



OPERATING PLAN 2019/20

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1. INTRODUCTION

1.1. About AWI

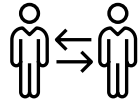
Who we are

Australian Wool Innovation (AWI) is the research, development (R&D) and marketing organisation for the Australian wool industry.

When AWI was created by the Australian Government in 2001, it was our mission to enhance the profitability of the Australian wool industry and increase the demand for the natural fibre which we do through The Woolmark Company The Woolmark Company Pty Ltd – a subsidiary of Australian Wool Innovation Limited.

Woolgrowers are at the heart of everything we do, and we work with the Australian Government through legislation (the Wool Services Privatisation Act 2000), regulations and a Statutory Funding Agreement.

What we do



Collaborate on research, development and marketing projects.



Invest in research, development and marketing.



Increase demand for wool globally.



More than 150 staff in 13 jurisdictions globally.



Consult with woolgrowers, industry, government and key partners.

Our Vision

AWI is a highly valued contributor to a vibrant, profitable and sustainable Australian wool industry.

Our Mission

To make strategically targeted investments to:

1. Enhance the profitability, international competitiveness and sustainability of the Australian wool industry.
2. Increase demand and market access for Australian wool.

Our Values



Innovative

AWI will drive a sustainable culture of innovation to deliver tangible solutions to research, development and marketing across the global wool industry.



Collaborative

AWI will engage in collaborative and supportive partnerships across our global supply chain.



Accountable

AWI, its staff and contractors are accountable to our stakeholders (internal and external) in all we do to provide the best return on their investment.



Transparent

In all our operations, AWI will be transparent about what, why and how we operate, and how we have performed, reporting measurable outcomes on investments and programs.



Integrity

Integrity drives our commitment to put growers first.



Respect

We will engage with each other and consult and interact with woolgrowers and other industry stakeholders in a professional and respectful way.

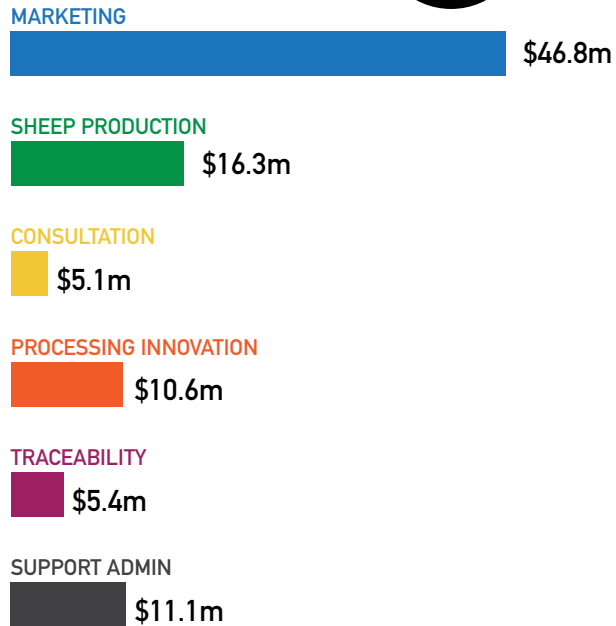
Our Goal

To increase the profitability and support the sustainability of Australian wool industry through strategically targeted investments in research, development and marketing designed to optimise return on investment.

1.2. Budget Summary

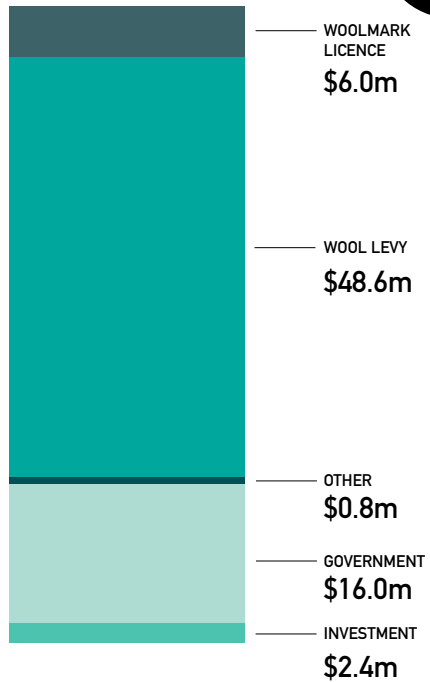
PROJECTED INVESTMENT BY PORTFOLIO

TOTAL EXPENDITURE
\$94.8m



PROJECTED INCOME BY SOURCE

TOTAL INVESTMENT
\$73.7m



ESTIMATED RESERVE DRAWDOWN

DRAWDOWN
\$21m



2. OPERATING ENVIRONMENT

2.1. Operating Environment

This Annual Operating Plan (AOP) is the first of the new three year strategic period 2019-2022 and reflects the change in AWI's operations from 2% to 1.5% wool levy rate. The lower wool levy rate coupled with the impact of the drought has reduced the revenue for the coming financial year however AWI will prudently utilise its cash reserves accrued over the preceding years to lessen the financial impact on our projects as we work to increase the profitability and support the sustainability of Australian wool industry.

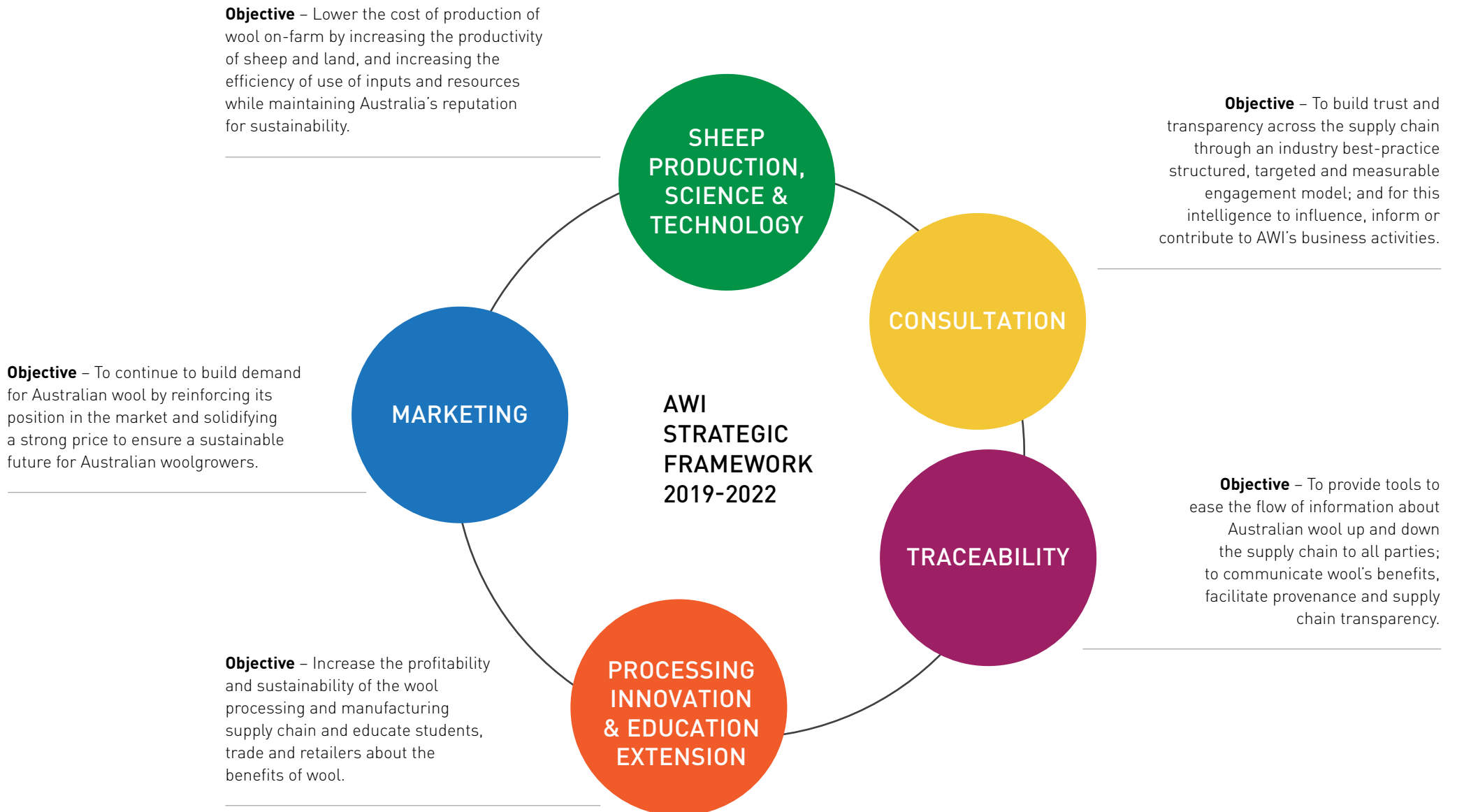
In drafting both this AOP and the overarching three (3) Year Strategic Plan, AWI's Board and Management have focused on continuing to address the key investment priorities identified by stakeholders. We strive to continue to deliver targeted research, development and marketing investments that impact on the four (4) key Measurement and Evaluation (M&E) drivers of productivity, efficiency, price and demand. During the 2019/20 financial year we will continue the process of realigning our resources to ensure we are structured for long term success. In doing this we have cut our cloth to fit our operating environment.

In demonstrating value to Australian Woolgrowers, the investment targets and measurement metrics set out in this plan, wherever possible, are a subset of the three (3) year targets, presented as an annualised breakdown, included in AWI's 2019-2022 strategic plan. The nature of some targets requires that the results will only be seen at the end of the three (3) year period.

In planning its operations for the 2019/20 financial year AWI is acutely aware it is the custodian of woolgrower funds. In managing its programs AWI will make certain funds are managed prudently to achieve the maximum impact ensuring accountability, integrity, stewardship and transparency.

An area of focus in the coming period is enhanced focused and discipline on consultation with woolgrowers, industry and other stakeholders key to the industry's success. In doing so AWI's goal is to build trust and transparency across the supply chain by embedding into our operations an industry best-practice structured, targeted and measurable engagement model.

2.2. Portfolio Structure



2.3. Risk Management

AWI is the research, development, extension and marketing company entrusted to invest woolgrower levies and matching eligible R&D funds from the government, to increase the profitability of the Australian wool industry.

In planning for the new strategic period, the 25% reduction in levy income (dropping from 2% to 1.5%) and the impact of the current drought on production has influenced the company's risk appetite. Therefore, AWI seeks to balance the risk position between:

- Investing in higher risk activities that may drive substantial growth in the demand for wool; and
- The need to remain a stable organisation with the capacity to continue to work for woolgrowers long into the future.

AWI's risk appetite, by necessity, is towards the middle of the risk-taking spectrum. Depending on results from year to year, the option to either increase or decrease the appetite for higher risk activities can be availed.

AWI's risk assessment considers the company's regulatory compliance, reputation, performance management, knowledge and IP, health and safety and, financial.



Regulatory Compliance

At AWI we commit to ensuring we have no regulatory compliance breaches across our global footprint.



Reputation

AWI will act with integrity and respect with all stakeholders and partners. There is zero tolerance, for fraud, corruption, facilitation payments or unsafe workplaces.



Performance Management

We assess the impact of investment across AWI to ensure we are delivering results to our stakeholders.



Knowledge & Intellectual Property (IP)

AWI respects the value of the knowledge and intellectual property it develops.



Health Safety

AWI are committed to providing safe working environments.



Financial

AWI is the custodian of grower funds and will manage these prudently within the governance policies adopted.

2.4. Measurement and Evaluation

AWI is committed to providing quantifiable returns on woolgrower and government funds.

The role of the Monitoring and Evaluation (M&E) framework is to measure, analyse and report on the performance of AWI's investments of funds in programs and research.

The implementation of the M&E framework will enable AWI to sustainably measure and evaluate our programs, projects and investment.

The M&E framework includes:

- overarching measurements of performance providing a robust framework for program and project measurement, evaluation and reporting
- development of robust measurements of project and program impacts and the benefits delivered to Australian woolgrowers
- provide transparency of AWI's accountability to woolgrowers and industry stakeholders
- develop and embed a culture of M&E underpinning all strategic decisions to ensure the delivery of benefits to Australian woolgrowers.

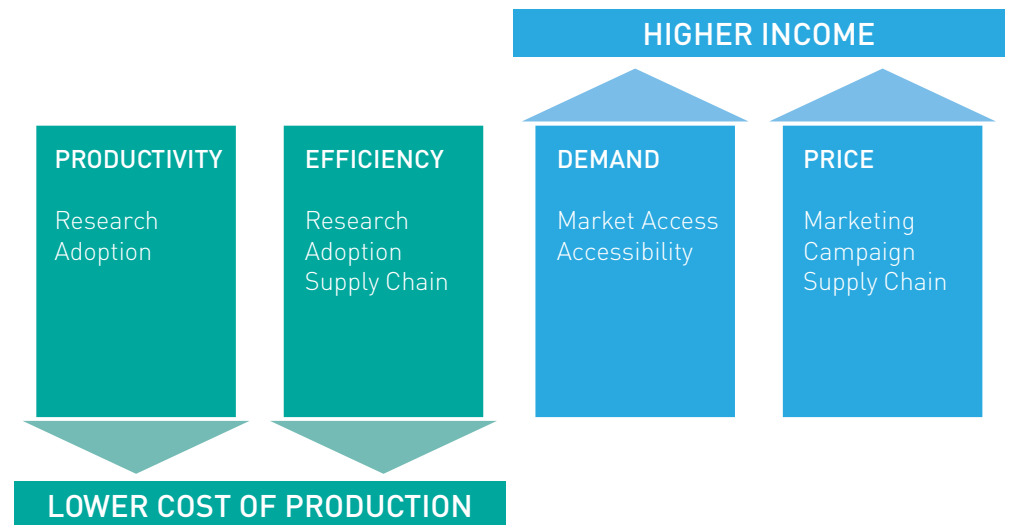
During the next strategic period, AWI will sustainably embed a M&E framework into each of AWI's business areas to effectively measure and evaluate activity and investment.

AWI's goal is to support and increase the profitability sustainability of the Australian wool industry through strategically targeted investments. To achieve AWI's goal, four drivers of value have been defined:

1. Productivity – an increase in yield from a fixed asset
2. Efficiency – increases in outputs from a content level of inputs
3. Demand – demand and price are externally driven. Increasing demand for wool increases farm income
4. Price – increase in price of wool increases farm gate return

By engaging one of the four drivers, value is derived for growers by lowering cost of production or increasing farm gate income.

Return of farm assets managed (RoFAM) will be applied to inform the methods of M&E of all AWI programs and investment. RoFAM underpins the logic of M&E – every project AWI should contribute to increasing RoFAM.



These four drivers inform methods of measurement and evaluation for AWI's activities.

2.5. Collaboration

Woolgrowers and the Australian Government, as investors in AWI's activities, expect collaboration with other Research and Development Corporations (RDCs), public and privately funded research institutes and the commercial sector.

This ensures sharing of knowledge, an increased funding pool, efficient research and development progress, enhanced reach and depth of education and progress on shared problems which otherwise may not be addressed.

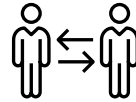
Wherever possible across all AWI's portfolios collaborators are sought for both cash or in kind contributions.

Leverage, adoption efficiency, maximising returns and research outcomes



Farm Research

- RDCs
- CRCs
- Government
- Universities
- Private sector



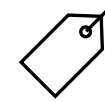
Extension & Education

- RDCs
- Government
- Universities
- Schools
- Private sector



Supply Chain Research & Development

- RDCs
- Government
- Universities
- Manufacturers
- Retailers
- Brands
- Private sector



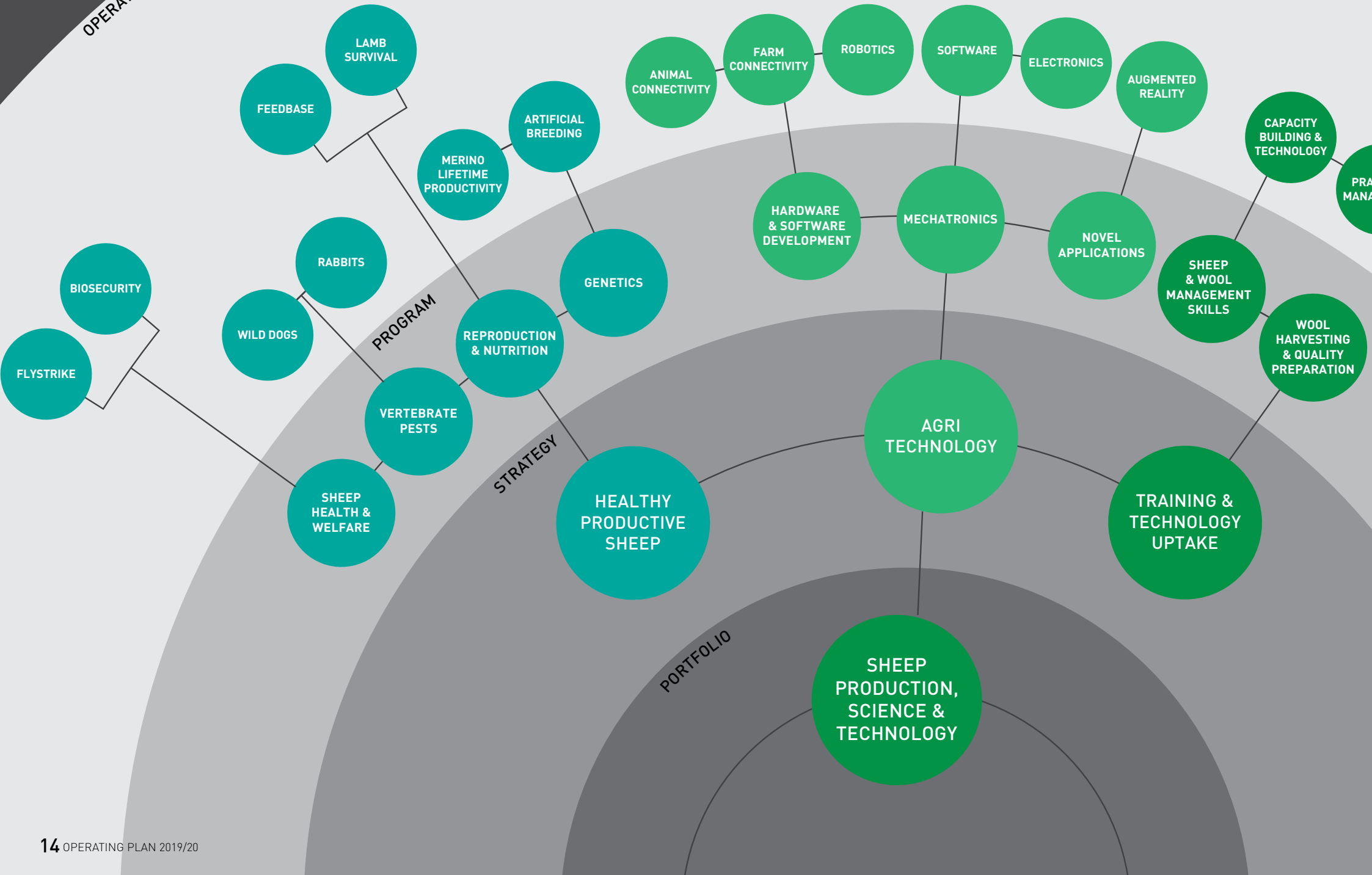
Marketing & Fibre Promotion

- Retailers
- Brands
- Other fibre organisations

Sample of Collaboration Projects 2019/20

- | | | | |
|--|--|--|--|
| <ul style="list-style-type: none"> • Rural R&D for Profit Projects (all RDCs) • National Wild Dog Action Plan (livestock industries, MLA, governments) • Dryland Legume Pasture Systems (GRDC & MLA) • Rabbit Biocontrol (Centre for Invasive Species Solutions) • Australian Genebank (livestock RDCs) | <ul style="list-style-type: none"> • Best Wool, Best Lamb (MLA) • It's Ewe Time (MLA) • Horizon Scholarships (AgriFutures) • Woolmark Development Centres - Donghua University • Woolmark Performance Challenge (116 Global Universities) • Wool4School (schools across Australia, UK, HK and USA) • Learn About Wool (schools across Australia) • Wool Science, Technology and Design Education Program (universities across China and India) | <ul style="list-style-type: none"> • Global fashion and sports brands • Woolmark Development Centres (Xinao, Nanshan and Donghua University) • Early stage processes and manufacturing trade partners | <ul style="list-style-type: none"> • Prada • Matches Fashion • Ralph Lauren • Vogue Germany and Japan • Association of Venetian Gondoliers • Campaign for Wool |
|--|--|--|--|

3. STRATEGIC PORTFOLIOS



3.1. SHEEP PRODUCTION INNOVATION & ADVOCACY

CTICAL
AGEMENT

OBJECTIVE

Lower the cost of production of wool on-farm by increasing the productivity of sheep and land, and increasing the efficiency of use of inputs and resources while maintaining Australia's reputation for sustainability.

OUTCOMES

- Australian woolgrowers use tools and information to:
 - improve the lifetime welfare of their sheep
 - reduce predation impacts.
- Research and development provides evidence for improved flystrike prevention, rabbit biocontrol, differential ewe management, improved feedbase practices, wool disinfection and genetic evaluation.
- Development of agri-technology provides evidence for improved labour efficiency and lower cost inputs.

Sheep Production, Science & Technology Strategies



HEALTHY PRODUCTIVE SHEEP

The challenges are to efficiently achieve lifetime sheep health and welfare, timely pasture growth and more lambs without compromising future productivity. When woolgrowers succeed through genetic benchmarking or adjusting inputs or their management, they want to ensure their gains are not decimated by predators.



AGRI TECHNOLOGY

Automation will bring efficiencies in farm data collection, analysis and decision-making using smart sheep tag hardware, sheep to sheep connectivity, sheep to farm connectivity and augmented reality interfaces. Safe (or soft) robotics are working with humans in other industries which is an opportunity for improving the wool harvesting process.



TRAINING & TECHNOLOGY UPTAKE

To be recognised as a valuable contributor to the profitability and sustainability of Australian woolgrowers, through the provision of a broad range of grower-facing communication, engagement and training initiatives.

Strategy: Healthy Productive Sheep

PROGRAMS	INVESTMENT FOCUS	TARGETS
SHEEP HEALTH & WELFARE	<ul style="list-style-type: none"> • Natural blowfly population sampling underway: <ul style="list-style-type: none"> – 2018/19 natural blowfly population sampling completed and analysed – 2019/20 natural blowfly population sampling commenced. • Flystrike vaccine candidate synthesis commenced: <ul style="list-style-type: none"> – Protein sequence and proteomics analysis of CSIRO vaccine candidates completed – Sheep wound proteomics study commenced – Validation of gene and vaccine candidate against latest version of <i>L. cuprina</i> genome lists completed – Recombinant vaccine protein synthesis and production commenced – Decision made on whether, and if so which, candidates to proceed with targeted candidate production in an Insect Cell system. 	1. Evidence of successful development of a flystrike vaccine prototype.
	<ul style="list-style-type: none"> • Final report on gap evaluation of pain relief research received and recommendations as to future research directions considered and prioritised for initial investigation. 	2. Evidence of investigations into novel pain relief options.
	<ul style="list-style-type: none"> • Sheep Blowfly Chemical Resistance Taskforce formed. • Potential future Sheep Blowfly Chemical Resistance prevalence and incidence modelling completed. • Further sampling for Sheep Blowfly Chemical Resistance undertaken, if required. • Sheep Blowfly Chemical Resistance RD&E priorities identified. • Initial report from the Benchmarking Australian Sheep Parasite Control Survey completed, and findings incorporated into ParaBoss. • On-going support and contribution to ParaBoss operational plan for 2019/20 with an emphasis on integrated pest management. 	3. Development of integrated parasite management strategies to minimise the impact of chemical resistance.
	<ul style="list-style-type: none"> • Model for internal wool bale storage conditions (temperature and humidity) against ambient climatic conditions developed and validated. • Work to achieve endorsement from relevant Australian and international (including OIE) regulatory bodies for any changes to industry, national or international recommendations and/or policies arising from the wool storage modelling work commenced. • Final recommended modifications to the prototype bale sprayer made. • A plan for the manufacture, storage, maintenance and mobilisation (as required) of the wool bale sprayer developed and endorsed. 	4. Evidence of successful development of wool bale biosecurity tools.

Sheep Health & Welfare continued on next page

Strategy: Healthy Productive Sheep (continuation)

PROGRAMS	INVESTMENT FOCUS	TARGETS
SHEEP HEALTH & WELFARE	<ul style="list-style-type: none"> • 2019/20 Breech Flystrike Prevention Communication Plan developed and implemented, that includes: <ul style="list-style-type: none"> – Delivery of WA Pain Relief Workshops to grower key influencers. – Regular BTB and extension network articles on use of pain relief, use of ASBVs for breeding for breech flystrike resistance and integrated pest management. – Completion and distribution of Grower Advisor Manual and associated grower targeted information on scouring and management of dags. – Completion and distribution of information for growers on use of pain relief and everyday animal husbandry practices that deliver good animal welfare. 	5. Demonstrate a 10% increase in adoption of welfare improved practices.
	<ul style="list-style-type: none"> • FAWO EAD Preparedness RDE Strategy 2019/20 – 2021/22 finalised and implemented. • A plan to establish a small wool industry EAD 'first-response' team, from across the industry considered and, if agreed, developed. • Industry communication plan to develop and promote industry response resources that complement and simplify the AUSVETPLAN documents for post farm gate wool industry personnel developed. 	6. Demonstrate a 20% improved capacity of post-farmgate wool industry preparedness for an EAD.
VERTEBRATE PESTS	<ul style="list-style-type: none"> • 3% Reduction in negative impacts of predation. • Maintain 8 Wild Dog Coordinator positions across Australia. • Increase co-funding and partnerships to support Wild Dog Coordinator positions. • Provide training and support to Wild Dog Control and Cluster groups subject to financial constraints. • 8 groups / clusters / Training programs assisted / provided. 	<ol style="list-style-type: none"> 1. Reduce the negative impacts of predation by 10% by 2022. 2. Improve capacity to undertake pest animal control by 10% by 2022.
	<ul style="list-style-type: none"> • Establish monitoring program to identify Calicivirus strains and measure distribution. • Identify distribution and spread of Calicivirus strains across Australia. • Identification and monitoring of strain X environment activity. • Publications and extension material where appropriate and valuable. • Establishment of RHDV2 program. 	<ol style="list-style-type: none"> 3. Development of new rabbit bio-controls.

Strategy: Healthy Productive Sheep (continuation)

PROGRAMS	INVESTMENT FOCUS	TARGETS
REPRODUCTION & NUTRITION	<ul style="list-style-type: none"> • Improve knowledge and skills of producers in regards to the Newly developed Novel Dryland legumes to suit their production needs. • Improve the understanding of the optimal Phosphorus requirements of Pasture Legumes to reduce inputs and production costs for woolgrowers. • Improve the knowledge and understanding of the suitability, optimal establishment and ongoing management of Superior Forage Shrubs to fill feed gaps and make use of previously unproductive land. 	<ol style="list-style-type: none"> 1. 750 woolgrowers engaged in implementing beneficial feedbase guidelines and practices.
	<ul style="list-style-type: none"> • Lifetime Ewe Management program (LTEM) delivered. This program equips participants with best practice management principles for ewe management to increase on-farm productivity and profitability improving marking rates. • Development of reproduction extension packages and tools to provide guidelines to increase lamb survival and marking rates (Winning with Weaners, Optimum mob size) 	<ol style="list-style-type: none"> 2. Increasing Merino marking rates by 0.5% per annum.
	<ul style="list-style-type: none"> • Lifetime Ewe Management program (LTEM) delivered. This program equips participants with best practice management principles for ewe management to increase on-farm productivity and profitability improving marking rates. • Development of reproduction extension packages and tools to provide guidelines to increase lamb survival and marking rates (Winning with Weaners, Optimum mob size) 	<ol style="list-style-type: none"> 3. Complete the development of guidelines and extension workshops to improve reproductive rates that support the aim of 34% of ewes differentially managed to best practice by 2022.
	<ul style="list-style-type: none"> • Management of resilient pasture species: Improve knowledge and understanding of newly developed novel dryland legumes, and their production requirements to suit the variability of our climate in years to come. 	<ol style="list-style-type: none"> 4. Improve the understanding of three key areas to address climate variability: effect of heat stress on reproduction performance, best practice for supplementary feeding and management of resilient pasture species.
GENETICS	<ul style="list-style-type: none"> • Review the future of wether trials as a genetic evaluation tool and general extension • Continue to collect MLP and MLP Add-On project data and increase awareness of the projects and where appropriate promote early results through newsletters, field days, websites and interviews • Collaborate on the MLP analysis and reporting options with Industry and Research provider 	<ol style="list-style-type: none"> 1. By 2022, 50% of Merino producers will be using genetic tools (eg Australian Sheep Breeding Values, Flock Breeding Values or wether trial data) in ram purchase decisions.

Strategy: Agri Technology

PROGRAMS	INVESTMENT FOCUS	TARGETS
HARDWARE & SOFTWARE DEVELOPMENT	<ul style="list-style-type: none"> AWI Smart tags are being tested in different paddock conditions for robustness and reliability. Updates of the firmware can be made remotely and as frequently as required. Development of reproductive algorithms to detect a mating event recorded by smart tags retrieved from rams and a mating or oestrus event retrieved from ewes. 	<ol style="list-style-type: none"> AWI Smart Tag system delivers at least three practical functionalities driven by sensors, hardware is reliable and durable, and software is able to be updated remotely
	<ul style="list-style-type: none"> Collection of sheep images and on farm data to build datasets to feed machine learning models. Development of models to predict morphologic traits on sheep using artificial intelligence. 	<ol style="list-style-type: none"> Artificial Intelligence (machine learning) applied for data analysis delivering accurate predictions for at least two sheep traits or paddock events.
MECHATRONICS	<ul style="list-style-type: none"> Robotic advisory group constituted to support proposal selection and advise on project development. Projects initiated to deliver proof of concept for semi-automated shearing systems and/or solutions for shearer's fatigue management and injury prevention. 	<ol style="list-style-type: none"> Proof of concept robotic shearing system delivered.
NOVEL APPLICATIONS	<ul style="list-style-type: none"> Assessment of different technologies for the development of a user interface to manage on farm data 	<ol style="list-style-type: none"> Proof of concept novel user interface application.
	<ul style="list-style-type: none"> Digital capability tool delivered. A self-assessment tool will help producers better understand what digital skills to develop to future proof their businesses. Kick off of a Program to develop entrepreneurship and technology capabilities amongst woolgrowers so they can then solve critical challenges within the industry and successfully bring new agtech solutions to market 	<ol style="list-style-type: none"> Educational packages to increase technology adoption and digital literacy

Strategy: Training & Technology Uptake

PROGRAMS	INVESTMENT FOCUS	TARGETS
<p>SHEEP & WOOL MANAGEMENT SKILLS</p>	<p>Practical management information</p> <ul style="list-style-type: none"> AWI will continue to develop and make available key industry resources on best management practices and existing technologies across all facets of sheep production. Resources will be made available through a range of mediums including print, App development and AWI websites. <p>Capacity building & technologies</p> <ul style="list-style-type: none"> Retention of wool industry participants through access to skills building opportunities to increase their capacity in leadership, business, industry promotion and their confidence in the future of their industry. Address shortfalls in practical hands-on and entry level training initiatives specific for wool and sheep management. 	<ol style="list-style-type: none"> 1,500 tertiary participants in AWI leadership and practical skills events. AWI leadership and practical skills events delivered to participants receive a net promoter score of at least 7.5/10. 10,000 views of AWI Education & Extension resources online.
<p>WOOL HARVESTING & QUALITY PREPARATION</p>	<p>Innovative in-shed practices and technologies</p> <ul style="list-style-type: none"> With the broader adoption of innovative approaches to wool harvesting, such as upright and mobile shearing, multi-purpose sheds and easier catch/drag/release methods, AWI will work with industry to develop and deliver applicable training components. <p>Promote elite shearing and wool handling</p> <ul style="list-style-type: none"> AWI will continue to recognise elite shearing and wool handling through communication and promotion initiatives, as well as regional, state and national competition support. 	<ol style="list-style-type: none"> 3,000 novice and intermediate level participants trained by AWI shearer and wool handler trainers. Ongoing retention rate of 75% of those trained yearly. More than 1,000 participants in shearer and wool handling competitions nationally. 15,000 views of AWI Wool Harvesting resources online.

Annual Operating Plan Sheep Production 2019/20

STRATEGIES	PROGRAMS	Program Budget (AUD '000)	Strategy Budget (AUD '000)	Sheep Production Sub-total (AUD '000)	Allocation Of Cross Functional Project (AUD '000)	Total Project Allocation Budget (AUD '000)	Operating Costs (AUD '000)	Total Portfolio Costs (AUD '000)
HEALTHY PRODUCTIVE SHEEP	Sheep Health & Welfare	1,738	5,752	12,992	523	13,515	2,775	16,290
	Vertebrate Pests	1,727						
	Reproduction & Nutrition	760						
	Genetics	1,527						
AGRI TECHNOLOGY	Hardware & Software Development	1,525	3,010	12,992	523	13,515	2,775	16,290
	Mechatronics	1,485						
	Novel Applications	-						
TRAINING & TECHNOLOGY UPTAKE	Sheep & Wool Management Skills	1,930	4,230	12,992	523	13,515	2,775	16,290
	Wool Harvesting & Quality Preparation	2,300						



CONSULTATION

PORTFOLIO

WOOLGROWER

INDUSTRY

STRATEGY

EXTENSION NETWORKS

EVENTS & FORUMS

MARKET INTELLIGENCE & COMMUNICATIONS

WOOLGROWER REPRESENTATIVE BODIES

PROGRAM

MEDIA

EVENTS & FORUMS

MARKET INTELLIGENCE & COMMUNICATIONS

OPERATIONAL

3.2. CONSULTATION

OBJECTIVES

To build trust and transparency across the supply chain through an industry best-practice structured, targeted and measurable engagement model; and for this intelligence to influence, inform or contribute to AWI's business activities.

OUTCOMES

- Measurable contribution to future-proofing the industry, in terms of retaining and attracting the next generation to the industry; and to maintaining and building the Australian Merino flock.
- Accountability to woolgrowers by listening to and acting upon on-farm and regional challenges that are communicated via a structured and enhanced industry consultation model, and in turn leverage this feedback loop as a means of achieving improved awareness and understanding of AWI business activities by its levy payer base.
- Demonstrable positive increase in woolgrower sentiment toward AWI, via an annual survey, as a highly valued contributor to a vibrant, profitable, innovative and sustainable Australian wool industry.
- Deliver an innovative, practical and tailored project suite that lifts non-shareholder levy payer awareness of AWI activities to a level where woolgrowers within this group see value in converting to an AWI shareholder.
- Build strong relationships within Australian and state Government, and respective departments; demonstrating a collaborative approach with industry, and tangible returns on government investment via robust measurement and evaluation.
- Provide opportunity for reducing knowledge gaps between supply chain partners by an enhanced market intelligence function, and by acting as a conduit between sectors.

Consultation Strategies



WOOLGROWER

Australian woolgrowers are the reason AWI exists. Australian woolgrowers and the future health of their operations will always be the business' priority focus, in terms of woolgrower levies that fund AWI activities, and in managing these funds prudently to deliver strategic, relevant, sophisticated, and measurable outcomes that contribute to a vibrant, profitable, innovative and sustainable Australian wool industry.



INDUSTRY

AWI looks to work in a structured, transparent and collaborative way with the plethora of industry bodies, and for the intelligence gleaned from this engagement to influence, inform or contribute to AWI business activities.

Strategy: Woolgrower

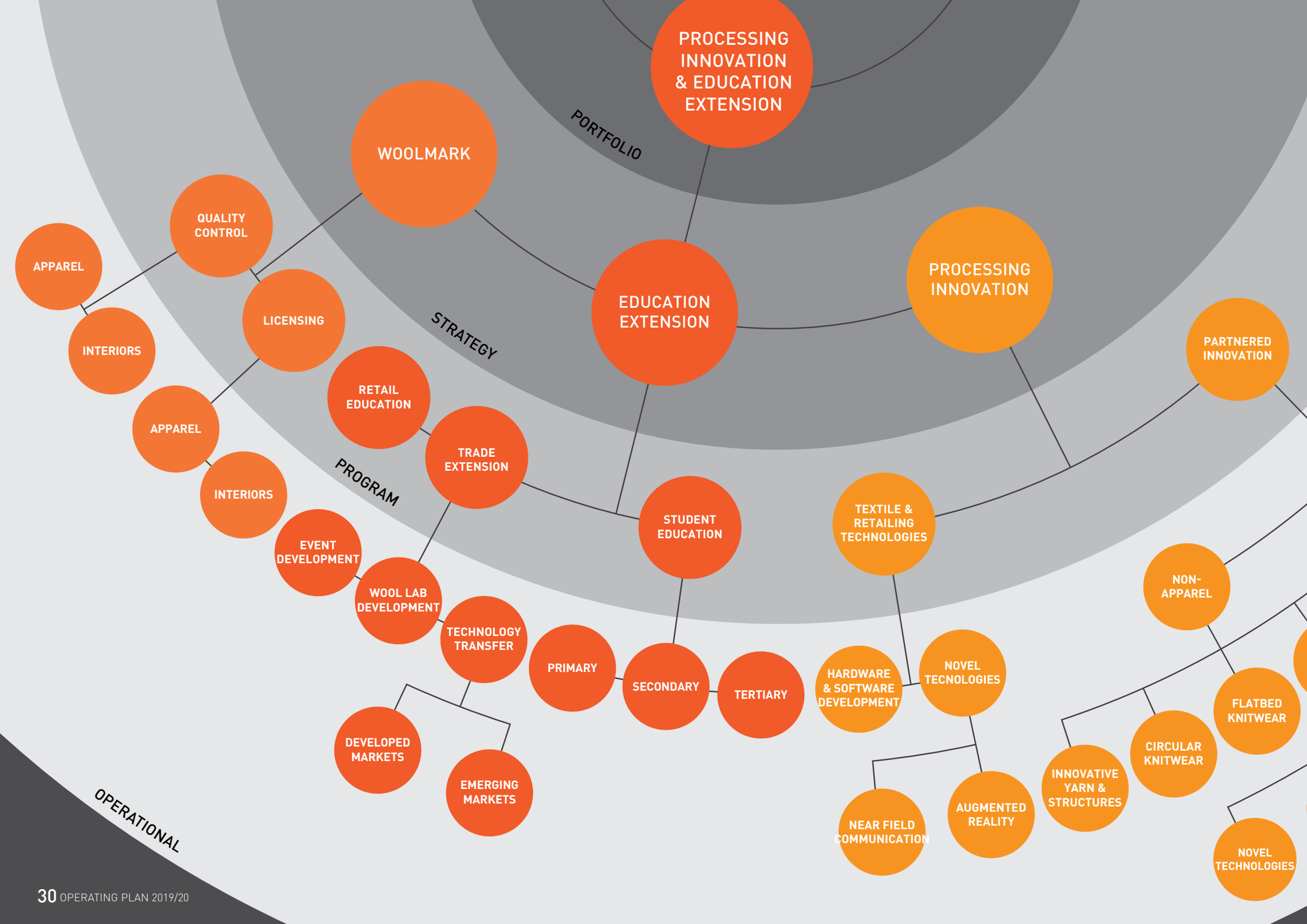
PROGRAMS	INVESTMENT FOCUS	TARGETS
EXTENSION NETWORKS	<ul style="list-style-type: none"> • AWI will continue to develop and disseminate key industry resources on best management practices and existing technologies across all facets of sheep production, with these readily available in both digital and print format. • Participants through access to skill-building opportunities to increase capacity in leadership, business, industry promotion and confidence in the future of the industry. • Address shortfalls in practical hands-on and entry level training initiatives specific for wool and sheep management. • Seeking new networks to engage with in order to reach woolgrowers, particularly in cropping zones where renewed interest in sheep exists. Examples: Grains Industry Association, WA; Birchip Cropping Group, Vic; Mallee Sustainable Farming, Vic, SA; Grassland Society, NSW. • Increased consultation with extension group PAPs and increased engagement with woolgrowers through events, workshops and conferences. 	<ol style="list-style-type: none"> 1. 15,000 active participants in AWI extension initiatives. 2. AWI workshops delivered to participants receive a net promoter score of 7.5/10 (evidenced by exit surveys). 3. 20,000 views of AWI network resources online.
EVENTS & FORUMS	<ul style="list-style-type: none"> • Focus on future-proofing the industry in terms of the Merino flock, next generation and new technologies. • Direct and collaborative support and presence at events. • Increase current reach to engage with more commercial woolgrowers, young woolgrowers and potential woolgrowers, via existing or new events. • Ensure feedback is gathered, and acted upon wherever possible, to inform the business on regional priorities and to continually sharpen relevance to woolgrowers. 	<ol style="list-style-type: none"> 1. Support and engagement at more than 50 events and forums nationally.
MARKET INTELLIGENCE & COMMUNICATION	<ul style="list-style-type: none"> • Create the most valued market intelligence in the wool industry. • Build demand and subscriber numbers as an indication of quality, well presented and sought-after information. • Provide forecast analysis and insights into global trends to inform business owners of threats and opportunities across the supply chain. 	<ol style="list-style-type: none"> 1. 70% of users of AWI's Market Intelligence find it of 'high value' or above (evidenced by AWI survey). 2. Increase subscriber numbers by 10%. 3. E-news click through rate of 35%. 4. Market Intelligence area on AWI website receives 1,500 views per month.

Strategy: Industry

PROGRAMS	INVESTMENT FOCUS	TARGETS
WOOLGROWER REPRESENTATIVE BODIES	<p>AWI has undertaken a significant review of its consultation activities over the past strategic period, commencing in 2016 and culminating in the establishment of a new consultation model in early 2019.</p> <p>The focus of the new consultation model is on developing more effective, respectful and meaningful consultation with woolgrower representative bodies through:</p> <ol style="list-style-type: none">1. AWI's Woolgrower Industry Consultation Panel (WICP); and2. AWI's Woolgrower Consultation Group (WCG).	<ol style="list-style-type: none">1. WICP and WCG members report AWI consultation efforts have been maintained or improved at 8.9 (approval rating out of 10).

Annual Operating Plan Consultation 2019/2020

STRATEGIES	PROGRAMS	Program Budget (AUD '000)	Strategy Budget (AUD '000)	Woolgrower Services Sub-total (AUD '000)	Allocation Of Cross Functional Project (AUD '000)	Total Project Allocation Budget (AUD '000)	Operating Costs (AUD '000)	Total Portfolio Costs (AUD '000)
WOOLGROWER	Extension Networks	1,270	3,100	3,478	164	3,642	1,465	5,107
	Events & Forums	480						
	Market Intelligence & Communication	760						
	Media	590						
INDUSTRY	Government	186	378					
	Representative Bodies	192						



Processing Innovation & Education Extension Strategies



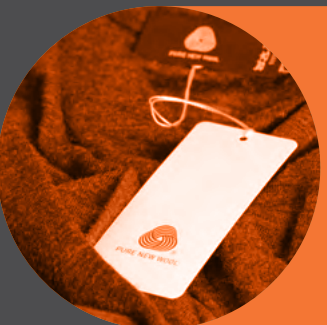
PROCESSING INNOVATION

By assisting (through transfer of innovations) manufacturers to adopt innovative technologies which add significant value, either functionally (eg moisture management properties) or aesthetically (new textures) so their products will attract higher premiums. This in turn will lead them to become more profitable, and thus more likely to stay in wool and willing to pay a higher price for it.



EDUCATION EXTENSION

Education and training of supply chain participants ensures wool remains a competitive processing sector against other fibres and inspires designers, brands and retailers to use wool in their product ranges, and ideally, to leverage the intrinsic properties of wool to grow profitable demand for their products.



WOOLMARK

The Woolmark brand underpins many of AWI's other programs by providing a central point of focus to link initiatives across the entire wool supply chain. The Woolmark product specifications and quality control and testing policy support The Woolmark Company's consumer marketing efforts to change perceptions about wool.

Strategy: Processing Innovation

PROGRAMS	INVESTMENT FOCUS	TARGETS
TEXTILE & RETAILING TECHNOLOGIES	<ul style="list-style-type: none"> • Interactive retail technologies. • Digital engagement tools. • Connected garments (Fashion Tech). 	<ol style="list-style-type: none"> 1. Proof of concept novel retail technology application. 2. Proof of concept novel textile technology/fashion tech application. 3. Educational packages to increase technology awareness, adoption and digital literacy.
PARTNERED INNOVATION	<ul style="list-style-type: none"> • Development of new yarns, textiles, garments, footwear and non-woven products. • Engagement with leading machinery manufacturers to explore new opportunities for wool production, process and treatments. • Wearable technologies and 3D printing. • Technical transfer. • Partnered product innovations with key global brands. • Research and trials into eco-friendly processing treatments and technologies. 	<ol style="list-style-type: none"> 1. Partner with six machinery companies for product or process development. 2. Minimum of ten fully-fashioned garment product developments made commercially available. 3. Minimum of five footwear developments made commercially available. 4. Research and commercial trial of one wearable technology. 5. Partnered product developments to increase by 20%.

Strategy: Education Extension

PROGRAMS	INVESTMENT FOCUS	TARGETS
<p>RETAIL EDUCATION</p>	<ul style="list-style-type: none"> • Develop 'white label' retail training programs across a diversity of brands with a specific focus on womenswear, menswear and sportswear brands for global delivery. • Continue to work directly with brands and retailers to develop custom training programs across various product categories. • Develop a retail training portal via the Woolmark Learning Centre to ensure all retail training programs are accessible online and in multiple languages. • Continue to host retail training tours to Australia where influential luxury brands have an opportunity to come to the source of Australian Merino wool and be connected with woolgrowers. This program aims to bridge the gap between the woolgrower and the brand/retailer at the end of the supply chain providing an education opportunity for both. 	<ol style="list-style-type: none"> 1. Deliver retail training programs across womenswear, menswear and sportswear to a minimum of 15 retailers/brands globally. 2. Retail staff have successfully completed 50 retail training courses on the properties and benefits of Australian wool on the Woolmark Learning Centre digital platform.

Strategy: Education Extension (continuation)

PROGRAMS	INVESTMENT FOCUS	TARGETS
<p>TRADE EDUCATION</p>	<ul style="list-style-type: none"> <p>THE WOOL LAB (DEVELOPMENT)</p> <p>The Wool Lab (TWL) will continue to be the main tool to inspire and connect designers, brands and retailers to wool.</p> <p>AWI will continue to develop and deliver TWL via seasonal (Spring/Summer and Autumn/Winter collections) as well as a targeted Sports collection and Wool Denim collection to appeal to the contemporary market. We will continue to increase the extension of TWL by face to face presentations, however a key focus is on digital means to maximise the value and reach. TWL provides a sourcing service for key luxury brands and retailers for innovative design and fashion trends that utilise wool as the main fibre.</p> <p>EVENT DEVELOPMENT (TRADESHOWS)</p> <p>AWI will continue to exhibit at the most influential international trade shows, including machinery, yarn, fabric, sports/outdoor, and technical shows that will support investment across our off-farm and marketing areas. Trade show messaging will focus on TWL (sourcing), new innovations (inspiration) and the eco-credentials of wool (education).</p> <p>AWI will use these shows to affirm The Woolmark Company's role as a leading authority in the fashion and textile industry, through seminars, media coverage and partner feedback (including post-trade fair follow up). Trade shows also provide an important source of leads for continual business development as well as the opportunity to support our supply chain partners.</p> <p>WOOL RESOURCE CENTRES AND DEVELOPMENT CENTRES</p> <p>The first Wool Resource Centre opened in Hong Kong in 2016 with the aim to provide a global hub for the fibre, textile and apparel industries to discover the wonders and versatility of Merino wool. The centre includes a wool library, showroom and events space for use across the entire supply chain from wool growers, manufacturers to designers, brands, retailers and students. Following its success, AWI plans to open additional centres in the UK (London) and USA (New York) to provide hubs in key markets.</p> <p>Development Centres currently existing at Nanshan Group (weaver), Xinao (spinner) and Donghua University. These centres have been aligned with key Chinese strategic partners to ensure that wool inspiration and education is available to their clients and students. AWI will continue to develop these existing centres by ensuring up-to-date information is available and that wool is at the forefront of mind when making a fibre selection. We will expand this approach into new target markets of Vietnam (emerging market) and Italy (developed market).</p> <p>TECHNOLOGY TRANSFER</p> <p><i>Developed Markets</i>- Working in developed markets to identify and support market trends and new opportunity areas for wool that can be adopted by existing and new manufacturing markets. AWI will continue to monitor and evaluate market trends and discuss opportunities with supply chain partners to create new business.</p> <p><i>Emerging Markets</i> - By identifying and working with new manufacturing partners in emerging countries, our aim is to support the shift of processing operations out of China, whilst at the same time creating new business opportunities and new demand for Australian wool. During this strategic period the focus will be on the establishment and growth of midstream processing, ie spinning, knitting weaving, garment making etc, with the overall objective of establishing new manufacturing supply chains in Vietnam, and other markets yet to be identified.</p> 	<ol style="list-style-type: none"> Increase the number of supply chain partners contributing to The Wool Lab by 2.5% to drive demand. Increase swatch requests from The Wool Lab by 1.5%. Expand Wool Resource Centres to USA (New York) to increase awareness. Increase engagement at the most influential international yarn, fabric, sports/outdoor, machinery and technical shows by 2.5%.

Strategy: Education Extension (continuation)

PROGRAMS	INVESTMENT FOCUS	TARGETS
<p>STUDENT EDUCATION</p>	<ul style="list-style-type: none"> • AWI will continue to develop and produce educational resources such as 'Sam the Lamb' and 'Learn About Wool' for primary and secondary students. • Support will be provided to teachers by way of education materials, online lesson plans, videos and other materials in line with National curriculums. • AWI will continue to refine and roll-out the Wool4School Design competition globally to engage secondary students to learn about the benefits and versatility of wool. • Seminars and competitions via Woolmark Performance Challenge for tertiary students will be held globally to educate, inspire and connect the future generation, giving them an understanding of processing, the supply chain and the many possibilities for careers within the wool industry. • AWI will continue to develop the Wool Appreciation and Wool Education Courses aimed at tertiary Design and Textile Engineering students to be delivered via face-to-face and train the trainer approach to key global markets. • AWI will continue to convert all educational courses and competitions available for primary, secondary and tertiary students and teachers onto the online Woolmark Learning Centre platform to create a central hub for all educational resources. This platform will ensure participants (students and teachers) have access to the most up to date information and resources. It will also allow students to be credited for the courses they complete via a badging system. 	<ol style="list-style-type: none"> 1. Increase participation in the Learn About Wool primary and secondary education program by 2.5%. 2. Increase global participation in the Wool4School secondary design competition by 5% across Australia, Hong Kong, UK and Italy. 3. Increase participation in tertiary education programs by 5%. 4. Students have successfully completed 100 courses on the Australian wool industry through the Woolmark Learning Centre digital platform.

Strategy: Woolmark

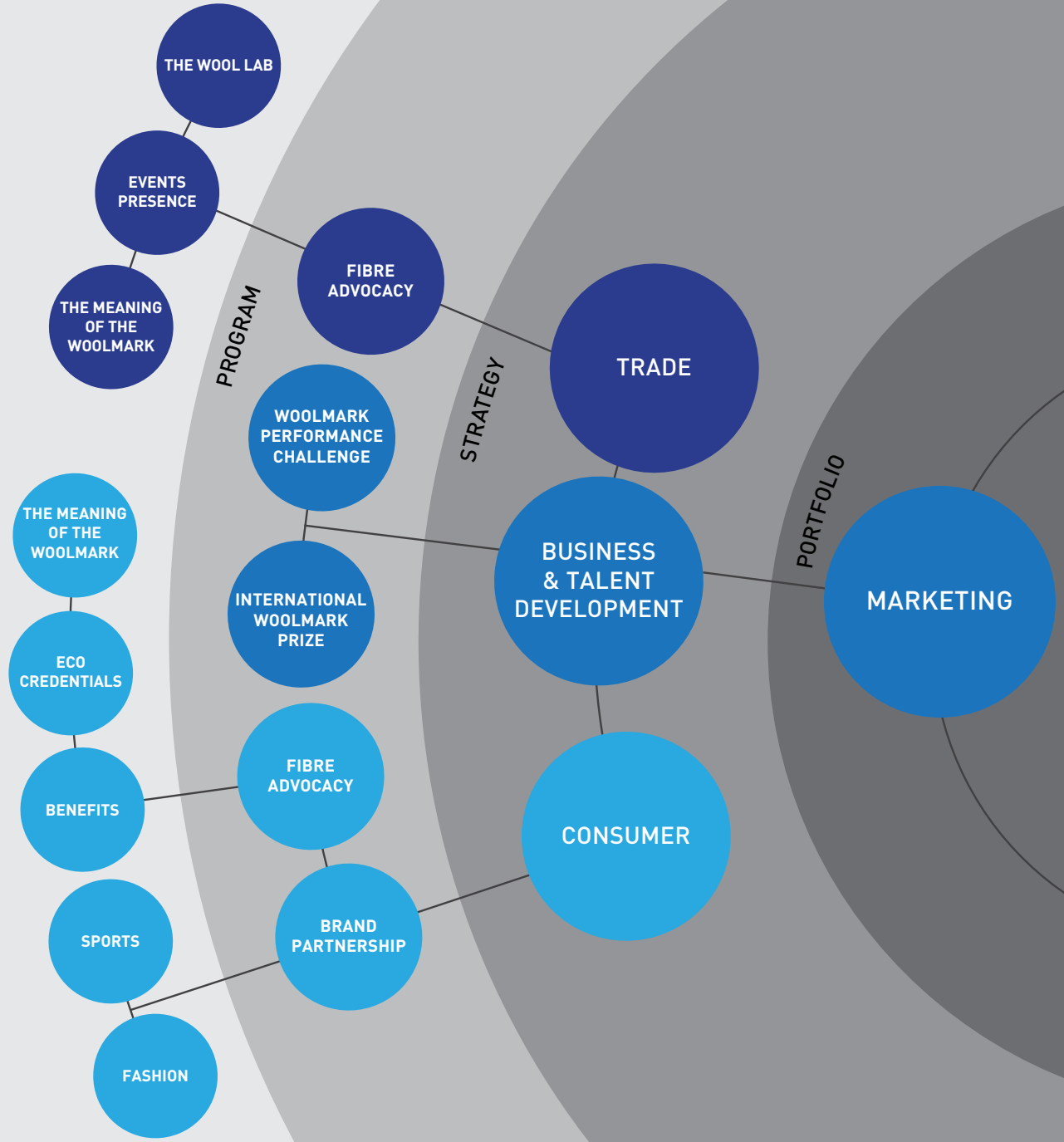
PROGRAMS	INVESTMENT FOCUS	TARGETS
QUALITY CONTROL	<ul style="list-style-type: none"> Maintaining the position of the Woolmark licensing program as a quality assurance.. 	<ol style="list-style-type: none"> 400 branded product samples purchased and processed through the QA program to maintain the integrity of the Woolmark brand.
LICENSING	<ul style="list-style-type: none"> Maintenance of the supply chain and licensing database. Robust internal processes to ensure the licensing of the Woolmark logos through the supply chain to end product is well administered. Effectively administrative support for the QA system. Getting engagement from supply chain partners. 	<ol style="list-style-type: none"> Increasing use of the Woolmark logo on qualifying product by 2.5% as measured through the use of branded tickets and labels.

Annual Operating Plan Processing Innovation & Education Ext 2019/20

STRATEGIES	PROGRAMS	Program Budget (AUD '000)	Strategy Budget (AUD '000)	PIEE Sub-total (AUD '000)	Allocation Of Cross Functional Project (AUD '000)	Total Project Allocation Budget (AUD '000)	Operating Costs (AUD '000)	Total Portfolio Costs (AUD '000)
PROCESSING INNOVATION	Textile & Retailing Technologies	180	1,891	6,681	339	7,020	3,539	10,559
	Partnered Innovation	1,711						
EDUCATION EXTENSION	Retail Education	450	4,547					
	Trade Education	3,542						
	Student Education	555						
WOOLMARK	Quality Control	180	243					
	Licensing	63						



OPERATIONAL



3.4. MARKETING

OBJECTIVE

To continue to build demand for Australian wool by reinforcing its position in the market and solidifying a strong price to ensure a sustainable future for Australian woolgrowers.

OUTCOMES

- New and sustainable demand for Australian wool.
- Australian Merino wool is positioned as the premium fibre for luxury apparel and sportswear.
- Enhanced consumer awareness of the benefits of Australian wool as a fibre of choice in apparel.
- The Woolmark Company is a credible, globally recognised and mutually beneficial partner for brands and retailers.

Marketing Strategies



TRADE

The Trade Marketing strategy (B2B) aims to build the reputation for Australian wool amongst the global apparel industry through a program of fibre advocacy, fostering and promoting innovation, increasing brand equity for the Woolmark and championing Australian wool's inherent eco-credentials. The Woolmark Company's internal creative and digital teams will deliver cost-efficient, cutting edge marketing and communications.



BUSINESS & TALENT DEVELOPMENT

A strategic Business and Talent Development (BTD) program, bringing together the company's Education and Extension, Processing Innovation and Marketing functions to drive increased business development opportunities and build an alumnus of life-long Australian wool advocates. The strategy encompasses key programs such as the International Woolmark Prize and Woolmark Performance Challenge.



CONSUMER

The Consumer marketing strategy (B2B2C) aims to develop and implement marketing campaigns with key designers, brands and partners to drive growth, defend core categories and build the reputation for Australian wool. This strategy will deliver value to partner brands, maximise investment efficiency and deliver the wool message across all touchpoints aligned to the most important brands and retailers across the world.

Strategy: Trade

PROGRAMS	INVESTMENT FOCUS	TARGETS
<p>TEXTILE & RETAILING TECHNOLOGIES</p>	<p>THE WOOL LAB</p> <p>The Wool Lab has become one of the essential tools for global brands and designers searching for the highest quality, most innovative wool products in the market, directly connecting them with the supply chain.</p> <p>The trade marketing strategy will ensure The Wool Lab and latest innovations are effectively promoted to the global industry to guarantee continued innovation uptake, growth for Australian wool and positioning of The Woolmark Company as a global authority.</p> <ul style="list-style-type: none"> • Highlighting new processing applications to promote adoption of wool innovations. • Owned content & communication strategy (imagery, video, trend reports, research and insight sharing). • Paid media strategy. • PR <p>EVENTS</p> <p>Trade marketing will promote a series of online and offline events focused on driving consideration for wool innovations and building the reputation of Australian wool through a program of content, PR and communication strategy.</p> <ul style="list-style-type: none"> • Trade show marketing to drive attendance and consideration of wool innovations. • Wool Resource Centre marketing & engagement strategy including thought leadership initiatives. • Development of educational event program. <p>MEANING OF THE WOOLMARK</p> <p>Use the Woolmark brand promise to build loyalty between the apparel industry and the Australian woolgrowers by providing a globally recognised quality assurance program that communicates best practices and provenance. The Woolmark Company will aim to curate a community of wool advocates within the trade industry through access to insights, research and education around the intrinsic benefits of the fibre and the prestige of the Woolmark certification.</p> <ul style="list-style-type: none"> • Highlight the commercial benefits of the Woolmark program to a trade audience through content, collateral and seminars. • Promote best-practice licensees to commercial brands through editorial, events and paid media. • Create valuable content and communication strategy for licensee retention and wool education (owned content strategy). • Ensure retailers and brands are educated about the intrinsic benefits of the fibre and the prestige of the Woolmark certification. 	<ol style="list-style-type: none"> 1. Increase trade leads by 2.5%. 2. 5% active engagement rate on owned content.

Strategy: Business & Talent Development

PROGRAMS	INVESTMENT FOCUS	TARGETS
<p>INTERNATIONAL WOOLMARK PRIZE</p>	<p>ALUMNI</p> <ul style="list-style-type: none"> • Educational wool seminars and webinars. • Partnerships with influential industry experts in marketing, retail and business to offer independent advice to alumni and specifically winners on how they can maximise their relationship with The Woolmark Company and the fibre. • Continued coverage and support of alumni brand development across The Woolmark Company-owned digital and social platforms. <p>EVENTS/CONTENT</p> <ul style="list-style-type: none"> • Investment in boundary-pushing content profiling the award and its participants by aligning with top level tastemakers from across the fashion, art and technology industries to create highly sharable and media worthy assets. • Create inspiring events that tell the story of the fibre in a unique way and encourage top level media attendance and content opportunities for continued editorial and social media coverage. • Secure the most influential fashion commentators, celebrities, stylists and influencers to attend events and elevate the prestige of the award. <p>RETAIL/COMMERCIALISATION</p> <ul style="list-style-type: none"> • Support for international retail launch activities including local area marketing, events, merchandising and designer appearances for maximum engagement with VIP shoppers, media and staff to promote the benefits of the fibre. 	<ol style="list-style-type: none"> 1. 300 new leads per year. 2. Achieve 50% of surveyed alumni as continued wool advocates post-award. 3. 5 commercial partners retain alumni collections after initial season.

Strategy: Business & Talent Development (continuation)

PROGRAMS	INVESTMENT FOCUS	TARGETS
<p>WOOLMARK PERFORMANCE CHALLENGE</p>	<p>ACADEMIC ENGAGEMENT AND EDUCATION</p> <ul style="list-style-type: none"> Promotion of the competition to highly-respected tertiary-level institutions globally. Educational material delivery (online and physical) providing the next generation of product developers with the knowledge and inspiration to innovate using Australian Merino wool. Engagement of credible industry experts across a range of boundary-pushing disciplines to act as advocates of the program within their respective fields and provide training and development for finalists. <p>BUSINESS DEVELOPMENT AND TRADE AWARENESS</p> <ul style="list-style-type: none"> Create thought-provoking events that communicate the potential benefits of the innovation ideas presented for industry and end consumers, and Australian wool's pivotal role in achieving these benefits. Attract attendance of key decision makers and influencers in sportswear, textile futures, and product innovation. Investment in content profiling the challenge, partners and the finalists, and their innovative concepts in highly creative and engaging ways to create sharable and media-worthy assets. Secure influential athletes, professionals, and relevant media personalities to attend events and become credible advocates for the challenge and its aims. Create platforms and events that provide networking opportunities for AWI/The Woolmark Company and WPC participants facilitating new wool product collaborations. Marketing support for new WPC-driven wool products at time of public release, if and when appropriate, to elevate wool's position as an innovative fibre and encourage consumer uptake. 	<ol style="list-style-type: none"> Increase digital engagement by 20% year on year. Increase competition entry rate by 10%. Increase webinar average attendance rate from 19 per webinar.

Strategy: Consumer

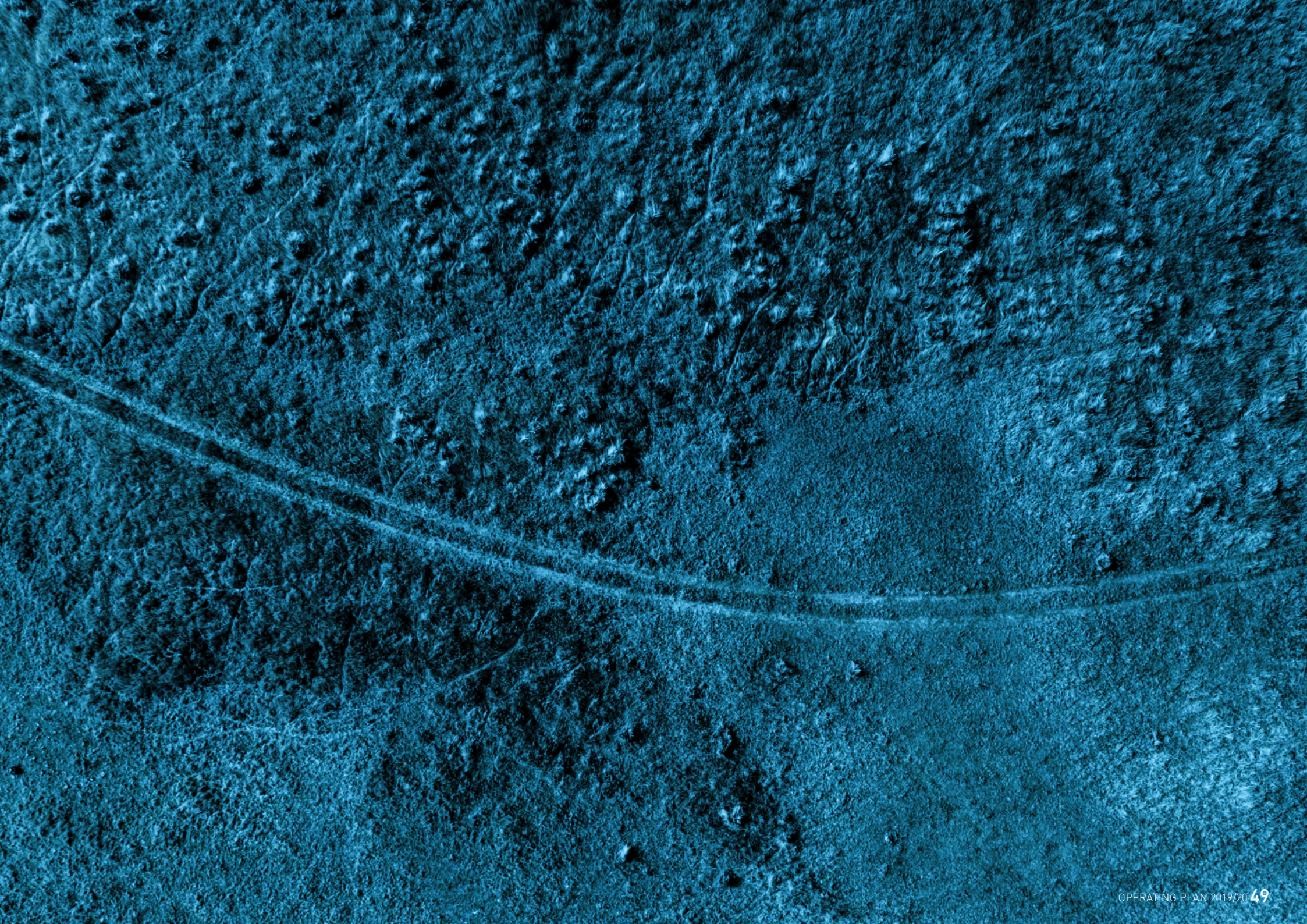
PROGRAMS	INVESTMENT FOCUS	TARGETS
<p>FIBRE ADVOCACY</p>	<p>MEANING OF THE WOOLMARK Leveraging global brand recognition of the Woolmark logo to build loyalty between consumers and the Australian wool industry through a strategic marketing and content program that communicates quality assurance, best practices and provenance. Building equity for the mark in the minds of the global consumer will help position fibre content and Australian wool as a purchase driver.</p> <ul style="list-style-type: none"> • Develop a content strategy to communicate the meaning and prestige of the Woolmark. • Secure co-brand content to highlight the meaning of the mark. • Consumer advertising program. <p>ECO CREDENTIALS Establish a comprehensive strategy to communicate the environmental positioning of Australian wool, that is publicly available online. This strategy will reaffirm the Australian wool industry's commitment to best practice management of environmental and social aspects of wool-growing.</p> <p>Through content and PR, we will aim to position Woolmark as a standard bearer for sustainability, providing consumers with a clear reference point for Woolmark's exacting standards. The Woolmark Company will promote best practice, adhering to industry guidelines and will include the following principles: environmental management, animal welfare and labour standards.</p> <ul style="list-style-type: none"> • Content strategy highlighting Australian wool's eco-credentials. • Global PR strategy positioning Australian wool as a sustainable choice for conscious consumers. • Partner alignment strategy. <p>BENEFITS OF WOOL Continue to challenge the common misconceptions around wool that remain a barrier to purchase through content, PR, ambassador alignment and brand experience. Build fibre advocacy by highlighting the technical benefits of the fibre through marketing, advertising, defensible communication and media.</p>	<ol style="list-style-type: none"> 1. 5% increase in active engagement on owned media channels. 2. Increase Share of Voice (SOV) by 8% for The Woolmark Company. 3. Increase in campaign-specific brand awareness by 5%. 4. Increase in campaign-specific brand sentiment by 5%.

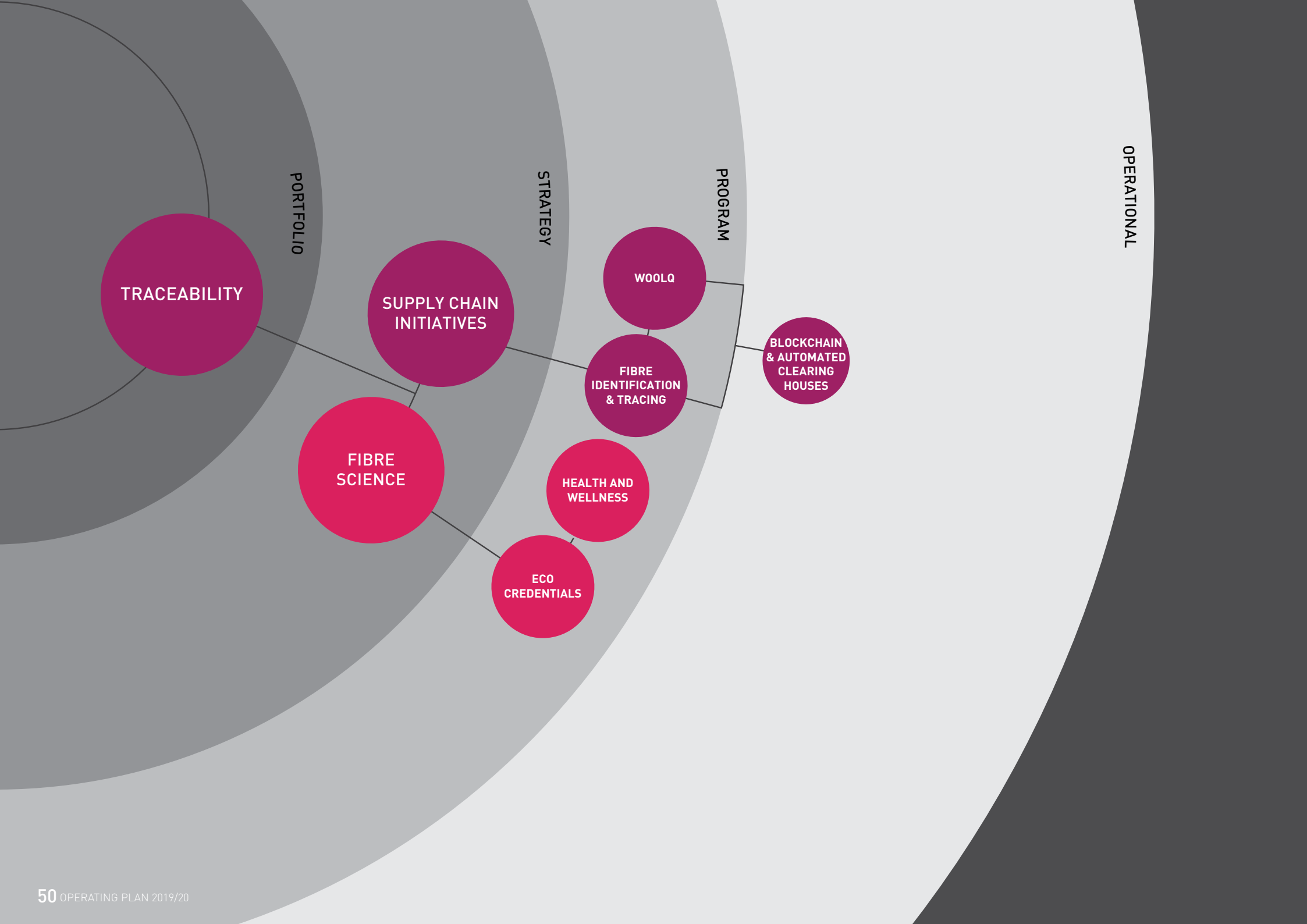
Strategy: Consumer (continuation)

PROGRAMS	INVESTMENT FOCUS	TARGETS
<p>BRAND PARTNERSHIP</p>	<ul style="list-style-type: none"> • FASHION Partner with culturally relevant or transformational brands, retailers and designers to secure increased representation of Australian wool product within collections. • SPORT Partner with leading performance, athleisure and wellness brands to deliver new Australian wool product. <p>Create co-branded marketing strategies to promote Australian wool product by communicating technical and/or environmental benefits to help ensure fibre composition is a key purchase driver.</p> <p>Create co-branded marketing strategies to promote Australian wool product by communicating technical and/or environmental benefits to help ensure fibre composition is a or purchase driver.</p>	<ol style="list-style-type: none"> 1. Partner with five global brand partners. 2. Increase purchase intent of Australian wool by 5%. 3. Achieve a 5% uplift in fibre share within five global brand partners

Annual Operating Plan Marketing 2019/20

STRATEGIES	PROGRAMS	Program Budget (AUD '000)	Strategy Budget (AUD '000)	Woolgrower Services Sub-total (AUD '000)	Allocation Of Cross Functional Project (AUD '000)	Total Project Allocation Budget (AUD '000)	Operating Costs (AUD '000)	Total Portfolio Costs (AUD '000)
TRADE	Fibre Advocacy	1,000	1,000					
BUSINESS & TALENT DEVELOPMENT	International Woolmark Prize	3,600	3,999	28,212	2,181	30,393	16,454	46,847
	Woolmark Performance Challenge	399						
CONSUMER	Fibre Advocacy	8,213	23,213					
	Brand Partnership	15,000						





3.5. TRACEABILITY

OBJECTIVES

To provide tools to ease the flow of information about Australian wool up and down the supply chain to all parties; to communicate wool's benefits, facilitate provenance and supply chain transparency.

OUTCOMES

- Provide tools to woolgrowers which improve profitability through informed decision making.
- Provide tools to the wool supply chain to meet retail market calls for supply chain transparency and provenance stories.
- Provide scientific information to retailers and consumers to demonstrate that wool is the planet-friendly fibre of choice.
- Provide scientific information to retailers and consumers to demonstrate that wool is the fibre of choice for comfort.

Traceability Strategies



SUPPLY CHAIN INITIATIVES

Supply chain initiatives will be researched and developed to distinguish and identify Australian wool through the supply chain. Tools to increase efficiency and transparency from farm gate to end consumer will be developed and enhanced.



FIBRE SCIENCE

Fibre science is the evidence the wool industry uses to promote to consumers that wool is the planet friendly fibre of choice. AWI will add to the body of knowledge that consumers' personal micro-environment, their living and working environment and the global environment can all be improved by wool.

Strategy: Supply Chain Initiatives

PROGRAMS	INVESTMENT FOCUS	TARGETS
WOOLQ	<p>INDUSTRY GROWTH Improve the prosperity/profitability and interest of Australian woolgrowers by:</p> <ul style="list-style-type: none"> • delivering a high quality, easy to use tool that will assist/allow woolgrowers and their business partners to make better business decisions regarding the selling of their wool. • allowing woolgrowers to become more invested in the selling of their wool clip through greater access and transparency to their customers and the selling options. • ensuring that competition throughout the entire supply chain remains paramount. • promoting tangible links between woolgrowers, the processors and end users of Australian wool. <p>INNOVATION Foster an environment of innovation in the Australian wool industry by:</p> <ul style="list-style-type: none"> • demonstrating commitment to continuous improvement of the WoolQ platform. • promoting and not crowding out additional (non-WoolQ) industry innovation. • preparing the industry for constant and inevitable change including the downstream consumer demands of provenance and traceability. 	<ol style="list-style-type: none"> 1. An increase of 1,700 woolgrowers adopting the WoolQ grower tools. 2. 2% of all Australian wool traded via the WoolQ Market tool.
FIBRE IDENTIFICATION & TRACING	<ul style="list-style-type: none"> • Scoping and proof of concept work to determine how AWI delivers tools in the emerging space of traceable textile/apparel markets. 	<ol style="list-style-type: none"> 1. Define new fibre-origin test method for adoption into the supply chain and use by laboratories. 2. Draft protocols for the chain of custody of wool through the supply chain ready for review by global wool industry bodies.

Strategy: Fibre Science

PROGRAMS	INVESTMENT FOCUS	TARGETS
HEALTH & WELLNESS	<ul style="list-style-type: none"> Commence two international studies assessing the impacts of Merino garments on eczema sufferers 	1. Produce and publish evidence of specified next to skin Merino garments as therapeutic for eczema
	<ul style="list-style-type: none"> Commence a study assessing the impact of Merino wool and cotton sleepwear on the sleep outcomes and symptoms of post-menopausal women. 	2. Produce and publish evidence of specified next to skin Merino garments as improving sleep quality
	<ul style="list-style-type: none"> Complete fabric testing and physiological manikin testing in preparation for development of a method for measuring wool's dynamic breathability. 	3. Generate new test protocols to measure wool's breathability in dynamic conditions. (OP)
ECO CREDENTIALS	<ul style="list-style-type: none"> Undertake and publish a review of the Sustainable Apparel Coalition's Material Sustainability Index 	1. Produce and publish evidence how current environmental scoring of apparel disadvantages the value chains of natural and renewable biogenic carbon fibres compared to non renewable fossil carbon derived fibres
	<ul style="list-style-type: none"> Complete environmental case studies of 9 woolgrowing properties applying regenerative principles Convene an expert panel to identify, document and publish an appropriate land classification system 	2. Produce and publish case studies on the environmental and economic impact of woolgrowers using regenerative farming practices
	<ul style="list-style-type: none"> Undertake and publish a study assessing the cradle-to-grave environmental impacts of the production, use, and end-of-life disposal of a woollen garment. 	3. Complete a wool cradle to grave Life Cycle Analysis.
	<ul style="list-style-type: none"> Assess methane emission levels from the consumption by sheep of novel legume seeds and pods Undertake a review of accounting methods for methane emissions from ruminants and the implications for global warming 	4. Generate new knowledge for improving the on farm carbon account.

Annual Operating Plan Traceability 2019/20

STRATEGIES	PROGRAMS	Program Budget (AUD '000)	Strategy Budget (AUD '000)	Traceability Sub-total (AUD '000)	Allocation Of Cross Functional Project (AUD '000)	Total Project Allocation Budget (AUD '000)	Operating Costs (AUD '000)	Total Portfolio Costs (AUD '000)
SUPPLY CHAIN INITIATIVES	WoolQ	974	2,076	3,585	173	3,758	1,624	5,382
	Fibre Identification & Tracing	1,102						
FIBRE SCIENCE	Health & Wellness	1,002	1,509	3,585	173	3,758	1,624	5,382
	Eco Credentials	507						

4. OPERATIONAL

4.1. Operational Support Functions



CORPORATE SERVICES

Corporate Services provides key expertise, compliance, governance, support and value to the global business in the areas of financial management, legal and company secretarial support including IP portfolio management, people services and internal IT services.



DIGITAL SERVICES

With the ever-changing digital landscape, it is the role of Digital Services to ensure technology is woven throughout AWI's global operations. This ensures a firm, secure digital ecosystem is established while at the same time remaining nimble to adapt to changing market conditions.

Strategy: Corporate Services

PROGRAMS	INVESTMENT FOCUS
BOARD	<p>STRATEGY – Defining and overseeing the implementation of the AWI’s purpose and strategic objectives and the relevant programs and budgets.</p> <p>GOVERNANCE – Approving and monitoring the effectiveness of the Company’s governance practices including Code of Conduct and business ethics and oversight of compliance with the Statutory Funding Agreement (SFA).</p> <p>RISK – Setting the risk appetite within which the management operates and ensuring an appropriate risk management framework is in place.</p>
FINANCE SERVICES	<p>COMPLIANCE – monitor and manage corporate financial compliance and reporting requirements globally, acknowledging the complexity and changing governance requirements across the company’s global footprint.</p> <p>RISK – manage the company’s global investment and foreign currency exposures within the approved policies to safeguard corporate funds and minimise currency risk exposure.</p> <p>PROCESS AND REPORTING – provide useful and accurate financial reports to the business to enable effective decision making that meets the global financial compliance requirements. Continual improvement of processes, systems and tools to enhance the value provided internally to the business to the business.</p>
PEOPLE SERVICES	<p>TALENT ACQUISITION AND RETENTION – Attract and retain the best available talent for each specific current or future position in AWI.</p> <p>PEOPLE PERFORMANCE – Ensure AWI people have the required skills, processes, support, and training which will allow them to perform to their best potential, aiming to achieve their own and AWI’s goals while having as a motivation the company’s vision and mission.</p> <p>WORKPLACE CULTURE – Recognise, value and understand what is important to our staff to make AWI a great place to work.</p>
LEGAL SERVICES	<p>LEGAL RISK – provide legal support to AWI group to minimise legal risk and ensuring good governance processes.</p> <p>COMPLIANCE – monitoring legal statutory and regulatory compliance requirements across AWI global operations.</p> <p>INTELLECTUAL PROPERTY MANAGEMENT – monitor and manage the group Intellectual property (IP) portfolio.</p>

Strategy: Corporate Services (continuation)

PROGRAMS	INVESTMENT FOCUS
MONITORING & EVALUATION	<p>FRAMEWORK – develop, support and monitor the AWI M&E framework across the group.</p> <p>SUPPORT – provide internal support to AWI staff to ensure effective implementation, compliance and adoption of the framework to build and embed a performance culture.</p> <p>EVALUATION – coordinate and prepare annual reviews by external independent consultants to complete evaluations and validate internal mechanisms.</p>
INFORMATION TECHNOLOGY & SERVICES	<p>ITS will deliver clear direction and vision as a service and enabler to the business, and look to anticipate and identify emerging technology trends to ensure continuous innovation while making intelligent technology investment decisions and increasing overall operational efficiency.</p> <p>CLOUD INFRASTRUCTURE - Continue the adoption of a Cloud-first strategy, preferencing public cloud offerings over on-premise infrastructure. This reduces risk, lowers cost, improves availability and increases agility in the deployment of IT software and systems infrastructure.</p> <p>SECURITY AND RISK MANAGEMENT - Continue ongoing risk assessment and implementation of robust protections against fast emerging cyber security threats that can harm business reputation and data assets. In alignment with AWI’s IT strategy, development and regular review of policies and controls are inherent throughout the business.</p> <p>GOVERNANCE AND COMPLIANCE - Ensure AWI is compliant with global and local data protection and privacy standards and legislations (including GDPR). ITS is focused on improved data management architecture and lifecycle.</p> <p>COLLABORATION AND ACCESSIBILITY - Increase internal capacity to connect staff and allow teams to communicate and work together more efficiently and effectively, thus delivering sustained productivity improvements.</p> <p>DATA-DRIVEN DECISIONS - Seek technology investment solutions in order to consolidate, categorise, analyse and present AWI data to internal and external stakeholders. Support employees with necessary knowledge change management to treat data as an asset and offer methods to discover new ways to find value and insights in existing and complementary data sets.</p>

Strategy: Digital Services

PROGRAMS	INVESTMENT FOCUS
<p>DIGITAL</p>	<p>INFRASTRUCTURE - Establishing a secure technology and data foundation will provide both cost and operational savings whilst providing solid governance and the ability to respond to changing market conditions or business needs.</p> <p>DELIVERY - We will leverage existing platforms as well as deploying new ones as a way to increase speed to market for a variety of projects and initiatives across all facets of the business.</p> <p>CUSTOMER ENGAGEMENT - We aim to utilize digital systems and audience mapping to have targeted communications with our key customers and stakeholders, helping us to get the right message to the right people at the right time.</p> <p>MARKET MONITORING - The business currently operates across a range of markets and audiences and as such it is important to monitor and remain aware of new technology and digital market changes to ensure the business continues to grow.</p>

5. ANNUAL BUDGET 2019/20

		BUDGET 2019/20 (AUD '000)
REVENUE	Wool Levy	48,600
	Government Contribution	16,000
	Woolmark	5,966
	Investment	2,408
	Other	844
	TOTAL REVENUE	73,818
PROGRAM SUPPORT COSTS	Sheep Production, Science & Technology	16,290
	Consultation	5,107
	Processing Innovation & Education Extension	10,559
	Marketing	46,847
	Traceability	5,382
	TOTAL PROGRAM SUPPORT COSTS	84,185
SUPPORT & ADMINISTRATION COSTS		11,133
TOTAL EXPENDITURE		95,318
NET RESULT (as a function of reserve drawdown)		(21,500)



The Operating Plan is available at

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