

**SUGAR RESEARCH AUSTRALIA LIMITED (SRA):
ENHANCEMENTS TO
THE CONSTITUTION**



SRA's Constitution sets the rules under which SRA operates for delivering research, development and adoption (RD&A) activities for our investors.

After five years of operation, the SRA Board has identified some enhancements to the Constitution that would allow SRA to operate more effectively.

As different sectors of the industry seek out new avenues of increasing profitability, SRA is also receiving increased interest from our Members, and the private sector, to co-invest in RD&A activities relevant to the Australian sugar industry. In response, SRA must continue to meet the needs of our Members and investors to ensure we are agile, contemporary, and responsive to opportunities that may arise.

At the SRA Annual General Meeting (AGM) on 25 October 2018, SRA is proposing enhancements in relation to two main elements of the Constitution, as well as minor technical adjustments.

We have prepared this document for you to explain these enhancements well in advance of the AGM, and to outline the implications and context for the industry and SRA.

BUSINESS OPPORTUNITIES

Under the existing Constitution, SRA is prohibited from carrying out commercial activities to generate revenue. However, there is potential for SRA to deliver value to investors by allowing SRA to put its services and expertise to optimum use, and also extract greater value from our intellectual property. The SRA Board has also been considering opportunities for SRA to better meet the needs of individual Members, such as responding to requests from Members for SRA to undertake specific commissioned research or services.

The SRA Board has identified the following guiding principles to ensure that any potential business opportunity delivers value and is equitable for the industry:

- The activity has clear benefit to the Australian sugar industry.
- Research and services are provided equitably to levy payers. Where additional services are provided

above core services, these services are to be on a 'user pays' basis.

- There is transparency in the provision of commercialised research and services.
- There is a viable business case based on the full cost of provision. This would include consideration of actual cost to deliver, expected returns, relevant competitors, and potential risks and impacts. Based on this SRA would confirm that the opportunity is worthwhile pursuing.
- The activity provides an avenue for SRA to increase the value derived from its Intellectual Property for the benefit of industry.
- Any additional activity does not compromise the delivery of core research and services to levy payers.

Proposal: It is proposed that rule 6(c) of SRA's Constitution be deleted to enable SRA to be more agile and able to respond to business opportunities that will benefit both SRA and the Australian sugar industry.

Benefit for industry: The proposed change would enable SRA to be more responsive to the needs of investors and Members, and better positioned to capitalise on business opportunities. It would allow SRA to build and maintain capability and provide more targeted benefits to our investors and Members.



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