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## Final Milestone Report: Australian Wool Textile Training Centre

The AWTTTC Management Agreement established the Management Committee to develop and deliver a series of 7 courses to provide training to people employed throughout the wool industry.

The training was intended to be intensive, delivered over a 2-3 week period each year over a two year period.

The program was established as a pilot program to determine if a demand for this type of training existed and whether it should continue to be delivered on a self-sustaining basis.

The Management Committee has received and accepted an evaluation report as required within the Management Agreement.

The Committee's conclusions and recommendations concerning the continuation of the AWTTTC are attached for your consideration.

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# AWTTC PROJECT FINAL MILESTONE REPORT

This report is submitted in accordance with the reporting requirements of the Management Agreement under which the Australian Wool Textile Training Centre (AWTTC) operates. A final milestone report was scheduled in the Agreement for December 2007

It has been prepared by the AWTTC Management Committee, which comprises representatives of the International Fibre Centre (IFC), Australian Wool Innovation (AWI), Australian Wool Education Trust (AWET) and the Commonwealth Scientific and Industrial Research Organisation (CSIRO).

## Objectives of the AWTTC

1. Develop at least seven pilot courses addressing training needs of the international wool textile industry;
2. Deliver at least seven pilot courses involving a minimum of 105 participants;
3. Evaluate the effectiveness of the pilot courses ("Pilot Program") over a two year period;
4. At the completion of the pilot program determine the feasibility of establishing an AWTTC as a permanent facility.

## Outcomes Delivered in Year 2006

- Seven (7) courses were developed, delivered to 107 participants (Appendix 1, Table 1), with the effectiveness of the delivery assessed by Apical International Pty. Ltd. Participant assessment of the course content, relevance, and delivery was overwhelmingly positive.
- Total costs in 2006 were \$497,643 (see Appendix 2) consisting of:
  - \$80,334 (16.1%) Management expenditure
  - \$180,301 (36.2%) for development of content, preparation of marketing and management tools such as the website, and the collation, editing and formatting of course materials.
  - \$196,521 (39.5%) for Course Delivery expenditure, including use of CSIRO facilities
  - \$40,486 (8.1%) for Marketing.
- Income totalled \$547,503, of which income from attendees totalled \$49,264 (9%), and drawn down from partners totalled \$498,237 (91%), representing:
  - \$269,951 from IFC, or 90% of their 2-year commitment
  - \$128,288 from AWI, or 85.6% of their 2-year commitment
  - \$100,000 from AWET, or 100% of their 2-year commitment.
- \$180,301 of the total Operating Expenditure was for one-off 'start-up' costs. Total delivery marketing and management costs were \$317,342 for the first Program completed in 2006.
- Excluding start up costs ,the average cost per participant was \$2966
- The program finished with a surplus of \$49,860 for the year.
- A review by the Management Committee indicated that a modified round of AWTTC courses could be delivered in 2007, including a new course on Early Stage Processing, at approximately \$1250 per participant. However, the forward financial estimates indicated that although total costs for 2006 and 2007 deliveries would be within budget, AWTTC would operate at a loss of around \$27,000 as income from participants was not as high as originally anticipated.

- The Management Committee recommended that the funding partners commit a further \$75000 in total to the project to ensure that the Committee had sufficient funds available to cover costs of program delivery in 2007 that would be incurred in advance of receipt of any income from registrations. It was anticipated that the project would be in surplus at the end of 2007 if this funding was provided.
- AWI, AWET and IFC jointly agreed to provide additional funding of \$75000, with equal contributions from each party, to allow the second stage of the project to proceed.

## Outcomes Delivered in Year 2007

- Six (6) courses were developed, delivered to 103 participants (Appendix 1, Table 2). A new course, Wool Topmaking & Early Stage Processing, replaced a course entitled Advanced Quality Management Systems. The course entitled Mill Management Practices was not delivered.
- The effectiveness of the delivery was again assessed by Apical International Pty. Ltd. Participant assessment of the course content, relevance, and delivery was again overwhelmingly positive.
- Total costs in 2007 were \$178,046 (see Appendix 2) consisting of:
  - \$23,750 (13.3%) Management expenditure
  - \$787 (0.4%) for development of content, preparation of marketing and management tools such as the website, and the collation, editing and formatting of course materials.
  - \$128,677 (72.3%) for Course Delivery expenditure, including use of CSIRO facilities
  - \$24,832 (14.0%) for Marketing.
- In 2006 \$180,301 of the total Operating Expenditure was for one-off 'start-up' costs. The value of this investment in the Course IP is reflected in the reduction in operating costs in 2007 and the significant change in the expense profile where the delivery costs become the major expenditure.
- Income (see Appendix 2) totalled \$125,468, of which income from attendees totalled \$44,568 (35.5%), and income provided from partners totalled \$80,900 (64.5%), representing:
  - \$25000 from IFC
  - \$25,000 from AWI
  - \$25000 from AWET
  - \$5900 from Landmark
- Excluding start up costs ,the average cost per participant was \$1242 cf \$2966 for the previous year, reflecting in part the significant savings achieved in the delivery of the courses, as well as savings in other expenses areas.
- The program finished with a deficit of \$52,578 for the year, which due to the surplus of from the previous year and the contributions of the partners resulted in an overall deficit of \$2,718 for the entire pilot program

## Conclusions

- The pilot program achieved the objectives set by the funding partners in the Management Agreement in that it delivered the requisite number of courses for the minimum number of participants.

- The demand for the type of training offered by the program is illustrated by the increased participation of international companies. Those which participated in 2007 included:

China	Jiangsu Sunshine Dongsheng I/E Co., Ltd Shanghai ShuHao Trade Co Ltd Taicang Textile Co.Ltd ADF Hong Kong Changshi Lihe Woollen Co., Ltd Shanghai Sinoline Co. Ltd Zhangjiagang Yangtse Wool Combing Shandong Ruyi Tianyu Wool Industry Co, Ltd
India	Oswal Woollen Mills - Ludhiana Reliance Industries Ltd Indoworth Jayashree Textiles
Thailand	Indorama Holdings Ltd
Korea	Cheil Industries Inc
Bangladesh	Janata Jute Mills Ltd
Vietnam	Trang An Co
Italy	Pecci Filati spa

This participation was encouraging but not exactly overwhelming. The marketing of the program over the two years constantly highlighted the problems in attracting attendees from overseas, particularly from countries where the cost of attending a training course in Australia is an issue.

The mills represented in the 2007 program are responsible for purchase of Australian wool totalling three quarters of a million bales per year. When asked some of the participants from these mills indicated they will increase their wool usage as a direct consequence of knowledge gained through the courses.

- Participation in the courses:
  - Introduction to the Australian Wool Industry;
  - Buying & Consignment Preparation of Australian Wool; and
  - Wool Topmaking & Early Stage Processing;
  - Innovations in Wool Textile Technology

accounted for 73% of all attendees, and the numbers enrolled suggest that provided a suitable commercial model can be developed there is sufficient demand to run these courses on an annual basis.

- The sustainability of the program is a critical consideration for all partners. The Program was funded with the understanding that it would be fee charging, and eventually, to a large extent cost recovery would be achieved. However, the pilot has demonstrated that in its current form this is most unlikely. To maintain the program into the future external funding will continue to be necessary. Course fees at their current levels are not sufficient to cover the costs
- The financial reporting in Appendix 2 is not an accurate representation of the total costs involved. The IFC provided substantial in-kind support in addition to its direct funding through its staff involvement in developing and implementing the program. To a lesser

extent similar contributions were provided by AWI, AWET and CSIRO. The total value of these contributions, over the course of the program, is estimated to be in the range \$150,000 - \$200,000 i.e. \$75,000 - \$100,000 per annum.

- The pilot program demonstrated the inherent weakness of the tri-partite arrangement made between the funding bodies to manage the program. The AW TTC is not a legal entity, so as well as the in-kind support provided by the partners, management was contracted to a number of agencies that reported to either AWI or the IFC. This added layers of complexity and confused reporting and responsibilities - in effect adding unnecessary costs. This was exacerbated by the fact that representation from AWI on the Management Committee frequently changed over the two year period.
- The pilot program has demonstrated that CSIRO facilities in Geelong are central to the delivery of the courses and provide the only suitable site within Australia for this to occur. Continued delivery of the courses will be totally dependent on the continuation of CSIRO's willingness and ability to provide access to its facilities and to ensure the involvement of its staff resources.
- The pilot program has demonstrated that there is a demand for the type of training it has offered, both within Australia and internationally. However, the funding model and management model were demonstrably deficient.

## Recommendations

### 1. Funding Model

If the AW TTC is to continue there will be a need for on-going subsidisation of its operations. However, the IP that has been created should require minimal further development investment in the short to medium term, so most of the costs will be operational.

The funding partners need to decide if they are prepared to continue to contribute further funds on an ongoing basis. In order to minimise these contributions the fee for attendees should be increased to a level commensurate with the cost/attendee achieved in the second year of the program. An annual subsidy of approximately \$100,000 would therefore be required for the delivery of the 4 courses identified above.

### 2. Management Model

One of the funding partners must take direct overall responsibility for managing the activities of the AW TTC. The IFC has indicated that it will not continue at its current level of direct involvement, and AWET does not have the staff resources required. Consequently this role will need to be undertaken by AWI, and any new Management Agreement will need to reflect this role.

### 3. Participation

CSIRO and Deakin University both elected to become participants on the Management Committee rather than Parties to the Agreement. Continued involvement by Deakin is desirable but that of CSIRO is absolutely essential.

Accordingly, the continued commitment of CSIRO to the AW TTC concept must be secured, preferably as a Party to any future agreement.

Active involvement of other industry organisations should also be enabled.

## APPENDIX 1: COURSES OFFERED

**Table 1: Courses delivered in 2006**

<b>Course</b>	<b>Subject</b>	<b>No of Participants</b>	<b>Fee (\$)/head</b>
Course 1	Introduction to the Australian Wool Industry	30	\$500
Course 2	Buying & Consignment Preparation of Australian Wool	23	\$400
Course 3	Advanced Quality Management Systems	8	\$500
Course 4	Contemporary Wool Dyeing & Finishing	10	\$800
Course 5	Innovations in Wool Textile Technology	17	\$500
Course 6	Mill Management Practices	8	\$500
Course 7	Australian Wool – Knowledge for Retailers & Designers	11	\$300

**Table 2: Courses delivered in 2007**

<b>Course</b>	<b>Subject</b>	<b>No of Participants</b>	<b>Fee (\$)/head</b>
Course 1	Introduction to the Australian Wool Industry	20	\$550
Course 2	Buying & Consignment Preparation of Australian Wool	18	\$440
Course 3	Wool Topmaking & Early Stage Processing	30	\$550
Course 4	Contemporary Wool Dyeing & Finishing	10	\$880
Course 5	Innovations in Wool Textile Technology	17	\$550
Course 6	Australian Wool – Knowledge for Retailers & Designers	8	\$330

## APPENDIX 2: INCOME AND EXPENDITURE

<b>OPERATING INCOME</b>		<b>2006</b>	<b>2007</b>	<b>Total</b>
Grants	IFC	\$269,951	\$25,000	\$294,951
	AWI	\$128,288	\$25,000	\$153,288
	AWET	\$100,000	\$25,000	\$125,000
	Landmark		\$5,900	\$5,900
Registration Fees		\$49,264	\$44,568	\$93,832
<b>TOTAL INCOME</b>		<b>\$547,503</b>	<b>\$125,468</b>	<b>\$672,970</b>
<b>OPERATING EXPENSES</b>				
Management	Judy Turk Consulting	\$23,700	\$0	\$23,700
	Apical	\$56,634	\$23,750	\$80,384
	<b>Sub-total</b>	<b>\$80,334</b>	<b>\$23,750</b>	<b>\$104,084</b>
Development	Content Preparation	\$132,943	\$787	\$133,730
	Editing & Formatting Presentations	\$31,658		\$31,658
	Website Graphic Design	\$8,200		\$8,200
	Website Build	\$7,500		\$7,500
	Translation Services			\$0
	<b>Sub-total</b>	<b>\$180,301</b>	<b>\$787</b>	<b>\$181,088</b>
Marketing	Website Maintenance	\$1,394	\$4,503	\$5,897
	Advertising	\$34,104	\$20,330	\$54,433
	Printed Material	\$1,989		\$1,989
	Photography	\$3,000		\$3,000
<b>Sub-total</b>	<b>\$40,486</b>	<b>\$24,832</b>	<b>\$65,319</b>	
Delivery	Content Presentation	\$144,303	\$74,919	\$219,222
	Travel/Accommodation	\$6,907	\$6,484	\$13,390
	Bursaries		\$5,005	
	Publication/Printing	\$26,520	\$15,982	\$42,502
	Entertainment	\$16,060	\$12,205	\$28,265
	Logistics	\$2,732	\$3,692	\$6,424
	Translation Services		\$10,000	
	Miscellaneous	\$0	\$390	\$390
<b>Sub-total</b>	<b>\$196,521</b>	<b>\$128,677</b>	<b>\$325,198</b>	
<b>TOTAL EXPENSES</b>		<b>\$497,643</b>	<b>\$178,046</b>	<b>\$675,688</b>
<b>NETT PROFIT/LOSS</b>		<b>\$49,860</b>	<b>-\$52,578</b>	<b>-\$2,718</b>