategic pillars using best endeavours to ensure that high quality research is undertaken that delivers outcomes and real impact for industry. We acknowledge the opportunity provided as part of the Tripartite and other stakeholder meetings to discuss the indicative allocation across the research portfolio.

The R&D Showcase and Feedback Session that is held annually with industry will also provide a forum for additional updates on the allocation of funding. Additionally, SRA will continue to report income and expenditure allocations across our portfolio, including core and contestable investment areas, in our Annual Operating Plan and Annual Report.

Implementation

Standing agenda items relating to investment allocation and the portfolio balance will be added to tripartite meetings. Our Annual Operating Plan and Annual Report also includes detailed income and expenditure summaries, including portfolio balance reporting.

RECOMMENDATION 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.

Response

Simple rating criteria for measures of success will be included in our Annual Report, alongside the supporting commentary that is already provided, to demonstrate progress against targets.

Implementation

We will incorporate simple ratings in future Annual Reports.



COLLABORATION

RECOMMENDATION 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, occupational health and safety, plant maintenance, compliance, transport, process efficiency, and traceability.

Response

SRA currently collaborates with a wide range of public and private research providers, other Rural Research and Development Corporations (RDCs), and industry partners. SRA will continue to pursue research collaborations with agrifood and processing sectors to leverage investment to address cross-sectoral challenges. For instance, we recently invested with other RDCs in the Zero Net Emissions from Agriculture Cooperative Research Centre to develop solutions for reducing greenhouse gas emissions, and a standardised carbon calculation engine for Australian farming, fisheries, and forestry businesses. Additionally, collaboration will remain a central focus in our RD&E activities and reporting, demonstrating our commitment to our statutory requirements and supporting the broader agricultural innovation system.

Research collaborations, however, must add value to the sugarcane industry and for the regional communities where our research is delivered, and this will be a key criterion in our investment planning and procurement processes.

Implementation

We will continue to seek out and identify collaboration opportunities with a wide range of organisations to invest in research activities that provide cross-sectoral benefits and/ or impact for the sugarcane industry. The proportion of our portfolio dedicated to collaboration is reported annually in our Annual Report.

RECOMMENDATION 10

SRA should update its Intellectual Property Policy to accord with the RDC Knowledge Transfer and Commercialisation Guide.

Response

SRA will review its Intellectual Property Policy to align with the RDC Knowledge Transfer and Commercialisation Guide to support the management of SRA funded technologies and pursuing commercialisation outcomes, as part of our scheduled review of all policies.

Implementation

The Intellectual Property Policy has been brought forward in the Board calendar for review.

GOVERNANCE

RECOMMENDATION 11

SRA should proceed with updating its Compliance Policy and implement the associated Compliance Calendar and Compliance Register for streamlined compliance reporting.

Response

SRA will review and where necessary update its Compliance Policy to ensure alignment with good governance practice and SRA's ongoing commitment to acting ethically and responsibly on behalf of the sugarcane industry.

Implementation

The Compliance Policy has been included in the Board calendar for review.

RECOMMENDATION 12

SRA should as a matter of priority, progress changes proposed to the Research Funding Panel (RFP) Committee function and membership based upon an agreed skills matrix.

Response

In 2023, the Board considered SRA's investment governance structure to manage contestability and probity obligations. This resulted in a restructure of the RFP to become a Board committee providing independent, objective advice to manage the balance of SRA's entire research portfolio of core and contestable investments. As part of this change, a skills matrix was developed and membership requirements were changed to align with these new skills requirements, including milling experience. The Board reviewed the Committee's membership and function against the agreed skills matrix in June 2024.

These changes also address issues raised by the Independent Performance Review in 2020.

Implementation

The Board will continue to re-appoint the RFP in accordance with these principles.

RECOMMENDATION 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.

Response

In 2023, the Board approved changes to the RFP Committee's functions and membership requirements. Stakeholders were informed of these changes, first in October 2023 and again in March 2024 during the Research Showcase and Feedback Session. The Board will closely monitor the impact of these changes throughout 2024 and ensure they remain suitable before formally amending the RFP Charter in December 2024.

Implementation

The updated charter will be published on SRA's website.

GOVERNANCE (CONTINUED)

RECOMMENDATION 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.

Response

Our procurement processes are key to sound investment governance. SRA will continue to review and where necessary revise our Procurement Policy to ensure that good procurement practice, including in relation to tender and tender evaluation processes, is consistently maintained and can be demonstrated.

Implementation

The Procurement Policy has been included in the Board calendar for review. The new business transformation system that SRA is currently implementing will ensure delivery against procurement and contracting processes and enhance performance monitoring.

RECOMMENDATION 15

SRA should complete its recently commenced review of Policy documents, and Board and Committee Charters, to ensure they remain current.

Response

SRA will continue to review all policies and charters to ensure good governance. SRA's leadership team and Board are undertaking an extensive review of all policies and charters in accordance with its policy review program.

Implementation

All policies and charters will continue to be reviewed and approved by the Board in accordance with the Board calendar.

RECOMMENDATION 16

SRA should bring forward the review of its Cost Allocation Policy in response to internal audit findings.

Response

Compliance with internal audit findings and adherence to good practice in project management and cost allocation processes are proposed to be embedded in SRA's new Business Transformation Systems.

Implementation

SRA's Cost Allocation Policy will be reviewed and where appropriate updated to ensure good practice in project management and cost allocation processes. The policy will be embedded in SRA's new business transformation system and regularly reviewed as per the Board agenda and Compliance Calendar.

RECOMMENDATION 17

SRA should re-instate the external evaluation of its Board and Committees on a periodic basis.

Response

SRA's Board has and remains committed to external evaluation of its Board and Committees on a periodic basis. The Board's practice is to conduct regular Board and Committee evaluations, including external evaluation on a periodic basis.

Implementation

SRA will continue its process of annual review of the SRA Board and Committees including external evaluation on a periodic basis.

RECOMMENDATION 18

SRA should continue with plans to lift the level of risk maturity by redrafting the current Risk Management Plan as a Risk Management Framework and completing the work currently underway to update the risk registers.

Response

SRA will continue with plans to ensure appropriate levels of risk maturity and the sound and appropriate management of financial and non-financial risks in accordance with SRA's corporate and statutory obligations. In response to the findings of the review we will redraft our Risk Management Plan to "Risk Management Framework".

Implementation

SRA's Risk Management Framework and Risk Appetite Statement are currently in the process of being reviewed and where appropriate will be updated to ensure SRA's adherence to sound corporate and risk management practice. The Risk Management Framework and Risk Appetite Statement have been included in the Board calendar for review.

RECOMMENDATION 19

Changes should be made to Board and Audit and Risk Committee reporting to focus only upon the top 10 Material Business Risks, movement trends and treatment plan implementation status.

Response

The Audit and Risk Committee and the Board regularly review the material business risks identified by SRA's management and Board to ensure that appropriate focus is on SRA's key material business risks, taking into account movement trends, risk mitigation strategies, and implementation status.

Implementation

The Board will continue to monitor and review material risks.

MONITORING AND EVALUATION

RECOMMENDATION 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.

Response

SRA will continue to use benefit-cost modelling to assist in evaluating and quantifying return on investments, noting that this is important, but not the sole factor to be considered in evaluating existing and potential investments.

Implementation

As part of SRA's ongoing processes we will continue to use benefit-cost modelling as appropriate.





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