



# 19



# 20

Annual Report  
Australian Wool Exchange Limited. 2019-2020



Chair's Report	4
CEO's Report	6
Operations Report	11
The Market in Review	21
Members	28
Company Principles	30
Directors' Report	32
Auditor's Declaration	38
Financial Statements	41
Directors' Declaration	61
Auditor's Report	62



# 2020 at a glance



## Finance

- \$810,156 Surplus

## NWD 2019

- 73.7% declared nationally (+3.5%)
- 80%-84% declared, Eastern States, TAS & SA
- WA declarations (+2.6%)
- 1,494 desktop audits & 494 PR/AA verifications
- 514 mulesing certificates issued



## Engagement

- NWD Review concluded
- 161 submissions received (to NWD Review)



## Integrity

- ISO9001-2015 for NWD & SustainaWOOL
- 277,585 lots audited: AWEX-ID and clip inspection

## 2020 (YTD, 30 Sept)

- 77.5% declared nationally (+3.8%)
- 82%-92% declared, Eastern States, TAS & SA
- WA declarations (+5.5%)



## SustainaWOOL

- Over 1,000 grower members
- 38% of growers NM/CM
- 19 Supply Chain Partners
- Content Claim Standard released

## WoolClip/Traceability

- 67,179 bales (+327%)
- 1,029 farms
- 7,000 eBales



## Wool Classing

- 15,974 registered classers

## Chair's Report

*A time of contrasts and unexpected challenges defines the year ended June 2020. For AWEX this presented practical issues for 'business as usual', particularly in Victoria. Headlining the year, was the impact of COVID-19 on global retail sales and the flow through decline in demand for Australian wool. The key priority for AWEX was the safety of our people during this unforeseen global health crisis.*



The cyber attack in February this year on the Talman platform, the industry's main buying and selling system, added further to what was another challenge for the industry and AWEX. The team, in particular Nigel Stewart and David Cother, stepped in without hesitation to assist with the recovery of systems and data.

In March COVID-19 threatened to impact the wool industry's ability to maintain business continuity. The conduct of wool auctions required extensive changes to adhere to Government and Department of health directives. AWEX, through the experience of David Cother and Mark Grave, committed countless hours to achieving a positive outcome for all. It was also during March that the successful introduction of online selling of wool by Zoom was held, again spearheaded by AWEX.

Despite these major disruptions, work continued on AWEX projects aligned with our strategic plan.



WoolClip adoption accelerated with over 67,000 bales input compared with over 20,500 for the prior year. The recent addition of a consignment release will further strengthen this excellent tool with the ability to capture, transfer and distribute data, complete the NWD online and significantly reduce errors such as duplicate bales, and reduce reworks.

SustainaWOOL gained the stewardship of recognised wool industry expert, Dr Paul Swan, to oversee the embedding and growth of SustainaWOOL as a cornerstone of our quality assurance and integrity objectives. A tough year to be building an independent sustainability program but a long term fundamental pillar for the Australian wool industry.

An important cornerstone of our quality assurance mantra was the achievement of ISO:9001 certification for both the NWD Integrity Program and SustainaWOOL. Recognition is due, in particular, to Dr Kerry Hansford for her extensive work and technical expertise resulting in the successful recognition.

Another ongoing priority was the continuing development and testing on farm of eBale, with the scanning of QR code embedded in the RFID tag, and reading and storage within WoolClip.

The growth continues in the voluntary completion of the National Wool Declaration ('NWD') with the current trends since inception indicating adoption of over 90% by 2025 (2010:42.2%; 2015:55.0%; 2020 78.2%). Whilst Western Australia is an outlier on NWD adoption, the remainder of the wool-growing states are sitting at well over 80% of the 1.4million bales produced for 2019/20 – quite extraordinary for a voluntary scheme.

The further review of the National Wool Declaration ('NWD') was a challenging



and prolonged exercise for the Board and management of AWEX. Tensions continued around the level of information and disclosure of animal welfare practices acceptable within the wool industry and with its end customers. Many thanks to ISAC for its extensive work and consultation throughout the review. Further consultation was determined as essential by the Board to air all perspectives and potential disclosure solutions. Some might say it was an exhausting yet exhaustive process where the opinions of all were sought and re-sought where alternative solutions were presented. Transparency and provision of animal welfare practices in an evolving market were at the heart of the debate over what should be disclosed on the NWD. We are not there yet in terms of a final determination on extent of disclosure. The Board agreed to await the outcome of field trials on the impact of liquid nitrogen (Sheep Freeze Branding) on sheep – to consult again within 12 months or when the results of the trials are available, whichever is sooner. We understand COVID-19 has delayed the scheduled trials of Sheep Freeze Branding, however, AWEX will undertake the NWD review as promised.

The financial soundness of AWEX remains intact with a retained surplus at 30 June 2020 of \$6.99 million, cash and term deposits of \$8.214 million, and a contribution for the year of over \$810 thousand. JobKeeper was an appreciated source of some funds but largely our core revenue streams were the

contributors. Bale label sales continued strongly with revenue of over \$1.99 million (being 1.66 million labels). The revenue recognised from year 2 of the triennium wool classer registrations was \$1.47 million; and finally the third major source, service fees of over \$1.08million.

The Board recognises the outstanding contributions of the AWEX team again this year, particularly in the latter half when unforeseen challenges arose. The AWEX manner of quietly going about its business to fix and find solutions without great fanfare and publicity may be contrary to self-promotion, but that is the AWEX way. Thanks to Mark Grave and his team for their unwavering commitment and nimble delivery of innovative, clever and agile solutions and projects.

May I also thank the members of the Board for their individual contributions. I am left in no doubt as to their commitment and passion for the industry and support for the advancement of AWEX.

In summary, the Board and management of AWEX have continued to pursue a robust, but prudent and conservative approach to utilising members' funds for the betterment of the Australian Wool industry.



Robyn Clubb AM, Chair  
October 2020

# CEO's Report

*2019/20 has been an extraordinary year. A year that has presented enormous challenges but also opportunities to learn and a lot to be proud of. Whilst 2019 will be remembered for the extensive drought that gripped large areas of productive agricultural land, 2020 will be remembered for the continuing and severe impact of the COVID-19 pandemic.*



The impact of COVID-19 was immediate and global and it didn't discriminate between country or industry. The result was an added layer of complexity as falling markets and equally falling production compounded a subdued global industry.

## COVID-19

AWEX made proactive decisions on the delivery of our services impacted by the pandemic. In March, AWEX made the decision to cancel the National Graduate Wool Classer Competition. This decision, made prior to the cancellation of the Sydney Royal Easter Show and before the closure of state borders was even considered possible, was made in the interests of the safety and welfare of wool classers. AWEX will proceed with the 2021 edition of the competition but the format has not been finalised at this stage.

With the cancellation of the Sydney Royal Easter Show, the AWEX sponsored and operated live wool auction was also moved back to Yennora. This successful live auction event had been enthusiastically attended by industry and patrons alike.

AWEX on-farm inspections were suspended in March due to the pandemic. The extent of the pandemic was unknown at the time, however, in the interests of safety and concern for the welfare of growers, their families, rural communities and our staff, the decision to suspend this service was entirely appropriate. Inspections did resume in late June but were limited to intra-state locations only. We are monitoring the results of positive COVID-19 cases in each state and will resume services to their normal level when possible.

## COVID-19 Wool Auctions

AWEX staff were heavily involved in formulating industry decisions and protocols with respect to the continuation of wool auctions. A NASC Working Group was formed to address how wool auctions could remain in operation in each region and in all cases meet and exceed any directives given by the Federal and State Governments and the governing Department of Health of each relevant state.

The Working Group met daily for the first six weeks and together with NASC had met more than 50 times in less than six months. The Working Group members showed a level of commitment required under such extraordinary circumstances. As expressed at many meetings the intent was always to maintain continuity of business and minimise risk. Therefore, the question was not 'if' there was a positive case detected but 'when' and how will the industry respond.

Thank you to the Working Group members; their commitment to resolving issues was what made the extraordinary outcomes achievable. The Working Group demonstrated the industry's capacity to work together when focussed on a shared goal. Working Group members included; Brokers, Buyers, WoolProducers, AWH, AWTA and AWEX.

I'd like to thank the brokers, buyers and AWH who were willing and able to adapt to new and challenging auction sale environments. The make shift sale rooms were stark on occasion and not the most pleasant of conditions but they made it work. The industry was able to continue to trade.



Finally, I want to recognise the work of David Cother, AWEX. Not many could understand the extraordinary effort that David has put into NASC and in particular addressing COVID-19 through the Working Group. This has been a seven day a week task that has required the full dedication of someone who not only appreciates the dynamics of wool trading but also the consequences of decisions made. David’s contribution may never be fully realised but it is evidenced by the outstanding results.

Like many companies, AWEX prioritises staff safety and welfare and like so many AWEX embraced staff working remotely. The conditions may have changed but the professional services did not. I am pleased to report that the decisions made by the AWEX Board, over a decade ago, to invest in the future of AWEX systems and software has enabled this transition.

**SustainaWOOL**™  
INTEGRITY SCHEME



### SustainaWOOL

2019 was an important year for AWEX. In July 2019, AWEX announced the acquisition of SustainaWOOL. This announcement recognised the growing importance of sustainability programs to wool growers and their customers. Sustainability is a combination of animal welfare, environmental and social stewardship. The significance of wool growers being able to celebrate their farming credentials and be recognised by the market cannot be undersold. The decision by growers to enhance their sustainability story is one of strategy and business investment that is now reaping reward.

There are now many sustainability programs on offer, but SustainaWOOL is industry owned and delivering outcomes equivalent to any. We are grateful to founding owners, New England Wool Pty Ltd and Italian fabric makers Successori Reda and Vitale Barberis Canonico for the faith they have shown in AWEX to build on their solid foundation. SustainaWOOL now has more than 1,000 grower members and 19 Supply Chain Partners that have confidence in SustainaWOOL to meet their needs.

## CEO's Report cont...

In 2019 AWEX achieved the internationally recognised ISO9001 accreditation for both the National Wool Declaration and SustainaWOOL.

This is positive affirmation of the systems supporting both programs and one that gives our members and customers confidence in the valuable information they provide.



### National Wool Declaration

AWEX completed the 2019 review of the NWD in March 2020. AWEX received more than 160 submissions, such was the interest in the review. Submissions were received from a broad cross section of Growers and from Australian and overseas companies and organisations.

A focus of the review was the need to improve the adoption or declaration rate. The declaration rate in the Eastern states ranges between 80-84%, whilst declarations in Western Australia are improving but at 43% there is still a lot of improvement needed.

The key driver today is the information derived from the NWD is demanded by the supply chain and as a result is influential in the market and the price paid. Exporters and processors are sourcing wool that has been declared and this is resulting in clear and positive price signals. This looks likely to continue.

In 2008, when the NWD was launched, the line "Declaring what the world is demanding" headlined the first awareness campaign. This is now a statement of fact.

The review of Sheep Freeze Branding is yet to be fully resolved as AWEX awaits the outcomes of independent trials being conducted. The Board has committed to revisit this issue once the scientific results are known.





## WoolClip & eBale

In 2019/20 AWEX completed the first full year of WoolClip. This is the second generation of WoolClip and with improvements in technology, a refinement of the software program and recognition of the benefits and value of WoolClip, more than 67,000 bales were created on WoolClip in 2019/20. More than 100,000 bales since late 2018.

WoolClip presents an enormous opportunity for the industry to improve data capture in the wool shed, increase efficiencies with electronic consignments, specifications and (signed) national wool declarations and fast track bale traceability with eBale. AWEX will continue to invest in this successful value adding tool.

AWEX has spoken about eBale for many years and now, with the release of WoolClip, the project now has come to life. Over 7,000 ePacks (wool bales with an electronic RFID/QR code tag applied) have been captured using WoolClip. Wool classers, growers and wool pressers have been introduced to capturing eBale during shearing and taken it in their stride.

There has never been a better time to explore the benefits and efficiencies of capturing complete and accurate data from a wool shed, on farm, and being able to share this through the supply chain.

Some of the key benefits of WoolClip & eBale:

- Reduced/no errors,
- Easy/Intuitive to operate
- Consignment and classer specification sent in pdf and data form on completion,
- NWD signed and completed online,
- NO LEGACY documentation

## 2019/20 WoolClip in review:



## Wool Classer Training

Correspondence from the South Australian industry identified the demand for Certificate III wool clip preparation training in the state. The course had been unavailable during 2019. The Shearers Contractors Association of Australia (SCAA) is a Victorian based Registered training organisation and has recently been registered to commence delivery of both the CERT IV Wool Classing and CERT III wool clip preparation in South Australia. Cross-border delivery is a first in training and will provide students with the opportunity to attend training in more remote and rural locations.

TAFE NSW has implemented graded assessments as part of the criteria for completion of the CERT IV wool classing course. Students will be awarded a pass, credit or distinction for the level IV units of study. The assessment will draw on the student's ability to apply theory and practical skills which reflect best practice, professional attitude and problem solving. The graded assessment aims to provide the student with recognition of excellence for their application in their wool classing studies.

This may set a new benchmark for wool classing and agricultural skills training nationally.

## CEO's Report cont...

### Protocols in response to COVID 19 - Operations document

---

AWEX and key wool industry bodies collaborated to develop a set of protocols aimed to keep wool harvesting staff safe. The operations document is directed to shed staff and owner/mangers. Three key guidance recommendations are given to Hygiene, Social Distancing and Communication within the harvesting process. The document was distributed to industry in March 2020 and remains as the key industry document supported by the current government policies.

### Thanks

---

Thank you to our members and your steadfast support of the services AWEX provides. AWEX Members are our biggest asset and their support and input to the consultative approach we have to all things is powerful and achieves considered and improved outcomes.

Thank you to all AWEX staff for their continued commitment to AWEX services in 2019/20 under some challenging conditions. AWEX's achievements would not be possible without the dedication, professionalism, skill and talent of our staff. AWEX staff are extraordinary people.

To Chairwoman, Robyn Clubb AM, and AWEX Directors, thank you for your support and willingness to provide valued input to AWEX. In what has been a challenging year for all, the AWEX Board's commitment has never wavered. Directors continue to make decisions in the best interest of AWEX that deliver real benefits to Members and industry.

In an era where services evolve at an ever increasing rate, AWEX continues to invest in the skills of our staff, the services we provide and we remain open to adapt and change.



Mark Grave, CEO  
October 2020



---

# Operations Report

---

we know wool

Australian Wool Exchange Limited. ABN 35 061 495 565

# Operations Report



## ISO 9001 Quality Management System Certification for NWD-IP and SWIS

In January 2020, AWEX's National Wool Declaration - Integrity Program (NWD-IP) and SustainaWOOL Integrity Scheme (SWIS) achieved ISO 9001-2015 Certification for their Quality Management System following an intensive phase of implementation.

This Certification provides credibility to the procedures and systems used by AWEX to manage these two important industry programs. AWEX aims to maintain its ISO 9001 Certification and will undergo both internal and external audits towards the end of 2020.



## NWD and its Integrity Program

The **2019 Review of the NWD** piqued the interest of wool industry stakeholders and it attracted many submissions from Australia and overseas, including downstream stakeholders such as retailers. All comments or views were constructive and demonstrated a great diversity of opinion.

The review resulted in NWD V8.0, with changes released in data systems on 1st July 2020.

A focus of the review was whether and/or how alternative breech modification methods should be identified in the NWD. At the time, clear and concise analysis of the use of Sheep Freeze Branding (or other innovation) had not been conducted. To address this, a specific review on this topic will be undertaken before the end of 2020, or when the results of the scheduled Animal Welfare trials have been released, whichever is sooner.

The accepted changes included in NWD V8.0 were:

- The definition of Ceased Mulesing (CM) is now formatted as two separate questions to improve clarity and reduce errors.
- Pain Relief (PR) to be replaced with Analgesic and/or Anaesthetic (AA), where a registered APVMA pre- and/or post-operative product(s) is used at mulesing.

**NWD Declaration Rates for Seasons 2008 to 2019** are based on % sum of bales, all breeds and wool types, first-hand offered, P and D Certificates. Table 1 shows the NWD declaration rate for NM, CM, PR and M has increased from 38 to 74% from Season 2008 to 2019, with concomitant increases in NM, CM and PR, and declines in M and Not Declared (ND).


**Table 1. NWD Declaration Rates (%) by Mulesing Status and Season**

Season MS	2008	2010	2013	2016	2019
NM	3	6	6	10	14
CM	3	3	2	3	4
PR	3	8	14	28	39
M	29	25	20	21	17
ND	62	58	57	39	26
% Decl.	38	42	43	61	74
Total	1,416,656	1,416,656	1,456,151	1,617,165	1,123,924

Table 2 shows on a state-by-state basis that the NWD declaration rate (NM, CM, PR and M) has approximately doubled for NSW, QLD, SA, TAS and VIC from 2008 to 2019.

**Table 2. NWD Declaration Rates (%) for NM, CM, PR & M by State and Season**

Season State	2008	2010	2013	2016	2019
NSW	40	43	49	68	80
QLD	28	30	35	53	83
SA	35	44	45	67	80
TAS	48	69	47	80	84
VIC	43	45	51	76	84
WA	33	37	24	31	43

**NWD-IP Desk Audits** are used to validate that the correct Mulesing Status is published with corrections made prior to sale. In Season 19, the Compliance Rate was 83% (n ≈ 1,500). A main factor contributing to Non-Compliance is the incorrect completion of CM.

**NWD-IP PR Verifications** had a Compliance Rate of 96% (n ≈ 500) in Season 19.

Victoria has become the first state in Australia to mandate the use of PR products for mulesing, with other States considering this option.

**NWD-IP On-Farm Inspections** conducted to confirm NM/CM status were hampered by the on-going drought in many parts of Australia. The Inspections ceased in March 2020 in response to COVID-19 restrictions. Safe Operating Procedures (SOP) were developed, with Inspectors resuming work in July 2020.

The average Compliance Rate for On Farm Inspections over the past decade is around 85%.

## Operations Report cont...

**Mulesing Status Premiums and Discounts for Seasons 2017 to 2019** are based on:

- Australian Stored; Merino Fleece/Weaners and Crossbred Fleece
- >30 N/ktex, >60% Schlum Dry Yield, <2.2 VMB, Styles 4/5, Good/light colour (incl. H1), P Certificate
- Lengths according to Diameter Range: 70-95 mm (<18 µm), 75-99 mm (19-21 µm), 83-104 mm (22-24 µm), 90-110 mm (26-29 µm), 100-130 mm (30-34 µm)
- Records per group (micron/NWD status) >2, empty cells when not enough data to generate a P or D.
- Comparison with prices for wool declared as Mulesed.

From Table 4, Season 19 sees the continuation of Premiums for NM wool, ranging from 55 c/kg clean for 16 µm wool to 12 c/kg for higher micron Non-Merino wool

**Table 3. Premiums & Discounts for Mulesing Status for Seasons 2017-2020**

		Merino						Non-Merino				
		16	17	18	19	20	21	22	27	28	29	30
Season	<b>Non Mulesed</b>											
	2013	16	12	9	9	4	-3	2	0	-1	4	16
	2015	10	15	7	8	8	1	-15	0	-1	1	4
	2017	36	44	57	44	36	18	-13	20	6	1	2
	<b>2019</b>	<b>55</b>	<b>43</b>	<b>43</b>	<b>37</b>	<b>34</b>	<b>28</b>	<b>34</b>	<b>-</b>	<b>5</b>	<b>12</b>	<b>-</b>
Season	<b>Ceased Mulesing</b>											
	2013	4	14	9	-2	3	1	16	2	-4	4	4
	2015	51	15	3	8	5	4	-1	2	5	-8	-3
	2017	-	68	8	19	4	0	-10	-8	4	-5	5
	<b>2019</b>	<b>37</b>	<b>29</b>	<b>37</b>	<b>-1</b>	<b>4</b>	<b>12</b>	<b>-</b>	<b>-</b>	<b>3</b>	<b>4</b>	<b>-</b>
Season	<b>Mulesed with Pain Relief</b>											
	2013	0	2	0	3	0	3	-15	16	-9	-	0
	2015	2	2	-4	0	1	0	2	8	-	9	14
	2017	24	4	5	8	1	3	1	27	6	-2	-1
	<b>2019</b>	<b>18</b>	<b>15</b>	<b>12</b>	<b>0</b>	<b>1</b>	<b>-1</b>	<b>6</b>	<b>18</b>	<b>0</b>	<b>-3</b>	<b>-</b>
Season	<b>Not Declared</b>											
	2013	-2	2	-1	0	0	0	-4	-4	3	-3	-2
	2015	8	5	-2	-4	-4	0	0	-6	-4	-2	-2
	2017	-	6	11	-9	-4	-2	-9	-8	-2	-9	0
	<b>2019</b>	<b>-12</b>	<b>-3</b>	<b>-1</b>	<b>-6</b>	<b>-4</b>	<b>-3</b>	<b>-10</b>	<b>-12</b>	<b>-11</b>	<b>-6</b>	<b>-</b>



## SustainaWOOL

A notable addition to the service suite of AWEX is our newest acquisition: SustainaWOOL.

In July of 2019, AWEX completed the transfer of ownership of SustainaWOOL Integrity Scheme from New England Wool and its shareholders: Successori Reda and Vitale Barberis Canonico. We are very proud that AWEX was chosen as the preferred, independent organisation to build on the success of SustainaWOOL. As an industry we are indebted to the generosity and vision that New England Wool, Successori Reda and Vitale Barberis Canonico have for wool. Australian wool.

SustainaWOOL™ has over 1,000 accredited farms, making it the largest integrity scheme in the wool industry worldwide. It has established itself as an integrity scheme that adds significant value to its members, the Australian wool industry and its customers.

SustainaWOOL builds on the National Wool Declaration (Mulesing Status) by adding criteria including; impact on the environment, use and handling of chemicals and social responsibility factors and is audited at a high rate. SustainaWOOL credentials also include preparation standards which captures the relevance of wool being prepared by a trained and registered wool classer.

For AWEX, SustainaWOOL captures many of the independent services AWEX has provided for more than 26 years including: wool preparations standards, wool pack standards, market reporting and the NWD Integrity Program. It is the missing piece of the AWEX puzzle.

The appointment of Dr Paul Swan as SustainaWOOL Program Manager is important to the program's credibility under the stewardship of AWEX and also to its visibility, internationally. Paul is well known for his expertise and experience in wool production and wool textile research in Australia and internationally Paul's former roles include working for the International Wool Textile Organisation (IWTO), including Chairing the



IWTO Sustainable Practices, Product Wellness, and Wool Trade Biosecurity Working Groups.

This appointment signals AWEX's intention to grow the scheme to provide new and additional benefits along the global wool supply chain.

SustainaWOOL currently offers two categories: SustainaWOOL GREEN (for NM & CM declared wool), SustainaWOOL BLUE (for PR declared wool). Recognising the needs of industry: AWEX will introduce a new category; SustainaWOOL GOLD. SustainaWOOL GOLD will be a certified category, for NM wool only and will be audited annually.

A key strategy for SustainaWOOL will be our engagement with the supply chain to communicate the value proposition and benefits of certified and accredited SustainaWOOL farms and also to understand their needs and the trends relevant to their customers. Customers of Australian wool.

# Operations Report cont...

AWEX recognises that for SustainaWOOL to be successful it must be supported by the supply chain. Over time there have been many Quality Assurance schemes in Australia that have been launched and failed because they have had missed this critical element: support from the supply chain: our customers.

The introduction of Supply Chain Partners is aimed at demonstrating the shared interest of the wool supply chain in Australian wool. Shared vision, shared investment and shared benefits.



SustainaWOOL is being offered, as an industry lead program, available to a broad range of wool growers and wool types. Even at this early stage, SustainaWOOL has received support from a number of wool processors joining as Supply Chain Partners. These Supply Chain Partners process a broad range of wool types, from the ultra-fine merino, to crossbred, to carding wool.

As custodians of SustainaWOOL™ we look forward to maintaining the trust and integrity that has been built in this Integrity Scheme. AWEX had been providing services to SustainaWOOL™ since 2015 and we are excited by the challenge of managing this

scheme. SustainaWOOL is a natural extension of AWEX's recognised and existing programs.

To reach the SustainaWOOL website go to: <http://sustainawool.com.au>

It has been a challenging and positive 11 months since 26th July 2019, when AWEX took ownership of SustainaWOOL Integrity Scheme from New England Wool and its shareholders Successori Reda and Vitale Barberis Canonico.

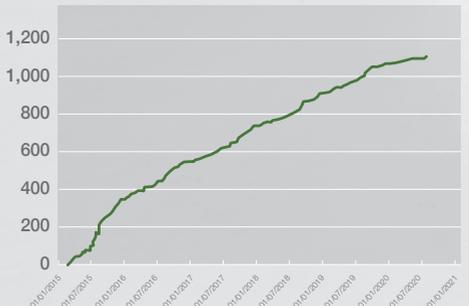
Against the challenging backdrop of widespread drought, bushfires and COVID-19, we can report that SustainaWOOL Integrity Scheme has continued to grow and develop, in service of both buyers and sellers of wool who wish to celebrate excellence.

**Industry ownership** - the transition from private to industry operation has been successfully completed, and SustainaWOOL is now operating on a cost-recovery basis through AWEX. The introduction of fees for growers has come at a difficult time for many, and we have lost members who refuse to pay for the service, or who object as they confuse AWEX with AWI – who does receive the wool levy!

**Continued growth** - reflecting continued growth of grower participation in what was already Australia's largest wool integrity scheme, SustainaWOOL recently welcomed our 1,107th successive grower member.

Producing on average 111 bales of wool each year, accredited SustainaWOOL growers now represent around 9% of the Australian wool clip, and 65% of new grower memberships in

**Table 3. SustainaWOOL Grower Accreditations**



the past 12 months have been SustainaWOOL GREEN accredited (non-mules/ceased muled operations).

We have also successfully introduced SustainaWOOL Supply Chain Partnerships. To broaden international recognition and participation in the scheme. Having set a stretch goal of 20 Supply Chain Partnership issued in the first year of operation, we recently welcomed our 18th Supply Chain partner.

Our Supply Chain Partners include:

- Successori Reda - Vitale Barberis Canonico
- Lanecardate - New England Wool
- Pantex SpA - Michell Wool
- Segard Masurel - Modiano Australia
- Tianyu - Nanshan Zhishang
- Cl7sa - United Wool Company
- Kathaytex - Moses and Son
- Karee Wool - Schute Bell Group
- Jemalong Wool - West Coast Wool

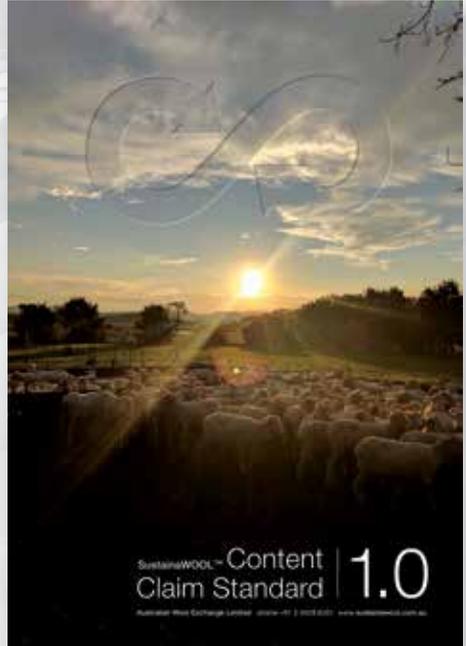
**ISO Certification achieved** - On 15th January, AWEX achieved ISO9001-2015 certification for provision of independent quality assurance services to the Australian and international wool supply chain through SustainaWOOL and the National Wool Declaration.

This certification, attained through Global Compliance Certification Pty. Ltd., is a major achievement for all the AWEX staff involved, coming after only 5 months of AWEX operation of SustainaWOOL.



**Increased audit frequency** - As part of our drive to improve our quality systems, we have intensified our farm auditing rate to 20% of accredited grower farms inspected each year. However, this is weighted so that new members have an 80% chance of inspection in the first 2 years of accreditation.

This increased level of farm auditing ensures SustainaWOOL farm audit rates are directly comparable to other integrity systems.



**Improved traceability** - In April we completed development of the new SustainaWOOL Content Claim standard. This has been an important development to provide the needed guidance for partners wishing to use the Scheme logo to describe or promote their products.

**Improved digital accessibility** - Since October, the SustainaWOOL website ([www.sustainawool.com.au](http://www.sustainawool.com.au)) has been the readily accessible hub for all things SustainaWOOL. Readers can use this site to download forms, access news, see our expanding number of supply chain partners, and renew accreditation.

## Operations Report cont...

**New Stencil** - Our supply of the original stencils ran out at Christmas time, and we've designed and sourced a new Australian-made version – thicker and more durable (1.9mm vs 1.4mm), and simpler and more legible (consisting of the 'swirl' over the word 'supplier').



**New developments in train** - While much has been achieved there is much to do in building SustainaWOOL, especially in terms of international recognition.

Firstly, we are in the process of establishing the SustainaWOOL Consultative Committee, comprising a small number of accredited SustainaWOOL growers and Supply Chain Partners, as well as other experts. The Committee will provide an important review and advisory forum for the Scheme, assisting with planning and performance review, and operate within defined Terms of Reference.

Secondly, we will soon be offering SustainaWOOL growers an opportunity for a higher tier certification, including annual farm inspection and audit. A number of members have already expressed interest, reflecting their individual business practices and ethos.

Finally, we will soon be releasing the next iteration of the SustainaWOOL Grower Declaration. In keeping with the need for transparency and also to deal with technological change, the updated version will allow growers to specify additional detail about their method for breech modification and for provision of pain relief.

### eBale Project

**eBale Pilot Trials** - AWEX placed two orders of 10,000 RFID tags each during the last 12 months. The tags contain an RFID chip, with the matching QR Code and the last 10 digits of the number printed on the external surface. The numbering system for the RFID tags uses GS1 standards. These trial tags are adhered to the outside of the pack label.

A pre-requisite for involvement in the pilot trials is that AWEX's online internet and smartphone App, WoolClip™, is used when classing the clip. WoolClip™ allows the user to create Classer's Specifications and National Wool Declarations (NWDs); and as well capture the unique eBale identification. AWEX provides training to both Wool Classers and Owner/Managers in WoolClip™ and its use with the QR Code.

The trials, which commenced in mid-2019, have or will be undertaken in NSW, QLD, SA, VIC, TAS and WA. To date, approximately 20 on-farm trials have been conducted in five States, ranging in size from 50 to 1,500 bales per clip. The information gained from these trials has been invaluable in identifying issues and potential improvements to the WoolClip™ software, as well as ironing out RFID tag production problems.

AWEX staff have attended the wool sheds to assist and support experienced and first-time WoolClip™ users in capturing the eBale tag and training best practice and use of WoolClip™. eBale is being effectively captured in wool sheds of all types, from superfine with multiple lines of wool to large scale operations where the turn-over (pressing of bales) is extremely high.

WoolClip/eBale will continue to be trialled in all States, with the participation of growers facilitated by brokers as well as AWEX connections from its membership base including SustainaWOOL. These trials provide the complementary benefit of training Wool Classers and Owner/Managers in the use of WoolClip™ with the potential for improving its adoption.



All data entry service providers have been instructed on the protocols for receipt of WoolClip and eBale data.

**eBale Wool Pack Label** - One thousand RFID tags are being used to test the eBale production system from printing the pack labels with the QR Code and Number in Australia, adhering the matching RFID tag to the label in Malaysia, and sewing the labels onto packs at the manufacturers.

Prior to testing the pack label production, AWEX assessed the best location for the printed QR Codes and RFID tag adhered under the pack label. The design of the eBale label has been updated to differentiate it from a standard pack.





---

# The Market In Review

---

we know wool

Australian Wool Exchange Limited. ABN 35 061 495 565

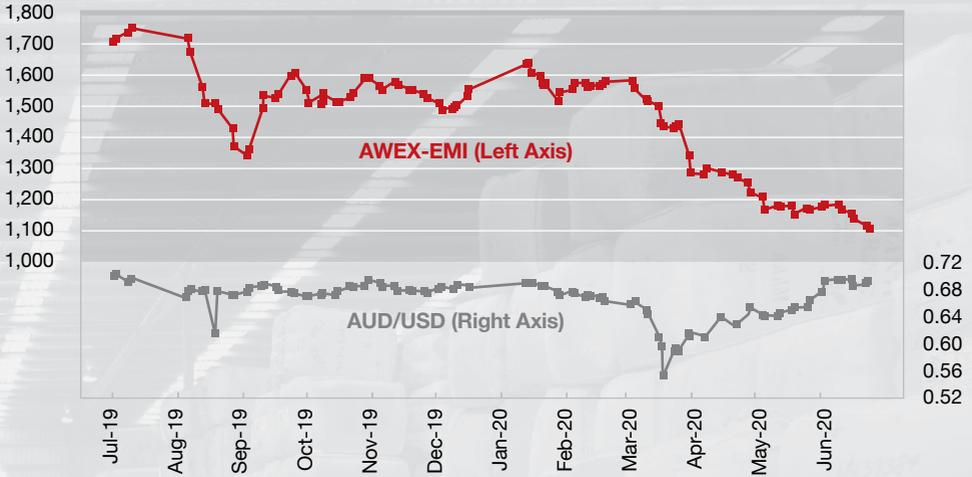
## The Market In Review

### Top 15 Export Destinations 2019-20 (Excluding Sheep Skins)

Destination	Greasy Equivalent kg	% Change	% of Total	Value AUD\$	% Change
1. China	182.0 Mkg	-19%	77.5%	\$1,818.9 Mill.	-36%
2. India	12.3 Mkg	-29%	5.2%	\$134.1 Mill.	-40%
3. Italy	10.5 Mkg	-28%	4.5%	\$144.7 Mill.	-42%
4. Korea, Republic Of	7.8 Mkg	-39%	3.3%	\$58.3 Mill.	-48%
5. Czech Republic	7.6 Mkg	-27%	3.2%	\$73.1 Mill.	-39%
6. Egypt	2.4 Mkg	-10%	1.0%	\$31.8 Mill.	-29%
7. Thailand	2.3 Mkg	-40%	1.0%	\$25.3 Mill.	-49%
8. Germany	1.3 Mkg	-37%	0.6%	\$9.5 Mill.	-38%
9. Taiwan	1.2 Mkg	-35%	0.5%	\$11.8 Mill.	-56%
10. Bulgaria	1.2 Mkg	12%	0.5%	\$11.8 Mill.	18%
11. Japan	1.0 Mkg	-61%	0.4%	\$9.3 Mill.	-65%
12. United Kingdom	0.9 Mkg	-40%	0.4%	\$8.6 Mill.	-47%
13. United Arab Emirates	0.8 Mkg	-	0.3%	\$11.6 Mill.	3%
14. Malaysia	0.8 Mkg	-57%	0.3%	\$6.6 Mill.	-66%
15. Turkey	0.7 Mkg	22%	0.3%	\$5.2 Mill.	1%
16. Others	2.0 Mkg	-26%	0.8%	\$ 15.4 Mill.	-40%
	<b>234.8 Mkg</b>			<b>\$ 2,375.9 Mill.</b>	



## AWEX-Eastern Market Indicator



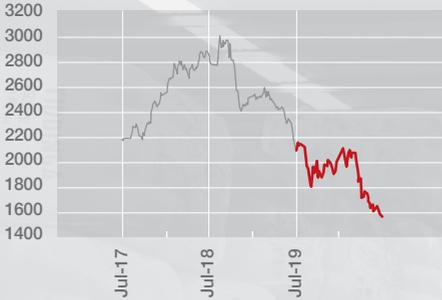
## Key Statistics

	14/15	15/16	16/17	17/18	18/19	19/20
AWEX EMI (ave.)	1097	1254	1401	1734	1944	1459
AWEX EMI USD (ave.)	909	911	1059	1276	1390	975
AUD (\$ US) (ave.)	0.8324	0.7266	0.756	0.736	0.7147	0.6668
Sheep Shorn (Mil.)	76.9	73.4	74.3	76	72.5	68.4
Wool Prod. (Mkg)	346 m.	325 m.	340 m.	338 m.	300 m.	281 m.
Auction Offered (AU - Mkg)	347.5 m.	321.0 m.	331.9 m.	336.2 m.	295.2 m.	259.4 m.
Auction Sold (AU Mkg)	319.99 m.	294.25 m.	305.46 m.	317.31 m.	264.2 m.	215.3 m.
Auction Sold (AU Bales)	1,800,657	1,652,737	1,709,686	1,780,555	1,484,744	1,206,493
Auction Sold (\$ Billion)	\$2.23 b.	\$2.33 b.	\$2.74 b.	\$3.43 b.	\$3.17 b.	\$1.95 b.
19 MPG premium over 21 MPG (¢kg clean)	48 ¢	64 ¢	248 ¢	236 ¢	63 ¢	61 ¢
Exports 19 mic & finer (China market share)	79.9%	82.8%	85.4%	85.0%	83.7%	84.4%
Export destinations (% market share)	China 73.1%	China 70.8%	China 74.5%	China 74.8%	China 74.6%	China 77.5%
	India 6.4%	India 7.3%	India 6.6%	India 5.6%	India 5.7%	India 5.2%
	Czech Rep. 4.7%	Korea Rep. 5.3%	Italy 4.3%	Czech Rep. 5.0%	Italy 4.8%	Italy 4.5%

# Micron Price Guides

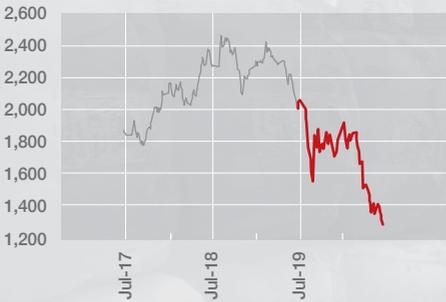
## 2019/20 Season Performance

### 17 micron



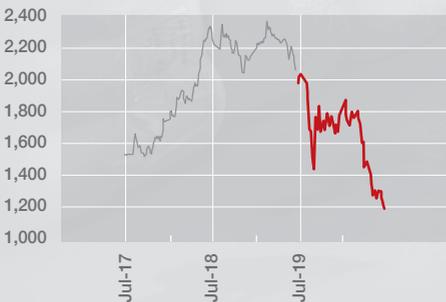
2018/19 close:	2120		
2019/20 close:	1582		
	-538 (-25.4%)		
		<b>2017/18</b>	<b>2018/19</b>
<b>Season Maximum</b>	2903	3008	2175
<b>Season Average</b>	2552	2593	1906
<b>Season Minimum</b>	2160	2120	1566

### 19 micron



2018/19 close:	2009		
2019/20 close:	1275		
	-734 (-36.5%)		
		<b>2017/18</b>	<b>2018/19</b>
<b>Season Maximum</b>	2379	2465	2054
<b>Season Average</b>	2038	2288	1698
<b>Season Minimum</b>	1775	2002	1273

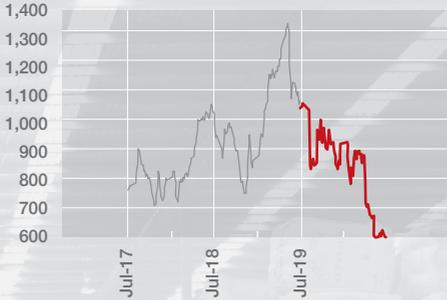
### 21 micron



2018/19 close:	2068		
2019/20 close:	1196		
	-872 (-42.2%)		
		<b>2017/18</b>	<b>2018/19</b>
<b>Season Maximum</b>	2350	2372	2037
<b>Season Average</b>	1802	2225	1637
<b>Season Minimum</b>	1524	2043	1193



## 28 micron



**2018/19 close:** 1060  
**2019/20 close:** 551  
 -509 (-48.%)

	2017/18	2018/19	2019/20
<b>Season Maximum</b>	1053	1323	1053
<b>Season Average</b>	842	1008	841
<b>Season Minimum</b>	701	745	551

## Mer. Card. Ind.



**2018/19 close:** 941  
**2019/20 close:** 834  
 -107 (-11.4%)

	2017/18	2018/19	2019/20
<b>Season Maximum</b>	1572	1596	1157
<b>Season Average</b>	1319	1224	991
<b>Season Minimum</b>	1068	921	784

## Micron Price Guides - Seasonal high/low/averages

National				High
EMI	11	Jul	2019	1754
North				High
Ind.	11	Jul	2019	1780
165	15	Jan	2020	2202
17	11	Jul	2019	2175
175	11	Jul	2019	2158
18	11	Jul	2019	2143
185	11	Jul	2019	2089
19	10	Jul	2019	2043
195	11	Jul	2019	2038
20	11	Jul	2019	2033
21	3	Jul	2019	1981
26	7	Aug	2019	1340
28	11	Jul	2019	1045
30	11	Sep	2019	813
32	22	Jan	2020	430
MC	23	Jan	2020	1145

South				High
Ind.	11	Jul	2019	1737
165	14	Jan	2020	2188
17	11	Jul	2019	2133
175	11	Jul	2019	2125
18	11	Jul	2019	2116
185	11	Jul	2019	2056
19	11	Jul	2019	2054
195	11	Jul	2019	2046
20	11	Jul	2019	2046
21	10	Jul	2019	2037
22	11	Jul	2019	2034
23	24	Oct	2019	1703
25	30	Oct	2019	1358
26	11	Jul	2019	1373
28	11	Jul	2019	1053
30	11	Jul	2019	861
32	3	Jul	2019	589
MC	6	Feb	2020	1157

West				High
Ind.	10	Jul	2019	1894
175	23	Jan	2020	1941
18	10	Jul	2019	2056
185	10	Jul	2019	2044
19	10	Jul	2019	2043
195	10	Jul	2019	2041
20	10	Jul	2019	2040
21	10	Jul	2019	2038
MC	6	Feb	2020	1168

				Low
EMI	24	Jun	2020	1110
				Low
Ind.	24	Jun	2020	1160
165	23	Jun	2020	1704
17	23	Jun	2020	1588
175	23	Jun	2020	1488
18	24	Jun	2020	1401
185	24	Jun	2020	1335
19	24	Jun	2020	1276
195	24	Jun	2020	1236
20	23	Jun	2020	1212
21	24	Jun	2020	1197
26	12	May	2020	770
28	20	May	2020	580
30	23	Oct	2019	675
32	22	Jan	2020	430
MC	4	Sep	2019	784

				Low
Ind.	24	Jun	2020	1078
165	23	Jun	2020	1665
17	23	Jun	2020	1566
175	24	Jun	2020	1465
18	24	Jun	2020	1392
185	23	Jun	2020	1323
19	24	Jun	2020	1273
195	23	Jun	2020	1237
20	24	Jun	2020	1219
21	23	Jun	2020	1193
22	23	Jun	2020	1189
23	12	Sep	2019	1637
25	18	Mar	2020	1182
26	24	Jun	2020	795
28	24	Jun	2020	551
30	12	May	2020	450
32	24	Jun	2020	260
MC	4	Sep	2019	792

		Ave.
EMI		1459
		Ave.
Ind.		1504
165		1989
17		1920
175		1861
18		1812
185		1757
19		1704
195		1680
20		1665
21		1636
26		1112
28		857
30		731
32		430
MC		985

		Ave.
Ind.		1437
165		1964
17		1893
175		1845
18		1791
185		1736
19		1693
195		1667
20		1648
21		1638
22		1671
23		1676
25		1270
26		1098
28		829
30		656
32		406
MC		997

		Ave.
Ind.		1578
175		1923
18		1760
185		1726
19		1700
195		1685
20		1668
21		1656
MC		1022



## Members as at 30 June 2020

### Trading Members

ACF Wool Traders Pty Ltd	Lempriere (Australia) Pty Ltd
AR Rhodes & Co (Wool) Pty Ltd	Michell Wool Pty Ltd
AS Gedge (Aust) Pty Ltd	Modiano Australia Pty Ltd
Australia Beyond Investment Pty Ltd	Natsun Australia Pty Ltd
Australian Merino Exports Pty Ltd	New England Wool Pty Ltd
Australian Wool Network Pty Ltd	Ostini Wool Pty Ltd
Australian Wool & Pastoral Agency Limited	PJ Morris Wools Pty Ltd
Australis Wool Pty Ltd	Quality Wool Pty Ltd
BA Moses Pty Ltd	Riverina Wool (Aust) Pty Ltd
Barwon & Yarra Valley Wool Brokers Pty Ltd	Ruralco Holdings Limited
Beecher Wool Services	S & G Cotton Australia Pty Ltd
BN Proud Family Trust	Scanlan Wools Pty Ltd
Bryton Wool Pty Ltd	Saunders Wool Pty Ltd
Coggan Wool Pty Ltd	Seatech Industrial Pty Ltd
Don Belgre Pty Ltd	Segard Masurel (Australia) Pty Ltd
Don Macdonald Woolbrokers Pty Ltd	Spearwood Wool Pty Ltd
Dyson Jones Wool Marketing Services	Stockwool Pty Ltd
Elders Rural Services Ltd	Swan Wool Processors Pty Ltd
Endeavour Wool Exports Pty Ltd	Taiyuan International (Australia) Pty Ltd
EP Robinson Pty Ltd	Techwool Trading Pty Ltd
Fletcher International Exports Pty Ltd	The New Zealand Merino Company Ltd
Fox & Lillie Pty Ltd	Tianyu Wool Pty Ltd
Fremantle Wool Trading Company Pty Ltd	Tradeswool Country Woolbuyers Pty Ltd
G Schneider Australia Pty Ltd	United Wool Company Pty Ltd
Goldex Corporation Pty Ltd T/A Mascot Wool	Victoria Wool Processors Pty Ltd
Gordon Litchfield Wool Pty Ltd	Watswool Pty Ltd
Hodge Wool Pty Ltd	Weddin Wool Services
Jemalong Wool Unit Trust	Westcoast Wool Unit Trust
Kathaytex Trading Pty Ltd	Williams Wool Export Pty Ltd
Kentway Trading Pty Ltd	Wool Agency Co Pty Ltd
KG Pacific Pty Ltd	Yeoward & Co
Landini and Co	Zhong Long International Pty Ltd



## **Grower Members**

---

Ian Aubrey  
 Autumnvale Pastoral Company  
 Bickleigh Hillburn Pty Ltd  
 Bloomfield Pastoral Company  
 Ian Burbury  
 Carnbrae Harden Pastoral Co  
 Cavanagh Partnership  
 KM & YC Gill  
 Hamblin & Co  
 Kentucky Pty Limited  
 Kildara Pastoral Co  
 Paling Yards Trading Co  
 RD & AM Pietsch T/A Terlinga Partnership  
 Richardson Family Trust  
 Stonehouse Grazing  
 The Mutooroo Pastoral Company Pty Ltd  
 Werong Partnership  
 WoolProducers Australia Limited  
 MI & ME Zell

## **Associate Members**

---

Australian Wool Innovation Ltd  
 Department of Primary Industries  
 and Regional Development  
 The Australian Superfine Wool Growers'  
 Association Inc

# Company Principles

*Although Australian Wool Exchange Limited (AWEX) is not a listed company, it adopts the best practice recommendations as adopted by the ASX Corporate Governance Council in so far as those recommendations are appropriate for a company of the size and nature of AWEX.*

## **1. Lay solid foundations for management and oversight**

---

AWEX's Constitution sets out the role of the Board. A number of Board Committees have been established to assist the Board in carrying out its role.

## **2. Structure the Board to add value**

The Board is comprised primarily of sectoral members, in accordance with the company's Constitution. The Constitution provides for two separate appointees to the positions of Chair and Independent Director. The CEO is not a member of the Board.

Under the Constitution, each Director will retire at the third annual general meeting held after that Director's appointment or election and they may offer themselves for re-election.

Through the Chair, all Board members can take appropriate professional advice at AWEX's expense.

## **3. Promote ethical and responsible decision-making**

---

A code of conduct for staff and Directors has been developed. The company is limited by guarantee and as such there is no trading in company securities.

## **4. Safeguard the integrity in Financial Reporting**

---

The Board has an Audit Committee which has formal terms of reference. Details of committee members and the number of meetings attended are set out in the following pages.

The Audit Committee meets at least once per year independently of management.

## **5. Make timely and balanced disclosures**

---

The company is not a listed entity and is not subject to ASX Listing Rule disclosure requirements. AWEX does disclose significant information to members through Members' Updates and Media Releases.



## **6. Respect the rights of shareholders**

---

The company has members rather than shareholders. The company complies with all relevant legislation, as well as the Constitution and provides detailed explanatory notices to general meetings of members. AWEX's external auditors, Thomas Davis and Co attend the AGM and are available to answer members' questions.

## **7. Recognise and manage risk**

---

The Board is responsible for identifying risks and opportunities on a timely basis and has mechanisms in place to oversee specific aspects of management's functionality and performance.

This includes the convening of the Audit Committee, which monitors and advises the Board on management, finance and expenditure policies and oversees the external financial statement audit; the Remuneration Committee, which monitors and advises the Board on issues relating to remuneration and employment.

## **8. Remunerate fairly and responsibly**

---

The Chair oversees the performance of the CEO. Reviews for all staff, including senior management, are also carried out each year. Summary of remuneration of Key Management Personnel, including Directors, is set out in the accounts. In addition, Directors are entitled to be reimbursed for all travel and other expenses incurred in connection with attendance at Board and Committee meetings or otherwise in connection with AWEX's business.

The Remuneration Committee makes recommendations to the Board which determines the remuneration of the CEO and senior management. The Committee also reviews and approves annual salaries for all staff.

## **9. Recognise the legitimate interests of shareholders**

---

AWEX is a member-based company and does not have shareholders. AWEX recognises the interests of members in accordance with Corporations Law.

## Directors' Report

Your directors submit their report for the year ended 30 June 2020. The names of the company's directors in office during the financial year and until the date of this report are as follows:

- Ms Robyn Clubb AM,
- Mr John Colley,
- Mr Matthew Hand,
- Mr Martin Moses,
- Mr Edward Storey,
- Mr Gary Turner.

Directors were in office for the entire period unless otherwise stated.

### Principal Activities

---

Australian Wool Exchange Limited (AWEX) is a member services organisation. Members include Australian and international wool brokers, processors, exporters, private treaty merchants, wool producers and industry associations.

The principal activities of the entity are to support the Australian Wool Industry by achieving the following short and long term objectives.

### Short-term and Long-term Objectives

---

The Short-term and Long-term objectives for which AWEX was established are set out in its Constitution and are to:

- a) Establish and provide an internationally competitive system for the fair, efficient and informed trading of Australian wool,
  - b) Encourage competition,
  - c) Facilitate self-regulation amongst market participants; *and*
  - d) Develop and implement innovations,
- for the benefit of all wool market participants.



## Strategies

AWEX achieves these objectives by offering:

- Quality Assurance and Integrity Programs,
- Market Information,
- Appraisal,
- Clip Inspection, *and*
- Other services to all wool industry participants.

In addition, AWEX engages with members and industry through various committees and working groups to:

- Establish and review wool preparation standards which encourage competition in a self-regulated market,
- Manage wool pack quality; *and*
- Manage, monitor and revue the registration of wool classers.

AWEX also carries out projects into various wool related activities with a view to increasing efficiency.

## Review of Operations and Results

	2020	2019
	\$	\$
Revenue	4,925,888	4,178,812
Profit from ordinary activities	810,156	231,328

## Significant changes in the state of affairs

There have been no significant changes in the state of affairs of the company during the year.

## Matters subsequent to the end of the financial year

There has been no matter or circumstance which has arisen since 30 June 2020 that has significantly affected or may significantly affect the company's operations, the results of those operations or the company's state of affairs in future financial years.

## Information on Directors



### R Clubb AM

---

Director from 24/8/2016

#### Qualifications

- BEc, CA, MAICD, F Fin

#### Special Responsibilities

- Chair of Board
- Chair, Remuneration Committee

#### Company and Experience

- Elders Ltd, Director
- Craig Mostyn Group, Director
- Essential Energy, Director
- Pro Ten Ltd, Chair
- Royal Agricultural Society of NSW, Councillor



### J H Colley

---

Director from 25/11/2016

Director from 25/11/2011 to 28/11/2014

Alternate Director from 22/2/2016 to 24/11/2016

#### Qualifications

- Registered Real Estate Agent
- Stock and Station Agent
- MAICD

#### Special Responsibilities

- Member, Remuneration Committee.

#### Company and Experience

- Australian Wool Network Pty Ltd, Director
- Agvet Innovations Pty Ltd, Director
- National Council of Wool Selling Brokers Inc, President
- Arlia Pty Ltd, Director
- Australian Pastoral Investments Pty Ltd, Director
- AWN Pastoral Pty Ltd, Director
- AWN Food & Fibre Pty Ltd, Director
- AWN Property Pty Ltd, Director
- Colley Pty Ltd, Director
- Dyson Jones (WA) Pty Ltd, Director
- Hysport Pty Ltd, Director
- Jemina Pty Ltd, Director
- Merino & Co Pty Ltd, Director
- Premium Wool (WA) Pty Ltd, Director



### M Hand

---

Director from 30/11/2018

#### Qualifications

- Ass. Dip. Wool & Fibre Marketing & Production

#### Special Responsibilities

- Member, Audit Committee

#### Company and Experience

- United Wool Co Pty Ltd, Managing Director
- Australian Council of Wool Exporters & Processors Inc, President
- Australian Wool Testing Authority Ltd, Director
- Geelong Wool Company Pty Ltd, Director
- MSH Developments Pty Ltd, Director



## M J Moses

Director from 1/12/2000

### Qualifications

- Australian College of Professionals: Real Estate, Agency Operations, Property Management & Stock & Station Agent
- Wool Grower

### Special Responsibilities

- Member, Audit Committee

### Company and Experience

- B A Moses & Son Pty Ltd, Managing Director
- Bluechip Livestock, Director
- Inland Woolbrokers Association, Director
- Pinefarm Pty Ltd, Director
- The Pinacles (Ternora) Pty Ltd, Director/Secretary
- Yennora Wool Brokers, Director



## E Storey

Director from 30/11/2018

Alternate Director from 29/6/2015 to 30/11/2018

### Qualifications

- BEc
- GAICD

### Special Responsibilities

- Chair, Audit Committee

### Company and Experience

- WoolProducers Australia Ltd, President
- Australian Wool Testing Authority Ltd, Director
- Futter Park Pty Ltd, Director



## G Turner

Director from 24/11/2017

### Qualifications

- Associate Degree of Applied Science (Wool & Fibre Marketing)
- Financial Investment
- Wool Buyer & Exporter

### Special Responsibilities

- Member, Remuneration Committee

### Company and Experience

- Australian Wool Industries Secretariat, Chairman
- Private Treaty Wool Merchants of Aust, Executive Committee Member
- ReeAshBro Pty Ltd, Managing Director
- ReeAshBro (Wool) Pty Ltd, Managing Director
- Wallace Investments Pty Ltd, Director

## Information on Alternate Directors

### A Blanch (Alt for M Hand)

---

Alternate Director from 25/02/2019  
Director from 23/11/2015 to 30/11/2018

**Qualifications**

- B.AppSc (Agriculture) Hawkesbury  
Agricultural College

**Special Responsibilities**

- Nil

**Company and Experience**

- New England Wool Pty Ltd, Managing Director  
- New England Wool Holdings Pty Ltd,  
Managing Director

### S Harrison (Alt for E Storey)

---

Alternate Director from 08/03/2019

**Qualifications**

- Nil

**Special Responsibilities**

- Nil

**Company and Experience**

- WoolProducers Australia Ltd, Vice President

### M Hunt (Alt for J Colley)

---

Alternate Director from 25/11/2016  
Director from 28/11/2014 to 25/11/2016

**Qualifications**

- Nil

**Special Responsibilities**

- Nil

**Company and Experience**

- Elders Ltd, Zone General Manager - South  
- Elders Rural Services Australia Ltd, Director  
- Livestock Markets Ltd, Director

### G Litchfield (Alt for M Moses)

---

Alternate Director from 12/05/2015

**Qualifications**

- Nil

**Special Responsibilities**

- Nil

**Company and Experience**

- Gordon Litchfield Wool Pty Ltd, Director

### J Sugars (Alt for G Turner)

---

Alternate Director from 06/03/2018

**Qualifications**

- Nil

**Special Responsibilities**

- Nil

**Company and Experience**

- AR Rhodes Co (Wool) Pty Ltd, Director



## Directors' Meetings

The following table sets out the number of meetings of the company's directors held during the year ended 30 June.

At the date of this report, the company had the following committees:

- Audit Committee,
- Remuneration Committee.

	Board Meetings	Audit	Remuneration
<b>Directors</b>	A / E	A / E	A / E
R Clubb AM	15 / 15		2 / 2
J Colley	10 / 10		2 / 2
M Hand	14 / 16	1 / 1	
M Moses	16 / 16	1 / 1	
E Storey	15 / 16	1 / 1	
G Turner	14 / 16		1 / 2

		Board Meetings	Audit	Remuneration
<b>Alternate Directors</b>		A / E	A / E	A / E
A Blanch	M Hand	2 / 2		
S Harrison	E Storey			
M Hunt	J Colley	4 / 4		
G Litchfield	M Moses			
J Sugars	G Turner	1 / 1		1 / 1

A = Attended, E = Eligible to Attend

## Membership

*Australian Wool Exchange Limited is incorporated under the Corporations Act 2001 and is an entity limited by guarantee and without share capital. If the company is wound up, the Constitution states that each member undertakes to contribute to the property of the company a maximum of \$5 towards meeting any outstanding obligations of the company. Whilst the directors do not believe that any contribution will be required in the event of the company being wound up, the maximum collective liability of members at 30 June 2020 is \$430 (2019: \$460).*

The number of members as at 30 June 2020 and the comparison with the prior year is as follows:

	2020	2019
Trading	64	67
Grower	19	22
Associate	3	3
	<b>86</b>	<b>92</b>

## Auditor's Independence Declaration

*A copy of the Auditor's independence declaration as required under Section 60-40 of the Australian Charities and Not-For-Profits Commission Act 2012 (ACNC Act) is attached to this Directors' Report.*

Signed in accordance with a resolution of the directors.



R Clubb AM  
Chairwoman



E Storey  
Director

Date: 11 September 2020



## Australian Wool Exchange Limited

### **AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 60-40 OF THE AUSTRALIAN CHARITIES AND NOT-FOR-PROFITS COMMISSION ACT 2012 (ACNC ACT)**

As lead auditor of the company for the year ended 30 June 2020, I declare that, to the best of my knowledge and belief, there have been:

- (i) no contraventions of the auditor independence requirements of the ACNC Act in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.

Thomas Davis & Co.

J.G. Ryan, Partner

Chartered Accountants

SYDNEY

Date: 11 September 2020

Liability limited by a scheme approved under Professional Standards Legislation





---

# Financial Statements

---

we know wool

Australian Wool Exchange Limited. ABN 35 061 495 565

## Statement of Profit or Loss and other Comprehensive Income

For the year ended 30 June 2020

	Notes	2020	2019
		\$	\$
Revenues from ordinary activities	2	4,925,888	4,178,812
Employee benefit expenses		(2,243,193)	(2,114,646)
Depreciation and amortisation expenses	3	(166,107)	(161,768)
Occupancy costs		(318,399)	(316,321)
Other expenses from ordinary activities		(1,388,033)	(1,354,749)
Profit for the year before income tax expense		810,156	231,328
Income tax expense	1(b)	-	-
<b>Profit from ordinary activities after related income tax expense</b>		<b>810,156</b>	<b>231,328</b>
Other comprehensive income for the year		-	-
<b>Total comprehensive income for the year</b>		<b>810,156</b>	<b>231,328</b>
<b>Total comprehensive income attributable to members of the entity</b>		<b>810,156</b>	<b>231,328</b>

The above statement of profit or loss and other comprehensive income is to be read in conjunction with the accompanying notes.



# Statement of Financial Position

As at 30 June 2020

Notes

2020

2019

## CURRENT ASSETS

Cash and cash equivalents	4	8,214,292	7,054,757
Receivables	5	141,314	120,593
Other current assets	6	120,018	97,564
<b>Total Current Assets</b>		<b>8,475,624</b>	<b>7,272,914</b>

## NON-CURRENT ASSETS

Cash and cash equivalents	7	-	2,000,000
Property, plant and equipment	8	2,138,673	1,547,464
<b>Total Non-current Assets</b>		<b>2,138,673</b>	<b>3,547,464</b>

## Total Assets

**10,614,297**    **10,820,378**

## CURRENT LIABILITIES

Payables	9	312,817	247,533
Provisions	10	579,492	519,124
Other current liabilities	11	1,753,235	2,778,539
Lease liabilities	12	136,283	131,041
<b>Total Current Liabilities</b>		<b>2,781,827</b>	<b>3,676,237</b>

## NON-CURRENT LIABILITIES

Provisions	10	54,203	39,747
Lease liabilities	12	141,735	278,018
<b>Total Non-current Liabilities</b>		<b>195,938</b>	<b>317,765</b>

## TOTAL LIABILITIES

**2,977,765**    **3,994,002**

## NET ASSETS

**7,636,532**    **6,826,376**

## MEMBERS' FUNDS

Members' reserves	13	640,000	640,000
Retained surpluses	14	6,996,532	6,186,376
<b>TOTAL MEMBERS' FUNDS</b>		<b>7,636,532</b>	<b>6,826,376</b>

The above statement of financial position is to be read in conjunction with the accompanying notes.

## Statement of changes in Members' Funds

For the year ended 30 June 2020

	Members' Reserves	Retained Surpluses	Total
	\$	\$	\$
<b>Balance at 30 June 2018</b>	<b>640,000</b>	<b>5,955,048</b>	<b>6,595,048</b>
Profit attributable to members	-	231,328	231,328
Total other comprehensive income for the year	-	-	-
<b>Balance at 30 June 2019</b>	<b>640,000</b>	<b>6,186,376</b>	<b>6,826,376</b>
Profit attributable to members	-	810,156	810,156
Total other comprehensive income for the year	-	-	-
<b>Balance at 30 June 2020</b>	<b>640,000</b>	<b>6,996,532</b>	<b>7,636,532</b>

The above statement of changes in members' funds is to be read in conjunction with the accompanying notes.



# Statement of Cash Flows

For the year ended 30 June 2020

Notes

2020

2019

		\$	\$
<b>Cash flows from operating activities</b>			
Receipts from customers*		3,534,025	6,206,789
Payments to suppliers and employees		(3,809,516)	(3,767,608)
Interest Received		171,383	228,688
Other receipts		152,000	-
<b>Net cash inflows / (outflows) from operating activities</b>	19	<b>47,892</b>	<b>2,667,869</b>
<b>Cash flows from investing activities</b>			
Payments for property, plant & equipment		(888,357)	(523,849)
<b>Net cash inflows / (outflows) from investing activities</b>		<b>(888,357)</b>	<b>(523,849)</b>
<b>Net increase / (decrease) in cash held</b>		<b>(840,465)</b>	<b>2,144,020</b>
Cash and cash equivalents at the beginning of the financial year		9,054,757	6,910,737
<b>Cash and cash equivalents at the end of the financial year</b>		<b>8,214,292</b>	<b>9,054,757</b>
Current	4	8,214,292	7,054,757
Non-Current	7	-	2,000,000
<b>Cash and cash equivalents at the end of the financial year</b>		<b>8,214,292</b>	<b>9,054,757</b>

\*Includes receipts of Wool Classers' triennium registration fees for 2019-2021.

The above statement of cash flows is to be read in conjunction with the accompanying notes.

# Notes to the Financial Statements

For the year ended 30 June 2020

Notes

2020

2019

## Note 1 - Summary of Significant Accounting Policies

### Basis of preparation

Australian Wool Exchange Limited applies Australian Accounting Standards - Reduced Disclosure Requirements as set out in AASB 1053: Application of Tiers of Australian Accounting Standards.

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements of the Australian Accounting Standards Board (AASB) and the Australian Charities and Not-for-profits Commission Act 2012. The company is a not-for-profit entity for financial reporting purposes under Australian Accounting Standards.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

The financial statements, except for cash flows, have been prepared on an accruals basis and in accordance with the historical cost convention, and do not take into account changes in money values or, except where stated, current valuations of non-current assets.

The company is a company limited by guarantee. In accordance with the Constitution of the Australian Wool Exchange Limited, the liability of the members in the event of the company being wound up would not exceed \$5 per member. As the company is limited by guarantee, there is no reference in the Statement of Financial Position to Share Capital.

The financial statements were authorised for issue by the Board on 11 September 2020.



# Notes to the Financial Statements

For the year ended 30 June 2020

Notes

2020

2019

A summary of significant accounting policies is set out below:

## (a) Property, Plant & Equipment

Each class of property, plant and equipment is carried at cost or deemed cost, where applicable, less any accumulated depreciation and any impairment in value. Assets are depreciated on a straight line basis to write off the net cost of each item over its expected useful life to the company.

The cost of software also includes direct labour costs that are attributable to the asset. Estimates of remaining useful life are made on a regular basis for all assets, with annual reassessments for major items. The expected useful lives are as follows:

Plant and Equipment	3-8 Years
Software	3-10 Years

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are recognised in profit or loss in the period in which they arise.

## (b) Income Tax

The company has been granted an exemption from income tax under the Income Tax Assessment Act.

## (c) Recoverable Amount of Non-current Assets

Where the carrying amount of an individual non-current asset is greater than its recoverable amount the asset is revalued to its recoverable amount. The expected net cash flows included in determining recoverable amounts of non-current assets have not been discounted to their present values.

## Notes to the Financial Statements

For the year ended 30 June 2020

Notes

2020

2019

**(d) Receivables**

All trade debtors are recognised at the amounts receivable as they are due for settlement no more than 30 days from the date of invoicing. Collectability of trade debtors is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off. A provision for doubtful debts is raised where some doubt as to the collection exists.

**(e) Revenue Recognition**

The company has applied AASB 15: Revenue from Contracts with Customers (AASB 15) and AASB 1058: Income of Not-for-Profit Entities (AASB 1058) using the cumulative effective method of initially applying AASB 15 and AASB 1058 as an adjustment to the opening balance of equity at 1 July 2019. Therefore, the comparative information has not been restated and continues to be presented under AASB 118: Revenue and AASB 1004: Contributions.

On the application of these standards there were no adjustments required to be made to the opening balance of equity.

When the company receives revenue, it assesses whether the contract is enforceable and has sufficient specific performance obligations in accordance with AASB 15. When both these conditions are satisfied the company identifies each performance obligation relating to the income, recognises a contract liability for these obligations and recognises revenue as it satisfies its performance obligations.

Where the contract is not enforceable or does not have sufficiently specific performance obligations the company either recognises the asset received in accordance with the requirements of other applicable accounting standards, recognises related liability amounts or recognises income immediately in profit and loss as the difference between the initial carrying amount of the asset and the related amount.

Revenue is recognised to the extent that it is probable that the economic benefits will flow to Australian Wool Exchange Limited and that it can be reliably measured.

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Revenue from the rendering of a service is recognised upon delivery of the service to the customers. Triennium Wool Classer registration income is recognised based on the pattern of services rendered. Income not recognised as earned is carried forward as unearned, and shown in the Statement of Financial Position as Unearned Income under the heading Current Liabilities - Other.



# Notes to the Financial Statements

For the year ended 30 June 2020

Notes

2020

2019

## (e) Revenue Recognition cont...

The net gain/(loss) of non-current asset sales is included as revenue/ (expense) at the date control passes to the buyer, usually when an unconditional contract of sale is signed. The net gain or loss on disposal is calculated as the difference between the carrying amount of the asset at the time of disposal and the net proceeds on disposal.

All revenue is stated net of the amount of goods and services tax (GST).

## (f) Employee Benefits

### Short-term employee benefits

Provision is made for the company's obligation for short-term employee benefits. Short-term employee benefits are benefits expected to be settled wholly within one year after the end of the reporting period in which the employees render the related service, including wages and salaries.

Short-term employee benefits are measured at the undiscounted amounts expected to be paid when the obligation is settled including related on-costs. The company's obligations for short-term employee benefits are recognised as current provisions in the statement of financial position.

### Superannuation

The company contributes to employee accumulation superannuation funds. Contributions are charged against income when they become payable.

### Other long-term employee benefits

Provision is made for employee's long service leave and annual leave entitlements not expected to be settled within 1 year after the end of the reporting period in which the employees render the service. Other long-term employee benefits are measured at the present value of the expected future payment to be made to employees. Expected future payments incorporate related on-costs. Upon the re-measurement of these obligations, the net change is recognised in profit or loss as part of employee benefits expense.

The company's obligations for long-term employee benefits are presented as non-current provisions in the statement of financial position, except where the company does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current provisions.

## Notes to the Financial Statements

For the year ended 30 June 2020

Notes

2020

2019

**(g) Goods and Services Tax (GST)**

Revenues, expenses and assets are recognised net of the amount of GST except:

- where the GST incurred on purchase of goods and services is not recoverable from the Australian Taxation Office, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense items as applicable.
- receivables and payables are stated inclusive of GST.

The net amount of GST recoverable from, or payable to, the Australian Taxation Office is included as part of receivables or payables in the statement of financial position.

**(h) Impairment**

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If such an indication exists and where carrying values exceed the recoverable amount, the asset is written down to the recoverable amount. Recoverable amount is the greater of fair value less costs to sell and value in use.

**(i) Cash and cash equivalents**

Cash and cash equivalents include cash on hand, cash at bank, deposits held at call with banks and bank bills. Where bank bills have maturity dates greater than 12 months after the end of the reporting period, they are classified as Non-Current.

**(j) Trade and other payables**

Trade and other payables represent the liabilities for goods and services received by the company that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

**(k) Leases**

Leases are recognised under the new Accounting Standard AASB 16: Leases. Applicable leases whether finance or operating in nature are to be recognised on the Statement of Financial Position as liabilities with corresponding right-of-use assets. These leases are measured at their net present values and include future lease payments under an option where that option is reasonably expected to be taken up. For operating leases that do not need to meet the requirements under this standard being



# Notes to the Financial Statements

For the year ended 30 June 2020

Notes

2020

2019

## (k) Leases cont...

leases that are less than 12 months or of minor values, and where substantially all the risks and benefits remain with the lessor, these are recognised as expenses over the term of the lease.

## (l) Financial Instruments

### Initial recognition and measurement

Financial assets and liabilities are recognised when the company becomes party to contractual provisions of the instrument. For financial assets, this is the equivalent to the date that the company commits itself to either purchase or sell the asset. Financial instruments are initially measured at fair value plus transaction costs except where the instrument is classified "at fair value through profit or loss", in which case transaction costs are expensed to profit or loss immediately.

### Classification and subsequent measurement

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest method, or cost. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between the initial amount and the maturity amount calculated using the effective interest method.

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying amount with a consequential recognition of an income or expense item in profit or loss.

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

## Notes to the Financial Statements

For the year ended 30 June 2020

Notes

2020

2019

**(l) Financial Instruments cont...****Derecognition**

Financial assets are derecognised where the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability, which is extinguished or transferred to another party, and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

**(m) Provisions**

Provisions are recognised when the entity has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured. Provisions recognised represent the best estimate of the amounts required to settle the obligation at the end of the reporting period.

**(n) Comparatives**

When required by Accounting Standards comparative figures have been adjusted to conform to changes in presentation for the current financial year.

**(o) Critical Accounting Estimates and Judgements**

The directors evaluate estimates and judgements incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and internally.

**(p) New and Amended Accounting Standards**

The company has assessed all new and amended accounting standards issued and effective for the current financial reporting period. It was determined that there were no effects on the current or prior period financial statements.



# Notes to the Financial Statements

For the year ended 30 June 2020

Notes

2020

2019

## 2. Revenue from Ordinary Activities

### Operating Activities

Sale of goods - Bale labels	1,991,724	1,437,919
Wool classer registration fees	1,469,745	1,344,306
Service fees	1,077,675	1,103,149
Membership joining and annual subscription fees	63,361	64,750
	<u>4,602,505</u>	<u>3,950,124</u>

### Other Income

Interest Received	171,383	228,688
Government Support: COVID-19 JobKeeper/ Cash Flow Boost	152,000	-

### Total revenue from Ordinary Activities

	<u>4,925,888</u>	<u>4,178,812</u>
--	------------------	------------------

## 3. Profit/(Loss) from Ordinary Activities

### Profit/(Loss) from Ordinary Activities has been determined after Charging as an expense:

Depreciation and Amortisation of non-current assets

- Depreciation of plant and equipment

### Total Depreciation and Amortisation Expenses

	<u>166,107</u>	<u>161,768</u>
--	----------------	----------------

Lease rentals

- Minimum lease payments

### Total Lease Rentals

	<u>286,240</u>	<u>273,862</u>
--	----------------	----------------

Superannuation contributions

Transfer to/(from) provision for Annual Leave

Transfer to/(from) provision for Long Service Leave

	194,996	185,910
--	---------	---------

	41,189	18,570
--	--------	--------

	33,634	2,733
--	--------	-------

## Notes to the Financial Statements

For the year ended 30 June 2020	Notes	2020	2019
		\$	\$
<b>4. Current Assets - Cash and Cash Equivalents</b>			
Cash on Hand		415	587
Cash at Bank		513,052	450,563
Term Deposits		7,700,825	6,603,607
<b>Cash and Cash Equivalents</b>		<b>8,214,292</b>	<b>7,054,757</b>
<b>5. Current Assets - Receivables</b>			
Trade Debtors		112,818	51,257
less: Provision for impairment		(15,000)	(15,000)
Trade debtors after provision for impairment		97,818	36,257
Accrued Revenue		43,496	84,336
<b>Receivables</b>		<b>141,314</b>	<b>120,593</b>
Provision for impairment			
Movement in doubtful debts			
Opening balance at 1 July		15,000	15,000
Charge for the year		-	-
<b>Closing balance at 30 June</b>		<b>15,000</b>	<b>15,000</b>
<b>6. Current Assets - Other</b>			
Prepayments		80,959	60,684
Stock on Hand		18,278	19,233
Other Debtors		20,781	17,647
<b>Other</b>		<b>120,018</b>	<b>97,564</b>
<b>7. Non-current - Cash and Cash Equivalents</b>			
Term Deposits	1(i)	-	2,000,000
<b>Cash and Cash Equivalents</b>		<b>-</b>	<b>2,000,000</b>



# Notes to the Financial Statements

For the year ended 30 June 2020

Notes

2020

2019

## 8. Non-current Assets - Property, Plant and Equipment

	\$	\$
Plant and equipment at cost	2,920,870	2,854,987
less: Accumulated depreciation	(2,043,553)	(1,883,758)
	877,317	971,229
Software under development	983,338	167,176
less: Accumulated depreciation	-	-
	983,338	167,176
Leased Premises	1,133,524	1,133,524
less: Accumulated amortisation	(855,506)	(724,465)
	278,018	409,059
<b>Property, Plant and Equipment</b>	<b>2,138,673</b>	<b>1,547,464</b>

Reconciliation of the carrying amounts of property, plant and equipment and leased assets at the beginning and end of the financial year.

### Plant and Equipment

Carrying amount at beginning of the period	1,138,405	776,324
Additions	888,357	523,849
Disposals	-	-
Depreciation expense	(166,107)	(161,768)
<b>Carrying amount at end of the period</b>	<b>1,860,655</b>	<b>1,138,405</b>

### Reconciliation of Leased Premises

Opening balance of Leased Premises	409,059	535,060
Additions	-	-
Disposals/adjustments	-	-
Used	(131,041)	(126,001)
<b>Closing balance of Leased Assets</b>	<b>278,018</b>	<b>409,059</b>
	<b>2,138,673</b>	<b>1,547,464</b>

## Notes to the Financial Statements

For the year ended 30 June 2020

	Notes	2020	2019
		\$	\$
<b>9. Current Liabilities - Payables</b>			
Creditors		165,762	111,600
Accrued Expenses		147,055	135,933
<b>Payables</b>		<b>312,817</b>	<b>247,533</b>
<b>10. Provisions</b>			
Employee entitlements (being provision for Annual Leave and Long Service Leave)		633,695	558,871
<b>Provisions</b>		<b>633,695</b>	<b>558,871</b>
<b>Analysis of Provisions</b>			
Opening balance of Employee Provisions		558,871	537,568
Additions		195,446	150,015
Used		(120,622)	(128,712)
<b>Closing balance of Employee Provisions</b>		<b>633,695</b>	<b>558,871</b>
Employee Provisions - Current		579,492	519,124
Employee Provisions - Non-current		54,203	39,747
<b>Total Employee Provisions</b>		<b>633,695</b>	<b>558,871</b>
<b>11. Current Liabilities - Other</b>			
Unearned Income *		1,753,235	2,778,539
<b>Other</b>		<b>1,753,235</b>	<b>2,778,539</b>

\*Unearned income includes Wool Classer registration fees received for the period 01/01/2019 to 31/12/2021



# Notes to the Financial Statements

For the year ended 30 June 2020

Notes

2020

2019

## 12. Lease Liabilities

Lease Liabilities - Current	136,283	131,041
Lease Liabilities - Non-current	141,735	278,018
<b>Total Lease Liabilities</b>	<b>278,018</b>	<b>409,059</b>

## Lease Details and Commitments

Capitalised lease amortisation	131,041	126,001
Operating lease expenses	155,199	147,861
<b>Total lease charges</b>	<b>286,240</b>	<b>273,862</b>

## Minimum Capitalised lease payments

- not later than one year	136,283	131,041
- later than one year and not later than five years	141,735	278,018
- later than five years	-	-

## **Expenditure Commitments**

**278,018      409,059**

## 13. Members' Funds - Reserves

Members' Reserves		
Balance at 1 July	640,000	640,000
Transfer from Retained Surplus	-	-
<b>Reserves</b>	<b>640,000</b>	<b>640,000</b>

## 14. Members' Funds - Retained Surplus

Balance at 1 July	6,186,376	5,955,048
Net surplus attributable to members of the company	810,156	231,328
<b>Retained Surplus</b>	<b>6,996,532</b>	<b>6,186,376</b>

## 15. Remuneration of Key Management Personnel

Income paid or otherwise made available to key management personnel, including directors, by the company or related parties.

<b>Key Management Personnel compensation</b>	<b>825,482</b>	<b>774,105</b>
--	----------------	----------------

## Notes to the Financial Statements

For the year ended 30 June 2020

	Notes	2020	2019
		\$	\$
<b>16. Remuneration of Auditors</b>			
Amounts received or due and receivable by Thomas Davis & Co for:			
- audit of the financial report of the company		20,200	19,600
- other services		-	-
<b>Remuneration of Auditors</b>		<b>20,200</b>	<b>19,600</b>
<b>17. Related Party Disclosures</b>			
<b>Director and Director-related entity transactions</b>			
A number of the directors are directors of entities which transacted with the company. The transactions during the year were as follows:			
Sales of services relating to membership, subscriptions, trading, use of wool selling facilities from the director-related entities during the financial year. All services were provided under the company's standard terms and conditions.		111,916	151,072
Sponsorship paid for wool promotion activities, including Royal Agricultural Society of NSW.		-	29,500
Outstanding balances at year end arising from the above transactions:			
Current receivables (Sales of Services).		5,090	10,880
<b>18. Segment Information</b>			
The company operated predominantly in one industry, being the Australian Wool Industry.			
<b>19. Reconciliation of operating profit/(loss) from ordinary activities after income tax to net cash from operating activities</b>			
Profit from ordinary activities		810,156	231,328
Depreciation and amortisation		166,107	161,768
Increase in trade debtors and accrued revenue		(20,721)	(20,961)
(Increase)/Decrease in other debtors and prepayments		(22,454)	5,276
Increase/(Decrease) in trade creditors, accruals and unearned income		(960,020)	2,269,155
Increase in provisions		74,824	21,303
<b>Net cash Inflows from operating activities</b>		<b>47,892</b>	<b>2,667,869</b>



# Notes to the Financial Statements

For the year ended 30 June 2020

Notes

2020

2019

## 20. Financial Instruments

### (a) Interest Rate Risk

The company's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on classes of financial assets and liabilities.

The carrying amounts for each category of financial instruments, measured in accordance with AASB 9: Financial Instruments as detailed in the accounting policies to these financial statements, are as follows:

#### Financial Assets

Cash and cash equivalents - Current	4	8,214,292	7,054,757
Cash and cash equivalents - Non-current	7	-	2,000,000
Total Cash and cash equivalents		8,214,292	9,054,747
Trade Debtors & Other Receivables	5	141,314	120,593
Other Assets	6	120,018	97,564
<b>Total Financial Assets</b>		<b>8,475,624</b>	<b>9,272,914</b>

#### Financial Liabilities

Trade Creditors and other payables	9	312,817	247,533
<b>Total Financial Liabilities</b>		<b>312,817</b>	<b>247,533</b>

## Notes to the Financial Statements

For the year ended 30 June 2020

	Notes	2020	2019
		\$	\$
<b>21. Contingent Liabilities</b>			
The company has provided a bank guarantee in respect of:			
Lease obligations		67,737	67,737
		<b>67,737</b>	<b>67,737</b>
<b>Financing arrangements</b>			
Bank Guarantees		67,737	67,737
Used at balance date		-	-
<b>Unused at balance date</b>		<b>67,737</b>	<b>67,737</b>
<b>22. Capital Expenditure Commitments</b>			
Capital expenditure commitments contracted for:			
<b>Software under development</b>		<b>173,674</b>	<b>709,440</b>
<b>23. Subsequent Events</b>			
There have been no events subsequent to the reporting date which would have a material effect on the company's financial statements at 30 June 2020.			



## Australian Wool Exchange Limited Directors' Declaration

The Directors' of the company declare that:

- (1) the financial statements and notes as set out on pages 41 to 60, are in accordance with the Australian Charities and Not-for-profits Commission Act 2012 (ACNC Act), and:
  - (a) comply with Accounting Standards - Reduced Disclosure Requirements; and
  - (b) give a true and fair view of the financial position of the company as at 30 June 2020 and of its performance for the year ended on that date;
- (2) in the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the board of directors and is signed in accordance with subsection 60.15(2) of the Australian Charities and Not-for-profits Commission Regulation 2013.

R Clubb AM  
Chairwoman

E Storey  
Director

Date: 11 September 2020

# Independent Auditor's Report to the Members of Australian Wool Exchange Limited

## Opinion

---

We have audited the financial report of Australian Wool Exchange Limited, which comprises the statement of financial position as at 30 June 2020, the statement of profit or loss and other comprehensive income, statement of changes in members' funds and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors declaration.

In our opinion, the financial report of Australian Wool Exchange Limited has been prepared in accordance with Division 60 of the Australian Charities and Not-for-profits Commission Act 2012, including:

- (a) giving a true and fair view of the Company's financial position as at 30 June, 2020 and of its performance for the year ended on that date; *and*
- (b) complying with Australian Accounting Standards - Reduced Disclosure Requirements and the Australian Charities and Not-for-profits Commission Regulation 2013.

## 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 Responsibilities for the Audit of the Financial Report section of our report. We are independent of the company in accordance with the ACNC Act, 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 opinion.

## Information Other than the Financial Report and Auditor's Report Thereon

---

The directors are responsible for the other information. The other information comprises the information included in the company annual report for the year ended 30 June 2020, but does not include the financial report and our auditor's report thereon. Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon. In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Responsibilities of the Directors for the Financial Report

---

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards - Reduced Disclosure Requirements and the Australian Charities and Not-for-profits Commission Act 2012 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.



## Auditor's Responsibilities for the Audit of the Financial Report

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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors 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.

Thomas Davis & Co.

SYDNEY

Date: 11 September 2020

J.G. Ryan, Partner

Chartered Accountants

## Head Office

---

PO Box 651 North Ryde NSW 1670

tel +61 2 9428 6100

email [info@awex.com.au](mailto:info@awex.com.au)

Integrity Programs

Industry Standards

- Wool Preparation

- NWD

- Wool Packs

Advice and Support

Market Information

Administration

## Northern Region

---

tel +61 2 9632 6166

email [northernregion@awex.com.au](mailto:northernregion@awex.com.au)

- Clip Preparation Advice and Support

- Auction Enquiry

## Southern Region

---

tel +61 3 9318 0277

email [southernregion@awex.com.au](mailto:southernregion@awex.com.au)

- Clip Preparation Advice and Support

- Auction Enquiry

## Western Region

---

tel +61 8 9434 6999

email [westernregion@awex.com.au](mailto:westernregion@awex.com.au)

- Clip Preparation Advice and Support

- Auction Enquiry

### WoolClip

tel +61 2 9428 6170

email [woolclip@awex.com.au](mailto:woolclip@awex.com.au)

[www.woolclip.com.au](http://www.woolclip.com.au)

### SustainaWOOL

tel +61 2 9428 6100

email [sustainawool@awex.com.au](mailto:sustainawool@awex.com.au)

[www.sustainawool.com.au](http://www.sustainawool.com.au)

### Wool Classer Registration

tel +61 2 9428 6140

email [woolclasser@awex.com.au](mailto:woolclasser@awex.com.au)

[www.awex.com.au](http://www.awex.com.au)



**AWEX** *we know wool*