



Australian Wool Education Trust

Progress Report: December 2011

Background

In July 1997, the Australian Wool Testing Authority Ltd (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 had the following objectives embodied in its Deed:

"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."*

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 invest funds outside the University sector.

In 2004, Australian Wool Innovation (AWI) agreed to donate \$4.00 million to the Trust, subject to the Trust Deed being amended to provide for appointments 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".

Trustees

For the period covered by this report, the Trustees are:

Appointed by AWTA Ltd

Mr D. J. Ward OAM: (Chairman of Trustees)
Principal, David Ward Consulting Pty Ltd
Mr P. J. Sommerville : (Secretary of Trustees)
Former Corporate Development Manager, AWTA Ltd



Appointed by FAWO

Mr M. A. Jackson :

Managing Director, AWTA Ltd

Mr J. A. Michell AM:

Immediate Past Chairman, Michell Pty Ltd

Mr R. Thirkell-Johnston AM:

Woolgrower, Former President of Wool Council of Australia and of Australian Superfine Wool Growers Association

Appointed by AWI

Dr A. C. Archer PSM:

Principal, Tocal College

Professor A. L. Vizard:

Associate Professor, Faculty of Veterinary Science, Melbourne University

Professor K. J. Bell :

Professor Animal Science, Murdoch University

AWTA Ltd, FAWO and AWI may provide written notice to the Trustees to remove and replace any Trustee appointed by them. However, the removal of a Trustee may only take place upon one or more of the following grounds:

- "(i) illness such that performance of normal duties as a Trustee is no longer possible or practicable;*
- (ii) cessation or change in employment or affiliation with industry bodies or associations;*
- (iii) disqualification to act as Trustee under the Trustees Act 1958;*
- (iv) acting in breach of the duties imposed on a Trustee under this Deed or at law; and*
- (v) where circumstances arise which otherwise justify the removal of the Trustee."*

A Trustee may resign at any time, subject to providing notice of at least 30 days, and the entity that originally appointed the resigning Trustee shall nominate a replacement within 90 days of the vacancy occurring.

Assets Held by the Trust

As at 31st December 2011, the total capital held in trust was \$8.349 million. This was significantly lower than the 31st December 2010 total (\$9.324 million), due to reduced earnings from the poorly performing investment markets being insufficient to meet the Trust's continuing strong funding commitments. Trustees' management of the Trust's funds is based on a long term investment strategy, rather than risking a loss of momentum by reacting to short term market fluctuations. Throughout 2011, Trustees maintained their commitment to the funding strategies developed during the previous 5 years. However, as the Trust's outgoings since inception are now well in excess of its progressive earnings, Trustees are reviewing the scope of funding across education sectors and fine-tuning priorities for future targeted investment.

The Trust owns and manages the Woolwise Website - established with Trust funding towards the end of the CRC for Premium Quality Wool - which consists of the rights to the site and all material produced by that CRC held within the site.

In 2007, the Core Parties of the Australian Sheep Industry CRC assigned to the Trust all IP rights in the CRC-owned Educational Modules and related Additional IP and, during 2008, a Licence Agreement between the University of New England (UNE) and the Trust came into effect. This obliged UNE to continue to deliver, develop and maintain these materials and also, pursuant to this contract, UNE must transfer to the Trust electronic copies of all the materials and any updates undertaken during the term of the Licence Agreement.



The Educational Modules cover the following topics:

Item	Reference No.	Title
1	WOOL412	Sheep Production
2	ANUT300	Applied Animal Nutrition
3	RSNR421	Sustainable Land Management
4	WOOL472	Wool Biology and Metrology
5	MEAT418	Meat Technology
6	WOOL422	Wool Marketing
7	WOOL482	Wool Processing
8	GENE412	Genetic Evaluation and Breeding
9	ANPR420	Sheepmeat Production and Marketing
10	ANPR450	Managing Sheep Enterprises

In partnership with the CRC, the Trust directly funded development of the 4 Wool Modules, with the remaining 6 Modules being funded by the CRC, AWI and Meat and Livestock Australia (MLA). The development of all modules was co-ordinated by UNE.

The IP transferred to the Trust also includes other materials produced by the CRC:

- Farm, Fibre and Food: Sheep and Wool Industry Information Tool Kit;
- Internal Parasite Control in Sheep;
- Merino Sheep Breeding Trainer Guide;
- School to Industry Links: National Pack; and
- Video by Mongoose Productions covering wool production from farm to mill.

With the exception of the video, these materials are available on the Trust's website (www.woolwise.com) and can be viewed on-line or downloaded in a single file and burnt to CD and/or DVD. Also, with the exception of the video, the materials are also being distributed as a consolidated package with the Education Modules.

Also available on www.woolwise.com, at no charge, are the educational materials produced by the first CRC (i.e. Co-operative Research Centre for Premium Quality Wool), which operated from 1993-2001.

The Trust now also holds the lecture materials produced for the Australian Wool Textile Training Centre (AWTTC).

Maintenance of the IP

Licence Agreement with UNE

The maintenance of the IP is facilitated by the Trust via its Licence Agreement with UNE. The Trust has continued to facilitate the utilisation of this IP by providing funds to support a lecturer at UNE, engaged to deliver and maintain the Wool Modules.

Recent Updates

Merging of WOOL412 and ANPR420

The Licence Agreement also allows UNE, subsequent to appropriate advice to the Trust, to withdraw from the delivery of one or more of these modules. Should this occur, the Trust may license another tertiary institution to deliver all or any of the modules from which UNE has withdrawn.



During 2009, UNE advised the Trust that it would no longer deliver ANPR420. Trustees reviewed the content of the units and observed that there was significant duplication of material within ANPR420 and WOOL412. Accordingly, Trustees decided to merge both units and, during 2011, committed the value of one Teaching Fellowship (\$46,000 p.a.) to this project. This funding was offered to and taken up by UNE, which was then able to leverage a commitment of \$50,000 from MLA, thereby enabling the scope of the project to be broadened.

A teaching fellow was appointed for one (1) year at UNE, with AWET and MLA funding support specifically:

- a) to integrate Sheep Meat Production and Marketing material (ANPR420/520) into existing Sheep/Wool units offered at UNE; and
- b) to facilitate the conversion of WOOL412 from external only to internal/external mode, with development of associated tutorial and practical class material making use of the dedicated sheep teaching flock at UNE.

This project has progressed well and will be finalised early in 2012.

Updating WOOL482

The Trust provides approximately \$20,000 per year for routine maintenance of the wool modules. Such maintenance generally involves updating time-dependent data incorporated in the modules and/or the inclusion of any new industry developments that have occurred.

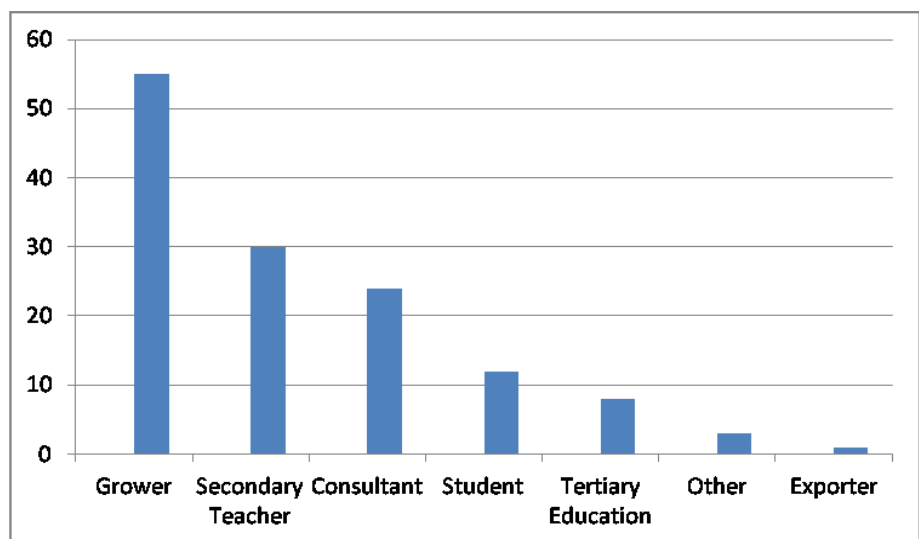
During 2011, UNE utilised this funding to provide the Trust with a major revision of the Wool Processing Unit (WOOL482), which substantially reduced the number of modules within the unit and removed some duplication.

Distribution of the IP

Pursuant to the Assignment Deed, the Trust provides copies of all the Educational Modules and the other materials produced by the CRC to interested parties, subject to acceptance of Terms of Use designed to ensure that there will be no breach of the Licence Agreement with UNE. To maximise the use of these resources, no charges are raised by the Trust.

Two (2) types of licence are available.

The first provides all lecture notes and references, with lecture notes available in both PDF and MSWord format. This licence is designed primarily for Tertiary Institutions wishing to incorporate material from the modules within courses they offer. As at 31st December 2011, a total of 7 such licences had been issued.





The second type of licence provides all the same material, minus the MSWord documents. This is designed specifically for individuals who wish to use the materials for reference purposes. As at 31st December 2011, a total of 153 such licences had been issued, distributed by sector as illustrated in the above graph.

The DVD containing the Modules also contains all the other educational materials assigned to the Trust by the CRC, with the exception of a series of supplementary videos.

As previously outlined, all other materials held by the Trust can be downloaded from its website (www.woolwise.com).

Funding Strategies

Trustees recognise that, to ensure that the Trust has a long term future and maintains its spending power, some 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.

The Trust aims to leverage funds by playing a catalytic / facilitation role whenever opportunities arise, with emphasis towards targets that will produce a large impact (preferably Australia-wide), rather than spreading available funds too thinly. In short, the Trust aims to make a significant difference.

Since 2005, Trustees have developed the following Funding Policy and guidelines.

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
<i>% of Annual Funding Committed</i>	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 Trustees have applied this strategy throughout 2011. Since its inception, the Trust has expended 69.8% of earnings on educational projects/programs. This is now higher than provided in the Policy, but has been deemed necessary to establish and



increase momentum for the Trust’s initiatives, particularly those involving UNE. However, during 2012 Trustees will be reviewing all investment initiatives with a view to bringing overall funding expenditure closer to the revised Policy guidelines. In this regard, the Trustees have decided not to fund any new Post Graduate and/or Post Doctorate Scholarships, where alternative sources of funding are readily available.

Future Strategic Directions

New Target – Fashion & Design Schools

In 2008, Trustees decided to review the needs and opportunities for investment in a significant downstream sector – the Australian Fashion & Design Schools. An exploratory Meeting was held with representatives from this sector (mainly from Victoria), during which it became clear that access to wool fabric resources would have a positive influence on students. This was followed up with AWI in 2009, when AWI agreed to work with the Trust in developing education strategies appropriate for this sector, thereby leveraging their access to resources and Woolmark contacts not readily available to the Trust.

In 2010, a Trust-funded Meeting with all major Fashion & Design Schools across Australia was attended by AWI staff. They confirmed their interest in collaborating with the Trust and the Schools, recognising the potential for AWI to replicate a successful Australian project internationally. It was agreed unanimously that a sub-committee of those represented be organised to define the nature and extent of required resource material, under the leadership of RMIT. Given this strongly positive support, the Trust committed initial project funding of \$40,000 to develop and purchase swatches of selected wool fabrics to be made available to the schools, Australia-wide.

Revision of General Policy for Allocation of Funds by Educational Sector

The objectives of the Trust allow funding across all educational sectors, but do not specify the proportion of funding to be allocated to each sector. The overall limit on funding is dictated by the Funding Policy and the Trustees’ decisions in apportioning funds are circumscribed by the Trust’s Principal Objective, namely:

“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.”

The policy for apportioning funds is described as ranges per sector, rather than as finite targets, to ensure that they are not overly prescriptive. In practice, the actual mix of project/programme funding between the sectors is influenced by the circumstances and perceived needs at the time decisions are made.

During 2011, to build upon the new initiatives with the Fashion & Design Schools, Trustees reviewed and amended these ranges and split the VET sector into 2 separate categories, namely, VET - Production and VET – Fashion Schools.

The amended funding ranges for each sector are:

Sector	Percentage Range	Percentage Mid-point
Schools	0% - 5%	2.5%
VET - Production	5% - 10%	7.5%
VET – Fashion Schools	10% - 15%	12.5%
Undergraduate	55% - 70%	62.5%
Postgraduate	10% - 20%	15.0%



The long term percentage range applies over a 10-year funding cycle, but within any particular year these may be exceeded, depending upon the quality of the applications received.

The capability of students, growers et al to contribute to the development of the wool industry is clearly related to the degree to which any assistance provided by the Trust is contiguous with their career choices and/or their motivation to become leaders. This suggests that the majority of the funding should be directed at the tertiary rather than the secondary education sector. Within the secondary sector, exposure to wool and sheep education might influence employment choices, but the effectiveness of the Trust's funding will be proportionally diminished the further away it is in time from when such career decisions have to be made.

The justification for allocating less funding to the VET sector than to Colleges and Universities relates to the fact that VET courses are normally shorter and less costly to deliver. In addition, academically-trained professionals are generally recognised in the employment market as being more valuable and more likely to develop as leaders. Of course, this is not always the case.

Allocation of Funds by Educational Sector – Review of 2011

Schools

The Trust's recent activity in the Schools sector has been via contributions to AWI's Wool4Skools Program. An amount of \$25,000 was contributed towards a pilot program which was completed in 2011. An additional \$10,000 was committed to a revised and enhanced program during 2012.

Vocational Education Training - Production

The Trust offers the VET sector 15 scholarships, valued at \$3,000 each, being made available per year to students attending institutions in this sector. Three (3) of these were awarded to students attending Tocal College in NSW. Three (3) were awarded to students attending WA College of Agriculture.

Vocational Education Training – Fashion Schools

The initiative taken in 2010 to invest \$40,000 to develop and purchase swatches of selected wool fabrics for distribution to Fashion Schools continued into 2011. At a meeting with the Fashion Schools in August RMIT reported that sufficient fabric samples remained to enable additional swatches to be prepared, thereby extending the number of schools involved in the project. To facilitate this the Trust agreed to provide an additional \$10,000.

The initial phase of assembling these swatches was completed by September 2011, following which the swatches were distributed to those Fashion & Design Institutes identified by the sub-committee. Feedback from the Schools has been extremely positive, no doubt due to AWI's significant role in committing resources to facilitate the project.

In addition to this project the Fashion & Design School representatives recommended

- that a mechanism for providing ongoing access by students to fabric samples should be developed; and
- that AWI consider whether or not the Schools could have access to historic colour trend information.

Mr Stuart McCullough and Dr Paul Swan attended the Trust's November 2011 Meeting to discuss these and other issues. As a result, the Trust, AWI and RMIT will work



together during 2012 to extend the range of fabrics in the swatches being provided to the Fashion Schools and to add 5 new and innovative fabrics to the swatches each year for the foreseeable future.

An additional initiative will be to provide access to samples fabrics used in the global "No Finer Feeling" campaign – up to 5 metres each of 20 fabrics. The Trust will fund RMIT to disseminate these samples.

AWI advised that access to the Perclers colour trend information resource is not possible and is too costly. As a better alternative, AWI intends to provide students with access to its 2011/12 'Wool Lab' trend guide. In addition, an App will be released shortly by AWI via the Apple Store, which introduces users to the content of AWI's 'Wool Lab'. The 'Wool Lab' collection of fabrics had been developed by AWI to enable its clients to see and feel a comprehensive range of wool sample materials, with the App providing an electronic version for retrospective use.

Undergraduate Studies

Teaching Support for Undergraduate Studies in Sheep and Wool

The first 3-year Lectureship Agreement with UNE terminated at the end of 2009. The Trust and UNE negotiated a new Agreement for 2010-2012. Negotiations to extend the agreement for a further 3 years will commence during 2012.

Title	2007	2008	2009	2010	2011
Sheep Production	13	50	26	51	63
Wool Biology and Metrology	4	8	NO	10	7
Wool Marketing	13	23	9	15	20
Wool Processing	7	6	5	17	20
Total Enrolments : AWET Sponsored Units	37	87	40	93	110
Applied Animal Nutrition	29	48	43	49	54
Sustainable Land Management	30	33	43	32	29
Meat Technology	15	31	26	36	23
Genetic Evaluation and Breeding	19	13	5	7	10
Sheepmeat Production and Marketing	NO	16	3	NO	NO
Managing Sheep Enterprises	NO	24	11	21	13
Total Enrolments : Other Units	93	165	131	145	129
Total Enrolments: All Units	130	252	171	238	239

NO: Not Offered

The table above shows the number of enrolments in all modules since this funding was initiated.

Over the period 2010-2012, the Trust has committed up to \$800,000 to support the delivery and maintenance of the 4 wool modules. Of this, approximately \$530,000 relates to lectureship staffing and related costs.

The remaining \$170,000 is provided to cover the range of support strategies summarised below.

Travel Awards:

These are for students enrolling in Wool Units delivered by UNE. They subsidise costs associated with workshops and are available to external students at other Universities. Funding ranges from \$700 for students from Eastern State institutions to \$1,000 for Western Australian students. Additional funding is provided to enable students undertaking WOOL482 to travel to New Zealand for a residential school, as CSIRO, Geelong is now unable to support this activity.



Expenditure on Travel Awards during 2011 was \$38,412.

Performance Awards:

These are for students enrolling in Wool Units delivered by UNE. Awards are based on personal performance and are made to 2 students per Unit, as nominated by their lecturer. The prizes are \$350 for the top student and \$200 for the next best student.

Support to Universities:

Supporting funds are allocated to non-UNE Universities to offset any loss of income arising from their students enrolling externally in Wool units delivered by UNE. These funds are distributed directly to the Universities by the Trust, based on enrolment records provided by UNE. The Trust provides \$1,000 per student for the first 10 students and \$1,200 for each additional student. The number of external students enrolled in the Wool Units increased substantially in 2011 and, as a consequence, this subsidy has grown from \$38,000 in 2010 to approximately \$58,000 in 2011.

Evaluation and Research:

Funding is provided for work to be conducted by UNE to evaluate the uptake of the units and to track the education outcomes for the sheep industry. Results of the first stages of this research were reported in 2011.

Undergraduate Scholarships:

To attract enrolments in the Units offered by UNE, the Trust has allocated \$108,000 over the term of the current Agreement to support 3 or 4-year undergraduate scholarships. Under this arrangement, UNE is required to seek co-funding from industry sources, so that the number of scholarships awarded each year (each worth \$6000/year) can be maximised. This arrangement guarantees work experience for the scholarship recipients and gives the industry co-funders the opportunity to consider employing them. The annual commitment to these scholarships varies depending the period covered by the scholarship and/or the number of recipients who withdraw. The average is \$54,000.

Supplementary Funding

Outside the Lectureship Contract the Trust is continuing to provide additional support via:

Undergraduate Project Scholarships:

To attract enrolments in the Units offered by UNE, the Trust is continuing to fund up to 15 undergraduate project scholarships, each worth \$6000, for students across Australia undertaking sheep and wool education via these Units. The scholarships are available for Honours students and for students engaged in 1-year projects within their degrees.

Thirteen (13) scholarships were awarded in 2011.

Alastair Mackenzie Scholarship

The Trust also provides funding of \$10,000 per annum to support the Alastair Mackenzie Scholarship at Marcus Oldham College, in Victoria.

Postgraduate

PhD/Masters Scholarships:

The Trust's PhD/Masters scholarship stipend is \$30,000 with an additional \$5,000 operating component available upon separate application. No new PhD scholarships



were awarded in 2011. Given the high cost of these scholarships and the fact that alternative funding sources are available, the Trust will exit this area in 2012.

Post Doctoral Teaching Fellowship:

The Trust has offered one (1) Post Doctoral Teaching Fellowship, with a stipend of \$46,000. A significant educational component is a prerequisite for this scholarship. As mentioned previously, this funding was been committed in 2011 to fund the merging of ANPR420 and WOOL412. However, the Trust has decided to withdraw this scholarship in the future, except for special cases where a direct educational benefit can be obtained.

Consultative Mechanisms

Having initially focused on funding the establishment of a resource hub for Sheep & Wool education within the Sheep CRC/UNE arena, Trustees were keen to dispel any perception that this relationship inhibits or prevents them from investing funds more widely. To this end, Trustees hold an Annual Meeting with the "wool product champions" from all those Universities that incorporate Sheep & Wool components in their undergraduate and post graduate degrees.

The Trust's support for 15 Honours scholarships per year, 2 PhD scholarships per year and a Post Doctoral Teaching Fellowship has been a direct consequence of these Meetings, where the monetary value of each scholarship is also reviewed with the academics attending.

The next Meeting with these "wool product champions" is scheduled for July 2012.

The Trust is also funding a similar strategy for annual consultation with the Fashion & Design Schools and AWI, to ensure that the resources provided are updated and remain relevant.

Distribution

This Progress Report has been prepared for distribution to the Boards and Executives of those organisations which are responsible for appointing the Trustees, namely, AWTA Ltd, AWI and FAWO.

A handwritten signature in black ink, appearing to be 'D.J. Ward'.

D.J. WARD OAM
CHAIRMAN