



Australian Wool Education Trust

ANNUAL REPORT - 2014/2015

Background

In July 1997, 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 named "The AWTA Ltd Wool Education Trust". The objectives set out in the Trust Deed were:

"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 Deed provided for the appointment of 5 Trustees - 3 by AWTA Ltd (the Founder) and 2 by the Federation of Australian Wool Organisations (FAWO).

In May 2003, the Deed was amended to broaden the objectives of the Trust to allow Trustees to fund education 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" (AWET).

AWTA Ltd, FAWO and AWI may provide written notice to the Trustees to remove and replace any Trustee appointed by them, but only on 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.



Trustees – 2014/2015

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

Appointed by AWTA Ltd

Mr D. J. Ward OAM: (Chairman of Trustees)
Former Director, AWTA and Former Managing Director, AWTA Ltd

Mr P. J. Sommerville: (Secretary of Trustees)
Former Corporate Development Manager, AWTA Ltd

Mr M. A. Jackson:
Managing Director, AWTA Ltd

Appointed by FAWO

Mr J.W. Lewis:
Former Divisional Manager, AWTA Ltd Product Testing and Former Managing Director, Macquarie Textiles

Mr G. Fiskén:
Woolgrower, Former President Australian Wool Producers and Executive Committee Member, FAWO

Appointed by AWI

Dr A. C. Archer AM PSM:
Principal, Tocal College

Professor A. L. Vizard:
Associate Professor, Faculty of Veterinary Science, Melbourne University

Mr B. P. van Rooyen:
Chairman Australian Country Spinners, Director AWI

Assets Held by the Trust

Financial

As at 30th June 2015, the total equity held by the Trust was \$9.940 million. This was significantly higher than the \$9.690 million held at 30th June 2014. Total revenue for 2014/2015 was \$1.128 million and total payments to fund sheep and wool education were \$0.397 million.

Since inception, AWTA Ltd has provided pro bono accounting and legal services to the Trust, thereby ensuring that these significant costs are not a burden on the Trust's finances. The Trustees gratefully acknowledge this ongoing contribution by the Trust's founder.

Intellectual Property (IP)

AWET holds in trust the educational resources created by the CRC for Premium Quality Wool, during its activities from 1993-2000. This resource collection consists of 2500 high quality Microsoft Powerpoint slides, prepared and edited by leading Australian wool educators, researchers, and industry personnel. Explanatory Notes and references to allow users to extract personalised information modules accompany each slide.

The Trust owns and manages the Woolwise Website (www.woolwise.com), which was established with Trust funding towards the end of the CRC for Premium Quality Wool. It consists of the rights to Woolwise and holds all material produced by that CRC.

The Australian Sheep CRC, which operated from 2000-2007, co-ordinated the development of 10 sheep and wool educational modules. 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 & Livestock Australia (MLA). The development of all modules was co-ordinated by UNE.

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 initially covered 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 Measurement |
| 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 |

Note: ANPR420 has been superseded. Supported by AWET and MLA, the content of this module has been incorporated into an expanded WOOL412 unit.

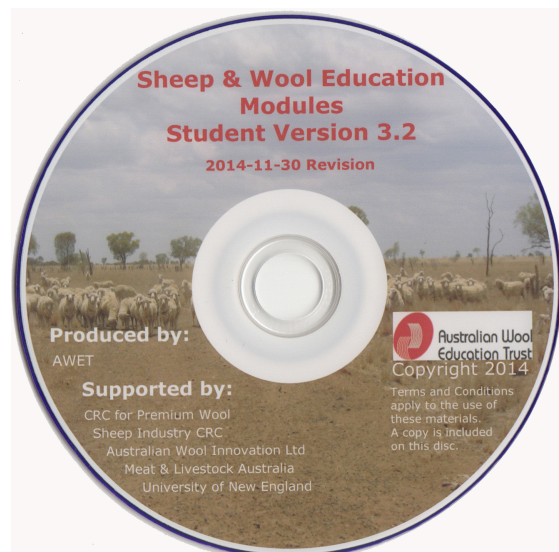
RSNR421, as developed by the CRC, is also no longer offered by UNE. Under the terms of the Licence Agreement, the Trust can licence this unit to other Universities. UNE has developed an alternative course, identified by the same code and title.

WOOL300, Fundamentals of Sheep and Wool, designed for joint delivery by UNE and New England TAFE, was developed during 2013/14 and utilises the content of the existing undergraduate modules licenced to UNE, to provide a detailed introduction to the Australian sheep and wool industry and production systems. It outlines the factors affecting production of sheep meat and wool and the factors a producer needs to take into account, including nutrition, genetics and environment. It also covers the marketing systems for wool and the importance of meeting consumer demands for sustainability.

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

- 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.

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



All the IP held by the Trust is available to educators and interested persons via a DVD, subject to specific terms and conditions that preclude the materials being used as a basis of courses competing with UNE. The Academic Version includes all versions of the modules in MS Word format, whereas the Student Version includes only the current modules in PDF format.



Although these materials are not directly available on Woolwise, they can be obtained subject to terms and conditions designed to maintain the integrity of the materials and to preclude their use in offering courses competing directly with those offered by UNE.

Maintenance of the IP

Licence Agreement with UNE

Maintenance of the IP is facilitated via the Trust's Licence Agreement with UNE. The Trust has continued to encourage utilisation of this IP by providing funds to support its delivery by UNE via a "Hub and Spoke Model", Australia-wide.

Delivery of the Wool Processing Module

With very little wool now being processed in Australia, enrolments in this module are quite small. In the current Research Agreement with UNE, the Trust included a research component, with the following 4 elements to be addressed:

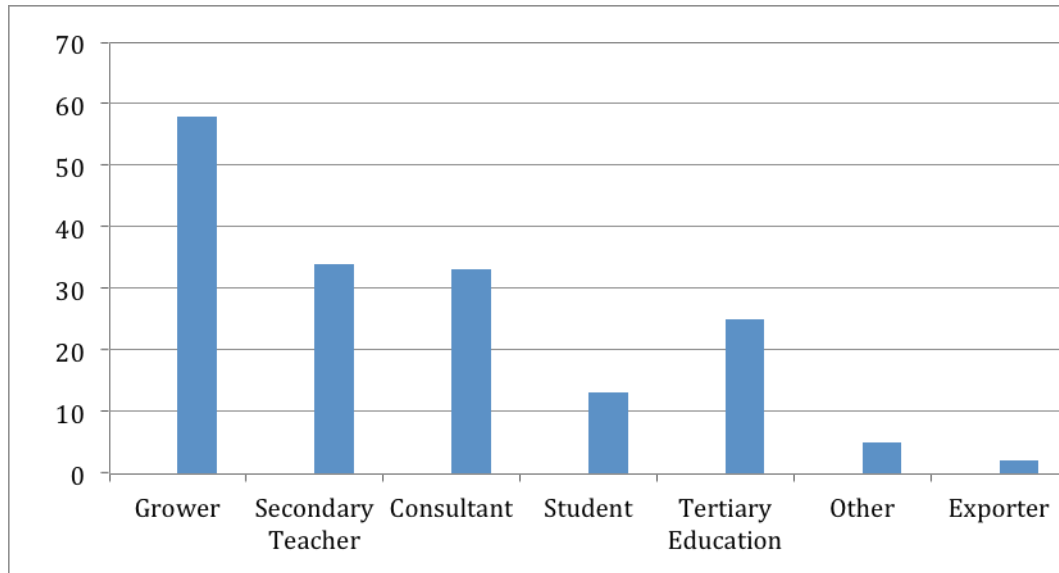
- a) an annual survey of student backgrounds, aspirations and satisfaction with the units;
- b) a 3-yearly survey of graduates, to determine career destinations and to assess the extent to which the WOOL units have assisted career development;
- c) emerging opportunities for innovation in electronic methods of education delivery as the NBN becomes more widely available, including the feasibility of delivering the sheep and wool modules by:
 - i. on-line learning systems (e.g. MOOCS, Open University);
 - ii. distribution of electronically-packaged learning modules (e.g. iTunes U, DVD's); and
 - iii. any other systems,to be evaluated in terms of their effectiveness, cost, quality control and amenity for accreditation upon completion of modules, with a view to identifying appropriate strategies for utilising these capabilities.
- d) investigation of the feasibility of delivering relevant WOOL units to "spoke" institutes in China, India and/or Vietnam, where the efficiency of processing Australian wool would be enhanced through access to the Wool Processing unit (WOOL482/582) in particular, and to other wool units in general, by:
 - i. assessing the likely international demand for access to the Wool Processing education resources, in consultation with relevant staff of Australian Wool Innovation (AWI);
 - ii. developing a level of interest within UNE to expand internationally in the area of wool and sheep science; and
 - iii. in consultation with AWI and AWET, developing plans for international delivery of the wool units.

UNE has already created a prototype on-line course based on the Wool Biology and Measurement Module. However, this is primarily designed as an informational medium, rather than being educational to the extent it could be counted towards a degree. Converting all the courses to an on-line learning format, given the relatively low number of students, would not be cost-effective at this stage.

The Trust's interest in delivering the Wool Processing unit overseas (in addition to its delivery in Australia) recognises that most processing has moved to lower cost countries, where wool processing expertise would be improved significantly through education courses based on the AWET module. Consultations during 2014/15 with UNE, Deakin University and AWI reached the conclusion that UNE was not well placed to deliver this unit in China, whereas both AWI and Deakin are already delivering courses at Chinese Universities. Consequently, the Trust is now working with Deakin and AWI to establish how best to proceed. Both Deakin University and AWI have been delivering educational programs at selected institutes in China that could be expanded to include AWET's resource material. All 3 organisations have agreed that it is essential for them to work together, to avoid duplication of costs, and to maximise return on the investments already made.

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 – an Academic Version and a Student Version.

The Academic Version 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 their own courses.

The materials supplied under this licence include all versions of the modules since inception.

By 30th June 2015, a total of 20 such Licences had been issued.

The Student Version provides all the same material, minus the MSWord documents, and all past versions. It is designed specifically for individuals who wish to use the materials for reference purposes.

As at 30th June 2015, a total of 150 such Licences had been issued.

The distribution of Licences by sector is shown in the above graph.

The DVD provided with each Licence now includes all educational materials managed by the Trust, including multimedia presentations in MP3 format.

The education resources generated by the first CRC (CRC for Premium Quality Wool) consist of a large number of MSPowerpoint presentations grouped into Subjects, Themes, Topics and Modules. The PPT files are the modules and the subjects are:

- Wool Biology
- Wool Metrology
- Wool Production
- Wool Marketing
- Wool Technology

Each slide is accompanied by brief explanatory notes.

The materials produced by the Australian Wool Textile Training Centre cover the following topics:

- Introduction to the Australian Wool Industry
- Buying and Consignment Preparation of Australia Wool
- Wool Topmaking and Early Stage Processing
- Contemporary Wool Dyeing and Finishing
- Innovations in Wool Textile Technology
- Australian Wool – Knowledge for Designers & Retailers



Other resources directly funded by the Trust, such as a number of industry Case Studies, are also included.

Funding Strategies

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

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 applied with some flexibility, taking into account the specific circumstances and details of projects being funded. They are not mandatory limits to be applied annually.

From its inception and up to 30th June 2015, the Trust has spent 61.6% of its earnings on educational projects/programs. Whilst this is higher than the long term Policy, it has been deemed necessary to establish and increase momentum for the Trust’s initiatives, particularly those involving UNE.

Contracted delivery of the Wool Modules by UNE is the Trust’s major expenditure. When the Contract expired in early 2013, a capped 3-year Contract was negotiated in its place, which has enabled the Trust to adjust its progressive expenditure closer to the 51% Policy guideline.

General Policy for Allocation of Funds by Educational Sector

The objectives of the Trust allow for 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 all 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 it is not overly prescriptive.



For 2013/14 and onwards, the funding ranges for each sector have been amended to:

| Sector | Percentage Range | Percentage Mid-point |
|-----------------------|------------------|----------------------|
| Schools | 2% - 5% | 3.5% |
| VET - Production | 5% - 10% | 7.5% |
| VET – Fashion Schools | 10% - 23% | 16.5% |
| Undergraduate | 65% - 80% | 72.5% |

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 applications received.

Allocation of Funds by Educational Sector – Review of 2014/15

Actual expenditure for the academic year under review was:

| Sector | %Range | Mid-point | \$ Available | \$Invested | Actual% |
|-----------------------|-----------|-----------|------------------|------------------|---------------|
| Schools | 2% - 5% | 3.50% | \$13,800 | \$10,000 | 2.5% |
| VET - Production | 5% - 10% | 7.50% | \$29,584 | \$24,000 | 6.0% |
| VET - Fashion Schools | 10% - 23% | 16.50% | \$65,085 | \$0 | 0% |
| Undergraduate | 65% - 80% | 72.50% | \$285,978 | \$363,229 | 91.5% |
| | | | \$383,046 | \$397,229 | 100.0% |

Schools

The Trust’s recent activity in the Schools sector has been via contributions to AWI’s Wool4Skools Program.

Vocational Education Training - Production

The Trust offers VET sector scholarships, each valued at \$3,000, to students attending institutions in this sector. In 2014/15, three (3) of these were awarded to students attending Tocal College in NSW and another five (5) were awarded to students attending WA College of Agriculture.

Vocational Education Training – Fashion Schools

The Trust held its annual meeting with representatives of the Fashion and Design Schools in July 2015, continuing the strategy initiated in 2008. Key AWI staff also attended and participated actively.

Trust funding in this sector has been targeted at the production and distribution of fabric swatches to fashion schools throughout Australia. However, a recurring message has been the need to make wool fabric more readily available to the design students, to encourage them to work with wool.

At the latest meeting in July 2015, the Trust agreed to institute a pilot program distributing grants to selected fashion design students, to facilitate the purchase of wool fabric for their final year design projects.

Initially, 25 grants will be provided for 2016, allocated to RMIT, Whitehouse Design, UTS, QUT, TAFE SA and Curtin University.

For this pilot project, the criteria for administering and directing the grants are:

1. AWET will support a fixed number of grants for Fashion Design Institute students to a maximum cost of \$50,000 per annum.
2. The grants will be available to final year students from 3 and/or 4-year Degrees.
3. The quantum will be fixed at \$1,500 for a final year student in a 3-year Degree and \$2,000 for a final year student in a 4-year Degree.
4. The scholarships are intended to assist successful candidates in sourcing and purchasing wool fabric for inclusion in their final year looks/outfits/ranges.
5. Each grant is contingent on having 80% wool content in the base fabric.

6. AWET will decide how many grants are to be available for each Institute, using enrolment numbers as a basis, and it will not be involved in administration.
7. Each Institute will be responsible for advertising the grants and selecting candidates, based on the following criteria:
 - academic achievement or other related performance measures used by the Institute;
 - commitment to producing a final year range incorporating the minimum percentage of wool required, with other fibres able to be used in conjunction with the wool component, within garments and/or in separate garments; and
 - the names and contact details being sent to AWET, as soon as possible after selection of successful candidates.
8. Once completed, each Institute will arrange for AWET to receive a digitised version of their students' designs/story boards, together with a description of the selected fabrics, plus an invoice for the total grants awarded.
9. AWET will pay the funds to each Institute for distribution to their candidates.
10. Upon completion of their looks/outfits, students will send digital images to AWET that may be published on AWET's website and shared with AWI.

These arrangements will be reviewed in July 2016.

The grants have been allocated to the pilot project participants as follows:

| Institute | Program | Grants | \$ |
|-------------------------------|---|--------|--------|
| RMIT | Bachelor of Fashion (Design & Technology) | 4 | \$6000 |
| | Bachelor of Fashion (Design) (Hons) | 4 | \$8000 |
| Whitehouse Design - Melbourne | Bachelor of Design | 3 | \$4500 |
| Whitehouse Design - Sydney | Bachelor of Design | 3 | \$4500 |
| UTS | BA Hons Fashion and Textile Design | 4 | \$8000 |
| QUT | Bachelor of Design | 2 | \$3000 |
| TAFE SA | Bachelor of Fashion Design | 3 | \$4500 |
| Curtin | Bachelor of Arts (Fashion) | 2 | \$3000 |

Undergraduate Studies

Support for Undergraduate Studies in Sheep and Wool

A current Research Agreement with UNE is for the period, 2013-2015.

The numbers of enrolments in each module, since the Trust's funding commenced, is tabulated below (NO = Not Offered, NA = Not Available).

| Title | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2014 |
|--------------------------------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| Sheep Production | 13 | 50 | 26 | 51 | 63 | 55 | 40 | 76 | 41 |
| Wool Biology and Measurement | 4 | 8 | NO | 10 | 7 | 9 | 4 | 18 | 13 |
| Wool Marketing | 13 | 23 | 9 | 15 | 20 | 15 | 24 | 15 | 12 |
| Wool Processing | 7 | 6 | 5 | 17 | 20 | 18 | 5 | 5 | 14 |
| Totals : AWET Sponsored Units | 37 | 87 | 40 | 93 | 110 | 97 | 73 | 114 | 80 |
| Applied Animal Nutrition | 29 | 48 | 43 | 49 | 54 | 27 | 46 | 41 | 38 |
| Sustainable Land Management | 30 | 33 | 43 | 32 | 29 | 15 | 62 | 54 | 28 |
| Meat Technology | 15 | 31 | 26 | 36 | 23 | 19 | 20 | 19 | 21 |
| Genetic Evaluation and Breeding | 19 | 13 | 5 | 7 | 10 | 19 | 7 | 9 | 4 |
| Sheep Meat Production & Marketing | NO | 16 | 3 | NO | NO | NO | NO | NO | NO |
| Managing Sheep Enterprises | NO | 24 | 11 | 21 | 13 | 16 | 7 | 9 | 9 |
| Fundamentals of Sheep & Wool | NA | NA | NA | NA | NA | NA | NA | 13 | 34 |
| Totals : Other Units | 93 | 165 | 131 | 145 | 129 | 96 | 142 | 145 | 134 |
| Totals : All Units | 130 | 252 | 171 | 238 | 239 | 193 | 215 | 259 | 214 |

During 2014/15, the Trust committed \$363,229 to directly support the delivery and maintenance of the 4 wool modules.



Of this funding, \$176,483 supported delivery and development and the remaining \$186,746 was invested in a range of support strategies summarised below.

Travel Awards:

These are paid to non-UNE students enrolling in Wool Units delivered by UNE, to offset costs associated with travelling to Armidale for workshops. Funding is capped at \$700 for students from Eastern State institutions and at \$1,000 for Western Australian students.

Performance Awards:

These are contestable by all students enrolling in each of the Wool Units delivered by UNE, based on personal performance. Awards are made to 2 students per Unit, as nominated by their lecturer, with a prize of \$350 for the top student and \$200 for the runner-up.

Subsidies to External Institutions:

To encourage enrolments from students at non-UNE Universities, the Trust pays those Universities \$1,000 per student for the first 10 students and \$1,200 for each additional student as compensation for their loss of income when students enrol externally in the Wool units delivered by UNE. These subsidies are paid directly to the Universities by the Trust, based on enrolment records provided by UNE.

Total expenditure in this area during 2014/15 was \$68,000.

Undergraduate Scholarships:

To attract enrolments in the Units offered by UNE, the Trust provided \$22,500 during 2014/15 to support 3 and/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 p.a.) 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 on the period covered by the scholarship, the availability of industry co-funders and the progress of the recipients.

Scholarship holders and their sponsors for 2015 were:

- Kristy McCormack, Bachelor of Rural Science, UNE 2012-2015; co-funded by Australian Council of Wool Exporters and Processors Inc (1/4).
- Matthew Maunder, Bachelor of Rural Science, UNE 2014-2017, co-funded by Nikke Port Philip Scouring (5/6).
- Heather Earney, Bachelor of Animal Science, UNE 2014-2017, co-funded by Australian Wool Network (1/4).
- Gabriel Ryan, Bachelor of Veterinary and Biomedical Science, USYD 2015-2016, co-funded Australian Wool Testing Authority Ltd (1/2).
- Peter Brooker, Bachelor of Agrifood Systems, UNE 2015-2017, co-funded by Nikke Port Philip Scouring (5/6).
- Emma Knight, Bachelor of Animal Science, CSU 2015-2016, co-funded by Wool Producers of Australia (1/4).

Supplementary Funding

The Trust continued 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 \$6,000, for students across Australia undertaking sheep and wool education via these Units. The scholarships are available for Honours students and other students engaged in 1-year projects within their Degrees.

Eleven (13) such scholarships were awarded for 2014.



Alastair Mackenzie Scholarship:

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

Consultative Mechanisms

Having initially focused on funding the establishment of a resource hub for Sheep & Wool education within the Sheep CRC/UNE space, Trustees remain keen to dispel any perception that this relationship inhibits the involvement of other Universities in reviewing and developing the Trust's investment strategies. To this end, Trustees fund an Annual Meeting with the "wool product champions" from all those Universities that incorporate Sheep & Wool components in their undergraduate Degrees.

The most recent Meeting was held in July 2015.

Due to the mutually beneficial outcomes of this consultation process, the Trust has adopted a similar strategy for annual consultation with the Fashion & Design Schools and AWI, to ensure that the resources provided are updated and remain relevant. This Meeting was also held in July 2015.

Distribution

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

It is being distributed together with the Trust's Annual Financial Report for 2014/15 and the Auditor's Report.

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

D.J. WARD OAM
CHAIRMAN

AUSTRALIAN WOOL EDUCATION TRUST
ABN 12 886 519 613
INCOME STATEMENT FOR THE YEAR ENDED 30TH JUNE, 2015

| | Note | 2015 \$ | 2014 \$ |
|--|------|-------------------|-------------------|
| Revenue | 2 | 1,128,253.83 | 745,211.92 |
| Miscellaneous Income | 2 | 49.24 | 28.22 |
| Sponsorship | | 0.00 | 16,000.00 |
| Impairment Charge on Available-for-Sale Financial Assets | | 0.00 | (6,161.00) |
| Education Funding Projects | 4 | (397,229.55) | (361,158.98) |
| Trustee Expenses | | (48,525.15) | (40,961.20) |
| Insurance Premiums | | (4,605.20) | (5,178.60) |
| Investment Management Fees | | (67,308.00) | (65,168.00) |
| Secretarial Expenses | | (29,250.45) | (29,152.53) |
| Other Expenses | | (4,816.97) | (4,190.05) |
| Surplus/(Deficit) | | <u>576,567.75</u> | <u>249,269.78</u> |

The accompanying Notes form part of these financial statements.

AUSTRALIAN WOOL EDUCATION TRUST
 ABN 12 886 519 613
BALANCE SHEET AS AT 30TH JUNE, 2015

| | Note | 2015 \$ | 2014 \$ |
|----------------------------------|------|---------------------|---------------------|
| CURRENT ASSETS | | | |
| Cash and Cash Equivalents | 5 | 43,789.52 | 61,310.22 |
| Receivables | 6 | 52,014.17 | 51,644.83 |
| Other Current Assets | 7 | 2,413.75 | 4,133.95 |
| TOTAL CURRENT ASSETS | | <u>98,217.44</u> | <u>117,089.00</u> |
| NON-CURRENT ASSETS | | | |
| Financial Assets | 8 | 9,872,048.44 | 9,593,406.64 |
| TOTAL NON-CURRENT ASSETS | | <u>9,872,048.44</u> | <u>9,593,406.64</u> |
| TOTAL ASSETS | | <u>9,970,265.88</u> | <u>9,710,495.64</u> |
| CURRENT LIABILITIES | | | |
| Payables | 9 | 30,573.88 | 20,336.00 |
| TOTAL CURRENT LIABILITIES | | <u>30,573.88</u> | <u>20,336.00</u> |
| TOTAL LIABILITIES | | <u>30,573.88</u> | <u>20,336.00</u> |
| NET ASSETS | | <u>9,939,692.00</u> | <u>9,690,159.64</u> |
| EQUITY | | | |
| Donations Contributed | 1(e) | 7,000,000.00 | 7,000,000.00 |
| Retained Surplus | | 2,411,377.10 | 1,834,809.35 |
| Reserves | | 528,314.90 | 855,350.29 |
| TOTAL EQUITY | | <u>9,939,692.00</u> | <u>9,690,159.64</u> |

The accompanying Notes form part of these financial statements.

AUSTRALIAN WOOL EDUCATION TRUST
ABN 12 886 519 613
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30TH JUNE, 2015

| | Donations Contributed \$ | Retained Surplus \$ | Financial Assets Reserve \$ | Total \$ |
|---|--------------------------------|---------------------------|-----------------------------------|---------------------|
| Opening Balance as at 1 July 2013 | 7,000,000.00 | 1,585,539.57 | 429,178.16 | 9,014,717.73 |
| Surplus/(Deficit) | - | 249,269.78 | - | 249,269.78 |
| Unrealised Gains/(Losses) | - | - | 360,348.61 | 360,348.61 |
| Impairment Charge and Write-Downs | - | - | 65,823.52 | 65,823.52 |
| Closing Balance as at 30 June 2014 | <u>7,000,000.00</u> | <u>1,834,809.35</u> | <u>855,350.29</u> | <u>9,690,159.64</u> |
| Opening Balance as at 1 July 2014 | 7,000,000.00 | 1,834,809.35 | 855,350.29 | 9,690,159.64 |
| Surplus/(Deficit) | - | 576,567.75 | - | 576,567.75 |
| Unrealised Gains/(Losses) | - | - | (327,035.39) | (327,035.39) |
| Impairment Charge and Write-Downs | - | - | 0.00 | 0.00 |
| Closing Balance as at 30 June 2015 | <u>7,000,000.00</u> | <u>2,411,377.10</u> | <u>528,314.90</u> | <u>9,939,692.00</u> |

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30TH JUNE, 2015

| | Note | 2015 \$ | 2014 \$ |
|--|------|---------------------|---------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Interest Received | | 726.74 | 1,153.71 |
| Refund of Franking Credits | | 48,266.39 | 66,024.00 |
| Sundry Income | | 51.78 | 28.22 |
| Sponsorship | | 0.00 | 16,000.00 |
| Refund of GST Paid | | 21,490.97 | 23,546.00 |
| Payments for Education Funding Projects | | (397,406.65) | (361,158.98) |
| Payments to Suppliers for Goods and Services | | (90,649.93) | (99,803.82) |
| NET CASH USED IN OPERATING ACTIVITIES | 10 | <u>(417,520.70)</u> | <u>(354,210.87)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Calls from Managed Investments - Pitcher Partners | | 400,000.00 | 400,000.00 |
| Investments at Call | | 20,000.00 | (50,000.00) |
| NET CASH PROVIDED BY INVESTING ACTIVITIES | | <u>420,000.00</u> | <u>350,000.00</u> |
| NET INCREASE/(DECREASE) IN CASH HELD | | 2,479.30 | (4,210.87) |
| CASH AT THE BEGINNING OF THE FINANCIAL YEAR | | 1,310.22 | 5,521.09 |
| CASH AT THE END OF THE FINANCIAL YEAR | 11 | <u>3,789.52</u> | <u>1,310.22</u> |

AUSTRALIAN WOOL EDUCATION TRUST
ABN 12 886 519 613
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2015

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

- (a) The trustees have prepared the financial statements of the trust on the basis that the trust is a non-reporting entity because there are no users dependant on general purpose financial statements. The financial statements are therefore special purpose financial statements that have been prepared in order to meet the requirements of the trust deed and the information needs of the trustees.

The financial statements have been prepared in accordance with the significant accounting policies disclosed below, which the trustees have determined are appropriate to meet the purposes of preparation. Such accounting policies are consistent with the previous period unless stated otherwise.

The financial statements have been prepared on an accruals basis and are based on historical costs unless otherwise stated in the notes.

(b) **Measurement Of Assets**

Assets of the trust have been measured at net market values after allowing for costs of realisation. Net market value of the units has been determined by reference to the unit redemption price at the reporting date. Unrealised gains and losses arising from changes in fair value of managed funds are taken directly to equity. Financial instruments are reviewed for a significant or prolonged decline in value to determine if an impairment has arisen. The trustees have deemed an impairment exists if an investment has been declining below its accounting cost for a minimum of 15 months, or if the market value of the investment is more than 30% below its accounting cost, based on valuations at the date of preparation of this report. Impairment losses are recognised in the income statement.

Short Term Deposits are valued at face value.

(c) **Income Tax Expense**

The trust is an income tax exempt charitable trust under Section 50-5 item 1.5 of the Income Tax Assessment Act 1997.

(d) **Revenue**

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial asset. All revenue received arises from the operating activities of the trust.

(e) **Donations Contributed**

The \$3 million Founder's Donation is considered to be a capital contribution. A further \$4 million donation was received from Australian Wool Innovation Limited on 25 June 2004.

(f) **Goods and Services Tax (GST)**

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown exclusive of GST where the GST is recoverable from the Australian Taxation Office.

Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(g) **Cash and Cash Equivalents**

Cash and cash equivalents include cash on hand, deposits held at call with banks and other short term highly liquid investments with original maturities of three months or less.

(h) **Comparative Figures**

When required by accounting standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

The financial statements were authorised for issue on 28th October 2015 by the trustees.

AUSTRALIAN WOOL EDUCATION TRUST
 ABN 12 886 519 613
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2015

| 2. | REVENUE | 2015 | 2014 |
|------|---|----------------------------|--------------------------|
| | | \$ | \$ |
| | Operating Activities: | | |
| | Interest from Bank Bills & at Call | 683.18 | 1,154.40 |
| | Income from Managed Investments: | | |
| | Interest from Preference Shares, Term Deposits and at call Cash | 178,319.72 | 175,511.97 |
| | Distribution in Unit Trusts | 380,525.19 | 428,118.19 |
| | Realised Gains | 568,725.74 | 140,427.36 |
| | | <u>1,128,253.83</u> | <u>745,211.92</u> |
| | Non - Operating Activities: | | |
| | Sponsorship | 0.00 | 16,000.00 |
| | Miscellaneous Income | 49.24 | 28.22 |
| | Total Revenue | <u><u>1,128,303.07</u></u> | <u><u>761,240.14</u></u> |
| | | | |
| 3. | AUDITORS REMUNERATION | | |
| | Remuneration of auditor | | |
| | - audit | 2,450.00 | 2,350.00 |
| | - other services | 0.00 | 0.00 |
| | | <u>2,450.00</u> | <u>2,350.00</u> |
| | | | |
| 4. | EDUCATION FUNDING PROJECTS | | |
| | Agricultural Colleges 1 Year Scholarships | 24,000.00 | 9,000.00 |
| | Annual Scholarships for University Honours Students | 78,000.00 | 66,000.00 |
| | Education for Schools - AWI School Uniform Design Competition | 10,000.00 | 0.00 |
| | Education Institutes Meeting Expenses | 3,246.01 | 5,888.30 |
| | Establishment of Set of Fabric Samples - RMIT | 0.00 | 10,300.00 |
| | Marcus Oldham College - Alastair Mackenzie Scholarship | 10,000.00 | 10,000.00 |
| | Post Graduate Degree Scholarships | 0.00 | 20,000.00 |
| | Small Initiatives Grants | 5,000.00 | 5,000.00 |
| | Subsidies to External Institutions | 68,000.00 | 28,200.00 |
| | UNE Research Agreement | 176,483.54 | 151,270.68 |
| | UNE/CRC Undergraduate Scholarships | 22,500.00 | 46,500.00 |
| | VET Scholarships | 0.00 | 9,000.00 |
| | | <u>397,229.55</u> | <u>361,158.98</u> |

AUSTRALIAN WOOL EDUCATION TRUST
 ABN 12 886 519 613
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2015

| | | 2015 | 2014 |
|--|--|---------------------|---------------------|
| | | \$ | \$ |
| 5. | CASH AND CASH EQUIVALENTS | | |
| | Cash at Bank | 3,789.52 | 1,310.22 |
| | Short Term Deposits at Call | 40,000.00 | 60,000.00 |
| | | <u>43,789.52</u> | <u>61,310.22</u> |
| | | | |
| 6. | RECEIVABLES AS CURRENT ASSETS | | |
| | Debtors - Refund Due for GST Paid | 4,239.00 | 3,297.07 |
| | Accrued Income | 47,775.17 | 48,347.76 |
| | | <u>52,014.17</u> | <u>51,644.83</u> |
| | | | |
| 7. | OTHER CURRENT ASSETS | | |
| | Prepayments | <u>2,413.75</u> | <u>4,133.95</u> |
| | | | |
| 8. | FINANCIAL ASSETS | | |
| | Managed Investments (with Pitcher Partners): | | |
| | Investment Valuation at 30.06.2015 | 9,588,609.98 | 9,326,542.06 |
| | Accrued Income | 283,438.46 | 266,864.58 |
| | | <u>9,872,048.44</u> | <u>9,593,406.64</u> |
| <p>The trust's investing activities are intended to be long-term and have therefore been classified as Non-current Assets. Investments in Unit Trusts can be liquidated at any time by the Trustees.</p> | | | |
| | | | |
| 9. | PAYABLES AS CURRENT LIABILITIES | | |
| | Accrued Expenses: | | |
| | Audit Fees | 2,450.00 | 2,350.00 |
| | Investment Management Fee | 16,530.00 | 16,573.00 |
| | Administrative Services Fee: May - June 2015 | 2,631.75 | 0.00 |
| | Stationary | 76.13 | 0.00 |
| | Bank Charges | 30.00 | 30.00 |
| | Trustees' Fees | 8,856.00 | 1,383.00 |
| | | <u>30,573.88</u> | <u>20,336.00</u> |

AUSTRALIAN WOOL EDUCATION TRUST
ABN 12 886 519 613
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2015

| | 2015 | 2014 |
|--|----------------------------|----------------------------|
| | \$ | \$ |
| 10. STATEMENT OF CASHFLOWS - RECONCILIATION OF NET CASH USED IN OPERATING ACTIVITIES | | |
| Surplus/(Deficit) | 576,567.75 | 249,269.78 |
| Changes in Assets and Liabilities: | | |
| Changes in Net Market Value of Investments | (678,641.80) | (1,012,382.26) |
| (Increase)/Decrease in Other Current Assets | 1,720.20 | 0.00 |
| (Increase)/Decrease in Receivables | (369.34) | (14,922.52) |
| Increase/(Decrease) in Payables | 10,237.88 | (2,348.00) |
| Increase/(Decrease) in Financial Assets Reserve | (327,035.39) | 426,172.13 |
| NET CASH USED IN OPERATING ACTIVITIES | <u><u>(417,520.70)</u></u> | <u><u>(354,210.87)</u></u> |
| 11. STATEMENT OF CASHFLOWS - RECONCILIATION OF CASH | | |
| <p>For the purposes of the Statement of Cash Flows, cash includes cash only. Cash at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the related items in the Balance Sheet as follows:</p> | | |
| Cash at Bank | <u><u>3,789.52</u></u> | <u><u>1,310.22</u></u> |
| 12. PROJECTED FUNDING COMMITMENTS | | |
| Contracted and Conditional Funding Commitments | | |
| Payable not later than 1 year: | | |
| - Undergraduate | 111,963.00 | 285,185.00 |
| - Post Graduate | 0.00 | 0.00 |
| | <u>111,963.00</u> | <u>285,185.00</u> |
| Payable later than 1 year but not later than 5 years: | | |
| - Undergraduate | 0.00 | 320,425.00 |
| | <u>0.00</u> | <u>320,425.00</u> |
| | <u><u>111,963.00</u></u> | <u><u>605,610.00</u></u> |

These projected funding commitments are contracted, with payment conditional upon agreed outcomes being delivered.

AUSTRALIAN WOOL EDUCATION TRUST
ABN 12 886 519 613
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2015

| | | 2015 | 2014 |
|---------------------------------------|--|-----------|-----------|
| | | \$ | \$ |
| 13. RELATED PARTY TRANSACTIONS | | | |
| Remuneration of Trustees | | 44,176.00 | 39,281.70 |

Trustees who held office during the financial year were:

- Mr A. C. Archer
- Mr G. C. Fiskén
- Mr M. A. Jackson
- Mr J. W. Lewis
- Mr P.J. Sommerville
- Mr B. Van Rooyen
- Mr A. L. Vizard
- Mr D. J. Ward

14. TRUST DETAILS

The principal place of business of the trust is 70 Robertson Street, Kensington, Victoria, 3031.

15. SEGMENT REPORTING

The trust operates in one business and geographical segment, being a provider of funding for advancement of education in wool and wool textile science and technology.

AUSTRALIAN WOOL EDUCATION TRUST
ABN 12 886 519 613
DECLARATION BY TRUSTEES

The Trustees declare that the trust is not a reporting entity and that this special purpose financial report should be prepared in accordance with the accounting policies outlined in Note 1 to the financial statements.

The Trustees declare that:

1. the financial statements and notes, as set out on pages 1 to 8, present fairly the trust's financial position as at 30th June, 2015 and its performance for the year ended on that date in accordance with accounting policies described in Note 1 to the financial statements;
2. in the Trustees' opinion there are reasonable grounds to believe that the trust will be able to pay its debts as and when they become due and payable; and
3. having reviewed the Trust's performance during 2014/15, the Trustees are satisfied that the Trust continues to comply with the Objects of its Deed and meets its obligations as a charitable entity.

This declaration is made in accordance with a resolution of the Trustees.



D. J. Ward OAM
TRUSTEE/CHAIRMAN



P. J. Sommerville
TRUSTEE/SECRETARY

Dated this twenty eighth day of October, 2015



JTP ASSURANCE

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VIC 8007

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www.jtpassurance.com.au

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
AUSTRALIAN WOOL EDUCATION TRUST

ABN: 12 886 519 613

To the board of directors

We have audited the accompanying financial report, being a special purpose financial report of Australian Wool Education Trust, which comprises the balance sheet as at 30 June 2015, the income statement, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Trustee' Responsibility for the Financial Report

The Director's of the trustee company are responsible for the preparation of the financial report and have determined that the basis of preparation described in Note 1 to the financial report is appropriate to meet the requirements of the trust deed and is appropriate to meet the needs of the members. The directors' responsibility also includes such internal control as the directors determine is necessary to enable the preparation of a financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We have conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion the financial report presents fairly, in all material respects, the balance sheet of Australian Wool Education Trust as at 30 June 2015, and of its income statement and its statement of cash flows for the year then ended in accordance with the accounting policies described in Note 1 to the financial statements.

Basis of Accounting

Without modifying our opinion, we draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the trustees' financial reporting responsibilities trust deed. As a result, the financial report may not be suitable for another purpose.

JTP Assurance
JTP Assurance

Chartered Accountants

Signed at Melbourne this 23rd day of November 2015

Sam Claringbold
SAM CLARINGBOLD
Partner