

ISSUED: 1st OCTOBER 2003

BACKGROUND

Prior to its closure in 1999, the Department of Wool & Animal Science, within the School of Fibre Science & Technology at UNSW, provided the only Australian specialist tertiary training in wool & wool textile science and technology.

Following the death of Professor P.R. McMahon, the Chair of Wool Technology was never filled and, as a consequence, the School gradually lost its specialist wool focus. Ultimately, deteriorating profitability in the wool industry reduced student numbers to unviable levels.

The UNSW decision to close the course created a void in the tertiary wool training of undergraduates and graduates and also reduced the facilities available for post-graduate training and research - a situation which had already deteriorated with the closure of the CSIRO Division of Wool Technology Laboratory at Ryde.

AWTA Ltd's then Strategic Plan highlighted this as a Key Strategic Issue and the following specific objective was incorporated within the Plan:

" Assist and promote the future development of the wool and wool textile industries by investing surplus funds in support of relevant tertiary education."

Discussions with UNSW staff and wool industry interests identified the key important points:

- specialist undergraduate training was most likely to attract students if provided as an elective in the final years of an existing course, rather than as a totally specialist degree;
- AWTA Ltd should not commit to funding one single University, to avoid a repeat of the UNSW situation;
- the scope of undergraduate and post graduate courses should span wool and wool textile science and technology, from sheep production to textile product marketing;
- if AWTA Ltd became the principal funder, it could expect R&D expenditure to favour projects specific to wool metrology and its applications;
- post graduate research programmes for Masters or PhD students would require funding (scholarship, equipment, materials & supplies etc.) for 2 or 3 years each, respectively; and
- although several Universities would consider developing a local specialist course, the maximum impact Australia-wide was likely to result from supporting the tertiary education programme being conducted within the CRC for Premium Quality Wool, which was already providing wool courses electronically for undergraduates at the Universities of Adelaide, New England, New South Wales and Western Australia, with Sydney, Charles Sturt and others to be offered access in the future.

ESTABLISHMENT OF THE WOOL EDUCATION TRUST

In July 1997, AWTA Ltd announced that it would donate \$3.00 million of its Unappropriated Profits to a trust vehicle, to be known as "The AWTA Ltd Wool Education Trust".

The advantages of establishing a separate structure from AWTA Ltd itself included:

- retention of the Company's focus on the business of sampling, testing and certification;
- selecting Trustees with motivation, qualifications and/or time to dedicate to such a worthy cause; and
- removal of the funds from the Company's Balance Sheet.

An appropriate Trust Deed was signed by AWTA Ltd (as Founder) and the 5 appointed Trustees (Messrs Landy, Lempriere, Michell, Thirkell-Johnston and Ward) on 5th August 1997.

TRUSTEES' KEY STRATEGIES

Whereas \$3.00 million was and remains a very significant sum of money, Trustees recognised that the capital must be increased by retaining sufficient investment earnings to cover inflation - if the Trust was to have a long term future. For this and taxation reasons, they set a target cap on expenditure at approximately 51% of earnings. (Note: 51% of 6% earned on \$3.00 million invested generates only \$91,800 p.a. for education, training and research funding).

Consequently, the major strategy has been to leverage these seed funds by playing a catalytic / facilitation role, whenever an opportunity arises, with a sub-strategy of seeking "big" expenditure targets that will have a large impact (preferably Australia-wide), rather than spreading the available funds too thinly. In short, the aim is to make a significant difference.

The process of selecting significant targets and then negotiating with other funders inevitably takes time and has the potential down-side of some "false starts" being experienced. This proved to be the case when the Wool CRC failed to gain an extension and was shut down and, throughout the past 18 months, with the University of Melbourne failing to attract a PhD student to study "High-speed Detection and Quantification of Coloured and Medullated Fibres in Wool Core Samples" – the latter now being abandoned.

Trustees activities were also constrained by legal advice to the effect that funding was specifically limited to Universities. This led to a new Trust Deed being drafted, with the objectives expanded to include vocational training, TAFE and secondary education, vocational training for growers, brokers, the trade etc, the funding of educational conferences, prizes, scholarships, texts, and with the scope for R&D funding being extended to projects "...for the advancement of education." It took almost 2 years to draft the new Deed, amend it and finally obtain ATO approval for income tax exemption, due caused by an incompetent ATO officer.

PROGRESS TO DATE

Trustees selected the Wool CRC as their first "big" target vehicle:

- to leverage supplementary funding from the Commonwealth Government;
- to improve the wool industry's competitive chances of gaining a second CRC and, hence, additional Commonwealth funding for education and research & development programmes;
- to impact upon a greater number students Australia-wide, rather than supporting only one University;
- to lower delivery costs, as remote learning technology improved; and



- to avoid "start-up" costs that had already been incurred and to tap into existing operational arrangements.

Specifically, the Trustees decided to fund the development of Woolwise into a multi-media resource that could be purchased by any University wishing to develop a wool education programme. Subsequently, when it became known that the Wool CRC would close, the Trust paid a 50% subsidy to any University prepared to pay an equal amount to acquire Woolwise modules. Purchases were made by Deakin, Western Sydney, Charles Sturt, Murdoch, La Trobe, Curtin and Tasmania.

Issued: 01/10/2003

David Ward
Chairman of Trustees

**TOTAL LECTURE SCHEDULE**

Lecture Unit Topics	Pre-payment Dates	Total No. Lectures	WET Funded Lectures	Delivery Dates
Clip Preparation & Wool Marketing	30/06/2002	5	Std Format + 5	11/09/2003
Clip Preparation & Wool Marketing	31/10/2003	30	20	31/12/2003
Sheep Production (Wool and Meat)	31/12/2003	35	5	31/01/2004
Early Stage Wool Processing	31/03/2004	35	5	30/06/2004
Sheep Genetics	N.A.-	35		30/06/2004
Late Stage Wool Processing & Product Development	31/10/2004	35	5	31/01/2005
Wool Metrology	31/03/2005	35	15	30/06/2005
Wool Biology	-	35		31/01/2006
Total		245	55	

FUTURE CRC PAYMENT COMMITMENTS

Lecture Unit Topics	Pre-payment Dates	Amounts (including GST)	No. WET Funded Lectures	Delivery Dates
Clip Preparation & Wool Marketing	30/06/2002	\$47,000	Std Format + 5	11/09/2003
Clip Preparation & Wool Marketing	31/10/2003	\$87,000	20	31/12/2003
Sheep Production (Wool and Meat)	31/12/2003	\$22,000	5	31/01/ 2004
Early Stage Wool Processing	31/03/2004	\$22,000 (2003/04 = \$131k)	5	30/06/2004
Late Stage Wool Processing & Product Development	31/10/2004	\$22,000	5	31/01/2005
Wool Metrology	31/03/2005	\$82,000 (2004/05 = \$104k)	15	30/06/2005
Total Payable incl. GST		\$282,000	55	