



Australian Wool Education Trust

Progress Report: August 2006

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."

After extensive discussions with UNSW staff and wool industry interests, 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 Trust Deed provided for the appointment of 5 Trustees - 3 by AWTA Ltd (the Founder) and 2 by the Federation of Australian Wool Organisations (FAWO).

On 23rd May 2003, the Trust Deed was amended to broaden the objectives of the Trust to enable the Trustees to authorise expenditure outside the University sector.

In 2004, Australian Wool Innovation (AWI) agreed to donate \$4,000,000 to the Trust, subject to the Trust Deed being amended to provide for appointment of 3 Trustees by AWTA Ltd, 3 by AWI and 2 by FAWO. The new Deed came into effect on 25th June 2004, at which time the organisation was renamed Australian Wool Education Trust.

The current Trustees are:

Appointed by AWTA Ltd

David Ward: (Chairman of Trustees)
Principal, David Ward Consulting Pty Ltd

Peter Sommerville : (Secretary of Trustees)
Corporate Development Manager, AWTA Ltd

Michael Jackson :
Managing Director, AWTA Ltd

Appointed by FAWO

John Michell:
Chairman, Michell Pty Ltd

Rod Thirkell-Johnson:
Woolgrower, Former President of Wool Council of Australia
and of Australian Superfine Wool Growers Association



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Appointed by AWI

Cameron Archer:
Director, Tocal Agricultural Centre

Andrew Vizard:
Associate Professor, Faculty of Veterinary Science,
Melbourne University

Paul Comyn :
Project Manager Education & Adoption, AWI

Objectives of the Trust

The Trust's objectives are documented in the Trust Deed, and are reproduced below

The Trustees shall hold the Sum upon trust for the application of the income for charitable purposes being the advancement of education in wool and wool textile science and technology including, without limiting the generality of the foregoing, in all or any of the following methods:

- a) to support the education of students, growers and others considered to be capable of contributing to the development of the wool industry, from the growing to the textile product stage, including in such subjects as:
 - i. fibre science, including fibre and follicle development, fibre morphology and characteristics, and their effects on processing performance and product properties;
 - ii. wool production, including selection, preparation for sale and packaging;
 - iii. wool metrology, including testing technology, process control, Total Quality Management techniques and the prediction of processing performance;
 - iv. wool and textile marketing, including trading, processing and promotion of products made wholly or partially from wool;
- b) to fund attendance at educational conferences and to fund scholarships and prizes;
- c) to fund educational resources, educational conferences, educational programs and educational institutions and colleges; and
- d) to fund scientific research undertaken for the advancement of education.

Assets Held by the Trust

As at 30th July 2006 the capital held in trust was approximately \$10.3M.

The Trust also owns and manages the Woolwise Website - established with funding by the Trust towards the end of the CRC for Premium Quality Wool. This asset consists of the rights to the site and all the material held within the site produced by the CRC, as well as the physical server on which the site is physically located.

Funding Strategies

Trustees recognise that, to ensure that the Trust has a long term future and at least maintains its spending power, some of its investment earnings must be retained to offset the effects of inflation on its capital. In this regard, a target cap on total expenditure over time has been set at 51% of earnings.

Consequently, the initial key strategy was to leverage these seed funds by playing a catalytic / facilitation role, whenever an opportunity arises, coupled with the sub-strategy of seeking "big" expenditure targets that would produce a large impact



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(preferably Australia-wide), rather than spreading the available funds too thinly. In short, the Trust aims to make a significant difference.

In 2005, Trustees adopted a revised funding policy which contains more specific guidelines, as summarised below.

FUNDING POLICY

To fund worthwhile projects that fully comply with the objects of the Trust Deed while:

- maintaining the purchasing power of the Trust's assets in perpetuity;
- committing to some long-term projects, without removing the ability to fund new projects in subsequent years; and
- concurrently funding at least 2 major projects.

To achieve these objectives, Trustees have determined the following:

A) LEVEL OF FUNDING

On an annual basis, approximately 4% of the asset value of the Trust is expected to be available to be distributed to funded projects. (Note: This figure is calculated from the expected long-term nominal return on investment of 8% less CPI (2.5%), investment management fees (1.0%) and other administrative costs (0.5%).)

B) LENGTH & TIMING OF FUNDING COMMITMENTS

The following table represents the maximum funding commitments for future years:

	Current Year	1 Year Out	2 Years Out
% of Annual Funding Committed	100%	60%	30%

C) SIZE OF MAJOR PROJECTS

Typically, the Trust funds projects up to approximately \$50,000 per annum for up to 3 years.

It should be noted that these guidelines are subject to some flexibility, dependent on the specific circumstances and details of any projects being funded. They are not finite limits to be applied annually.

The key elements of the initial strategy remain.

Funding Allocations

The following table illustrates the breadth of past and current funding allocations.

Recipient	Project Description	Expected Outcomes	Amount Approved	Amount Spent	Status
Australian Sheep Industry CRC	Scoping Study - Sheep and Wool Resources for VET	A report identify the existing resources and the areas of wool education in this sector that need to be addressed	\$15,000		To commence
ditto	Sheep & Wool Resources for VET	Development of additional sheep and wool resources for VET.	\$30,000		To commence
ditto	Support for CRC Re-bid	Co-sponsor: Funding the costs for preparing the proposal for a new CRC for the Sheep & Wool Industry	\$5,000	\$5,000	Completed



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Recipient	Project Description	Expected Outcomes	Amount Approved	Amount Spent	Status
ditto	Science that Rides on the Sheep's Back	A programme for secondary school science teachers, illustrating the application of science in the sheep industry for delivery to secondary school science students.	\$20,000		Completed (not invoiced)
ditto	Professional Development of VET Teachers & Management	A programme for the development of VET professionals	\$20,000		To commence
Australian Wool Textile Training Centre	Co-sponsor of Pilot Training Course for Participants in the Wool Pipeline	New short course industry training programmes piloted at Geelong during 2006-07.	\$100,000	\$100,000	Commenced and continues into 2007
Bestwool 2010	Establishment of Bestwool Groups within Universities.	Formation of Bestwool 2010 groups at Melbourne University's Dookie Campus, Faculty of Agricultural Science & Faculty of Veterinary Science and Latrobe University's Faculty of Agricultural Science	\$52,000	\$42,000	On-going
Curtin University	Behavioural Determinants of the Adoption of "Forward Markets"	Data for use in completing a PhD Thesis on why Australian farmers choose to sell their wool at auction rather than utilising forward markets or other selling systems.	\$5,000	\$5,000	Completed
Dr R Richardson	Review of uptake of UNE/Sheep CRC Electronic Lectures	A report examining the uptake of UNE's sheep and wool modules by other Universities with recommendations as to how the Trust can help increase uptake.	\$15,000	\$13,934	Completed
IWTO 2005	Educational Display Booth	Co-funding of a display booth at the IWTO Congress in Hobart to inform attendees about wool education in Australia	\$2,333	\$2,333	Completed
Marcus Oldham College	Alistair McKenzie Scholarship	Funding of a student at Marcus Oldham College	\$30,000		Commences 2007
Monash University	Wool-based Case Studies	Documented case studies of specified areas in the Australian wool industry for use in MBA course in Agriculture	\$11,920		To commence
Ollie's Island	Co-sponsor: Interactive EDU-training for schools	Interactive CD and website for use in schools to educate children about Australian agriculture.	\$27,273	\$9,091	Ongoing - funding ends in 2008
Premium Quality Wool CRC	Commercialisation of the CRC Education Programme	Establishment of the Woolwise website as a repository for the educational material developed during the CRC.	\$100,000	\$100,000	Completed
Sasmai Pty Ltd	Research & Report on Undergraduate Wool Education	A report providing direction for the Trust in working with the CRC on undergraduate education	\$3,661	\$3,661	Completed
ditto	Research & Report on Post Graduate Wool Education	A report providing direction for the Trust in working with the CRC on post graduate education	\$760	\$759	Completed
Scarlett Consulting	Scoping a National Approach to Promoting Agriculture in Schools	A report on the current state of education on agriculture in schools, identifying problems and recommending actions	\$30,000	\$30,000	Completed
Total College	Scholarships for students	Funding of 3 scholarships for duration of one year for students attending the college	\$9,000		To commence



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Recipient	Project Description	Expected Outcomes	Amount Approved	Amount Spent	Status
University of Melbourne (Faculty of Land & Food Resources)	Wool Industries Case Studies	Case studies of specified areas in the Australian wool industry for use in MBA course in Agriculture	\$26,700	\$26,700	Completed
University of Melbourne (The McKinnon Project)	Definition of the Risk Factors Associated with Low Staple Strength in Fine Wool Merino Ewes and Young Sheep	A report addressing the matters described in the project description.	\$16,000	\$9,900	Completed
ditto	Wool Vet Web	A web-based resource on sheep and wool designed for veterinary students.	\$26,000		In progress
University of New England	Scholarship for Victoria Fish re "Metrology of Wool Fibre Curvature"	Determination of the precision and accuracy of fibre curvature measurement using Laserscan and OFDA100	\$162,550	\$101,824	Completed
ditto	Development of a sustainable model to develop and promote a national university system for sheep and wool teaching	New electronic lecture materials for teaching undergraduates wool production and processing.	\$278,900	\$278,900	Completed
ditto	Undergraduate Travel Scholarships	Funding to facilitate attendance of external students at residential training schools at UNE.	\$60,250	\$1750	On-going
ditto	Support for delivery of sheep and wool education services to undergraduates	Employment of a lecturer on 3 year fixed term tenure to update and deliver wool biology, wool metrology and wool processing units by distance education for domestic and international students.	\$262,783		Commences 2007 and concludes 2009
ditto	Industry Co-operative Scholarships	Co-funding up to 25% of scholarships for internal and external undergraduates participating in the Sheep and Wool Units at UNE.	\$85,500	\$59,931	Ongoing - commitment varies annually as scholarships are awarded
WoolProducers	Attendance at AWTTTC Pilot Training Courses	Funding of registration costs to assist selected WoolProducer staff and members to attend AWTTTC Pilot Training Courses	\$20,000	\$500	On-going until pilot training courses are completed in 2007
ditto	Education of Ms S Turner	Funding to attend IWTO Conference in Shanghai	\$7,000	\$6,915	Completed
ditto	Education of Greg Weller	Funding to attend IWTO Conference in Xi'an	\$7,000		To commence

TOTALS: \$1,429,630 \$798,198

Future Strategic Directions

The development of relationships with the Fine Quality Wool CRC and the Sheep CRC/UNE has been, and remains, very important, since it has offered the best opportunities for the Trust to gain leverage for its funds.

By investing in the Sheep CRC's education programmes, the Trust has facilitated the development of a comprehensive range of sheep and wool education modules now available at the University of New England (UNE) and also, via the long distant learning initiatives developed by that University, to students in other institutions. To encourage uptake, the Trust will continue to fund a number of under-graduate



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scholarships for students across Australia who wish to undertake sheep and wool education training via these modules.

However, having initially focused on funding the establishment of a resource hub for sheep and wool education within the Sheep CRC/UNE arena, Trustees are keen to dispel any latent perception that this relationship inhibits or prevents them from investing funds more widely. To this end, Trustees have decided to initiate Annual Meetings with the wool “product champions” from all Universities incorporating sheep and wool components in their undergraduate and post graduate degrees.

The first such Meeting is being held on 25th September 2006. Importantly, this will provide the opportunity for face-to-face collaboration and networking, to optimise the development and use of resources. It will also assist Trustees to identify and explore any related areas that might warrant their direct investment. The range of targets already approved for such funding includes, inter alia, the following:

- facilitation of student groups;
- offsetting financial disincentives for Universities allowing their students to take up the UNE modules;
- facilitation of effective co-operation amongst Universities;
- travel scholarships for residential workshops;
- initiatives to encourage non-UNE students to study wool-related subjects, via the development of wool industry case studies suitable for use in MBA's; and
- direct funding of scholarships for specialist wool studies at Universities and Colleges outside the CRC.