



ANNUAL REPORT

2003

The
WILLIAM BUCKLAND
FOUNDATION

WBF

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THE FOUNDER

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he Foundation that 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. From its establishment until now, the Foundation has distributed a total of over \$47 million.

**From its establishment
until now, the Foundation
has distributed a total of
over \$47 million.**

TRUSTEES' OVERVIEW

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he Trustees' guiding principles in selecting projects to support are the prevention of social ills, especially by addressing the issues that create needs in the community, and the most effective use of community resources.

In 2003, Trustees supported programs that will improve services for young people, for those in rural and regional areas, in social housing, health, community and youth education, and those that strengthen volunteer programs.

One particular area of interest was evaluation. The Foundation is aware that rigorous evaluation helps to document and fine-tune effective programs. This is essential if they are to be replicated elsewhere. Seven of the grants made this year addressed this issue. They included feasibility studies to test the transfer to new settings of practice models that have been found to work elsewhere, research to identify gaps in information that is essential for high quality policy formulation, and independent analyses of service delivery models. Grant applicants wishing to test new models are always strongly encouraged to build robust independent evaluations into their proposed projects.

Philanthropic partnerships

The William Buckland Foundation was again pleased to continue its partnerships with other foundations in supporting a number of projects. In the Orchestra Victoria initiative outlined below, the Foundation was a co-funder with The Ian Potter Foundation, The Myer Foundation, and the Helen Macpherson-Smith Trust.

Some significant projects this year

Ballarat Health Services

The Foundation has a longstanding interest in palliative care, funding the establishment of the first Victorian Chair in Palliative Medicine in 1995. Research into palliative care in Australia is in its infancy and is mostly conducted in cities. There is little knowledge of the needs of palliative care patients and staff in rural areas. This project will develop research and education pilots to help rural palliative care practitioners maintain a high level of palliative care skill. It aims to establish a model for the development of rural research and education that integrates city and country services and can be replicated in other rural areas. Ballarat Health Services will be working closely with Monash University's Department of Palliative Medicine.

State Orchestra of Victoria

Over the next three years Orchestra Victoria is developing its regional community program, with input from Community Advisory Groups in Bendigo, the Latrobe Valley Horsham, Shepparton, Warrnambool and Mildura. The project gives rural students access to advanced music education, and mentoring from professional musicians and the chance to develop their public performing skills. The wider community has exposure to affordable cultural opportunities with strong partnerships in their local region. Research carried out for the J. Paul Getty Trust and others outlines the substantial cognitive, social and economic benefits to children who participate in the arts.

The Sovereign Hill Museums Association

The founder's Will specifies a desire to support education in agricultural pursuits. The Sovereign Hill Museums Association (SHMA) has been given the 4,700-acre pastoral property, 'Narmbool', a functioning 20,000-head sheep farm with a heritage homestead, operating with a strong emphasis on environmentally sustainable practice. The SHMA will offer one-week live-in programs at the property for Years 7-9 school students that combine an introduction to the history of the site with practical farming experience in environmentally sensitive land management. The Narmbool program especially targets school that would not otherwise have such an opportunity in the public sector. The Foundation's grant assists in the provision of accommodation for students.

Thanks

Trustees farewell Professor Henry Burger who retired after 20 years as a representative of the Foundation on the Medical Research and Technology Advisory Committee of ANZ Charitable Services. Professor Burger was instrumental in setting up the Committee and served as its chairman for 20 years until his retirement.

This Committee provides expert advice to a group of foundations and trusts that fund medical research and technology in Victoria. These philanthropic bodies recognised that small grants for medical and technological research can be highly effective, but that their Boards often lacked specialist expertise in these areas. Participating foundations contribute to an annual pool of funds and a nominated senior academic researcher represents each body. Grants generally range from \$10,000 to \$15,000 each.

Associate Professor Rachelle Buchbinder, a noted rheumatology researcher at Cabrini Institute, has taken over from Professor Burger. Other representatives of the Foundation are Professor Fred Mendelsohn, who will chair the Committee, and Professor John Wark. Our sincere thanks to all of our past and present representatives for their assistance in helping us to support an extraordinary diversity of exciting research projects.

Trustees also thank their staff and consultants for their work for the Foundation in another busy and fulfilling year.

Barry Capp
Chairman

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 & Trustee Company Limited (“ANZ Trustees”)

Staff

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

Asset consultant

John Nolan (up to 28 March 2003) and JANA Investment Advisers Pty Ltd (from 29 March 2003)

Research consultants

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

GRANT COMMITMENTS MADE JULY 2002 – JUNE 2003

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he following commitments were made at meetings of Trustees held in September and December 2002 and March and May 2003.

Public benevolent purposes

Addiction Recovery Centres Inc.

Service model feasibility study \$26,645

The study is assessing the successful Oxford Houses model for its suitability for women in recovery from alcohol and drug dependency and their children.

Association for Children with a Disability

Research project \$20,480

The Association will identify gaps in the service systems for children with severe behavioural problems as a first step in the design of appropriate early interventions.

B-Central Inc

Youth precinct \$50,000

The precinct in Ballarat draws together a wide range of youth services to provide an accessible, holistic model of service and community development for young rural people.

Big Brothers – Big Sisters

Service model evaluation \$29,992

The evaluation will give an evidence base for a longstanding model of intervention for young people at risk.

Bone Marrow Donor Institute

Accommodation Centre \$100,000

The centre meets an urgent need for supportive accommodation for post-operative cancer patients and their families, especially those from rural Victoria.

Bridge Foundation

Ex-prisoner support program \$20,900

Capacity building for a new service to assist former prisoners in East Gippsland.

Butterfly Foundation

Feasibility study \$11,000

The study will investigate the feasibility of establishing a public Adolescent Eating Disorders Day Centre in Australia.

GRANT COMMITMENTS MADE JULY 2002 – JUNE 2003

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Care Ring

Volunteer service study and coordination \$43,200

The study will inform more effective recruitment, training and support strategies for volunteers in a major emergency service.

Child and Family Care Network Inc.

Kids' Centre \$50,000

The Centre is an innovative holistic model for improving families' access to early childhood services.

Collingwood Children's Farm Inc.

Food Project Feasibility Study \$12,500

The study examines the suitability for replication of a Boston model for youth and community development through urban food production.

Collins Street Baptist Benevolent Society Inc.

Credo Café program extension (over three years) \$75,000

Further development and consolidation of a support and referral program for marginalised people, especially those who are homeless.

Consumer Law Centre Vic Ltd

Outreach service pilot (over two years) \$95,890

The project tests a model to provide legal advice and casework through sessional outreach work to rural and regional centres.

Darebin Community Health

'Men's Shed' project \$25,335

The project provides a program to engage socially isolated men at high risk of mental ill health. The grant also funds an external evaluation to assist the project's case for ongoing government support.

Ecumenical Community Housing

Social housing \$100,000

The facility will provide secure, supported accommodation for people with a disabling psychiatric illness.

Emergency Accommodation and Support Enterprise

‘Solving the Jigsaw’ program \$34,800

This award-winning program works to build self-esteem and resilience in students in regional, rural and remote schools in the Loddon Mallee region. Funded in partnership with the R. E. Ross Trust.

Epilepsy Foundation of Victoria Inc.

Information and support pilot program (over two years) \$30,000

The trial uses trained volunteer peer support workers at the point of newly diagnosed epileptics’ first contact with specialist clinics.

Footscray Youth Housing Group

Savings and Credit project (over two years) \$70,141

The agency is developing a practical program of money management skills for its young disadvantaged clients.

Hotham Mission

Refugee housing support (over two years) \$40,000

The grant assists the provision of housing support for asylum seekers on bridging visas in the community.

Housing for the Aged Action Group

Social housing research \$28,433

The collection of robust data about the tenant experience of community-managed housing and about best practice models can assist in the development of better service delivery models and help to inform policy-makers.

Marie Stopes Australia

Indigenous reproductive health project \$36,273

New initiatives are being consolidated to address the poor reproductive health of indigenous Victorians, especially those in rural areas. In partnership with the R. E. Ross Trust.

McCallum Disability Services Inc.

Development of workplace \$39,353

The new equipment increases the capacity of the organisation to employ disabled adults.

GRANT COMMITMENTS MADE JULY 2002 – JUNE 2003

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MECWA Community Care

'Homeshare' recruitment

\$11,000

The grant is the next stage in the Foundation's support of a project to assist elderly people to remain in their homes by matching them with young people seeking rent-free accommodation in exchange for household help and company.

Mental Illness Fellowship Vic

Social Firm model

(over two years) \$92,400

The project tests an innovative model of employment in new, supportive not-for-profit workplaces for people with a psychiatric disability.

Menzies Inc.

Volunteer program and professional development

(over two years) \$103,699

The project helps to establish a volunteers' program and also to develop a training framework for working with very troubled children in care.

NIDKIDS Support Group Ltd

Catheter purchase

\$5,000

The special equipment is used by children with a rare and incurable disabling condition, Neuronal Intestinal Dysplasia.

Oakleigh Centre for Intellectually Disabled Citizens Inc.

Workshop refurbishment

\$50,000

The grant helps to build the capacity of the organisation to provide more employment for intellectually disabled adults.

Spina Bifida Foundation

SPINE registry

(over three years) \$91,000

The register of people with spina bifida will link Victorians with the condition and their families into an information network. A website will provide health information and educational material.

St John's Village Inc.

Nursing home extension

\$15,000

The development provides extra accommodation for elderly people with medium to high care needs in North East Victoria.

St Kilda Police and Citizens Youth Club

Mobile activity program \$19,000

The project consolidates an early intervention model of working with young people on public housing estates. An external evaluation will assess its effectiveness in social connectedness and crime reduction.

TADVIC Cooperative

Rural service extension \$36,450

TADVIC volunteers provide purpose-designed equipment for people with a physical disability. The grant extends the service to the South-West region of Victoria.

Volunteering Australia Inc.

National integrated IT system \$30,000

Adaptation of Victorian component of volunteer-matching website for not-for-profit organisations seeking volunteers.

Werribee Legal Service

Youth law \$68,456

The Service is consolidating its pilot program working on community issues with young people in local schools.

Sub-total **\$1,461,957**

Public hospitals

Kilmore and District Hospital

Respite unit for acquired brain injury clients \$100,000

The facility will provide permanent high-care residential accommodation for ABI clients, many of whom are younger people.

Mansfield District Hospital

‘Bindaree’ redevelopment \$50,000

The upgrade to the hostel for elderly frail aged people enables them to remain within their own community and provides local employment.

GRANT COMMITMENTS MADE JULY 2002 – JUNE 2003

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Neerim District Soldiers' Memorial Hospital	
Bunyip Hillview Hostel and Nursing Home	
Aged care expansion	\$20,000
The organisations work together in providing extra places for elderly people with high care needs in the Baw Baw Shire.	
Peninsula Health	
Core of Life program dissemination	(over two years) \$63,900
Local midwives and school nurses will be trained to deliver this early intervention program on pregnancy, birth and parenting to Year 10 girls in southern metropolitan and rural regions.	
Rochester and Elmore District Health Service	
Nursing home upgrade	\$10,000
The project assists social cohesion and employment in a rural community.	
South West Healthcare	
Pilot day program for dementia sufferers	\$31,910
The project extends and develops a day program for people suffering dementia in the far West of Victoria.	
Warley Hospital Inc.	
Nursing home redevelopment	\$10,000
The project enables elderly people to remain within their own community.	
West Gippsland Health Care Group	
'Under the Influence'	\$20,500
This diversionary program works with first offenders under 18 in the Baw Baw Shire who have been charged with misuse or possession of drugs or alcohol.	
Wimmera Health Care Group	
Horsham family facility	\$25,000
The facility provides short-term accommodation for families of patients admitted to the Wimmera Base Hospital in Horsham.	
Sub-total	\$331,310

Public educational and public scientific purposes

Australian Drug Foundation

Alcohol community education \$30,000

A significant community initiative is being developed to address the unsafe use and irresponsible marketing of alcohol, especially to young people.

Australian Nuffield Farming Scholarships

Victorian farming scholarship \$12,000

Scholars undertake international study tours of particular agricultural industries with the aim of disseminating best practice models in Australia.

Ballarat Health Services

Rural palliative care (over three years) \$311,226

The project seeks to tackle inequities in the provision of palliative care to rural Victorians through researching and testing new education and service models.

Barwon Health – Paediatric and Adolescent Support Services

Support model dissemination \$46,500

The project documents and disseminates the successful PASS model of support for children with a serious illness and their families. A training program for other health professionals will also be formalised.

Bright Adult Education Inc.

‘Words on Wheels’ (over two years) \$60,000

The program for illiterate and semi-literate adults can be offered in the home, workplace or elsewhere. (Since being funded, it won an ACFE innovation award)

Education Foundation Inc.

Consolidation of ‘Lighthouse’ model \$77,000

The five pilot schools will document and carry out further planning to consolidate the Lighthouse project into their curriculum, organisational and budgeting processes. The Lighthouse Schools project developed a new model of middle years education.

GRANT COMMITMENTS MADE JULY 2002 – JUNE 2003

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Epworth Foundation

Cultural rehabilitation study \$22,994

The study seeks to improve the long term health outcomes for people from non-English-speaking backgrounds who have suffered a traumatic brain injury.

Latrobe University – Bouverie Centre

'Breaking Through' project extension \$43,450

'Breaking Through' is a whole-school community-based approach to instilling tolerance of diversity to counter discriminatory and victimising behaviours. The project will now be extended from senior high school to the middle years.

Monash University

Education in agriculture \$67,870

The University's Animal Welfare Centre will investigate the factors that influence pre-adolescents' food choices, including their knowledge of agricultural practices.

Song Room Inc.

Music Education for disadvantaged students \$28,000

The project trains school teachers in disadvantaged areas in music education.

Sovereign Hill Museums Association

Narmbool program infrastructure (over three years) \$359,000

The pastoral property, 'Narmbool' is being developed to provide programs for Years 7-9 students in agricultural, environmental and historical aspects of rural life.

State Orchestra of Victoria

Regional education (over three years) \$150,000

The project gives rural students access to advanced music education and the wider community has exposure to affordable cultural opportunities.

Swinburne University of Technology – Centre for Astrophysics & Supercomputing

Astronomy education (over two years) \$40,000

The project develops training for teachers in a frontier learning tool for high school physics students – the new Faulkes robotic telescope that is dedicated to education.

University of Melbourne – Centre for Applied Philosophy & Public Ethics

Computer ethics (over two years) \$53,818

The project develops curriculum around the ethical issues of computer technology for secondary school students.

Victoria University of Technology

Public environmental education (over three years) \$136,800

The University is developing a range of community socio-environmental education programs for the general public in its St Albans wildlife reserve.

Women’s Health West

Peer education program \$27,935

The pilot program addresses the health education needs of psychiatrically disabled women through peer education workshops. An external evaluation will assess its effectiveness.

Youth Assist Inc.

Link Centre Studentships \$24,000

The grant assists a new model of education and training for severely disadvantaged young people that is being developed in partnership with Government.

Sub-total \$1,490,593

Recurrent commitments

Foundation for Rural and Regional Renewal

Small grants for small rural communities \$50,000

Lynley S. Aitken Travelling Fellowship (Royal Melbourne Hospital)

Tabatha Rando: ‘Best Practice in Wound Management and Pressure Ulcer Prevention’ study \$10,000

Medical Research and Technology in Victoria Program

Allocated to 17 projects \$200,000

Sub-total \$260,000

Total commitments made in 2002–03 financial year **\$3,543,850**

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 was John Nolan (up to 28 March 2003) and since then 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 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;
- Warakirri Asset Management Pty Ltd;
- Lend Lease; and
- Investors Mutual.

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 2003 were \$67,036,611.

The MER is 1.08 per cent (see Annexure One) made up of the following:

- administration fees 0.29 per cent;
- investment management fees 0.60 per cent; and
- other expenses 0.19 per cent.

FINANCIAL REPORT

INVESTMENT GUIDELINES AND OBJECTIVES

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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 UP TO AND INCLUDING THE FINANCIAL YEAR
ENDED 30 JUNE 2003

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The Foundation

Table 1

For year ended 30 June 2003	Annual return (%)	3 year return (% p.a.)	5 year return (% p.a.)	7 year return (% p.a.)
Foundation	7.0	9.4	10.4	12.1
Benchmark	0.4	2.3	6.8	8.9
Outperformance vs Benchmark	+6.6	+7.1	+3.6	+3.2
CPI	2.7	3.8	3.1	2.4
Outperformance vs CPI	+4.3	+5.6	+7.3	+9.7

Table 1: The returns quoted in Table 1 are after management fees and reflect the benefit of franking credits on a cash received basis, but not Foundation expenses.

The Foundation returned 7 per cent for the financial year to June 2003 representing outperformance of the benchmark¹ by 6.6 per cent. Investments managed by Warakirri Asset Management, Kaplan Funds Management and the ANZ Trustees CF9 Property Fund all contributed to this performance. The Foundation has also performed very well against its benchmark over the longer term, outperforming by 7.1 per cent p.a., 3.6 per cent p.a. and 3.2 per cent p.a. over three, five and seven year time frames respectively.

The Foundation's performance against CPI is also shown in Table 1, with outperformance over all time periods measured. This indicates that the real value of the Foundation's capital has grown over time. The Foundation has outperformed CPI by nearly 10 per cent p.a. over a seven year time frame.

1. A benchmark is an index or other market measurement which is used as a yardstick to assess the portfolio or fund. For the Foundation, the benchmark for 2002–03 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)

Table 2

For year ended 30 June 2003	Annual return (%)	3 year return (% p.a.)	5 year return (% p.a.)	Since inception 12/95 (% p.a.)
WCAET	9.1	16.9	15.5	16.7
Benchmark – S&P ASX 300				
Accumulation Index	-2.0	0.7	6.3	8.2
Outperformance vs Benchmark	+11.1	+16.2	+9.2	+8.5

Table 2: The returns quoted in Table 2 are after management fees and reflect the benefit of franking credits on a cash received basis.

The performance of the Foundation's investment in the Warakirri Charitable Australian Equities Trust over the 2002–03 financial year was strong in both absolute and relative to benchmark terms. The investment outperformed its benchmark by 11.1 per cent for the financial year ended June 2003 and is well ahead over both three and five year time frames and on a since inception basis from December 1995.

FINANCIAL REPORT

PERFORMANCE

HISTORICAL INVESTMENT PERFORMANCE UP TO AND INCLUDING THE FINANCIAL YEAR
ENDED 30 JUNE 2003

continued

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ANZ Trustees Common Fund 8 (CF8)

Table 3

For year ended 31 March 2003	Financial year (%)	3 year return (% p.a.)	5 year return (% p.a.)	Since inception 12/95 (% p.a.)
ANZ Trustees CF8 Australian Equities	-9.2	0.1	4.3	9.4
Benchmark – S&P ASX 300 Industrial Accumulation Index	-8.9	-1.3	3.8	9.0
Outperformance vs Benchmark	-0.3	+1.4	+0.5	+0.4

Table 3: The returns quoted in Table 3 are after management fees and reflect the benefit of franking credits on a cash received basis.

The investment in the ANZ CF8 Australian Equities product was exited during 2002–03 financial year and as such the returns shown in the above table are for periods ending 31 March 2003. The financial year to 31 March 2003 was disappointing for the Manager who produced a return of -9.2 per cent to underperform its benchmark by 0.3 per cent. Over longer time periods and importantly on a since inception basis the mandate delivered positive absolute and relative returns for the Foundation.

Kaplan Funds Management

Table 4

For year ended 30 June 2003	Annual return (%)	3 year return (% p.a.)	Since inception 03/00 (% p.a.)
Kaplan Funds Management	11.5	12.4	12.4
Benchmark – S&P ASX 200 Industrial Accumulation Index	-1.7	0.7	2.6
Outperformance vs Benchmark	+13.2	+11.7	+9.8

Table 4: The returns quoted in Table 4 are after management fees and reflect the benefit of franking credits on a cash received basis.

The mandate managed by Kaplan Funds Management performed very well in both absolute and relative terms over the financial year ended 30 June 2003. The manager is significantly ahead of benchmark for both three year and since inception periods having outperformed by 11.7 per cent and 9.8 per cent respectively over these time frames.

IML Industrial Share Fund

The Foundation investment into the IML Industrial Share Fund was made on the 27th of June, 2003. Performance monitoring of the Foundation's investment began in July 2003 and as such no performance history is available as at 30 June 2003.

ANZ Trustees Common Fund 9 (CF9)

Table 5

For year ended 30 June 2003	Annual return (%)	3 year return (% p.a.)	5 year return (% p.a.)	Since inception 03/00 (% p.a.)
ANZ Trustees CF9 Charity Property	24.4	13.4	11.4	11.2
Benchmark – Mercer Unlisted Property Index (pre tax)	11.1	10.5	10.4	10.5
Outperformance vs Benchmark	+13.3	+2.9	+1.0	+0.7

Table 5: The returns quoted in Table 5 are after management fees. A negligible amount of Imputation Credits were received having no impact on performance.

The Fund manager began selling down the properties in the portfolio over the 2002–03 financial year and returned some capital to investors late in the financial year. The investment performed extremely well over the financial year returning 24.4 per cent to outperform its benchmark by 13.3 per cent. The investment remains ahead of benchmark over all time periods.

Since the end of the financial year the Manager has sold the remainder of the assets in the portfolio.

Lend Lease APPF Commercial

Table 6

For year ended 30 June 2003	3 months (%)	Since inception 08/02 (%)
Lend Lease APPF Commercial	2.3	4.5
Benchmark – Mercer Unlisted Property Index (pre tax)	2.9	10.5
Outperformance vs Benchmark	-0.6	-6.0

Table 6: The returns quoted in Table 6 are after management fees. No Imputation Credits were received in respect of this investment having no impact on performance.

The Foundation made an investment in the Lend Lease APPF Commercial Fund during the 2002–03 financial year. As at the end of the financial year the investment performance was behind benchmark since inception having returned 4.5 per cent versus a benchmark return of 10.5 per cent. It is important to note that the benchmark is a diversified bench mark of Commercial, Retail and Industrial investments with relative performance reflecting the effect of struggling office markets on the Commercial Fund.

FINANCIAL REPORT

PERFORMANCE

HISTORICAL INVESTMENT PERFORMANCE UP TO AND INCLUDING THE FINANCIAL YEAR
ENDED 30 JUNE 2003

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Lend Lease APPF Retail

Table 7

For year ended 30 June 2003	3 months (%)	Since inception 08/02 (%)
Lend Lease APPF Retail	1.8	10.8
Benchmark – Mercer Unlisted Property Index (pre tax)	2.9	10.5
Outperformance vs Benchmark	-0.6	-6.0

Table 7: The returns quoted in Table 7 are after management fees. No Imputation Credits were received in respect of this investment having no impact on performance.

The Foundation made an investment in the Lend Lease APPF Retail Fund during the 2002–03 financial year. As at the end of the financial year the investment performance was ahead of its diversified benchmark since inception having returned 10.8 per cent versus a benchmark of Commercial, Retail and Industrial investments whilst the APPF Retail Fund invest solely in Retail assets.

Bank bills

As at 30 June 2003 the Foundation held a \$3.1 million ANZ bank bill at 4.63 per cent p.a. The bank bill had been held for an insignificant amount of time as at the end of the financial year.

FINANCIAL REPORT

BALANCE SHEET

AS AT 30 JUNE 2003

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	Note	2003 \$	2002 \$
Current assets			
Cash at bank and on deposit	2	1,610,365	2,292,280
Receivables	3	766,320	500,375
Other assets	4	15,323	-
Total current assets		2,392,008	2,792,655
Non-current assets			
Investments in trusts and managed funds	5	64,684,803	63,338,069
Total non-current assets		64,684,803	63,338,069
Total assets		67,076,811	66,130,724
Current liabilities			
Payables	6	13,200	53,192
Total liabilities		13,200	53,192
Net assets		67,063,611	66,077,532
Foundation equity			
Income fund		2,721,438	2,867,771
Capital fund	7	64,342,173	63,209,761
Total funds		67,063,611	66,077,532

Notes to and forming part of the accounts are attached.

FINANCIAL REPORT

STATEMENT OF INCOME AND EXPENDITURE

FOR THE YEAR ENDED 30 JUNE 2003

WBF

	Note	2003 \$	2002 \$
Net income for the year before charitable distributions	8	3,039,343	4,705,905
Accumulated income at the beginning of the financial year		2,867,771	3,361,592
		5,907,114	8,067,497
Amounts transferred (to)/from Capital Fund		104,422	(1,796,692)
Charitable distributions paid		(3,290,098)	(3,403,034)
Accumulated income at the end of the financial year		2,721,438	2,867,771

Notes to and forming part of the accounts are attached.

FINANCIAL REPORT

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 30 JUNE 2003

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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 2003 are revalued to current market values at year end. This valuation policy is consistent with that applied in the accounts for the year ended 30 June 2002.

Capital Profits on disposal of investments are transferred to the capital fund. Capital profits are not available for distribution. Losses on disposal of investments are expensed in the statement of income and expenditure consistent with the applicable accounting standard.

(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	2003	2002
Executors & Trustee Company Limited:	\$	\$
Income account	1,077,874	1,504,724
Capital account	532,491	787,556
	1,610,365	2,292,280

3. Receivables

Goods and services tax	9,674	11,521
Other debtors	756,646	488,854
	766,320	500,375

4. Other assets

Accrued income	1,573	-
Prepayments	13,750	-
	15,323	-

5. Investments in trusts and managed funds

Includes fixed interest, equity and property trusts and managed funds – at market value	64,684,803	63,338,069
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FINANCIAL REPORT

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 30 JUNE 2003

continued

WBF

	2003	2002
	\$	\$
6. Payables		
Other creditors	13,200	47,704
GST payable	-	5,488
	13,200	53,192

7. Capital fund

Opening balance	63,209,761	62,138,336
Net increase in capital fund	1,132,412	1,071,425
Closing balance	64,342,173	63,209,761

The net increase in the Capital Fund reflects realised capital profits and losses on disposal of investments, together with the revaluation adjustment to market value of investments held at year end and capital distributions received.

8. Net income

Net income for the year has been determined after:

(a) Crediting as income

Interest received (includes bank bills)	159,000	87,741
Distributions received	4,312,692	3,963,024
Management fee rebate	194,441	218,418
Imputation credits refunded	534,123	717,836

(b) Charging as expense

Auditor's fees	11,847	13,534
Loss on disposal of investments	1,828,708	-
ANZ Trustees management fees	191,942	194,534
Co-trustees' fees	4,000	4,000
Consulting fees	85,229	93,835

9. Grant commitments

The grant commitments of the foundation at 30 June 2003 in respect of projects that commenced prior to 30 June 2003 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.

Year ending 30 June 2004	\$1,619,777
Year ending 30 June 2005	\$ 517,253
Year ending 30 June 2006	\$ 250,000

FINANCIAL REPORT

AUDITOR'S REPORT

FOR THE YEAR ENDED 30 JUNE 2003

WBF



Chartered Accountants

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AUDITOR'S REPORT TO THE TRUSTEES OF
THE WILLIAM BUCKLAND FOUNDATION
YEAR ENDED 30 JUNE 2003

Independent Audit Report

We have audited the summarised financial report of the William Buckland Foundation for the year ended 30 June 2003 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 4 May 2004. 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: *29th July* 2004

FINANCIAL REPORT

ANNEXURE ONE

WBF

The net assets of the Foundation as at 30 June 2003 were \$67,036,611.

Expenses

1. Administration fee

a	Trustee fee to ANZ Executors & 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.	\$191,942
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	\$195,942

2. Investment management fees

ANZ Trustees' Common Fund 8	\$38,797
ANZ Trustees' Common Fund 9	\$56,699
Lend Lease APPF Retail	\$29,323
Lend Lease APPF Commercial	\$42,932
Investors Mutual Industrial Share Fund (part year only, not included)	
Warakirri Asset Management Pty Ltd	\$148,570
Kaplan Funds Management Pty Ltd*	\$87,119
Total	\$403,440

3. Other expenses

Fee for preparation of annual accounts and audit	\$11,847
Annual research fee	\$71,663
Asset consultancy fees	\$26,250
Miscellaneous research and expenses	\$19,584
Annual Report	-
Total	\$129,344

* Includes performance fee of \$45,929.

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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WBF

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

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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