

ANNUAL REPORT

2002



The
WILLIAM BUCKLAND
FOUNDATION

————— WBF —————

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THE FOUNDER

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he Foundation which bears his name commemorates William Buckland, a highly successful businessman and pastoralist of the middle years of the Twentieth Century. On his death in 1964, after bequests to his family and some favourite causes, William Buckland left the bulk of his large estate – four million pounds – to establish a foundation, the income of which was to be used in his words “to benefit a wonderful country and a wonderful people. Australia and Australians”.

The Will which established the trust deed left half of the income “to divide... in each year among such public hospitals, public benevolent institutions or public benevolent societies in Victoria and I hereby indicate to my Trustees my hope that in the division of such income, they will favourably consider charities for children”. The other half he wished to apply to “public scientific or public educational purposes in Victoria”. His attachment to the pastoral sector is indicated in his suggestion that his Trustees, in administering the public educational purposes should “give preference to agricultural and related pursuits”.

Today, with careful stewardship by the Foundation’s Trustees, William Buckland’s legacy generates over \$3 million annually which is distributed for charitable purposes.

**A highly successful businessman
and pastoralist of the middle
years of the Twentieth Century.**

CHAIRMAN'S OVERVIEW

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he past year has been a rewarding and productive one for the Foundation. Trustees have a longstanding interest in supporting organisations that assist Victorians who live outside cities and provincial centres, recognising that they can suffer disproportionate social and economic disadvantage. The Foundation was able to satisfy at least part of this desire through a new venture this year.

There is abundant evidence that small, well-targeted grants can be highly effective in rural and remote communities. However, like a number of other sizeable charitable trusts, the William Buckland Foundation does not make small grants but wishes to be able to help such areas. In September 2001, therefore, Trustees hosted a meeting of 11 major foundations and trusts to explore how a philanthropic collaboration might work to make our funds more accessible to country Victoria.

There was considerable interest in the proposal, and indeed in the occasion, such extensive partnerships being unusual in our sector. We are delighted that the initiative has resulted in six philanthropic bodies agreeing to provide three-year funding for a small grants scheme – The William Buckland Foundation, The Myer Foundation, Perpetual Trustees, the Pratt Foundation, the R.E. Ross Trust, and the Foundation for Rural and Regional Renewal (FRRR). Some \$300,000 will now be available annually for distribution to the target communities with populations of 10,000 or less. Other foundations are looking with interest at the program and may join it later. The Small Grants for Small Rural Communities scheme is being administered through FRRR and will provide grants up to \$5,000.

Biography of William Buckland

Trustees have commissioned Associate Professor David Merrett of the Department of Management at The University of Melbourne to prepare a biography of the Founder. At the time of his death, Mr Buckland was regarded as one of the wealthiest men in Australia and part of this fortune was used to establish the Foundation, so his story will be of considerable interest.

The board

In March this year, we welcomed Bruce Bonyhady as the new ANZ-nominated trustee on the Board following the retirement of Peter Bearsley. Bruce is the Chairman of ANZ Executors and Trustee Company Limited.

As always, I thank my fellow Trustees for their commitment and considered input into the decision-making of the Foundation. Our thanks also to Elizabeth Cham and Sandra Whitty of Philanthropy Australia for their contribution to our work, and to the staff of ANZ Charitable Services which provides secretariat, management, administration and other services to the Foundation.

Barry Capp

TRUSTEES AND STAFF OF THE FOUNDATION

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here are five trustees who constitute the Board of The William Buckland Foundation.

- Mr Barry Capp (Chairman)
- Mr C.G. (Sandy) Clark
- Mrs Louise Gourlay OAM
- Professor Robert Officer
- ANZ Executors and Trustee Company Limited ('ANZ Trustees') ABN 33 006 132 332

Staff

ANZ Charitable Services provides secretariat, management, administration and other general charitable services for the Foundation.

Asset consultant

John Nolan

Research consultants

Philanthropy Australia provides a research service to the Foundation. Elizabeth Cham, the National Director, provides advice and Sandra Whitty researches grant applications.

FEATURES OF THE YEAR'S FUNDING

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The Lynley S. Aitken (Buckland Foundation) Travelling Fellowship

In 1978, the William Buckland Foundation provided funding to establish this fellowship to assist nurses at the Royal Melbourne Hospital gain further knowledge and experience either within Australia or overseas. Trustees at that time recognised that, while doctors were well supported to enhance their skills through outside experience and study, similar opportunities for nurses were virtually non-existent.

The Fellowship is named after Miss Aitken, the distinguished retiring head of Nursing at that time and the then longest-serving staff member of the Hospital. It now provides \$10,000 to the successful applicant. The fellowship may be used for study tours of health care facilities, conference participation or short term full-time study.

This year the Fellowship was awarded to Ms Elizabeth Virtue who will investigate overseas programs relating to aggression and violence in the workplace for health workers. She will develop a model for implementation at the Royal Melbourne Hospital.

The Trustees also approved revised guidelines for the Fellowship and agreed to award it annually instead of biennially.

Early intervention

One of the Foundation's guiding principles is to focus on the prevention of problems. Interventions that try to do this might take place early in a process or early in life. This year the Foundation funded at least six new projects that aim to enhance the ability of children with special needs to fulfil their potential and for other young people to strengthen community connectedness or build self-esteem. Four of the programs are working with preschool children who have developmental or behavioural issues.

Respite care

Trustees are aware of the social, emotional and physical burden often experienced by carers of people who have high support needs and of the importance of good respite services. This year, the Foundation funded three respite initiatives, one for families of children with disabilities, one for rural family carers of aged people, and one for children of parents who are trying to address their drug dependencies.

Volunteers

Volunteers add immense value to the not-for-profit sector. The Foundation this year supported Volunteering Australia and Centre for Education and Research in Environmental Strategies (CERES) in their efforts to enable volunteers to be used more effectively.

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SOME SIGNIFICANT PROJECTS THIS YEAR

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he Foundation regards all of the projects it has funded as having the potential to make an important contribution to our society – some in small ways some in large. The following are a sample of this year’s supported initiatives that illustrates some of the Foundation’s priorities – community education, seeding new models, working in partnership with other foundations.

Cancer Council Victoria – prostate cancer education

Some years ago The William Buckland Foundation supported the then Anti-Cancer Council of Victoria in its public education campaign about breast cancer. This year it has funded a major scaling-up of the Council’s information and support service for Victorian men affected by or at risk of prostate cancer and their families. There has been an significant increase in the diagnoses of this cancer, partly because of the better diagnostic techniques and partly because of greater community concern about it.

The education program will work on a number of levels and includes: an expanded Cancer Call-in day; additional cancer nurse educators for the Cancer Helpline; a workplace education project; a multicultural training program and resources on prostate cancer; information booklets for men who need surgery; prostate care nurse scholarships for the Latrobe University graduate course; and a kit of resources for urologists.

In a related grant, the Foundation provided some additional infrastructure to the Alfred Hospital to enhance its capacity to treat prostate cancer through radioactive seed implantation.

Marie Stopes International Australia – indigenous reproductive health

Indigenous Australians have significantly poorer health, including their reproductive health, than non-indigenous. The Marie Stopes organisation has run programs in developing countries that address family planning, prevention and treatment of sexually-transmitted diseases, maternal and child health, health promotion and gender violence.

In partnership with the R. E. Ross Trust, the Foundation is funding Marie Stopes International Australia (MSIA) to develop initiatives in conjunction with Aboriginal communities. The first of these is working with indigenous teenagers in Mildura, Shepparton and Warrnambool, using a combination of photography, story-telling and workshops to understand young people’s reproductive health issues. Information gained will enable MSIA and the agency for Aboriginal community-controlled health organisations (VACCHO), to develop sexual health programs tailored to the young people’s needs.

Wintringham – nursing home for the elderly homeless

Wintringham provides high quality aged care services to elderly men and women who are homeless or at risk of becoming so. A key feature of its three hostels' physical design and operating procedures is sensitivity to maintaining residents' dignity and control over their environment. The latest hostel received a United Nations World Habitat Award.

The agency wished to extend its model of care to the frail homeless elderly. The Foundation provided seed funding to help establish this new service in partnership with a number of other philanthropic bodies and government. It is believed to be the first such undertaking internationally and Wintringham will also be involved in increasing the residential service sector's understanding of its model.

Zoological Parks and Gardens Board of Victoria – Corroboree frog project

The project drew together the Foundation's commitment to public science and public education, and its interest in finding ways of meeting the need of students in the middle years of schooling for meaningful hands-on education.

The Corroboree frog is Australia's most endangered, with a remnant wild population of just 70 pairs in the Kosciusko National Park's alpine bogs. The Zoo is working with the Amphibian Research Centre in a captive breeding program and, as part of this initiative, it approached the Foundation to help it develop an educational pilot for Year 8-10 school students through designing and developing breeding facilities at their schools. Participating schools will be linked together and mentored by tertiary students involved in habitat research.

The project gives school communities access to scientific research facilities and expertise and also offers a meaningful community role to an age group identified as vulnerable to educational disengagement. It also adds to the scientific knowledge of frog captive breeding programs.

GRANT COMMITMENTS MADE JULY 2001 – JUNE 2002

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he commitments were made at meetings of Trustees held in September and December 2001 and March and May 2002.

Public benevolent purposes

Abbeyfield Society (Mortlake) Inc.

Aged care accommodation upgrade \$20,000

The project helps keep elderly rural people within their own community and generates employment in a rural area.

Anglican Aged Care Services Group

Respite care accommodation \$30,000

The redevelopment of the Hurlingham Day Care Centre will offer additional short term respite in another three beds.

Ballarat Regional Industries Inc.

New industrial plant for disabled business service \$50,000

The facility builds the organisation's capacity to employ additional disabled people and permits new business opportunities to be taken up.

Brotherhood of St Laurence (BSL)

Koori health program \$27,347

The project is the orderly transfer of the Koori Community Aged Care Package program, currently managed by the BSL, to the Aboriginal Community Elders Service – the first time such a transfer is believed to have been undertaken.

Child and Family Care Network Inc.

'Parents as Partners' \$25,000

This early intervention model uses home-based therapy for preschool children with disabilities and developmental delays.

Christie Centre Inc. (Mildura)

Redevelopment of day centres for intellectually disabled adults \$10,000

The undertaking helps deliver a high quality program in a rural region.

Cystic Fibrosis Victoria Inc.

Part-time facilitator for internet site \$19,630

Online communication between CF sufferers enables mutual support without the high risk of cross-infection from personal contact. The project is developing a service to demonstrate a case for long term government support.

Diabetes Australia

Camps review \$28,775

The three organisations that run camps for diabetic children – Diabetes Australia, The Royal Children’s Hospital, and the Monash Medical Centre – are working to integrate their camping programs and maximise health education and social growth opportunities for the children.

Goulburn Valley Family Care

Youth accommodation relief worker (over three years) \$60,000

The relief worker will enable weekend breaks for lead tenants of houses for young people in transition from refuges.

Havilah Hostel Inc. (Maryborough)

Palliative care/respice unit \$20,000

The Foundation has a longstanding interest in palliative care. This new unit will assist rural family carers of aged people.

Kalkee Community – Uniting Care

Installation of mock bus shelter and immobilised car \$10,000

The facilities are part of a dementia program that emphasizes safe and familiar experiences for residents. It is the first Victorian replication of a successful Tasmanian model.

Lyndoch (Warrnambool)

Demential hostel extension \$50,000

The facility is a significant service enhancement to a large rural catchment.

Lyrebird Villages for the Aged (Drouin)

Dementia unit construction \$25,000

The project helps keep elderly rural people within their own community and generates employment in a rural area.

Manningham Centre Association Inc.

Volunteer program review \$20,000

The review will seek to identify ways to make more effective use of the large volunteer base supporting programs to improve the mental and physical health of elderly people.

Marie Stopes Australia

Indigenous sexual health project worker (over two years) \$51,504

New initiatives will be developed to address the poor reproductive health of indigenous Victorians, especially those in rural areas (in partnership with the R.E. Ross Trust).

GRANT COMMITMENTS MADE JULY 2001 – JUNE 2002

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Noah's Ark

Early childhood inclusion research \$20,000

The research identifies recent findings on the inclusion of children with disabilities into mainstream children's services, documents good practice models and reviews the policies that underpin the ongoing development of inclusive practices.

North Shepparton Community House

Youth group workers \$30,579

The grant supports a new initiative to provide safe recreational opportunities for young people living in poverty.

Orana Family Services

Community development program (over three years) \$150,000

Orana is working to build a community support network of groups such as baby-sitting clubs, music groups, playgroups etc. in areas with little community or service support infrastructure in the northern growth corridor.

Otis Foundation

Respite centre for breast cancer sufferers and their families \$75,000

The centre provides a residential respite for these women and their families in the Bendigo area, one of the four Victorian regional cancer treatment service areas.

ShareCare Inc.

Respite care for children of drug-addicted parents (over two years) \$59,703

This pilot tests a model of care to support families to stay intact while parents deal with their substance abuse issues.

Strathdon Community

Community partnerships coordinator (over two years) \$100,000

The program engages local community groups in operating within the aged care facility to improve the quality of life for the elderly residents.

EW Tipping Foundation

Family respite camp \$20,800

A family respite camp is being developed and piloted for children with disabilities, their parents and siblings.

UnitingCare Connections

Evaluation \$25,100

The 'Working Together' early childhood program will be evaluated. This is an outreach program for preschool children with social/emotional or behavioural difficulties.

Volunteering Australia Inc	
GoVolunteer website expansion and promotion	\$30,000
The enhancement enables more effective and extensive use of volunteers.	
Warramunda Village Inc. (Kyabram)	
Dementia accommodation upgrade	\$20,000
The project enables elderly rural people to remain within their community.	
Werribee Legal Service Inc.	
Outwest crime prevention project	\$67,311
Engagement of young people through a school-based and community participatory program.	
Wintringham	
Nursing home for elderly homeless	(over three years) \$250,000
The organisation's model is an exemplar of high quality living conditions for the homeless elderly. This project extends it to those at the end of their lives and is believed to be the first such undertaking internationally.	
Wongabeena Association Inc.	
Outreach service	(over two years) \$21,000
The grant funds an extension of the outreach employment program for intellectually disabled people to demonstrate a case for full government support.	
Youth Opportunity Program	
Program support	\$40,000
The country-based residential centre offers life skills and vocational training for young males at risk.	
Sub-total	\$1,356,749

Public hospitals

Alfred Foundation	
Ultrasound system	\$55,000
The system, used in radioactive seed implantation at the Alfred Hospital, is necessary infrastructure for an anticipated major increase in this treatment for prostate cancer.	
Bairnsdale Regional Health Service	
Aged care community mentoring	\$30,000
The project changes the mix of resources available to elderly rural people by connecting them with community groups and services.	

GRANT COMMITMENTS MADE JULY 2001 – JUNE 2002

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Hepburn Health Service	
Hospital redevelopment	\$15,000
Rural elderly people are able to remain within their community and the project assists rural employment.	
Macedon Ranges Health Service	
Nursing home redevelopment	\$20,000
The facilities improve the quality of life for aged rural people and enable them to remain within their own community.	
Royal Children's Hospital Foundation	
Development of early intervention collaborative service	\$27,500
Re-location and partnership of Uncle Bob's Development Centre, Westarc Early Childhood Intervention Program plus others to offer an integrated service for preschool children with developmental disabilities in the western suburbs.	
Sub-total	\$147,500

Public educational and public scientific purposes

Ararat Library Progress Association	
Library upgrade	\$20,000
Improved infrastructure enhances accessibility and programs for the library's target groups – the elderly, children, the disadvantaged and disabled.	
Birds Australia	
Handbook of Australian, New Zealand and Antarctic Birds (HANZAB)	\$50,000
HANZAB is the definitive reference work on birds of this region for both an expert and a general readership.	
Cancer Council of Victoria	
Prostate cancer education	(over two years) \$207,700
The Council is undertaking a significant scaling-up of its public education program on this common male cancer and is evaluating the effectiveness of its approaches.	
Centre for Education and Research in Environmental Strategies (CERES)	
Coordinator of volunteers	(over three years) \$110,994
The project supports a well-managed volunteer program to enable CERES to carry out its educational purpose more effectively.	

Children’s Welfare Association of Victoria (CWAV)

Training facilities \$50,000

The increased space for CWAV’s specialised training programs builds its organisational capacity.

Fitzroy Learning Network

Computer Clubhouse (over three years) \$202,800

Disadvantaged young people, mainly refugee children, learn through developing projects using sophisticated learning technology. It is the first Australian pilot of a model developed at Massachusetts Institute of Technology.

Foundation for Rural and Regional Renewal

Small grants program for small rural communities (over three years) \$150,000

Establishment of a small grants program for rural and remote communities in Victoria.

Good Shepherd Youth and Family Service

‘Safe and Sound’ (over three years) \$120,000

Through schools and broader community forums, programs on tolerance of diversity will seek to counter the prevailing homophobia experienced by same-sex attracted young people in the western region of Melbourne.

Gould League of Victoria Inc.

‘Sustainable Schools’ program (over two years) \$75,000

The program assists schools to work towards measurable environmental targets in the areas of waste, litter, water, energy and biodiversity. The pilot is being extended to involve 75 metropolitan and rural schools.

Latrobe University – Bouverie Centre

‘Breaking Through’ facilitator training \$90,000

Breaking Through uses an accredited drama program – Theatre of the Oppressed – to address tolerance of diversity in schools. It has won a VicHealth Outstanding Achievement award. Training a pool of facilitators assists in sustaining and disseminating the model.

Latrobe University – School of Nursing

Dementia care research \$54,334

The research will develop the first evidence-based multi-disciplinary clinical practice guidelines for use in aged care settings.

GRANT COMMITMENTS MADE JULY 2001 – JUNE 2002

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Mallee Family Care Inc.

Learning for Life/Chances for Children collaboration \$76,800

Mallee Family Care and The Smith Family are working in partnership to extend their educational support programs for disadvantaged children in the Mallee region.

Melbourne Health – North-Western Mental Health

Recovery therapy research (over two years) \$110,305

This is the first Australian effectiveness trial of cognitive behavioural therapy for psychosis in a service setting.

Multiple Sclerosis Society of Victoria

MS Nerve Centre information service \$100,000

Because of its collaboration with a number of other support organisations, the information resource in the new Centre provides assistance to people affected by multiple sclerosis as well as a range of rarer neurological diseases.

**Murdoch Children's Research Institute –
Centre for Community Child Health**

Preschool research project (over 18 months) \$55,764

This intervention pilot, using maternal and child health nurses, will engage families of preschool children showing clinically significant externalizing behaviour problems.

National Heart Foundation of Australia

Workshops on depression in cardiac patients \$14,360

Training workshops are being developed for health professionals to manage a common condition that can compromise recovery in cardiac patients.

North Eastern Rural Education Project Co-op Ltd.

School-based rural community development \$50,000

Schools are used as the locus of community development in depressed small rural towns.

ParaQuad Victoria

Pressure sore education \$57,000

The train-the-trainer pilot educates carers of quadriplegic people in prevention of a common health problem.

Port Phillip EcoCentre Inc.

EcoHouse \$30,000

The EcoHouse in the St Kilda Botanic Gardens demonstrates environmentally sustainable best-practice home-building design and function.

Reconciliation Australia	
National Youth Reconciliation Convention	\$20,000
<p>Reconciliation Australia is holding a regional forum of school students to debate and develop issues to be considered at the third National Youth Reconciliation Convention.</p>	
Royal Victorian Institute for the Blind	
Preschool rural education	\$60,800
<p>The Institute is training therapists and educators in the local communities of preschool blind children living in remote rural areas.</p>	
Soundhouse Music Alliance Inc.	
Establishment of production capability	\$75,000
<p>The grant seeds a means for the organisation to be self-sustaining in producing an educational and therapeutic musical technology for severely disabled people.</p>	
South Gippsland Conservation Society	
Environmental education program extension	\$20,800
<p>The Society's suite of programs for school students will be extended to include forest ecology and additional schools.</p>	
Urban Ministry Network	
'Breaking the Silence'	\$27,000
<p>The pilot program will draw together management, families and employees affected by workplace deaths in a program to develop effective support strategies.</p>	
Villa Maria Society for the Blind	
Redevelopment of St Paul's School and Early Intervention Centre	\$150,000
<p>The Society is undertaking a major upgrade to provide more appropriate education facilities for its young clients who have severe and multiple disabilities.</p>	
Zoological Parks and Gardens Board of Victoria	
The Corroboree frog project	\$70,000
<p>The Zoo is developing, with the Amphibian Research Centre, hands-on captive breeding and research programs of this critically endangered species for middle years students.</p>	
Sub-total	\$2,048,657
Lynley S. Aitken Travelling Fellowship	\$10,000
Medical Research and Technology in Victoria Program	
Allocated to 14 projects	\$200,000
Total commitments made in 2001-02 financial year	\$3,762,906

FINANCIAL REPORT

OVERVIEW

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he trustees consider that, as the Foundation is a perpetual trust, the amount available for distribution to charities will be maximised over time if a relatively high proportion of the corpus is invested in growth assets, particularly equities.

They also judge it prudent to entrust day-to-day management of the funds to professional investment managers, within asset allocation ranges set by the Trustees. The asset consultant to the Foundation is JANA Investment Advisers Pty Ltd. In February-March 2000, funds that were previously directly invested by the Trustees in a range of Australian equities were transferred to three professional managers and the Foundation no longer holds direct equities. The investment managers are:

- ANZ Executors & Trustee Company Limited (ABN 33 006 132 332);
- Kaplan Funds Management; and
- Warakirri Asset Management Pty Ltd.

Under the terms of the Will, all income is to be distributed and capital cannot be distributed. Capital gains on any investments are retained within the corpus of the trust thus protecting its real value against inflation. Other investment earnings such as dividends, interest, rents and the refund of imputation credits associated with dividends from Australian equities, comprise the income from which expenses are paid and grants are made to eligible charities.

The Management Expense Ratio (MER) is a measure of the level of expenses incurred by the Foundation. The MER, expressed as a percentage of the net assets of the Foundation, includes the administration fees, investment management fees and other expenses – the components and the amounts are shown in Annexure One.

The net assets of the Foundation as at 30 June 2002 were \$66,077,532.

The MER is 0.98 per cent (see Annexure One) made up of the following:

- administration fees 0.30 per cent;
- investment management fees 0.52 per cent; and
- other expenses 0.16 per cent.

FINANCIAL REPORT

INVESTMENT GUIDELINES AND OBJECTIVES

Each 'Guideline' and 'Objective' is followed by a brief 'Commentary' to assist the reader.

Whilst the Foundation has a time horizon of perpetuity it is expected that the Investment Guidelines and Objectives will be reviewed by the Board of Trustees from time to time. The most recent review took place in 2001.

The investment powers of the Foundation set out in William Buckland's Will included a number of restrictions which were last varied by the Supreme Court of Victoria in 1993 in response to an application made by the Trustees.

1. Asset mix

1.1 Guideline

Up to 100 per cent of the Foundation's assets are to be invested in equity (as distinct from debt) assets. Equity assets include shares, property, convertibles, and even debt type assets that offer equity like returns.

1.2 Commentary

As the 'community' is the beneficiary, and perpetuity the time horizon of the Foundation, the asset mix should be dominated by equity (shares/property) assets. However, opportunities to buy securities at equity type returns (e.g. government guarantee indexed bonds with high real yields) will be considered.

2. Management

2.1 Guideline

The policy is that the Foundation's assets should be managed by professional investment managers with a maximum exposure of 60 per cent of the assets of the Foundation to any one manager/group.

FINANCIAL REPORT

INVESTMENT GUIDELINES AND OBJECTIVES

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2.2 Commentary

Since the late 1990s the Foundation has had all its assets managed by professional investment managers. As a matter of prudence, manager diversification should always be a feature of the management of the Foundation's assets.

3. Security diversification

3.1 Guideline

At no time should the Foundation's exposure to a risk asset (e.g. a company, or single property) exceed 10 per cent of the assets of the Foundation and the overall portfolio of assets should be broadly diversified.

3.2 Commentary

It is expected that the share exposure of the Foundation would be spread over at least 30 companies. Too great a concentration is to be avoided. Greater than 10 per cent exposure could be contemplated with 'non risk' assets e.g. government guarantee index bond.

4. Investment objectives

4.1 Guideline

- Maximise income consistent with the modest growth of the real value of the Foundation assets over time.
- Target an income distribution in the region of five per cent to six per cent of the average value of the Foundation's assets.
- While recognising that the capital value of the Foundation's assets is expected to fluctuate widely at times due to the variability of share markets, the Trustees seek to structure the Foundation's overall asset portfolio so as not to fluctuate to as great an extent as the share market on the downside (e.g. through ownership of convertibles/property).

4.2 Commentary

- In no circumstances is the long term real value of the Foundation's assets to be compromised by attempting to maximise income.
- The Foundation in understanding that asset values fluctuate, desires that its assets not fluctuate as widely as the share market on the downside. However, it recognises that asset values may fall in real terms from time to time.

FINANCIAL REPORT

PERFORMANCE

HISTORICAL INVESTMENT PERFORMANCE INCLUDING THE FINANCIAL YEAR ENDED 30 JUNE 2002

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All performance measures are calculated on a cash basis.

The Foundation

For year ended 30 June 2002	Annual return	3 year return (% p.a.)	5 year return (% p.a.)	7 year return (% p.a.)
Foundation	6.9	10.7	10.3	12.8
Benchmark	-2.4	6.9	7.9	10.6
Outperformance vs Benchmark	9.3	3.8	2.4	2.2
CPI	2.8	4.0	2.7	2.4
Outperformance vs CPI	4.1	6.7	7.6	10.4

The returns shown are after management fees and reflect the benefit of franking credits on a cash received basis, but not Foundation expenses.

The Foundation returned 6.9 per cent for the financial year ended 30 June 2002. This represents outperformance of 9.3 per cent against the benchmark¹. The investments managed by Warakirri Asset Management Pty Ltd and Kaplan Funds Management were the most significant contributors to this performance.

The table above shows that investment returns against both the benchmark and the consumer price index (CPI) have also been very satisfactory in the longer term. These results have enabled the Foundation to distribute increasing amounts over the years, while achieving the investment objective to grow the real value of capital.

1. A benchmark is an index or other market measurement which is used as a yardstick to assess the performance of a portfolio or fund. For the Foundation, the benchmark for 2001–02 was a composite with an 85 per cent weighting to the S&P ASX 300 Stock Index and a 15 per cent weighting to the Mercer Unlisted Property Index.

Warakirri Charitable Australian Equities Trust (WCAET)

For year ended 30 June 2002	Annual return	3 year return (% p.a.)	5 year return (% p.a.)	Since inception 12/95 (% p.a.)
WCAET	23.7	16.6	14.0	17.9
Benchmark – S&P ASX 300 Accumulation Index	-4.5	6.2	7.0	9.9
Outperformance vs Benchmark	28.2	10.4	7.0	8.0

The returns shown are after management fees and reflect the benefit of franking credits on a cash received basis.

The mandate managed by Warakirri Asset Management was the Foundation's standout performer for the year, returning 23.7 per cent, the benchmark stock market index returning minus 4.5 per cent. The table above shows that WCAET's performance is also impressive over the longer term.

FINANCIAL REPORT

PERFORMANCE

HISTORICAL INVESTMENT PERFORMANCE INCLUDING THE FINANCIAL YEAR ENDED 30 JUNE 2002

c o n t i n u e d

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ANZ Trustees Common Fund 8 (CF8)

For year ended 30 June 2002	Annual return	3 year return (% p.a.)	5 year return (% age p.a.)	Since inception 12/95 (% age p.a.)
ANZ Trustees CF8 Australian Equities	-9.8	6.9	11.7	13.6
Benchmark – S&P ASX 300				
Industrials Accumulation Index	-6.1	5.1	7.5	11.5
Outperformance vs Benchmark	-3.7	1.8	4.2	2.1

The returns shown are after management fees and reflect the benefit of franking credits on a cash received basis.

The Foundation's CF8 Australian equities portfolio returned minus 9.8 per cent for the year against the benchmark stock market index return of minus 6.1 per cent, underperforming by 3.7 per cent. Although CF8's performance was disappointing for the year, over the longer term, CF8 has performed satisfactorily.

Kaplan Funds Management

For year ended 30 June 2002	Annual return	2 year return (% p.a.)	Since inception 03/00 (% p.a.)
Kaplan Funds Management	12.1	12.9	12.6
Benchmark – S&P ASX 200 Industrials Accumulation Index	-4.7	2.0	4.6
Outperformance vs Benchmark	16.8	10.9	8.0

The returns shown are after management fees and reflect the benefit of franking credits on a cash received basis.

The Foundation's third Australian Equities manager, Kaplan Funds Management, performed very well over the year. Kaplan returned 12.1 per cent for the year against their benchmark of minus 4.7 per cent. Kaplan has only been investing for the Foundation since March 2000 and its outperformance, since that date, is pleasing.

ANZ Trustees Common Fund 9 (CF9)

For year ended 30 June 2002	Annual return	2 year return (% p.a.)	Since inception 03/00 (% p.a.)
ANZ CF9 Charity Property	6.3	8.3	8.4
Benchmark – Mercer Unlisted Property Index (pre tax)	9.9	10.4	10.3
Outperformance vs Benchmark	-3.6	-2.1	-1.9

The returns shown are after management fees.

ANZ Trustees CF9 unlisted property trust returned 6.3 per cent for the year against an average Unlisted Property Trust return of 9.9 per cent, underperforming by 3.6 per cent. Post the end of the financial year, ANZ Funds Management entered into an agreement with ING Real Estate whereby ING became the portfolio manager of CF9.

FINANCIAL REPORT

BALANCE SHEET

AS AT 30 JUNE 2002

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	Note	2002 \$	2001 \$
Current assets			
Cash at bank and on deposit	2	2,292,280	2,934,167
Receivables	3	500,375	1,427,690
Total current assets		2,792,655	4,361,857
Non-current assets			
Investments in trusts and managed funds	4	63,338,069	61,161,896
Total non-current assets		63,338,069	61,161,896
Total assets		66,130,724	65,523,753
Current liabilities			
Payables	5	53,192	23,825
Total liabilities		53,192	23,825
Net assets		66,077,532	65,499,928
Foundation equity			
Income fund		2,867,771	3,361,592
Capital fund	6	63,209,761	62,138,336
Total funds		66,077,532	65,499,928

Notes to and forming part of the accounts are on pages 23 to 24.

FINANCIAL REPORT

STATEMENT OF INCOME AND EXPENDITURE

FOR THE YEAR ENDED 30 JUNE 2002

WBF

	Note	2002 \$	2001 \$
Net income for the year before charitable distributions	7	4,705,905	4,663,175
Accumulated income at the beginning of the financial year		3,361,592	1,501,486
		8,067,497	6,164,661
Amounts transferred to Capital Funds		(1,796,692)	-
Charitable distributions paid		(3,403,034)	(2,803,069)
Accumulated income at the end of the financial year		2,867,771	3,361,592

Notes to and forming part of the accounts are on pages 23 to 24.

FINANCIAL REPORT

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 30 JUNE 2002

WBF

1. Statement of accounting policies

The accounting policies adopted by the Foundation follow the accounting standards issued by the Australian accounting bodies.

(a) Overall valuation policy

The financial statements are compiled on a going concern basis. The principles of historical cost accounting have been adopted in preparing the accounts except where the Trustees of the Foundation believe that assets of the Foundation should be disclosed at their current market value rather than their historical cost. The assets concerned are those held in managed trusts. The Trustees are of the opinion that this disclosure is preferable to reflect the current carrying value of the Foundation's investments and because of the uncertainty surrounding historical cost figures for valuing the investments.

(b) Investments

Investments held by the Foundation at 30 June 2002 have been valued at current market values. This valuation policy is consistent with that applied in the accounts for the year ended 30 June 2001.

The trustees have determined that for the financial year ended 30 June 2002 realised capital profits on disposal of investments are transferred to the capital fund. Capital profits are not available for distribution.

(c) Income tax

The Foundation is a charitable organisation for income tax purposes and consequently has not charged any income tax expense against the net income for the year.

2. Cash at bank and on deposit

Cash balances are held by ANZ	2002	2001
Executors & Trustee Company Limited:	\$	\$
Income account	1,504,724	1,087,177
Capital account	787,556	1,846,990
	2,292,280	2,934,167

3. Receivables

Goods and services tax	11,521	18,575
Other debtors	488,854	1,409,115
	500,375	1,427,690

4. Investments in trusts and managed funds

Includes fixed interest, equity and property trusts and managed funds – at market value	63,338,069	61,161,896
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5. Payables

Other creditors	47,704	23,825
GST payable	5,488	-
	53,192	23,825

FINANCIAL REPORT

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 30 JUNE 2002

continued

WBF

6. Capital fund

	2002	2001
	\$	\$
Opening balance	62,138,336	58,059,390
Net increase in capital fund	1,071,425	4,078,946
Closing balance	63,209,761	62,138,336

The net increase in the Capital Fund reflects the realised capital profits on disposal of investments along with any movement in the market value of investments held.

7. Net income

Net income for the year has been determined after:

(a) Crediting as income

Interest received – other persons	87,741	144,604
Distributions received	3,963,024	4,562,257
Management fee rebate	218,418	228,115
Imputation credits refunded	717,836	-

(b) Charging as expense

Auditors' fees – prior year	-	-
– current year	13,534	8,283
ANZ Trustee fees	194,534	193,977
Co-trustee's fees	4,000	4,000
Consulting fees	93,835	60,000

8. Grant commitments

The grant commitments of the foundation at 30 June 2002 in respect of projects that commenced prior to 30 June 2002 and are to be delivered beyond a 12 month period are detailed below. Payment of these grants remains at the discretion of the trustees who are under no binding obligation to distribute the amounts.

<u>Year ending 30 June 2003</u>	<u>\$1,619,777</u>
<u>Year ending 30 June 2004</u>	<u>\$ 517,253</u>
<u>Year ending 30 June 2005</u>	<u>\$ 250,000</u>

FINANCIAL REPORT

AUDITOR'S REPORT

FOR THE YEAR ENDED 30 JUNE 2002

WBF



**Chartered Accountants
& Advisers**

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**AUDITOR'S REPORT TO THE TRUSTEES OF
THE WILLIAM BUCKLAND FOUNDATION
YEAR ENDED 30 JUNE 2002**

Independent Audit Report

We have audited the summarised financial report of the William Buckland Foundation for the year ended 30 June 2002 as set out on pages 21 to 24 in accordance with Australian Auditing Standards.

In our opinion, the information reported in the summarised financial report is consistent with the annual statutory financial report from which it is derived and upon which we expressed an unqualified audit opinion in our report to the trustees dated 12 April 2003. For a better understanding of the scope of our audit, this report should be read in conjunction with our audit report on the annual statutory financial report.


BDO


M L BATCHELOR
Partner

Melbourne: 3 September, 2003

FINANCIAL REPORT

ANNEXURE ONE

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Expenses

The net assets of the Foundation as at 30 June 2002 were \$66,077,532.

1. Administration fee

a	Trustee fee to ANZ Executors and Trustee Company Limited: Management fees are 0.30 per cent of capital in accordance with the Trustee Companies' Act Victoria 1984 (Section 21A) which allows a fee of up to 0.96 per cent of capital.	\$194,534
b	Fees to the four individual Co-Trustees: Set fee of \$1,000 each per annum as provided in the Will of William Buckland.	\$4,000
	Total	\$198,534

2. Investment management fees

	ANZ Common Fund 8	\$86,917
	ANZ Common Fund 9	\$59,598
	Warakirri Asset Management Pty Ltd	\$139,680
	Kaplan Funds Management Pty Ltd*	\$59,319
	Total	\$345,514

3. Other expenses

	Fee for preparation of annual audit	\$13,534
	Annual research fee	\$77,000
	Investment report preparation fees	\$5,705
	Annual Report	\$11,130
	Total	\$107,369

* Includes performance fee of \$29,640.

All fees are GST exclusive.

WHAT THE FOUNDATION FUNDS

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he broad areas of interest to the Foundation are stipulated in William Buckland's Will. This is in two parts – the first for public hospital and public benevolent institutions; the second for public scientific or public educational purposes. Grants are restricted to Victoria. The Foundation has developed a set of guidelines to carry out its charter.

In general, the Foundation supports large projects or those which are likely to have a significant impact and consequently applications for grants of less than \$10,000 are not preferred. Grant funding is normally provided for one year only unless there are special reasons, such as sufficient time to test radically new approaches.

As a minimum, the Foundation requires programs to focus on prevention of problems, to respond to an identified area of need in the community, and to take initiatives that address the issues that contribute to the creation of needs in the community. It also prefers programs that seek to produce outcomes that will make a significant contribution to expanding the body of knowledge of the subject area or provide practical approaches to solving entrenched community problems. For public education programs, ones that cover agricultural and related pursuits are preferred.

The Foundation gives priority to programs that take innovative approaches to solving community problems, advance concepts to the demonstration stage or explore new fields of interest through research and development. Trustees are interested also in programs that are able to leverage financial support from or in partnership with, other Trusts and Foundations, governments or others.

Because the value of a new model is its ability to be replicated, the Foundation pays special attention to evaluation of programs, and to the dissemination of their findings.

THE GRANTMAKING PROCESS



Administration

Applications are directed to ANZ Charitable Services. This department manages funds and provides secretariat, administration and other general charitable services to The William Buckland Foundation.

Research

Applications are investigated by the Foundation's researcher. The applicant will be contacted and the submission discussed. The researcher will also contact other relevant bodies e.g. referees.

Visitors at Trustees' meetings

The William Buckland Foundation Trustees may invite one or two of the applicant agencies to attend the meeting. This is an opportunity for the Trustees to deepen their understanding of the particular sector in which an agency works and to ask questions of the applicant. As well as applicant organisations, Trustees may invite public policy makers or academics to talk about an area of interest.

At the meeting

Trustees meet quarterly. Factors Trustees take into account when determining which projects to fund include:

- need in the community for the initiative;
- whether the organisation has received a grant in recent years (usually the last three);
- availability of other funding sources, including Government;
- innovation;
- capacity to change practice;
- projects that involve partnerships with other foundations;
- the scale of the request – it may not be possible to satisfy the full request; and
- the potential of the project to leverage wider support.

Decisions that may be made at the meeting: a grant made in full or part, application declined, or consideration deferred until a later meeting.

After the meeting

Notification of the outcome of a grant application is usually sent within 10 to 14 days of the meeting.

Reporting

All grant recipients are required to submit a report on their project outcomes at the conclusion of the funding period. As a key priority of the Foundation is the dissemination of information, recipients will be asked to nominate 20 other organisations that the report will be sent to.

HOW TO FIND OUT ABOUT FUNDING

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opies of the full guidelines are available from ANZ Charitable Services; Freecall 1800 808 910 or (03) 9273 2701 website www.anz.com/australia/charitabletrusts/guidelines.asp

Applications must be submitted on the special form attached to the guidelines. Trustees meet quarterly to consider applications.

The Australian Directory of Philanthropy contains summary information on the major Trusts and Foundations in Australia. Contact your local library for access to a copy or if this is not possible, the Directory's publishers, Philanthropy Australia (03) 9620 0200.

The
WILLIAM BUCKLAND
FOUNDATION

WBF

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