



Australian Wool Education Trust

ANNUAL REPORT - 2015/2016

History

In July 1997, Australian Wool Testing Authority Ltd (AWTA Ltd) decided to donate \$3.0 million of its Unappropriated Profits to a trust vehicle named "The AWTA Ltd Wool Education Trust". The objectives, as 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).

Being a not-for-profit trust, AWET is registered with and reports to the Australian Charities & Not for Profits Commission (ACNC). Registration was first required in 2012 and Annual Reports are provided to the ACNC at the end of each calendar year.

Trustees – 2015/2016

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 Former Executive Committee Member, FAWO

Appointed by AWI

Dr A. C. Archer AM PSM:
Former Principal, Tocal College and Chairman of the Primary Industries Education Foundation Australia

Professor A. L. Vizard:
Principle Fellow, Faculty of Veterinary & Agricultural Science, Melbourne University

Mr B. P. van Rooyen:
Chairman Australian Country Spinners and Former Director of AWI

Investment Strategy

In February 2016, the Trustees reviewed AWET's investment strategy, following their decision to cease direct investment in individual equities in favour of investment via selected Managed Funds.

Trustees reaffirmed AWET's investment objectives to preserve the capital of the Trust and produce an income stream to meet the grant requirements of the Trust from year-to-year, having regard to:

- the medium to long term objectives of the Trust;
- the need for diversification of investments;
- the need for managing the risks in making, holding and realising investments relative to the likely return;
- the need to have sufficient liquidity to meet day to day cash needs; and
- the need to be able to discharge existing and prospective liabilities as they fall due.

Accordingly, Trustees also decided to change AWET's portfolio target to 35% Income Assets and 65% Growth Assets, over a period of up to 2 years. Given the then current outlook for low interest rates, this new investment strategy was expected to deliver a long term nominal rate of return of 6.6%.

The Trustees acknowledge that the above investment objective and investment strategy will entail risks that mean the investment objective might not be met from time-to-time. By way of example, the generally accepted asset class indices for this strategy (from March 1993 to December 2015) produced:

- an incidence of negative return of 1 year in every 6.8 years;
- the greatest loss experience in any 12-month period of 23.7%; and
- the time to recover from this loss is expected to be 29.6 months (based on average historical returns)

Funding Strategy

The Trustee's investment strategy recognises that, to ensure that AWET 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.

Trustees aim 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 applied 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
% 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.

These guidelines are applied with some flexibility, taking into account the specific details of projects being funded. They are not mandatory annual limits. However, the level of funding will need to be reviewed, given the lower (6.6%) expected rate of return and low CPI.

From its inception and up to 30th June 2016, AWET has spent 62.3% 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 AWET's initiatives.

General Policy for Allocation of Funds by Educational Sector

The objectives of the Trust Deed 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 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.

Since 2013/14, 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 funding applications received.

Assets Held by the Trust

Financial

As at 30th June 2016, the total equity held by AWET was \$10.032 million. This was slightly higher than the \$9.940 million held at 30th June 2015. Total revenue for 2015/2016 was \$0.871 million, significantly less than 2014/15 (\$1.128 million), reflecting the contracting returns in investment markets. Total payments to fund sheep and wool education were \$0.368 million, a small reduction on the previous years, reflecting decisions made by Trustees to align expenses according to their investment policy.

Operating expenses for the year, excluding pro bono accounting and legal services provided by AWTA Ltd, amounted to 1.48% of the equity.

Intellectual Property (IP) – Undergraduate Studies

CRC for Premium Quality Wool Resources

AWET holds the educational resources created by the CRC for Premium Quality Wool, during its activities from 1993-2000. This resource consists of 2500 Microsoft PowerPoint presentations grouped into Subjects, Themes, Topics and Modules. The PowerPoint 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.

AWET owns and manages the Woolwise Website (www.woolwise.com), which was established with its funding towards the end of the CRC for Premium Quality Wool. All the educational resources produced by the CRC can be downloaded from the site.

Australian Sheep CRC Resources

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, AWET 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 coordinated by UNE and delivery of courses utilizing the modules commenced.

In 2007, the Core Parties of the Australian Sheep Industry CRC assigned to AWET all IP rights in the CRC-owned Educational Modules and related Additional IP.



Since the inception of the Trust, AWTA Ltd has provided pro bono accounting and legal services, 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.



The Educational Modules initially covered the following topics:

Item	Reference No.	Title
1	WOOL 412	Sheep Production
2	ANUT 300	Applied Animal Nutrition
3	RSNR 421	Sustainable Land Management
4	WOOL 472	Wool Biology and Measurement
5	MEAT 418	Meat Technology
6	WOOL 422	Wool Marketing
7	WOOL 482	Wool Processing
8	GENE 412	Genetic Evaluation and Breeding
9	ANPR 420	Sheepmeat Production and Marketing
10	ANPR 450	Managing Sheep Enterprises

The IP transferred to AWET 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.

Australian Wool Textile Training Centre Resources

AWET also holds the resources produced for the former Australian Wool Textile Training Centre (AWTTC).

These resources cover the following topics:

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

AWET Resources

AWET has funded development of a set of case studies for use by educators.

Case Study **Supply Chain Innovation**

01: The case reflects upon the Tasmanian Quality Wool's (TQW) experiences in developing supply chain alliances and direct links with overseas garment manufacturers for the supply of wool for higher quality garments. The re-designed supply chain was aimed at reducing costs, with the cost savings to be shared by the 3 key partners.

Case Study **Wool Supply Chain**

02: This is a story about a joint venture arrangement in a wool supply chain, from Australian woolgrower to European weaver.

Case Study **Going Finer**

03: This case study examines a wool producer's integrated management approach toward the production of finer wool.

Case Study **Grower Price Risk Management**

04: This case study is about the marketing environment facing specialist woolgrowers and approaches available to the growers in dealing with volatile prices.

Management of the IP

Maintenance and Updates

In 2007, contiguous with the assignment to AWET of all IP rights in the CRC Educational Modules and related Additional IP, a Licence Agreement between the University of New England (UNE) and AWET came into effect.

This obliges UNE to continue to deliver, develop and maintain the Modules and also, pursuant to the Agreement, UNE must transfer to AWET electronic copies of all updates to the Modules undertaken during the term of the Licence Agreement. The Agreement is subject to AWET continuing to provide funding to UNE to support the delivery of the Modules to undergraduate students. Should this funding cease then the obligation on UNE to update and maintain the Modules would also cease.

AWET may from time-to-time, in its sole discretion, provide funding to UNE for the provision of prizes, scholarships, staff support or other incentives in connection with the Educational Activities, in such amounts and on such terms as are agreed by AWET, but nothing in the Agreement imposes any obligation on AWET to provide any such funding.

The original Licence Agreement was applicable for 2 years, with the option to renew. In the ensuing years, it has been updated and renewed regularly.

There have been several updates to the Modules undertaken by UNE since the Licence Agreement commenced. The current status is as follows:

Item	Reference No.	Title	Status
1	WOOL 312-412-512	Sheep Production	See Note 1
2	ANUT 300-500	Applied Animal Nutrition	Revised 2012.
3	WOOL 472-572	Wool Biology and Measurement	Revised 2012.
4	MEAT 418-518	Meat Technology	Revised 2013.
5	WOOL 322-422-522	Wool Marketing & Clip Preparation	Revised 2012.
6	WOOL 382-482	Wool Processing	Revised 2012. See Note 4
7	GENE 422-522	Genetic Evaluation and Breeding	Revised 2011.
8	ANPR 350-450	Sheep Management	Revised 2012.
9	WOOL 300	Fundamentals of Sheep and Wool	Created 2014. See Note 3
	ANPR420	Sheepmeat Production and Marketing	See Note 1
	RSNR421	Sustainable Land Management	See Note 2

Note 1 In 2012, supported by funding provided by AWET and MLA, the content of ANPR 420 was incorporated into an expanded WOOL 312-412-512 unit.

Note 2 RSNR 421, as developed by the CRC, is no longer offered by UNE. Under the terms of the Licence Agreement, the Trust can license this unit to other Universities. UNE has developed an alternative course, identified by the same code and title, but delivered in a different faculty. However, the Trust still holds the original unit documentation.

Note 3 WOOL 300 (Fundamentals of Sheep and Wool) was developed in 2013/14 for joint delivery by UNE and New England TAFE. It uses the content of the existing undergraduate modules licensed to UNE to provide a detailed introduction to the Australian sheep and wool industry and production systems. Specifically, it outlines the factors affecting production of sheep meat and wool and those 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.

Note 4 The original version of WOOL 382-482 consisted of 29 topics. In 2012, with funding provided by the Trust, the module was revised and reduced to 16 topics.

Note 5 The Trust maintains copies of the original modules and their subsequent revisions.

Delivery to Undergraduates

Delivery of the Sheep CRC Modules is facilitated via the Trust's Research Agreement with UNE. Under this Agreement, the Trust has continued to provide funding to support delivery of the IP via a "Hub and Spoke Model", Australia-wide. This model provides for the inclusion of external students from other Universities in the courses offered by UNE.

Pursuant to this Research Agreement, the Trust's support has been both direct and indirect.

Direct: Subsidisation of salary costs

Subsidisation of maintenance and updating of the 4 wool modules

Undergraduate Co-operative Scholarships

Under this arrangement, UNE seeks co-funding from industry sources, so that the number of scholarships awarded each year (each worth \$6000 p.a.) can be maximised. This involvement guarantees work experience for the scholarship recipients and the industry co-funders gain the opportunity to consider employing them. AWET's annual commitment varies, depending on the scholarship duration, availability of industry co-funders and the recipients' progress.

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.

Indirect: 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.

Subsidies to External Universities.

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 enroll 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.

The Research Agreement was renegotiated in 2010, 2013 and 2016. Whereas the early agreements were very specific with regard to how and where UNE invested the funds provided by AWET, the 2016 the Research Agreement with UNE is substantially less prescriptive, with:

- direct funding capped at \$150,000 per annum - UNE being free to allocate the funds to obtain the optimum outcomes;
- the Term of the Agreement being extended from 3 to 5 years; and
- AWET continuing its indirect funding and including Undergraduate Co-op Scholarships in this stream.

This restructuring has released funds for AWET to increase its support in other educational sectors, in particular, to provide wool education in Australia's Fashion & Design schools.

The numbers of enrolments in each module, since the Licensing Agreement commenced, is tabulated below (NO = Not Offered, NA = Not Available).

Title	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Sheep Production	13	50	26	51	63	55	40	76	41	31
Wool Biology and Measurement	4	8	NO	10	7	9	4	18	13	12
Wool Marketing	13	23	9	15	20	15	24	15	12	8
Wool Processing	7	6	5	17	20	18	5	5	14	7
Fundamentals of Sheep & Wool	NA	13	34	40						
Totals: AWET Sponsored Units	37	87	40	93	110	97	73	127	114	98
Applied Animal Nutrition	29	48	43	49	54	27	46	41	38	39
Sustainable Land Management	30	33	43	32	29	15	62	54	28	43
Meat Technology	15	31	26	36	23	19	20	19	21	21
Genetic Evaluation and Breeding	19	13	5	7	10	19	7	9	4	13
Sheep Meat Production & Marketing	NO	16	3	NO						
Managing Sheep Enterprises	NO	24	11	21	13	16	7	9	9	31
Totals: Other Units	93	165	131	145	129	96	142	132	100	147
Totals: All Units	130	252	171	238	239	193	215	259	214	245

However, AWET's direct funding actually commenced prior to 2007 and its cumulative investment in delivering the Wool Modules, including indirect funding, is \$2,944,372. The data tabulated below does not include \$282,000 invested by AWET to develop the Wool Modules, which occurred from 2002 to 2005.

Year	Direct Funding		Indirect Funding		
	UNE Delivery	Undergraduate Scholarships	Honours Scholarships	Subsidies	Total
2005/06	\$5,850	\$18,000	\$0	\$0	\$23,851
2006/07	\$3,533	\$23,250	\$25,000	\$0	\$51,783
2007/08	\$102,624	\$14,250	\$80,000	\$0	\$196,874
2008/09	\$243,336	\$45,750	\$55,000	\$0	\$344,086
2009/10	\$182,975	\$52,500	\$83,000	\$0	\$318,475
2010/11	\$276,546	\$69,000	\$60,000	\$32,000	\$437,546
2011/12	\$175,682	\$18,000	\$108,000	\$38,600	\$340,282
2012/13	\$162,223	\$18,000	\$82,500	\$38,400	\$301,123
2013/14	\$151,271	\$46,500	\$66,000	\$28,200	\$291,971
2014/15	\$176,484	\$22,500	\$78,000	\$68,000	\$344,984
2015/16	\$171,248	\$27,750	\$78,000	\$16,400	\$293,398
Total	\$1,651,772	\$355,500	\$715,500	\$221,600	\$2,944,372

Since inception, AWET's total investment in supporting wool education is approximately \$4.649 million.

General Availability of AWET'S IP

IP Covered by the Licence Agreement

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. In order to maximise the use of these resources, no charges are raised by the Trust.

Two (2) types of Licence are available, namely, 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.

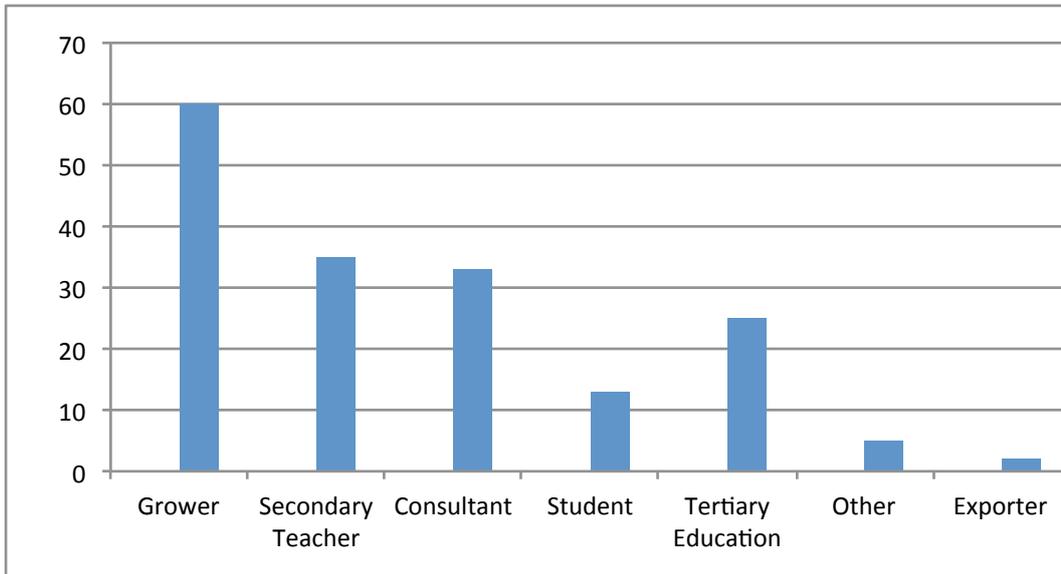
The materials supplied under this Licence include all versions of the modules since inception.

By 30th June 2016, a total of 20 such Licences had been issued.

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

As at 30th June 2016, a total of 153 such Licences had been issued.

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



Other IP

The DVD's containing the IP relating to the Education Models contain all other IP held by AWET, namely:

- CRC for Premium Quality Wool Resources
- Australian Wool Textile Training Centre Resources
- AWET Resources
- Other miscellaneous resources.

Review of 2015/16

Undergraduate Studies

Total investment in undergraduate studies during 2015/16 was \$313,398.

Whilst AWET funding for delivery of the Wool Modules is the major component of this, industry support for scholarships is also invaluable.

Undergraduate Cooperative Scholarships

In the year under review industry support for these scholarships was provided by:

- Australian Wool Network
- Nikke Port Philip Scouring Ltd
- WoolProducers Australia
- Australian Council of Wool Exporters and Processors
- Roberts/Rural Co
- Australian Wool Testing Authority Ltd

Four (4) such scholarships were awarded for the 2016 academic year.



Felicity Brumpton

Felicity is a 2nd year student studying for a Bachelor of Animal Science, majoring in livestock production at UNE. She grew up on a mixed Merino sheep, cattle and cropping enterprise near Mitchell, Queensland. Her family background and rural upbringing brought about her keen interest in sheep and wool providing her with experience in all areas of a functioning sheep business. She is also a co-owner of a Poll Merino stud with her 2 brothers and they travel to numerous State and interstate shows promoting their stud. She also has the opportunity to compete in many junior judging competitions and has gained experience as an associate judge.

She is particularly interested in studying the Sheep Production unit, as she wants to learn how to enhance the genetic potential of Merinos and produce a sustainable, highly productive dual purpose sheep that will meet the demand of meat and wool fibre in a rapidly growing world population. The

Wool Marketing and Clip Preparation unit will also assist her in understanding the finer details of a range of markets and the extent of international demand for various wool types.



Max Edwards

Max is a 4th year student studying a Bachelor of Animal and Veterinary Bioscience at the University of Sydney. He was raised on a mixed-enterprise family farm near Wellington in the Central West of New South Wales and was always heavily involved in operations with sheep, cattle and cropping. Having a strong interest in both sheep meat and wool production from a young age, he was able to get involved within the industry by working at various farms and studs in the area as well as in the local sheep sale yards at Dubbo.

By undertaking online Sheep and Wool units, Fundamentals of Sheep and Wool Production (WOOL300) and Wool Marketing and Clip Preparation (WOOL322), Max intends to further his knowledge of the sheep industries in detail.



Brian Ostini

Brian has been working as a farmhand on a fine/medium sheep and cattle property at Euchareena in the Central West of NSW for the past 2 years. This experience has been very beneficial in building his knowledge of the practical side of a grazing enterprise. He has completed a Diploma in Agriculture, which will enable him to articulate into the 2nd year of the Bachelor of Agrifood Systems at UNE in 2016. He is also currently completing the Certificate IV in Woolclassing because he wants to improve his understanding of wool. Studying the units 'Wool Biology and Measurement' and 'Sheep Production' will enable him to enhance this understanding further.

Max's aim is to eventually manage his own agricultural enterprise. His specific interests are medium wool, high fertility sheep, with an aim to develop a profitable and sustainable business,



Lucy Goldspink

Lucy came from a farm in Mendooran NSW and has worked with sheep and wool her whole life. She grew up in shearing sheds with her mother and father and worked school holidays as a roustabout throughout her childhood and teenage years. After school, she moved to a station in the Northern Territory. She now lives in remote SA on a sheep and cattle station and works as a contract musterer. She is in her 3rd and final year of the Bachelor of Agrifood Systems, studying externally through UNE. In trimester 3, 2015, she undertook WOOL300 and WOOL427. These modules allowed her to expand her practical and theoretical knowledge and she thoroughly enjoyed both.

She hopes one day to be able to make a contribution to the wool industry, but is not yet sure which path she will take. She would love a job enabling her to meet different people and get outside every day.

(Acknowledgement: Photographs and biography details were provided by UNE.)



Undergraduate Project and Masters by Coursework Scholarships

Despite 15 such scholarships being available, only 11 were awarded for the 2016 academic year as follows:

Charles Sturt University

Zoe Lynch

The effects of planting density on *Phalaris aquatica* production and quality in the south-west slopes of NSW.

Kenneth Ross Graham (Master by Course Work)

Efficacy of "Regulin" to improve reproductive rates of Border Leicester/Merino ewes of mixed ages.

Simone Parisella (Master by Coursework)

Examination of the interplay between the HPA-axis system and the HPG-axis system in sheep under acute and chronic stress associated with animal production systems, by measuring levels of glucocorticoid metabolites in respect to condition and season in wool samples.

Sydney University

Anabelle Ottery

Use of Electroencephalography to assess pain and pain management in Merinos objectively, to develop a protocol to better understand pain associated with husbandry procedures (allowing for ranking of these) and objectively assessing efficacy of different analgesic/anaesthetic drugs available (e.g. Tri-Solfen and/or Buccalgesic) for use during Mulesing, castration and tail-docking.

Danielle Shirley

Determine the effect condensed tannins contained in purple pairie clover have on the DMI, growth rate, wool yield and quality, feed efficiency, nutrient digestion, rumen metabolites and carcass traits of lambs.

Amelia Gledhill

Use of a low-cost, producer-friendly handheld device to measure pregnancy, fat and muscle depth in ewes and lambs

Gabriella Ryan

The development of a simple, room temperature diluent for ram semen that could potentially eliminate the need for refrigeration or cryopreservation and other logistical issues associated with preserving, transporting or utilizing ram semen.

James Nield

Investigate factors that affect key control methods used in the sheep industry to manage and reduce the risk of Johnes disease.

Max Edwards

Improving management knowledge by automatically identifying factors affecting live weight changes in sheep in real-time for improved decision making, and thus allowing automatic identification of poor-performing individuals also in real time.

Rachel Tulloch

Identification of the genome region that contains the disease-causing gene for CVS in Merino sheep, as well as a list of positional candidate genes. The findings of this investigation could be utilised in creation of an indirect DNA test to identify the presence of the disease in sheep.

UNE

Sarah Baker

To properly define the duration and level of protection against the *Haemonchus contortus* worm provided by the first booster Barbervax vaccine given to hoggets in year 2 and to test the association between peripheral antibody titre and protection against *Haemonchus* challenge. This knowledge will be important for optimising vaccination programs in the 2nd year and mimimising costs to wool producers

Alistair Mackenzie Scholarship

AWET co-sponsors this scholarship with WISS. The 2016 scholarship was awarded to Sam Bunge, who was raised on a family farm near Coleraine in South West Victoria. The family runs a fine wool merino flock. After completing high school, Sam took 2 gap years and worked on a NSW fine wool sheep station as a station hand.

His reason for enrolling in Marcus Oldham was to obtain the skills required to operate a successful wool production enterprise.

Delivery of the Wool Processing Module

With very little wool now being processed in Australia, enrolments in this module are quite small. As a consequence, the previous Research Agreement with AWET required UNE to examine the possibility of delivering this unit in China, India and possibly Vietnam.

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, throughout 2015/16, AWET worked with Deakin University and AWI to establish how best to proceed. Both Deakin 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 agreed that it is essential for them to work together, to avoid duplication of costs, and to maximise return on the investments already made.

In February, 2016 AWET considered the following recommendations from a working group representing the 3 organisations:

- AWET to fund a pilot programme, delivered by Deakin, to 2 additional Universities in China, namely, Wuhan and Xian, at a cost (subsequently provided by Deakin) of AUD 65,400;
- the courses developed by AWI to be used, with any necessary enhancements to be provided by Deakin;
- AWET to fund the pilot via AWI, with Deakin contracting directly with AWI;
- AWI's materials to be available for delivery in Australia;
- Deakin to negotiate with the Chinese Universities to have the courses inserted within their existing textile courses being, with the assessment of participating students being achieved by the usual processes.
- Deakin to provide progress reports to the Trust, as well as to AWI;
- a decision to expand delivery to up to 3 additional Universities to be made post completion of the pilot; and
- the materials in AWET's wool metrology module to be used for an appropriate course for delivery into China.

Trustees confirmed their intention to fund the pilot programme fully and to consider funding of any expanded programme in partnership with AWI, subject to AWI's acceptance.

AWI has accepted this proposal and the arrangements have been made for the pilot program to commence.

AWI National Merino Challenge

AWET contributed \$10,000 to the AWI National Merino Challenge (NMC).

The NMC is an Australian Wool Innovation (AWI) initiative designed to allow young people to engage with the Merino industry by developing their knowledge, skills and networks. It involves presentations and demonstrations by industry professionals. Students participate in seven 'mini-challenges' over 2 days, testing their knowledge of Merino fleece, production, breeding and selection.

Techniques from several well-known industry initiatives, such as MERINOSELECT, Lifetime Wool, Bredwell Fedwell and Visual Sheep Scores, are used throughout the NMC, giving students a realistic and practical insight into the tools available to growers to make more informed decisions.

AWET's grant was used to subsidise the travel costs of contestants.

Schools

The Trust's recent activity in the Schools sector has been via contributions to AWI's Wool4Skools Program. The contribution in 2015/16 was \$10,000.

Vocational Education Training - Production

The Trust offers VET sector scholarships, each valued at \$3,000, to students attending institutions in this sector. In 2015/16, three (3) of these were awarded to students at Tocal College in NSW and another 3 were awarded to students attending WA College of Agriculture.

Vocational Education Training – Fashion Schools

During 2015/16, AWET commenced a pilot program distributing grants to selected Fashion Design students, to facilitate purchase of wool-rich fabric for their final year design projects.

Initially, 25 grants were 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 were:

1. AWET to support a fixed number of grants to a maximum cost of \$50,000 per annum;
2. Grants to be available to final year students from 3 and/or 4-year Degrees;
3. The quantum to 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. Grants are to assist successful candidates in sourcing and purchasing wool fabric for inclusion in their final year looks/outfits/ranges;
5. Each grant to be contingent on having a minimum 80% wool content in the base fabric;
6. AWET to decide the number of grants available for each Institute, based on enrolment numbers, but not be involved in administration;
7. Each Institute to be responsible for advertising the grants and selecting candidates, based on:
 - 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 to be sent to AWET, soon after selection of successful candidates.
8. 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 February 2017.

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

Allocation of Funds by Educational Sector

Expenditure by sector for the year under review was:

Sector	%Range	Mid-point	\$ Available	\$Invested	Actual%
Schools	2% - 5%	3.50%	\$14,083	\$10,000	2.7%
VET - Production	5% - 10%	7.50%	\$30,177	\$18,000	4.9%
VET - Fashion Schools	10% - 23%	16.50%	\$66,389	\$22,000	6.0%
Undergraduate	65% - 80%	72.50%	\$291,711	\$317,943	86.4%
			\$402,360	\$367,943	100.0%

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, the Trust funds an Annual Meeting with the "wool product champions" from all Universities incorporating Sheep & Wool components in their undergraduate Degrees.

The most recent Meeting was held in July 2016.

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 2016.

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 2015/16 and the Auditor's Report.

In conclusion, I must advise that this will be the last time I have the honour and privilege to report on AWET's performance.

It is now almost 20 years since my then Chairman, Alan McGregor AO, agreed to support my recommendation for AWTA Ltd to commit \$3.0 million of unappropriated profit to ensure the availability of tertiary sheep & wool education in Australia – following UNSW's decision to close its specialist degree in this field.

When the Trust came into existence on 5th August 1997, I was privileged to be appointed as one of its 5 Foundation Trustees and, after 19 years' service, I have decided it is time to give AWTA Ltd (the appointor for my replacement) the opportunity to inject new ideas and energy into AWET. Consequently, I am retiring from the Trust with effect on and from 1st December 2016, in the knowledge that it is in safe hands and, as intended, will continue to serve the wool industry well.



D.J. WARD OAM
CHAIRMAN

AUSTRALIAN WOOL EDUCATION TRUST
ABN 12 886 519 613
INCOME STATEMENT FOR THE YEAR ENDED 30TH JUNE, 2016

	Note	2016 \$	2015 \$
Revenue	2	870,705.60	1,128,253.83
Miscellaneous Income	2	435.31	49.24
Sponsorship		0.00	0.00
Impairment Charge on Available-for-Sale Financial Assets		0.00	0.00
Education Funding Projects	4	(367,943.00)	(397,229.55)
Trustee Expenses		(48,074.00)	(48,525.15)
Insurance Premiums		(2,885.00)	(4,605.20)
Investment Management Fees		(67,505.00)	(67,308.00)
Secretarial Expenses		(24,803.00)	(29,250.45)
Other Expenses		(4,806.00)	(4,816.97)
Surplus/(Deficit)		<u>355,124.91</u>	<u>576,567.75</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, 2016

	Note	2016 \$	2015 \$
CURRENT ASSETS			
Cash and Cash Equivalents	5	91,711.65	43,789.52
Receivables	6	57,552.96	52,014.17
Other Current Assets	7	2,713.75	2,413.75
TOTAL CURRENT ASSETS		<u>151,978.36</u>	<u>98,217.44</u>
NON-CURRENT ASSETS			
Financial Assets	8	9,902,768.26	9,872,048.44
TOTAL NON-CURRENT ASSETS		<u>9,902,768.26</u>	<u>9,872,048.44</u>
TOTAL ASSETS		<u>10,054,746.62</u>	<u>9,970,265.88</u>
CURRENT LIABILITIES			
Payables	9	22,817.00	30,573.88
TOTAL CURRENT LIABILITIES		<u>22,817.00</u>	<u>30,573.88</u>
TOTAL LIABILITIES		<u>22,817.00</u>	<u>30,573.88</u>
NET ASSETS		<u>10,031,930.21</u>	<u>9,939,692.00</u>
EQUITY			
Donations Contributed	1(e)	7,000,000.00	7,000,000.00
Retained Surplus		2,766,502.01	2,411,377.10
Reserves		265,428.20	528,314.90
TOTAL EQUITY		<u>10,031,930.21</u>	<u>9,939,692.00</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, 2016

	Donations Contributed \$	Retained Surplus \$	Financial Assets Reserve \$	Total \$
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
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>
Opening Balance as at 1 July 2015	7,000,000.00	2,411,377.10	528,314.90	9,939,692.00
Surplus/(Deficit)	-	355,124.91	-	355,124.91
Unrealised Gains/(Losses)	-	-	(262,886.70)	(262,886.70)
Impairment Charge and Write-Downs	-	-	0.00	0.00
Closing Balance as at 30 June 2016	<u>7,000,000.00</u>	<u>2,766,502.01</u>	<u>265,428.20</u>	<u>10,031,930.21</u>

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30TH JUNE, 2016

	Note	2016 \$	2015 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Interest Received		626.94	726.74
Refund of Franking Credits		47,737.36	48,266.39
Sundry Income		435.31	51.78
Sponsorship		0.00	0.00
Refund of GST Paid		22,078.00	21,490.97
Payments for Education Funding Projects		(367,943.01)	(397,406.65)
Payments to Suppliers for Goods and Services		(105,012.47)	(90,649.93)
NET CASH USED IN OPERATING ACTIVITIES	10	<u>(402,077.87)</u>	<u>(417,520.70)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Calls from Managed Investments - Pitcher Partners		450,000.00	400,000.00
Investments at Call		(40,000.00)	20,000.00
NET CASH PROVIDED BY INVESTING ACTIVITIES		<u>410,000.00</u>	<u>420,000.00</u>
NET INCREASE/(DECREASE) IN CASH HELD		7,922.13	2,479.30
CASH AT THE BEGINNING OF THE FINANCIAL YEAR		3,789.52	1,310.22
CASH AT THE END OF THE FINANCIAL YEAR	11	<u>11,711.65</u>	<u>3,789.52</u>

AUSTRALIAN WOOL EDUCATION TRUST
ABN 12 886 519 613
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2016

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.

The financial statements were authorised for issue on 26th October by the trustees.

(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. Dividend revenue is recognised when the right to receive a dividend has been established. 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.

AUSTRALIAN WOOL EDUCATION TRUST
ABN 12 886 519 613
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2016

2.	REVENUE	2016	2015
		\$	\$
	Operating Activities:		
	Interest from Bank Bills & at Call	648.31	683.18
	Income from Managed Investments:		
	Interest from Preference Shares, Term Deposits and at call Cash	156,258.68	178,319.72
	Distribution in Unit Trusts	495,723.38	380,525.19
	Realised Gains	218,075.23	568,725.74
		<u>870,705.60</u>	<u>1,128,253.83</u>
	Non - Operating Activities:		
	Sponsorship	0.00	0.00
	Miscellaneous Income	435.31	49.24
	Total Revenue	<u><u>871,140.91</u></u>	<u><u>1,128,303.07</u></u>
3.	AUDITORS REMUNERATION		
	Remuneration of auditor		
	- audit	2,450.00	2,450.00
	- other services	0.00	0.00
		<u>2,450.00</u>	<u>2,450.00</u>
4.	EDUCATION FUNDING PROJECTS		
	Agricultural Colleges 1 Year Scholarships	9,000.00	24,000.00
	Annual Scholarships for University Honours Students	78,000.00	78,000.00
	Education for Schools - AWI School Uniform Design Competition	10,000.00	10,000.00
	Education Institutes Meeting Expenses	4,545.00	3,246.01
	AWI - NMC Travel Bursary Subsidy	10,000.00	0.00
	Marcus Oldham College - Alastair Mackenzie Scholarship	10,000.00	10,000.00
	Small Initiatives Grants	0.00	5,000.00
	Subsidies to External Institutions	25,400.00	68,000.00
	UNE Research Agreement	171,248.00	176,483.54
	UNE/CRC Undergraduate Scholarships	27,750.00	22,500.00
	School of Fashion & Textiles Grant	22,000.00	0.00
		<u>367,943.00</u>	<u>397,229.55</u>

AUSTRALIAN WOOL EDUCATION TRUST
 ABN 12 886 519 613
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2016

	2016	2015
	\$	\$
5. CASH AND CASH EQUIVALENTS		
Cash at Bank	11,711.65	3,789.52
Short Term Deposits at Call	<u>80,000.00</u>	<u>40,000.00</u>
	<u>91,711.65</u>	<u>43,789.52</u>
6. RECEIVABLES AS CURRENT ASSETS		
Debtors - Refund Due for GST Paid	4,425.00	4,239.00
Accrued Income	<u>53,127.96</u>	<u>47,775.17</u>
	<u>57,552.96</u>	<u>52,014.17</u>
7. OTHER CURRENT ASSETS		
Prepayments	<u>2,713.75</u>	<u>2,413.75</u>
8. FINANCIAL ASSETS		
Managed Investments (with Pitcher Partners):		
Investment Valuation at 30.06.2016	9,902,768.26	9,588,609.98
Accrued Income	<u>0.00</u>	<u>283,438.46</u>
	<u>9,902,768.26</u>	<u>9,872,048.44</u>
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.		
9. PAYABLES AS CURRENT LIABILITIES		
Accrued Expenses:		
Audit Fees	2,500.00	2,450.00
Investment Management Fee	17,325.00	16,530.00
Administrative Services Fee	0.00	2,631.75
Stationary	0.00	76.13
Bank Charges	40.00	30.00
Trustees' Fees	<u>2,952.00</u>	<u>8,856.00</u>
	<u>22,817.00</u>	<u>30,573.88</u>

AUSTRALIAN WOOL EDUCATION TRUST
 ABN 12 886 519 613
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2016

	2016	2015
	\$	\$
10. STATEMENT OF CASHFLOWS - RECONCILIATION OF NET CASH USED IN OPERATING ACTIVITIES		
Surplus/(Deficit)	355,124.91	576,567.75
Changes in Assets and Liabilities:		
Changes in Net Market Value of Investments	(480,719.82)	(678,641.80)
(Increase)/Decrease in Other Current Assets	(300.00)	1,720.20
(Increase)/Decrease in Receivables	(5,538.79)	(369.34)
Increase/(Decrease) in Payables	(7,756.88)	10,237.88
Impairment Writeback		0.00
Increase/(Decrease) in Financial Assets Reserve	(262,886.70)	(327,035.39)
NET CASH USED IN OPERATING ACTIVITIES	<u>(402,077.87)</u>	<u>(417,520.70)</u>

11. STATEMENT OF CASHFLOWS - RECONCILIATION OF CASH

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:

Cash at Bank	<u>11,711.65</u>	<u>3,789.52</u>
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12. PROJECTED FUNDING COMMITMENTS

Contracted and Conditional Funding Commitments

Payable not later than 1 year:

- Undergraduate	<u>225,400.00</u>	<u>111,963.00</u>
	225,400.00	111,963.00

Payable later than 1 year but not later than 5 years:

- Undergraduate	<u>600,000.00</u>	<u>0.00</u>
	600,000.00	0.00

	<u>825,400.00</u>	<u>111,963.00</u>
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These projected funding commitments are contracted, with payment conditional upon agreed outcomes being delivered.

AWI/TWC Wool Processing Education Module \$65,400.00

UNE Hub & Spoke \$760,000.00

AUSTRALIAN WOOL EDUCATION TRUST
 ABN 12 886 519 613
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2016

	2016	2015
	\$	\$
13. RELATED PARTY TRANSACTIONS		
Remuneration of Trustees	<u>43,276.00</u>	<u>44,176.00</u>

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, 2016 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 2015/16, 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 sixth day of October, 2016



JTP ASSURANCE

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF

Australian Wool Education Trust

ABN: 12 886 519 613

Report on the Financial Report

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 2016, 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 trustees are responsible for the preparation of the financial report in accordance with Australian Accounting Standards and have determined that the accounting policies described in Note 1 to the financial report are appropriate to meet the requirements of the trust deed and is appropriate to meet the needs of the members. The trustees' responsibility also includes such internal control as the trustees 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 judgment, 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 company'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 2016, 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 under the 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 28th day of October, 2016

SAM CLARINGBOLD

Partner