



Australian Wool Education Trust

ANNUAL REPORT - 2017/2018

History

In July 1997, Australian Wool Testing Authority Ltd (AWTA Ltd) donated \$3.00 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 – 2017/2018

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

Appointed by AWTA Ltd

Mr Gordon Dickinson

Deputy Chairman, AWTA Ltd
Chairman of Rubicon Water Ltd and Mutual Trust Pty Ltd
Director of Nareen Station Pty 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 of Trustees)

Chairman Australian Country Spinners and Former Director of AWI.

Investment Strategy

Since inception the funds of the Trust have been managed in a balanced investment portfolio. During 2017/18 Trustees simplified its policy by concentrating investments in low cost exchange traded funds, consistent with the Trust's long-term investment horizon. The key strategies covered by the investment strategy are that:

- Trustees set the asset allocation policy for investments but engages a professional firm to manage the funds;
- subject to advice, 90% of the Trust's capital will be invested in a selected group of index funds, with the residue in cash and alternatives;
- the index funds will cover equities, property and fixed interest in both Australia and overseas; and
- Trustees will review the investment strategy at 6 monthly intervals.

In February 2018, Trustees appointed Morgan Stanley as the manager of the portfolio and the transition from the previous manager and a more diverse range of holdings has effectively been completed.

During 2017/18 the funds invested by the Trust returned almost 7%, a figure broadly consistent with market expectations.

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 is regularly reviewed, to take into account market and CPI movements.

From its inception and up to 30th June 2018, AWET has spent 63.8% of its earnings on educational projects/programs, an increase of 2.2% since the 2016/17 report. Whilst this is higher than the long-term Policy, it has been deemed acceptable given the relativity between rates of return and the CPI.

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.

Currently, the funding ranges for each sector are:

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 2018, the total equity held by AWET was \$10.360 million.

Total Revenue for 2017/2018 was \$1.106 million. This was a significant increase on the previous year and largely due to realized gains during the transition to the new portfolio management strategy.

Total payments to fund sheep and wool education were \$0.576 million.

Operating expenses for the year, excluding pro bono accounting and legal services provided by AWTA Ltd, amounted to 1.40% of the equity.

An audited financial report is available as an addendum to this general report.

Intellectual Property (IP)

Woolwise

AWET owns and manages the Woolwise Website (www.woolwise.com).

The site provides background information about the Trust and its activities, relevant news and other wool industry information.

Moreover, all the Trust's IP can be viewed and/or downloaded from the site. This IP includes:

- CRC for Premium Quality Wool Resources (unrestricted access)
- Australian Sheep CRC Resources (restricted access)
- Australian Wool Textile Training Centre Resources (unrestricted access)
- AWET Resources (unrestricted access)

Access to the Australian Sheep CRC Resources is subject to the provisions of an assignment deed (see below) and is provided via 3 status levels:

- A **Visitor** is able to view the modules and topic synopses but cannot access any of the module documents.
- A **Member** is a registered user and is only able to access PDF versions of the resources. Member access is provided for anyone who accepts the terms of use and registers on the site.
- An **Educator** is a registered user wishing to utilise these resources as research and/or reference materials. An Educator can access MS Word versions of the resources as well as PDF versions. Educator access is provided to appropriate registrants by the site Administrator.

CRC for Premium Quality Wool Resources

Woolwise is the sole repository of the educational resource created by the CRC for Premium Quality Wool during its activities from 1993-2000. This resource consists of 2500 high quality Microsoft PowerPoint slides prepared and edited by leading Australian wool educators, researchers, and industry personnel. Each slide is accompanied by explanatory notes and references to allow users to extract personalised information modules.

The educational resources are organised into subjects, themes, topics and modules. All the files associated with each subject, namely

- Wool Biology;
- Wool Metrology;
- Wool Production;
- Wool Marketing; and
- Wool Technology

can be downloaded as a compressed archive. Alternatively, the modules associated with the topics within each theme can be downloaded as PDF files.



Australian Sheep CRC Resources

The Australian Sheep CRC, which operated from 2000-2007, coordinated 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.

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 01: Supply Chain Innovation

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 02: Wool Supply Chain

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

Case Study 03: Going Finer

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

Case Study 04: Grower Price Risk Management

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 License 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 License 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 License Agreement was applicable for 2 years, with the option to renew. In the ensuing years, it has been updated and renewed regularly. The current license agreement is for 5 years.

There have been several updates to the Modules undertaken by UNE since the License 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 License 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.

Item	Reference No.	Title	Status
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	WOOL 382-482	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 on Woolwise 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.

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 \$1,500 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 2016 the Research Agreement with UNE provides for:

- 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.

The numbers of enrolments in each module, since the Licensing Agreement commenced, is tabulated below (NO = Not Offered, NA = Not Available). Enrolments for 2018 will be included in the 2018/19 Annual Report.

Title	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Sheep Production	13	50	26	51	63	55	40	76	41	31	44
Wool Biology and Measurement	4	8	NO	10	7	9	4	18	13	12	23
Wool Marketing	13	23	9	15	20	15	24	15	12	8	10
Wool Processing	7	6	5	17	20	18	5	5	14	7	11
Fundamentals of Sheep & Wool	NA	NA	NA	NA	NA	NA	NA	13	34	40	21
Totals: AWET Sponsored Units	37	87	40	93	110	97	73	127	114	98	109
Applied Animal Nutrition	29	48	43	49	54	27	46	41	38	39	51
Sustainable Land Management	30	33	43	32	29	15	62	54	28	43	38
Meat Technology	15	31	26	36	23	19	20	19	21	21	15
Genetic Evaluation and Breeding	19	13	5	7	10	19	7	9	4	13	10
Sheep Meat Production & Marketing	NO	16	3	NO	NO	NO	NO	NO	NO	NO	NO
Managing Sheep Enterprises	NO	24	11	21	13	16	7	9	9	31	23
Totals: Other Units	93	165	131	145	129	96	142	132	100	147	137
Totals: All Units	130	252	171	238	239	193	215	259	214	245	246

AWET's direct funding actually commenced prior to 2007 and its cumulative investment in delivering the Wool Modules, including indirect funding, is \$3,655,872. 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	\$23,850
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
2016/17	\$155,000	\$30,000	\$105,000	\$13,000*	\$303,000
2017/18	\$150,000	\$60,500	\$98,000	\$100,000	\$408,500
Total	\$1,956,772	\$446,000	\$918,500	\$335,600	\$3,655,872

* Subsidies provided in 2016/17 are understated as some of the affected Universities did not invoice for the amount owed until after June 2017.

Since inception, AWET's total investment in supporting wool education is approximately \$5.766 million.

General Availability of AWET'S IP

IP Covered by the License Agreement

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

Two (2) types of License 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 License is designed primarily for Tertiary Institutions wishing to incorporate material from the modules within their own courses.

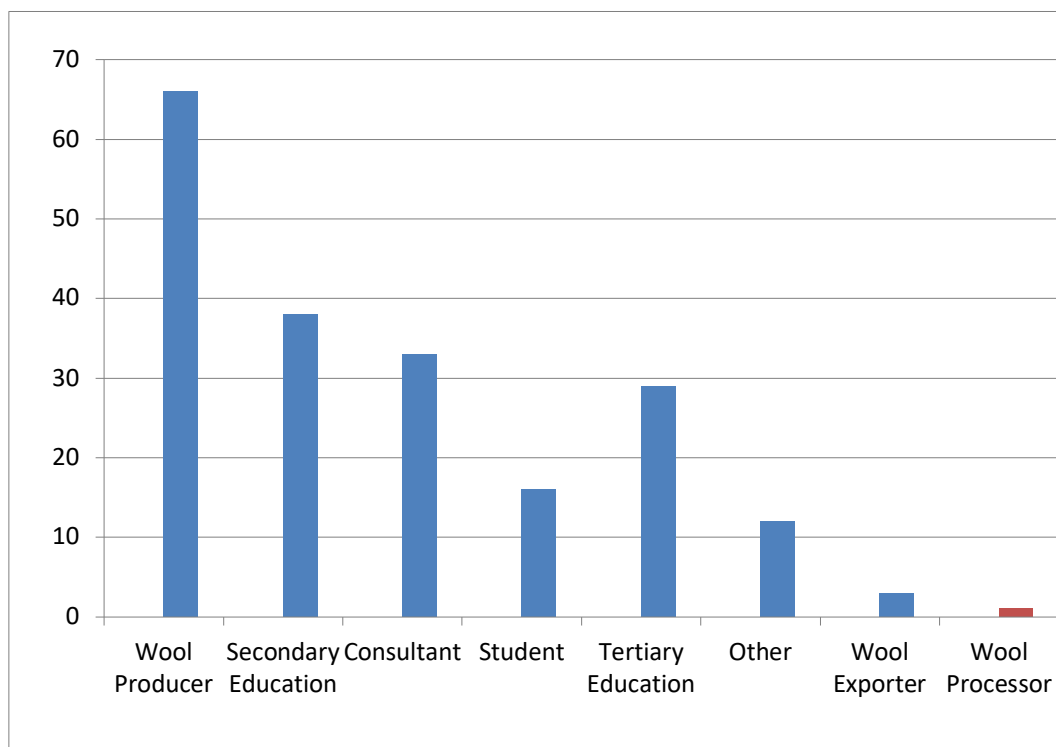
The materials supplied under this License include all versions of the modules since inception.

As at 30th June 2018, a total of 23 such Licences have been issued.

The Student Version provides all the same material, except for 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 2018, a total of 175 such Licences had been issued.

The distribution of Licences by sector is shown in the following graph. Note that the names for these sectors have been modified and a new sector, Wool Processor added, since the last Annual Report



Until July 2017 this IP was distributed via DVD. In February 2016 Trustees approved a proposal to redevelop the Trust's website (woolwise.com). The redesign and migration of the website was completed by end of June 2017. The site went live on 11th July 2017.

All the Trust's IP can be downloaded from the new site. Access to the Australian Sheep CRC material requires acceptance of the Trust's Terms of Use, and registration on the site.

Other IP

All other IP is available, without restriction on woolwise.com, namely:

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

Review of 2017/18

Undergraduate Studies – Wool and Sheep

Total investment in undergraduate wool and sheep studies during 2017/18 was \$418,500.

Undergraduate Cooperative Scholarships

To encourage enrolments in the modules being offered by UNE, the Trust co-funds a number of under-graduate scholarships for students across Australia who wish to undertake sheep and wool education training.

Each scholarship is valued at \$6000 and they are generally offered to students in the second or third year of their degree.

Other co-funders include industry companies and industry organisations.

The number of scholarships offered each year depends on the total funds available.

In 2017/18 no new undergraduate scholarship holders were selected. However, three (3) scholarships from previous years are still being funded. These are are:

- Felicity Brumpton, UNE 2016-2018.
- Daniel Forwood, USYD 2017-2018.
- Kieran Smith, UNE 2017-2019.

Undergraduate Project and Master by Coursework Scholarships

There were 17 applications for the 15 scholarships offered by the Trust for 2018. There were 13 successful applicants:

Murdoch University

Angelina Tang

The project will contribute new knowledge to improve sheep selection decisions to enhance animal productivity per head and per hectare as well as animal welfare. If skin characteristics are related to maintenance energy requirements, and hence potentially stocking rate, this could also contribute to development of a new project to examine this in more detail in the wide range of genotypes represented in the Merino Lifetime Productivity project. In the longer term, it could contribute to enhancing ram purchase decisions by wool growers through a better understanding of the relative importance of production per head and profit per hectare.

Sydney University

Angel Lam Ngo

There is an increasing trend towards breeding animals that offer the opportunity of reducing breech wrinkle while maintaining clean fleece weight in a flock of merino sheep, and inclusion of breech wrinkle as an Australian Sheep Breeding Value has been utilised in the effort towards flystrike resistance. It is hoped that this research will benefit the Australian wool industry by providing insight into how Merino breeders are responding to important health and welfare issues, as well as the requirements from commercial wool producers. It is hoped that the use of Australian Sheep Breeding Values can drive genetic improvements in commercial flocks towards improved productivity, health and welfare.

Christine Green

It is expected that the addition of seminal plasma from ejaculates with a wave motion >4 to spermatozoa from ejaculates with a wave motion <3 will significantly increase factors of fertility, including motility, acrosome integrity and membrane viability. This hypothesis is based on



previous studies presenting trends of increased fertility parameters (motility, chromatin integrity and fertilization success rate) of spermatozoa due to the addition of high-quality or high freeze-tolerance seminal plasma. While ejaculates with a wave motion score <3 have never been included in these experiments, it hypothesised that it will follow the same trend, and high-quality seminal plasma will have a significant effect on sperm fertility, potentially to a degree that it may be used for artificial insemination.

Until now, poor-quality ejaculates were immediately omitted from ART, meaning the potential economic benefit of disseminating valuable genetics in these ejaculates is also omitted. Additionally, good quality seminal plasma has potential to be routinely added to all spermatozoa prior to artificial insemination to maximise chances of fertilisation in the female tract, preventing losses of resources and time caused by unsuccessful artificial insemination. Hence, this outcome works towards the global industry goal of increasing the efficiency of standard ART protocols, maximising economic gain to growers in the wool industry.

Clare Young

The proposed research project involves collecting data on the proportion of sheep farmers who have decided to cease the administration of the vaccination of OJD, Gudiar. Once sufficient data has been collected across NSW sheep farms, investigations into the reasons for this discontinuation will commence. These will include the social, economical and behavioural reasons associated with the decision.

In addition, faecal samples will be collected from sheep from farms that have ceased vaccination. Samples will be cultured and analysed for the change in levels of shedding and disease prevalence over a period of time. This is to determine if there is a possibility that sheep shedding the bacteria, without clinical signs can cause reinfection into lambs that don't get vaccinated.

The findings from this study will be used to refine vaccination policy on Gudiar and to get a deeper understanding of the risk of OJD recurring in environments where sheep are not vaccinated.

Esteban Martinez

This project will lead to the identification of resilience factors and preventative measures that could be implemented by producers in conjunctions with Gudair vaccination for effective control of OJD on their farms. The results will result in refinement of Johnne's disease vaccination and control policy. The project findings will be also be used to update the extension advice provided to sheep farmers for Johnne's disease control. Ultimately, the project will lead to better disease control and improved animal welfare.

Madeleine Close

Cryopreservation is known to have a detrimental effect on the viability of spermatozoa. The freezing process affects the motility, morphology and viability of spermatozoa as well as making them more susceptibility to oxidation. While this is the case, frozen-thawed semen used in artificial insemination programs are highly valuable and provide comparable fertilisation rates to fresh semen when used in optimal conditions. It is expected from this project that there will be no drop-in semen fertility following cryopreservation. However, as this is the oldest sperm to ever be tested it is necessary to verify this. The project is also investigating the effects of sex sorting by flow cytometry on ram sperm DNA integrity. If this technology is determined to have a negative impact on the sperm, it will change the protocols of the industries using this technique, including wool growers and reproduction services companies. Previous studies conducted with cattle have shown that sex sorted sperm have a reduced level of DNA damage compared to non-sex-sorted sperm, however, a reduced longevity with rapid increases in DNA damage after 24 hours following collection. This suggests that sex-sorted sperm is susceptible to



subsequent DNA breaks after sorting. To counteract this, the diluents and incubation process for sex-sorted sperm may need to be redesigned. Therefore, this project will seek to develop a robust method for testing ram semen DNA integrity which will be applicable as a standard semen assessment.

It is also expected that a publication in an international scientific journal will arise from this study.

Michael Rosser

The prevalence of the low-virulent foot rot has increased in recent years in south-eastern Australia, however very little is known about the bacterial strains that cause this form of the disease. These strains may be capable of causing severe foot lesions, with commensurate production losses, but are not subject to any regulatory activity at present. This study aims to describe the pathogenicity and potential economic and animal welfare significance of these strains. This study will involve an experimental trial using penned sheep to evaluate the pathogenicity of low-virulent isolates collected from the field, and to study the impact that a change in environment has on their ability to cause disease.

Molly Greentree

The study will consist of a blind trial divided into the experimental and control group whereby the experimental group will be treated with a melatonin implant, 18mg Regulin®.

Research currently supports the concept that exogenous melatonin has a positive impact on ram fertility through increased sperm quality (Rekik et al 2015), testicular efficiency and libido. Following from this, it is expected that the melatonin experimental group will exhibit a higher level of sperm quality, increased libido and testis size and, improved sperm freezability. Overall, it is expected that the melatonin implant will have a positive effect on the reproductive potential of the rams, improve freezability and as a result, will lead to higher conception rates in ewes.

It is expected that at least one scientific publication will result from this work.

Patrick Hughes

The expected outcomes of this project are the identification of the gene and validation likely disease-causing variants the causing dermatosparaxis in Merino Sheep. This information can be used to develop a diagnostic DNA test for the sheep industry with the aim to reduce the incidence of dermatosparaxis in Australian Merino sheep. A reduced incidence of this disease will increase animal welfare and reduce production losses.

WSU

Danielle Webster

The research project will be linked with an on-going research program in sheep reproduction and stress currently led by Dr Edward Narayan and Mr Gregory Sawyer. The project has been working to gather information on the performance and resilience of merinos in response to climate change and the effects this has on reproductive wastage for breeders. The project will look at how rising temperatures affect the stress levels of sheep and the impact this has on the ability of the sheep to produce a viable embryo. Additionally, the project also aims to analyse the transgenerational effects of stress on lambs and how this affects the lamb's own resilience and reproductive success. .

UNE

Emma Turner

Shearing at 6 monthly intervals has not been considered until recently, due to discounts on short staple length. However, the market indicators show that carding wools are achieving comparable prices and more producers are choosing to shear more frequently than every 12 months.

This project will investigate the merits and gains achieved by shearing 6 monthly on wool quality and quantity, improved reproduction, reduced incidence of disease, such as flystrike and lice and the financial



incentives of changing shearing interval.

Previous research outcomes have been done on experimental flocks and not investigated the benefits of 6 monthly shearing intervals. Experimentation on a commercial property will also allow for better engagement of the outcomes by producers.

The experiment will be conducted the student family property 'Stanbridge Station' in Ivanhoe, NSW. A mob of 500 ewes will be split into 2 groups, one shorn 12 monthly + crutch and the other shorn 6 monthly and no crutch. Measurements will be taken on both groups to compare differences in fleece measurements, such as greasy fleece weight, fibre diameter, staple length and strength and position of break and DMF test. Bodyweight, body condition score, scanning percentages, lambing percentages, weaning percentages and survival will be assessed to determine effect of shearing interval on animal performance.

Stephanie Balla

This project aims to investigate the potential of segregated management of Merino weaner lambs and the effects of this on wool and body growth. As such, the project is linked to the wool industry as it examines production as a result of modification to husbandry practices. Segregated management of animals displaying ill-thrift has been discussed in terms of potential production improvements, and this project provides the opportunity to deliver evidence in this field. The project will focus on the potential benefits of segregated management of weaner lambs in a grazing situation, with the intention of demonstrating the economic implications of managing poorly performing animals separately in a production system. This evidence can then be used in the future to create a management decision support tool for producers. .

Curtin University

Sadaf Kalanaki (masters by coursework)

The project will involve making fabric out of wool by felting and weaving (tapestry) which are among the most important techniques for transforming wool to a woven, fabric like surface. A collection of casual clothes will be designed and produced using these fabrics to show wool as a cool material and to introduce its ability to be used as a sign of Australian fashion identity.

Alistair Mackenzie Scholarship

AWET co-sponsors this scholarship with WISS. The 2018 scholarship was awarded to Harry Kemp.

Harry is from Binnaway on the North-West slopes and plains of NSW. He grew up on a family owned mixed enterprise farm of 5,500 acres. The farm runs 7500 sheep, 500 cattle and includes 3000 acres of cropping. Harry's ambition is to eventually return home and take over the running of the farm and expand the size of the enterprise.

Vocational Education Training - Production

The Trust offers VET sector scholarships, each valued at \$3,000, to students attending institutions in this sector. In 2017/18, three (3) of these were awarded to students at Tocal College in NSW and three (3) to West Australia College of Agriculture, Cunderdin.

Vocational Education Training – Fashion Schools

During 2017/18, AWET distributed grants to selected Fashion Design students, to facilitate purchase of wool-rich fabric for their final year design projects.

25 grants are provided, allocated to RMIT, Whitehouse Design, UTS, QUT, TAFE SA and Curtin University. The institution is responsible for selecting its recipients.

The grants are allocated to 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	\$4000
TAFE SA	Bachelor of Fashion Design	3	\$4500
Curtin	Bachelor of Arts (Fashion)	2	\$3000

The recipients' final collections can be viewed on Woolwise.com:

<https://www.woolwise.com/fashion-schools/>



Peter Sommerville Secretary of Trustees, presents an AWET Award to Gina Snodgrass, student at UTS. Gina was invited to present her collection at the ST. GEORGE NEXTGEN section Mercedes-Benz Fashion Week Australia 2018.

Schools

The Trust's recent investment in the Schools sector has been via contributions to AWI's Wool4Skool Program (<https://www.wool4school.com/>). The contribution in 2017/18 was \$10,000.

Wool4School is an annual student design competition encouraging budding fashion designers to show the nation what they're made of.

Open to all Australian school students from years 7 to 12, the Wool4School competition invites students to design an outfit using a minimum 80% Australian Merino wool. The outfit must contain a minimum of one piece with a maximum of four pieces and show the student's creative and innovative side.

First launched in 2012, Wool4School has involved more than 65,000 students nationwide, not only learning the fundamentals of fashion design but also exploring the benefits and versatility of wool and the fabric it creates.

By putting wool into the minds of Australia's future fashion designers, Wool4School encourages students' innovative thinking and creative design, in keeping with The Woolmark Company's tradition of fostering the education of the future generation.

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%	\$14,716	\$10,000	1.7%
VET - Production	5% - 10%	7.50%	\$31,534	\$18,000	3.2%
VET - Fashion Schools	10% - 23%	16.50%	\$69,375	\$52,500	9.1%
Undergraduate	65% - 80%	72.50%	\$304,829	\$495,812	86.0%
			\$420,454	\$576,312	100.0%

Delivery of the Wool Processing Education

There is virtually no early or later stage wool processing in Australia. AWET Trustees are concerned that the consequent low enrolments in the Wool Processing module at UNE means that the optimal use of this module is not being realised. The Trustees decided to investigate delivery of wool processing education in China, with the aim that the resources developed could also be used for intensive courses in Australia. The program was commenced in 2016/17 and continued in 2017/18, and is a co-operative program involving the Trust, AWI and Deakin University. Funding by the Trust in 2017/18 was \$83,565.

This funding supported a series of lectures by Deakin University staff at 3 universities

October 2017	Wuhan Textile University	Woolen and Worsted Spinning for 3 classes of undergraduate students
	Xi'an Polytechnic University	Wool Fibre Science and Fabric Finishing to 30 undergraduate students
April 2018	Wuhan Textile University	Wool Fibre Science and Worsted Top making and Spinning to 34 undergraduate and masters student
June 2018	Southwest University Chongqing	Elements of Wool Dyeing and Fabric Finishing to 37 undergraduate students



The funding also supported intensive training courses delivered at Deakin University in Geelong, Victoria.

Wool fibre science

- 8 external students over 2 training sessions and 5 Deakin staff and postgraduate students.

Wool scouring

- 3 external students and 5 Deakin staff and postgraduate students.

Wool carding and top-making

- 6 external students and 5 Deakin staff and postgraduate students.

Worsted and woollen spinning

- 5 external students and 4 Deakin staff and postgraduate students.

Wool dyeing

- 4 external students and 3 Deakin staff and postgraduate students.

Wool fabric finishing

- 2 Deakin staff and postgraduate students and 3 external students.

The Trustees have decided to continue the funding for a third year.

AWI National Merino Challenge

In 2017/18 AWET contributed \$15,000 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.

Consultative Mechanisms

Having initially focused on funding the establishment of the "hub and spokes" model for Sheep & Wool education delivered by UNE, Trustees believe input from Universities making up the "spokes" of this model is also important. 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 2018.

Due to the mutually beneficial outcomes of this consultation process, the Trust adopted a similar strategy for annual consultation with the Fashion & Design Schools. This Meeting was also held in July 2018.

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 2016/17 and the Auditor's Report.

The copy of the report is lodged on AWET's website, to conform with requirements of the Assignment Deed for the educational IP produced by the Sheep CRC.

AWET's financial report is also lodged with the ACNC.



B.P. VAN ROOYEN
CHAIRMAN OF TRUSTEES

AUSTRALIAN WOOL EDUCATION TRUST
ABN 12 886 519 613
INCOME STATEMENT FOR THE YEAR ENDED 30TH JUNE, 2018

	Note	2018 \$	2017 \$
Revenue	2	1,106,375.75	641,040.80
Miscellaneous Income	2	96.74	237.86
Sponsorship		0.00	150,000.00
Impairment Charge on Available-for-Sale Financial Assets		0.00	0.00
Education Funding Projects	4	(576,311.74)	(444,812.12)
Trustee Expenses		(51,238.00)	(49,253.00)
Insurance Premiums		(2,843.00)	(2,873.00)
Investment Management Fees		(50,852.00)	(63,655.00)
Secretarial Expenses		(31,817.00)	(30,464.00)
Other Expenses		(8,653.00)	(27,441.00)
Surplus/(Deficit)		<u>384,757.75</u>	<u>172,780.54</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, 2018

	Note	2018 \$	2017 \$
CURRENT ASSETS			
Cash and Cash Equivalents	5	132,917.11	275,100.58
Receivables	6	21,728.20	51,852.98
Other Current Assets	7	2,145.00	2,377.75
TOTAL CURRENT ASSETS		<u>156,790.31</u>	<u>329,331.31</u>
NON-CURRENT ASSETS			
Financial Assets	8	10,227,543.00	10,068,133.69
TOTAL NON-CURRENT ASSETS		<u>10,227,543.00</u>	<u>10,068,133.69</u>
TOTAL ASSETS		<u>10,384,333.31</u>	<u>10,397,465.00</u>
CURRENT LIABILITIES			
Payables	9	24,128.31	43,553.23
TOTAL CURRENT LIABILITIES		<u>24,128.31</u>	<u>43,553.23</u>
TOTAL LIABILITIES		<u>24,128.31</u>	<u>43,553.23</u>
NET ASSETS		<u>10,360,205.00</u>	<u>10,353,911.77</u>
EQUITY			
Donations Contributed	1(e)	7,000,000.00	7,000,000.00
Retained Surplus		3,324,040.30	2,939,282.55
Reserves		36,164.70	414,629.22
TOTAL EQUITY		<u>10,360,205.00</u>	<u>10,353,911.77</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, 2018

	Donations Contributed \$	Retained Surplus \$	Financial Assets Reserve \$	Total \$
Opening Balance as at 1 July 2016	7,000,000.00	2,766,502.01	265,428.20	10,031,930.21
Surplus/(Deficit)	-	172,780.54	-	172,780.54
Unrealised Gains/(Losses)	-	-	149,201.02	149,201.02
Impairment Charge and Write-Downs	-	-	0.00	0.00
Closing Balance as at 30 June 2017	<u>7,000,000.00</u>	<u>2,939,282.55</u>	<u>414,629.22</u>	<u>10,353,911.77</u>
Opening Balance as at 1 July 2017	7,000,000.00	2,939,282.55	414,629.22	10,353,911.77
Surplus/(Deficit)	-	384,757.75	-	384,757.75
Unrealised Gains/(Losses)	-	-	(378,464.52)	(378,464.52)
Impairment Charge and Write-Downs	-	-	0.00	0.00
Closing Balance as at 30 June 2018	<u>7,000,000.00</u>	<u>3,324,040.30</u>	<u>36,164.70</u>	<u>10,360,205.00</u>

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30TH JUNE, 2018

	Note	2018 \$	2017 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Interest Received		1,539.33	823.07
Refund of Franking Credits		51,770.11	53,070.00
Sundry Income		96.74	237.63
Sponsorship		0.00	150,000.00
Refund of GST Paid		(4,249.00)	25,694.00
Payments for Education Funding Projects		(576,311.74)	(444,812.12)
Payments to Suppliers for Goods and Services		(115,028.91)	(101,623.65)
NET CASH USED IN OPERATING ACTIVITIES	10	<u>(642,183.47)</u>	<u>(316,611.07)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Net cash flow from managed investments		500,000.00	500,000.00
Net cash flow from investment at call		130,000.00	(180,000.00)
NET CASH PROVIDED BY INVESTING ACTIVITIES		<u>630,000.00</u>	<u>320,000.00</u>
NET INCREASE/(DECREASE) IN CASH HELD		<u>(12,183.47)</u>	3,388.93
CASH AT THE BEGINNING OF THE FINANCIAL YEAR		15,100.58	11,711.65
CASH AT THE END OF THE FINANCIAL YEAR		<u>2,917.11</u>	<u>15,100.58</u>

AUSTRALIAN WOOL EDUCATION TRUST
ABN 12 886 519 613
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2018

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 20th November 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, 2018

2. REVENUE	2018	2017
	\$	\$
Operating Activities:		
Interest from Bank Bills & at Call	1,527.00	845.45
Income from Managed Investments:		
Interest from Preference Shares, Term Deposits and at call Cash	54,710.00	92,126.43
Distribution in Unit Trusts	201,633.28	464,429.10
Realised Gains	848,505.47	83,639.82
	<u>1,106,375.75</u>	<u>641,040.80</u>
Non - Operating Activities:		
Sponsorship	0.00	150,000.00
Miscellaneous Income	96.74	237.86
Total Revenue	<u><u>1,106,472.49</u></u>	<u><u>791,278.66</u></u>
3. AUDITORS REMUNERATION		
Remuneration of auditor		
- audit	2,650.00	2,550.00
- other services	0.00	0.00
	<u>2,650.00</u>	<u>2,550.00</u>
4. EDUCATION FUNDING PROJECTS		
Agricultural Colleges 1 Year Scholarships	9,000.00	9,000.00
Annual Scholarships for University Honours Students	98,000.00	105,000.00
Education for Schools - AWI School Uniform Design Competition	10,000.00	10,000.00
Education Institutes Meeting Expenses	2,746.74	4,912.12
AWI - NMC Travel Bursary Subsidy	0.00	15,000.00
Marcus Oldham College - Alastair Mackenzie Scholarship	10,000.00	10,000.00
Small Initiatives Grants	0.00	5,000.00
Subsidies to External Institutions	100,000.00	13,000.00
UNE Research Agreement	150,000.00	155,000.00
UNE/CRC Undergraduate Scholarships	60,500.00	30,000.00
AWI China Processing Course	83,565.00	65,400.00
VET Scholarships	0.00	3,000.00
School of Fashion & Textiles Grant	52,500.00	19,500.00
	<u>576,311.74</u>	<u>444,812.12</u>

AUSTRALIAN WOOL EDUCATION TRUST
ABN 12 886 519 613
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2018

	2018 \$	2017 \$
5. CASH AND CASH EQUIVALENTS		
Cash at Bank	2,917.11	15,100.58
Short Term Deposits at Call	130,000.00	260,000.00
	<u>132,917.11</u>	<u>275,100.58</u>
6. RECEIVABLES AS CURRENT ASSETS		
Debtors - Refund Due for GST Paid	1,658.75	0.00
Accrued Income	20,069.45	51,852.98
	<u>21,728.20</u>	<u>51,852.98</u>
7. OTHER CURRENT ASSETS		
Prepayments	<u>2,145.00</u>	<u>2,377.75</u>
8. FINANCIAL ASSETS		
Managed Investments (with Pitcher Partners/Mogan Stanley):		
Investment Valuation at 30.06.2018	10,227,543.00	10,068,133.69
Accrued Income	0.00	0.00
	<u>10,227,543.00</u>	<u>10,068,133.69</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	2,600.00	2,500.00
Investment Management Fee	9,620.75	15,290.00
Bank Charges	15.00	30.00
Trustees' Fees	5,525.00	12,503.25
Creditors:		
Trade Creditors	6,368.22	2,957.67
Rounding	(0.66)	(0.59)
GST Payable	0.00	10,272.90
	<u>24,128.31</u>	<u>43,553.23</u>

AUSTRALIAN WOOL EDUCATION TRUST
ABN 12 886 519 613
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2018

10. STATEMENT OF CASHFLOWS - RECONCILIATION OF NET CASH USED IN OPERATING ACTIVITIES

	2018 \$	2017 \$
Surplus/(Deficit)	384,757.75	172,780.54
Changes in Assets and Liabilities:		
Changes in Net Market Value of Investments	(659,409.61)	(665,365.43)
(Increase)/Decrease in Other Current Assets	232.75	336.00
(Increase)/Decrease in Receivables	30,124.78	5,699.98
Increase/(Decrease) in Payables	(19,424.92)	20,736.82
Rounding	0.30	
Increase/(Decrease) in Financial Assets Reserve	(378,464.52)	149,201.02
NET CASH USED IN OPERATING ACTIVITIES	<u>(642,183.47)</u>	<u>(316,611.07)</u>

11. PROJECTED FUNDING COMMITMENTS

Contracted and Conditional Funding Commitments

Payable not later than 1 year:

- Undergraduate	150,000.00	85,000.00
	<u>150,000.00</u>	<u>85,000.00</u>

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

- Undergraduate	300,000.00	525,000.00
	<u>300,000.00</u>	<u>525,000.00</u>
	<u>450,000.00</u>	<u>610,000.00</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, 2018

	2018	2017
	\$	\$
12. RELATED PARTY TRANSACTIONS		
Remuneration of Trustees	<u>44,765.00</u>	<u>43,363.63</u>

Trustees who held office during the financial year were:

Mr A. C. Archer
Mr G. Dickinson
Mr G. C. Fiskien
Mr M. A. Jackson
Mr J. W. Lewis
Mr P.J. Sommerville
Mr B. Van Rooyen
Mr A. L. Vizard

13. TRUST DETAILS

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

14. 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, 2018 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 2017/18, 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.



B. Van Rooyen
TRUSTEE/ CHAIRMAN



P. J. Sommerville
TRUSTEE/SECRETARY

Dated this twentieth day of November, 2018



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

ABN: 12 886 519 613

Report on the Audit of the Financial Report

Opinion

We have audited the accompanying financial report, being a special purpose financial report of The Australian Wool Education Trust, which comprises the statement of financial position as at 30 June 2018, the statement of comprehensive income and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the trustees' declaration.

In our opinion the financial report presents fairly, in all material respects, the financial position of The Australian Wool Education Trust as at 30 June 2018, and its financial performance for the year then ended in accordance with the accounting policies described in Note 1 to the financial statements.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibility for the Audit of the Financial Report* section of our report. We are independent of the company in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Emphasis of Matter - 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.

Trustee's Responsibility for the Financial Report

The directors 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 objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of the users taken on the basis of the financial report.



JTP ASSURANCE

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Further information about our responsibilities can be found at <http://www.auasb.gov.au/Home.aspx>

We communicate with the trustees regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

JTP Assurance

JTP Assurance
Chartered Accountants

GUS SVENSON
Partner

Signed at Melbourne this 20th day of November 2018