



# Australian Wool Education Trust

## Progress Report: December 2007

### 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 23<sup>rd</sup> 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 25<sup>th</sup> 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)  
Former Corporate Development Manager, AWTA Ltd

**Michael Jackson :**  
Managing Director, AWTA Ltd

**Appointed by FAWO** **John Michell:**  
Immediate past Chairman, Michell Pty Ltd

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

**Appointed by AWI**

**Cameron Archer:**  
Principal, Tocal College

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

**Kevin Bell :**  
Professor Animal Science, Murdoch University  
Director, Australian Wool Innovation (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 31<sup>st</sup> December 2007, the capital held in trust was approximately \$11.5 million.

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, as well as the server on which the site is physically located.

During 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.

**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.

In 2005, Trustees adopted the following funding policy with more specific 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:

	<b>Current Year</b>	<b>1 Year Out</b>	<b>2 Years Out</b>
% 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.

**Future Strategic Directions**

Initially, by investing in the Sheep CRC’s education programmes, the Trust facilitated the development of a comprehensive range of sheep and wool education modules which are now available at the University of New England (UNE) and also, via its long distance learning initiatives, to students in other institutes. To encourage uptake, the Trust is continuing to fund a number of under-graduate scholarships for students across Australia who wish to undertake sheep and wool education training via these modules. To support enrolments in these units, the Trust also provides funding for:

*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.

*Performance Awards:*

These are for students enrolling in Wool Units delivered by UNE. Awards are based on performance and are made to students nominated by their lecturer.

*Support to Universities:*

Supporting funds are allocated to non-UNE Universities to offset any loss of income arising from their students enrolling externally in units delivered by UNE. As of 2008 these funds will be distributed directly to the Universities by the Trust.

As noted earlier, the Sheep CRC, AWI, MLA and UNE assigned the IP associated with the educational modules developed by the parties during the course of the Sheep CRC to the Trust, conditional upon UNE being granted a licence to continue delivery of

courses based on those modules. Importantly, the parties also granted the Trust the right to provide other institutions and organisations with access to these resources.

In 2007, the first Trust-funded lecturer (Dr Emma Doyle) was appointed by UNE to undertake the delivery and updating of the wool-related modules. This strategy has been highly successful, as demonstrated in the following table showing the significant increase in enrolments (both internal and external), since her appointment.

Unit	Code	2006			2007			2008 <sup>3</sup>		
		UNE	Other	Total	UNE	Other	Total	UNE	Other	Total
Wool Biology & Metrology <sup>1</sup>	WOOL472				3	1	4	3	5	8
Wool Metrology	WOOL432	1	1	2						
Sheep Production	WOOL412	21	4	25	7	6	13	20	29	49
Applied Animal Nutrition	ANUT300	25	1	26	26	3	29	41	7	48
Sustainable Agriculture	RSNR421	18	0	18	30	0	30	41	3	44
Meat Technology (Semester 1)	MEAT418	14	0	11	15	0	15	13	0	13
Meat Technology (Semester 2)	MEAT418	9	2	11	10	2	12	13	6	19
Sheep Meat Prod'n & Marketing <sup>2</sup>	ANPR420/520	1	3	4				6	10	16
Wool Marketing	WOOL422	9	4	13	6	7	13	12	10	22
Wool Processing	WOOL482	0	1	1	4	3	7	4	0	4
Genetic Evaluation and Breeding	GENE422	11	2	13	18	1	19	10	5	15
Managing Sheep Enterprises <sup>2</sup>	ANPR250/450							7	13	20
<b>TOTAL</b>		109	18	127	118	23	144	170	88	258

- NOTES:**
- 1 Wool Biology & Metrology was created for delivery in 2007 by merging WOOL432 with topics from other units
  - 2 ANPR420/520 and ANPR250/450 were not offered in 2007
  - 3 Enrolments for 2008 are not yet finalised, so data is lower than expected actual.

Total enrolments for 2008 will be more than double 2006 and 2007. Notably, there has been a significant increase in the number of cross-institutional students enrolling at UNE in 2008, particularly from CSU. Due to excellent collaboration between Dr Doyle and CSU staff, CSU students will be allowed to substitute UNE units for core units offered at CSU. This year, it will not be possible for them to take up the Wool Biology & Metrology or Wool Processing courses, despite strong interest by students, but they have been allowed to enrol in the Wool Marketing and Sheep Production units, thereby increasing enrolment intakes by 69% and 277%, respectively.

Having initially focused on funding the establishment of a resource hub for sheep and wool education within the Sheep CRC/UNE arena, Trustees have been keen to dispel any perception that this relationship inhibits or prevents them from investing funds more widely. To this end, Trustees have held 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, on 25th September 2006, was followed up with a second one on 25<sup>th</sup> October 2007. Both have provided opportunities for face-to-face collaboration and networking, to optimise the development and use of resources, and to assist Trustees in identifying new opportunities that might warrant their direct investment, as recommended by the academics.

As a direct consequence of these meetings, the Trust now supports 15 Honours scholarships per year (available to suitable applicants from any University), each of

which is valued at \$5,000 - with \$2,500 being allocated to the student and the balance to the University to fund its support for the student.

During 2007, two PhD scholarships, each valued at \$28,000, were also awarded and, in addition, the Trust is now funding a Post Doctoral Scholarship valued at \$44,000.

The Trust continues to support the VET sector via 15 scholarships, valued at \$3,000 each, being made available per year to students attending institutions in this sector. Three of these were awarded to students attending Tocal College in NSW, during 2006 and again in 2007. Responses from other VET institutions invited to apply for such support has been non-existent and this will be followed up during 2008.

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

In addition to these investments, the Trust also supports a number of special projects. During 2007, it provided \$10,000 to the NSW DPI to develop 4 mini wool classroom exhibition boxes for trial use by NSW primary students and teachers. The mix of materials, resources and activities were chosen to appeal to students from Kindergarten to year 6, so that multiple classes were covered within a single school.

The Trust also agreed to provide \$25,000 to Australian WoolProducers, to assist in the revision of the Kondinin Project Workboot series.

Also in 2007, the Australian Wool Textile Training Centre concluded its pilot program to evaluate the viability of offering annual courses of intensive training for individuals working throughout the wool industry in Australia and internationally. The Trust's initial commitment of \$100,000 was augmented by a further \$25,000 during 2007, to allow the project to be completed.

## Funding Allocations

The following table illustrates the allocation of funding between the different educational sectors, as at 31<sup>st</sup> December 2007. The commitment detailed against each sector is projected over a 5-year period.

<b>Project</b>	<b>Actual Commitment</b>	<b>Amount Paid</b>
Agricultural Colleges One Year Scholarships	\$150,000	\$0
Australian Sheep Industry CRC	\$8,750	\$35,000
Australian Wool Textile Training Centre	\$145,000	\$125,500
Industry Co-op Sponsorship	\$81,750	\$27,750
Marcus Oldham College	\$30,000	\$20,000
Monash University	\$11,920	\$0
Education for Schools	\$11,731	\$7,027
University Honours Scholarships	\$330,000	\$25,000
Postgraduate University Scholarships	\$897,000	\$45,000
University of Melbourne (MacKinnon Project)	\$26,000	\$0
University of New England	\$534,584	\$146,785
<b>TOTAL</b>	<b>\$2,226,735</b>	<b>\$432,062</b>

## 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.

D.J. WARD OAM  
CHAIRMAN