



2004

ANNUAL REPORT

*The*  
WILLIAM BUCKLAND  
FOUNDATION

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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 \$50 million.

**William Buckland’s legacy  
generates over \$3 million  
annually which is distributed  
for charitable purposes.**

# TRUSTEES' OVERVIEW

**A** major strategy of the Foundation has always been to support preventive programs. Research evidence overwhelmingly endorses the value of early intervention in incipient problems rather than remedial actions later, whether this is examined in a health, social, or economic framework. The intervention may be early in a process or early in life. Trustees this year were pleased to be able to support a number of early intervention programs: with young Aboriginal people in Gippsland, through a community cultural development model in Wodonga, pre-school children of drug-affected parents, children in public housing, and those with cerebral palsy to enable early identification of potential associated disabilities.

Several projects aimed to support Victoria's newest settlers by improving community understanding of their cultural backgrounds, increasing their access to mental health resources, or providing new means of communication for them. The Foundation funded a number of proposals that test new models of working with particular groups in the community: an integrated service model for young homeless jobseekers, a mentor program for women prisoners, the use of music therapy in a rehabilitation setting, and the parenting support program in a drug and alcohol treatment setting. Other programs will strengthen rural communities; improve the quality of life for older people; support cutting-edge scientific research into trauma, human genetic mutations and lymphatic systems; and assist the inclusion of children with disabilities into the wider community.

## **Some significant projects this year**

### **Alfred Hospital – Trauma Intensive Care Research Centre**

As the largest trauma receiving hospital in Australia, the Alfred is establishing the National Trauma Research Institute. The Intensive Care Research Centre is a multi-disciplinary approach to improving the immediate response to trauma to prevent, limit and possibly reverse damage. The Institute itself is a major strategy to build the intellectual capital of the trauma research system in Australia and promises to become a national and international knowledge resource in trauma topics.

**Latrobe University/University of Melbourne – Science Mentoring**

The Foundation supports programs for public scientific and public educational purposes and this initiative, designed to address the weakening science base in Australia, blends both. The Science Faculties at the two universities are working together to improve the science teaching outcomes in Victorian schools through a mentoring program in which their undergraduates will act as volunteer tutors/mentors to science students in the middle years of secondary school. International research has shown that peer tutoring is more effective than reducing class sizes in improving school student academic outcomes. The universities' undertaking is based on a successful overseas model that has also been introduced in Western Australia.

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**Research evidence  
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# TRUSTEES' OVERVIEW

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## **Mental Health Research Institute – the Cunningham Dax Collection**

The Cunningham Dax Collection of Psychiatric Art is a collection of nearly 10,000 works of art by people with a mental illness, put together to educate the community. There is a growing interest in the Collection as a formal educational tool, and secondary and tertiary students from a range of disciplines, as well as the general public, are using it. The Collection has not had a planned development but has evolved over a long period. The Foundation's grant is assisting the Institute to develop sound policies for the Collection that address the ethical, legal, artistic, educational and resourcing issues necessary for its future development.

## **Uniting Care – Moreland Hall**

The children's welfare field is currently seeking ways of improving the coordination of resources for young children with complex issues. Adult service providers are also testing different models of working in a family-focussed way. The children of parents with substance abuse problems are typically not involved in mainstream children's programs. Nor are their mothers and fathers usually engaged in parenting programs and their children are already at risk because of the family circumstances. Moreland Hall is testing a pilot playschool model in a drug treatment service setting for pre-school children of client parents. Parents participate in the playschool and also attend parenting groups or individual counselling on site.

## **Helping to build a civil society**

### **The Juvenile Justice Group Conferencing Project Re-visited**

Bringing about meaningful change takes time, commitment and much energy from community agencies. The Foundation recently re-visited a project that it was privileged to support during its developmental stages and which now has a secure role in the Victorian justice system.

From 1993 the Foundation helped fund a pilot project based on restorative justice principles that gave Magistrates an alternative pre-sentencing option for young people whose offences were serious enough to warrant a supervisory order. The pilot project was a joint initiative of Anglicare, the Children's Court, Victoria Police, Victoria Legal Aid and the Department of Human Services. The process brings together the young offender, family, community members and the victim of the crime to negotiate ways for the young person to make restitution for the harm done. It aims to divert young people from further or more serious offending by strengthening their community support and giving them the chance to make amends to the victim and the community.

An outcome plan deals with the offence in a restorative way, e.g. a letter or in-person apology to the victim, purchase of a replacement for a stolen item, as well as creative solutions negotiated to fit the unique character of a situation. The plan also addresses the underlying issues that led to the offence to prevent its recurrence, e.g. a young person might undertake to attend an anger management program. A non-family adult 'key person' supports the implementation of the plan and the community agency operating the program monitors it.

By the time of the pilot's completion in 1997, thanks to the strenuous work of the stakeholders, the program had been accepted within the legal system and community agencies as a valuable means of preventing re-offending and building supports for young people in trouble. Now fully funded by the Department of Human Services, the program has expanded and three community agencies operate the group conferences – Jesuit Social Services in Melbourne, Anglicare in Gippsland and Brayton Youth and Family Services in Hume, covering Shepparton and Echuca.

It has been very successful as a diversionary program; in the 18 months to December 2004, 36 of 42 eligible young offenders agreed to participate in it and in 88 per cent of these cases, the Magistrate imposed a good behaviour bond subject to the agreed outcome plan being implemented.

In a final development, it will soon achieve a legislative basis, with provision for its use as a pre-sentencing option in the revised *Children and Young Persons Act*. This is expected to lead to a greatly increased use of the provision.

## **Thanks**

The Trustees thank the staff of ANZ Charitable Services, which provides secretariat, management, administration, and other services to the Foundation and to Elizabeth Cham and Sandra Whitty of Philanthropy Australia for their contribution to our work.

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 Department provides secretariat, management, administration and other general charitable services for the Foundation.

## **Asset consultant**

JANA Investment Advisers Pty Ltd

## **Research consultants**

This year Philanthropy Australia provided a research service to the Foundation. From 1 January 2005, Sandra Whitty and Associates will carry out this role.

# GRANT COMMITMENTS MADE JULY 2003 – JUNE 2004

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he following commitments were made at meetings of Trustees held in September and December 2003 and in March and May 2004.

## Public benevolent institutions

### Advisory Council for Children with Impaired Hearing

Online Community

\$35,631

The project provides a chat room for client parents throughout Victoria to communicate with a multidisciplinary team and to support each other.

### Advocacy and Rights Centre

Loddon Campaspe Community Legal Centre Pilot

(over two years) \$128,000

The organisation is establishing a community legal centre that will provide free legal advice, education and assistance in the Loddon Campaspe region.

### Asylum Seeker Resource Centre

Project Management

\$50,000

The grant funds the continuation of programs of basic humanitarian assistance to an extremely vulnerable community group.

### Bounce Back Foundation

SportConnect Leadership Program

\$41,000

The program provides mentoring and leadership for young Aboriginal people considered to be at risk in five Gippsland sites.

### Brophy Family and Youth Services

Community and Youth Complex

\$50,000

The complex will provide a service and information hub for young people from 12 to 24 years in the Warrnambool region.

### Brotherhood of St Laurence

A New Approach to Assisting Young Homeless Job Seekers

(over two years) \$116,000

The Brotherhood, in conjunction with Hanover Welfare Services, Melbourne City Mission and Loddon Mallee Housing Services is testing an integrated service model to assist young homeless jobseekers to gain employment and stable accommodation.

# GRANT COMMITMENTS MADE JULY 2003 – JUNE 2004

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## **Carers Victoria**

Statewide Network

\$40,000

The network will bring together relatives and friends of residents of aged care facilities to improve mutual understanding between them and care providers, to prevent resident isolation by keeping families involved, and to give a voice to carers in the wider debate about aged care services.

## **Echuca Community for the Aged**

New Horizons Program

\$10,000

The new aged care complex allows elderly rural people to remain within their own communities.

## **Extended Families Australia Inc.**

Recruiting Mature Age Volunteers

\$6,000

The project will assist the recruitment of 'volunteer grandparents' to support families with children with disabilities in the western and northern regions.

## **Glenview Community Care**

Hostel Development

\$10,000

The project enables elderly rural people to remain within their own community.

## **Heartkids**

Capacity Building

(over two years) \$81,354

A newly-established paid position will assist this voluntary organisation to provide better support to children with heart conditions and their families.

## **Horn of Africa Communities Network**

Community Newspaper

\$50,000

The Network, in partnership with Adult Multicultural Education Services, is establishing a newspaper for the rapidly growing Eritrean, Ethiopian, Somai and Sudanese communities.

## **Irabina Childhood Autism Services**

Online Support for Parents

\$15,600

This agency is establishing an online forum for family education on autism, support and communication for existing clients and those on its waiting lists.

**Kalkee Community – Uniting Care**

Older Person – Younger Person Pilot (over two years) \$45,000

The project brings together young people and aged care residents in recreational activities to improve the self-esteem of the former and the mental health and quality of life of the latter.

**Karkana Support Services**

Building Refurbishment \$25,000

The upgrading will enable this disability agency to expand its work opportunities for clients.

**Kildonen Child and Family Services**

Family Violence No Interest Loans Scheme \$40,000

The project tests an extension to Kildonen’s NILS program, to provide a source of funds and other support for families seeking to escape domestic violence.

**Life Planning Foundation**

Evaluation – The Impact of Social Networking \$30,000

The evaluation will provide a tool for assessing and documenting a model for improving the health and well being of older people.

**Malcolm Sargent Cancer Fund**

Crisis and Critical Needs Project \$10,000

The fund provides assistance to families in financial crisis as a result of their child’s diagnosis of cancer.

**Noah’s Ark**

Centre for Inclusion \$45,000

The organisation will conduct a feasibility study for the establishment of a central agency to assist the inclusion of children with disabilities into children’s services.

**ORYGEN Youth Health**

Compass Strategy Evaluation \$15,000

The evaluation will assess the effectiveness of ORYGEN’s program in training community members working with young people to identify those at risk of suicide.

**Ottrey Homes**

Aged Care Hostel Extension \$15,000

The extension assists more elderly rural people to remain within their communities.

# GRANT COMMITMENTS MADE JULY 2003 – JUNE 2004

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**Recovery at Work**

Seeding Grant

\$20,000

The grant seeds establishment of a body that works to assist recovering alcoholic back into employment.

**SANE Australia**

Mental Health Resource

\$34,180

SANE is producing a written resource on depression and psychosis using simple English and illustrations for people for whom English is not the first language and for those with low literacy levels.

**Sea Lake & District Health Service**

Nursing Home Refurbishment

\$10,000

The upgrade assists elderly rural people to remain within their communities.

**Somebody's Daughter Theatre Company**

Connecting Beyond the Cycle

(over three years) \$180,000

The project assists the agency to develop sustainability in its work of engaging marginalised people through a community cultural development framework.

**St Joseph's South Yarra Emergency Housing**

Housing Expansion

\$40,000

The refurbishment provides temporary accommodation and support for up to 40 homeless people annually.

**St Vincent de Paul Society**

'Compeer' Program

\$12,000

'Compeer' links adults suffering from mental illness with members of the community for companionship and social activities. The project establishes this successful interstate and overseas program in Victoria.

**Sunnyside Lutheran Retirement Village**

Aged Care Hostel Re-development

\$10,000

The development assists elderly rural people to remain within their communities.

**Tongala and District**

Aged Care Amenities Upgrade

\$10,000

The development assists elderly rural people to remain within their communities.

**Uniting Care Moreland Hall**

Enhanced Playgroup for Children of Drug-affected Parents (over two years) \$216,038

This pilot program uses a playgroup model for preschool children whose parents are attached to the drug treatment service and aims to strengthen parenting skills and social connectedness.

**Victorian Association for the Care & Resettlement of Offenders**

Women-to-Women (over three years) \$126,230

VACRO is introducing a program using volunteer woman mentors to provide friendship, assistance and positive role modelling for women prisoners.

**Victorian Women’s Housing Association**

Organisational Capacity Building (over three years) \$150,000

The grant supports a project manager to develop the association’s work in providing alternative accommodation models for very disadvantaged women at risk of homelessness.

**Walwa Bush Nursing Hospital Inc.**

Community Services Centre \$60,000

This project will integrate medical, nursing and community services in this isolated community.

**Wingate Avenue Community Centre Inc.**

Young People Together (over two years) \$54,600

The Centre will test a pilot program for older children on a public housing estate. This will include homework support, community sports events and a school holiday program.

**Youth Opportunity Program, Typo Station**

Capacity Building \$75,000

The expansion of Typo Station’s early intervention program for young males at risk will help it towards sustainability.

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**Sub-total** \$1,856,633

# GRANT COMMITMENTS MADE JULY 2003 – JUNE 2004

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## Public hospitals

### **The Alfred Foundation**

National Trauma Research Institute (over two years) \$100,000

The Institute is a major strategy to build the intellectual capital of the trauma research system in Australia. The project funded helps establish the Trauma Intensive Care Research Centre, a multi-disciplinary approach to improving the immediate response to trauma.

### **Murdoch Children's Research Institute**

Establishment of Paediatric Palliative Care \$77,955

The research will provide a stronger evidence base on the service models that best meet the needs of dying children and their families.

### **Royal Talbot Rehabilitation Centre**

Music Therapy Program \$74,625

The project introduces music therapy as a strategy for assisting both physical and mental health rehabilitation.

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**Sub-total** \$252,580

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## Public educational and public scientific purposes

### **Australian Drug Foundation**

Community Alcohol Action Network \$30,000

### **Child Wise Ltd**

Choose with Care – Community Training (over two years) \$70,375

The agency's preventive training program is being further developed to assist five sectors of community agencies that work with children to develop policies and practices to reduce the risk of abuse from staff and volunteers.

### **Cystic Fibrosis Association of Victoria**

Family First-aid Training Program \$17,490

**Deakin University – Centre for Citizenship and Human Rights**

Applying a Multicultural Model in Culturally Diverse Schools \$40,000

The project uses a social worker to address social and cultural issues within Moreland City Secondary College and Preston Girls Secondary College to help improve school retention of young people from Arabic-speaking backgrounds and to break down cultural barriers.

**Foundation for Rural & Regional Renewal**

Evaluation of Small Grants for Small Rural Communities Program \$2,000

The evaluation will assess the effectiveness of this program initiated by the William Buckland Foundation and now supported by six other trusts and foundations and DOTARS.

**Geelong Community Legal Service**

Community Law Education Program \$20,625

The agency will develop workshop and outreach programs for the Barwon Region to provide community education about the legal system.

**Genomic Disorders Research**

World-wide Collection and Public Warehouse of Human Mutations (over three years) \$150,000

This large project will bring together published and unpublished gene mutations into a single data centre to provide clinicians, diagnostic laboratories and researchers with a complete picture to advise patients or inform research.

**Kids Under Cover Inc.**

Service Evaluation \$8,000

The evaluation will examine the effectiveness of the service in providing stable living situations for homeless and at-risk young people, and will propose strategies for improvement where necessary.

**Latrobe University – Centre for the Study of Mothers’ & Children’s Health**

State-wide Review \$65,078

The study will examine the current provision of postnatal care in public hospitals throughout Victoria.

# GRANT COMMITMENTS MADE JULY 2003 – JUNE 2004

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**Latrobe University/University of Melbourne**

Science Mentoring of Years 7-10 Students

(over three years) \$364,000

The Science Faculties of the two universities are developing a program in which their students will act as voluntary tutors/mentors to middle years secondary science students.

**Melbourne Health, North West Mental Health**

Recovery Therapy Demonstration Project Extension

\$17,244

The grant enables the final collection of evidence of a schizophrenia therapy within a public mental health clinic.

**Mental Health Research Institute**

Developing the Cunningham Dax Collection

(over two years) \$53,300

The project will consult broadly to devise appropriate policies to develop this unique, world-renowned collection of psychiatric art as an educational resource.

**Mercy Hospital for Women**

Through Iraqi Women's Eyes

\$45,693

The project aims to educate the wider community about the lives of Iraqi people through publication of some of their life stories, visual representation of these through textile hangings, and a series of travelling exhibitions in Melbourne and country Victoria.

**Murdoch Children's Research Institute**

Victorian Cerebral Palsy Surveillance

\$105,975

The project tracks children with cerebral palsy so that associated disabilities that occur later in childhood can be addressed as soon as possible.

**Royal Melbourne Hospital**

Lymphatic Anatomy

\$65,831

The Hospital is carrying out internationally significant research to map the fine structure of the human lymphatic system.

**West Wimmera Shire Council**

Johnny Mullagh Interpretive Centre Education Kit \$25,000

The initiative will develop curriculum materials about the contribution of Aboriginal people to sporting history, rural industry, and the impact of European exploration and settlement in the region.

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**Sub-total** \$1,080,611

**Recurrent commitments**

**Foundation for Rural and Regional Renewal**

Small Grants for Small Rural Communities Program \$50,000

**Lynley S. Aitken Travelling Fellowship (Royal Melbourne Hospital)**

Tabatha Rando: 'Best Practice in Wound Management' \$10,000

**Medical Research and Technology in Victoria Program**

Allocated to 16 Projects \$200,000

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**Sub-total** \$260,000

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**Total commitments made in 2003-04 financial year** **\$3,449,824**

# 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 professional managers and the Foundation no longer holds direct equities. The investment managers for the financial year ended 30 June 2004 were:

- ANZ Executors & Trustee Company Limited (ABN 33 006 132 332);
- Kaplan Funds Management;
- Warakirri Asset Management Pty Ltd;
- Lend Lease;
- Investors Mutual Limited; and
- Macquarie Investment Management 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 (averaged over the year), includes the administration fees, investment management fees and other expenses – the components and the amounts are shown in Annexure One. The comparative with the previous year is shown.

The averaged net assets of the Foundation as at 30 June 2004 were \$72,020,607.

<b>The MER</b>	<b>Year ending 2004</b>	<b>Year ending 2003</b>
Net assets (averaged)	72,020,607	66,557,072
MER	1.11	1.09
Administration fees	0.31%	0.29%
Investment management expenses	0.59%	0.61%
Other expenses	0.21%	0.19%

# 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 2004

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### The Foundation

Table 1

For year ended 30 June 2004	Annual return (%)	3 year return (% p.a.)	5 year return (% p.a.)	7 year return (% p.a.)	9 year return (% p.a.)
Foundation	18.2	9.9	11.0	10.6	12.5
Benchmark	19.7	5.5	8.0	8.5	10.4
Performance vs Benchmark	-1.5	+4.4	+3.0	+2.1	+2.1
CPI	2.5	2.7	3.4	2.7	2.5
Performance vs CPI	+15.7	+7.2	+7.6	+7.9	+10.0

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 18.2 per cent for the financial year to June 2004 underperforming the benchmark<sup>1</sup> by 1.5 per cent. In a very strong Australian Equity market over the period, Warakirri Asset Management outperformed the market whilst both Kaplan Funds Management and Investors Mutual underperformed the benchmark. The Foundation has performed very well against its benchmark over the longer term.

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 10.0 per cent p.a. over a nine 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 2003–04 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 2004	Annual return (%)	3 year return (% p.a.)	5 year return (% p.a.)	Since inception 12/95 (% p.a.)
WCAET	25.6	17.8	16.6	17.5
Benchmark – S&P ASX 300 Accumulation Index	21.7	4.4	7.4	9.7
Performance vs Benchmark	+3.9	+13.4	+9.2	+7.8

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 2003–04 financial year was exceptionally strong in both absolute and relative terms. The investment is significantly ahead of benchmark over both three and five year periods and has outperformed its benchmark by nearly 8 per cent p.a. since inception.

# FINANCIAL REPORT

## PERFORMANCE

HISTORICAL INVESTMENT PERFORMANCE UP TO AND INCLUDING THE FINANCIAL YEAR  
ENDED 30 JUNE 2004

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### ANZ Trustees Common Fund 8 (CF8)

The investment in ANZ Trustees CF8 was terminated in March 2003. The benefit of franking credits received in the 2003–04 financial year is reflected in the Foundation level returns shown in Table 1.

### Kaplan Charitable Australian Equities Trust

Table 3

<b>For year ended 30 June 2004</b>	<b>Annual return (%)</b>	<b>3 year return (% p.a.)</b>	<b>Since inception 03/00 (% p.a.)</b>
Kaplan Charitable Australian Equities Trust	11.8	10.5	11.2
Benchmark – S&P ASX 200 Accumulation Index	21.6	4.4	6.8
Performance vs Benchmark	-9.8	+6.1	+4.4

Table 3: The returns quoted in Table 4 are after management fees and reflect the benefit of franking credits on a cash received basis.

The Kaplan Charitable Australian Equities Trust delivered sound absolute performance over the 2003–04 financial year however significantly underperformed the benchmark. The Manager remains well ahead of benchmark over three years and since inception.

### Investors Mutual Limited

Table 4

<b>For year ended 30 June 2004</b>	<b>Annual return (%)</b>	<b>Since inception 06/03 (% p.a.)</b>
Investors Mutual Industrial Share Fund	17.1	17.1
Benchmark – S&P ASX 200 Industrial Accumulation Index	18.2	18.2
Performance vs Benchmark	-1.1	-1.1

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

Investors Mutual Industrial Share Fund underperformed its benchmark by 1.1 per cent over the 2003–04 financial year however delivered a very strong absolute return of 17.1 per cent for the period.

## ANZ Trustees Common Fund 9 (CF9)

Table 5

<b>For year ended 30 June 2004</b>	<b>Annual return (%)</b>	<b>3 year return (% p.a.)</b>	<b>5 year return (% p.a.)</b>	<b>Since inception 01/98 (% p.a.)</b>
ANZ CF9 Charity Property	24.4	12.5	11.5	10.8
Benchmark – Mercer Unlisted Property Index (pre tax)	12.2	10.8	10.8	10.6
Performance vs Benchmark	+12.2	+1.7	+0.7	+0.2

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.

ANZ Trustees CF9 was wound up during the 2003–04 financial year with all properties successfully sold. The investment returned 10.8 per cent p.a. over the period since January 1998, marginally ahead of its benchmark.

## Lend Lease APPF Retail

Table 6

<b>For year ended 30 June 2004</b>	<b>Annual Return (%)</b>	<b>Since inception 07/02 (%)</b>
Lend Lease APPF Retail	17.6	14.7
Benchmark – Mercer Unlisted Property Index (pre tax)	11.9	11.7
Performance vs Benchmark	+5.7	+3.0

Table 6: The returns quoted in Table 5 are after management fees. No imputation credits were received.

Lend Lease APPF Retail delivered strong absolute and relative performance for the 2003–04 financial year, returning 17.6 per cent to be 5.7 per cent ahead of benchmark. Since inception, the portfolio is 3.0 per cent p.a. ahead of its benchmark. It is important to keep in mind that APPF Retail is a single sector portfolio and its performance is measured against a diversified benchmark. Since inception and the 2003–04 financial year, the investment has benefited from the strongly performing retail property sector.

# FINANCIAL REPORT

## PERFORMANCE

HISTORICAL INVESTMENT PERFORMANCE UP TO AND INCLUDING THE FINANCIAL YEAR  
ENDED 30 JUNE 2004

*c o n t i n u e d*

WBF

### Lend Lease APPF Commercial

Table 7

<b>For year ended 30 June 2004</b>	<b>Annual Return (%)</b>	<b>Since inception 07/02 (%)</b>
Lend Lease APPF Commercial	8.6	6.7
Benchmark – Mercer Unlisted Property Index (pre tax)	11.9	11.7
Performance vs Benchmark	-3.3	-5.0

*Table 7: The returns quoted in Table 7 are after management fees. No imputation credits were received.*

Lend Lease APPF Commercial delivered a return of 8.6 per cent for the 2003–04 financial year, underperforming the benchmark by 3.3 per cent. Since inception the investment is 5.0 per cent p.a. behind the benchmark return however the investment is a single sector investment being compared with a diversified benchmark. Since inception, the Commercial property market has been weak.

### Macquarie Diversified Treasury Fund

In May 2004, the Foundation made an investment into the Macquarie Diversified Treasury Fund. As at the end of the financial year only one month's performance history was available and the investment was performing slightly ahead of benchmark.

# FINANCIAL REPORT

## BALANCE SHEET

AS AT 30 JUNE 2004

W<sub>B</sub>F

	Note	2004 \$	2003 \$
<b>Current assets</b>			
Cash at bank and on deposit	2	721,113	1,610,365
Receivables	3	2,276,919	766,320
Other assets	4	11,000	15,323
<b>Total current assets</b>		3,009,032	2,392,008
<b>Non-current assets</b>			
Investments in trusts and managed funds	5	74,009,320	64,684,803
<b>Total non-current assets</b>		74,009,320	64,684,803
<b>Total assets</b>		77,018,352	67,076,811
<b>Current liabilities</b>			
Payables	6	13,750	13,200
<b>Total liabilities</b>		13,750	13,200
<b>Net assets</b>		77,004,602	67,063,611
<b>Foundation equity</b>			
Income fund		2,253,674	2,721,438
Capital fund	7	74,750,928	64,342,173
<b>Total funds</b>		77,004,602	67,063,611

*Notes to and forming part of the accounts are attached.*

# FINANCIAL REPORT

## STATEMENT OF INCOME AND EXPENDITURE

FOR THE YEAR ENDED 30 JUNE 2004

WBF

	Note	2004 \$	2003 \$
Net income for the year before charitable distributions	8	3,677,445	3,039,343
Accumulated income at the beginning of the financial year		2,721,438	2,867,771
		6,398,883	5,907,114
Amounts transferred (to)/from Capital Fund		(922,207)	104,422
Charitable distributions paid		(3,223,002)	(3,290,098)
<b>Accumulated income at the end of the financial year</b>		<b>2,253,674</b>	<b>2,721,438</b>

*Notes to and forming part of the accounts are attached.*

# FINANCIAL REPORT

## NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 30 JUNE 2004

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 2004 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 2003.

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 Executors & Trustee Company Limited:	2004 \$	2003 \$
Income account	668,059	1,077,874
Capital account	53,054	532,491
	<u>721,113</u>	<u>1,610,365</u>

### 3. Receivables

Goods and services tax	8,604	9,674
Other debtors – income	623,835	682,298
Other debtors – capital (buy backs)	1,601,639	-
Other debtors – fee rebate	42,841	74,348
	<u>2,276,919</u>	<u>766,320</u>

### 4. Other assets

Accrued income	-	1,573
Prepayments	11,000	13,750
	<u>11,000</u>	<u>15,323</u>

### 5. Investments in trusts and managed funds

Includes fixed interest, equity and property trusts and managed funds – at market value	74,009,320	64,684,803
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### 6. Payables

Other creditors	13,750	13,200
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# FINANCIAL REPORT

## NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 30 JUNE 2004

*continued*

WBF

	<b>2004</b>	<b>2003</b>
	\$	\$
<b>7. Capital fund</b>		
Opening balance	64,342,173	63,209,761
Net increase in capital fund	10,408,755	1,132,412
Closing balance	74,750,928	64,342,173

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:

<b>(a) Crediting as income:</b>		
Interest received (includes bank bills)	181,004	159,000
Distributions received	3,157,018	4,312,692
Management fee rebate	185,021	194,441
Imputation credits refunded	528,154	534,123
<b>(b) Charging as expense:</b>		
Auditor's fees	12,550	11,847
Loss on disposal of investments	-	1,828,708
ANZ Trustees management fees	217,789	191,942
Co-trustees' fees	4,000	4,000
Membership fees	5,500	5,000
Consulting fees – investments	45,250	25,000
Consulting fees – granting	73,250	60,229
Legal fees	2,182	-
Sundry expenses	13,231	34,187
	3,677,445	3,039,343
<b>(c) Reconciliation of distributions received:</b>		
Distributions as per cash flow	2,807,001	2,944,643
Add capital distributions reinvested	354,841	1,117,703
Less 2003 accrual	(682,299)	(431,953)
Add 2004 accrual	2,225,472	682,299
Less Telstra buyback (receivable post balance date)	(384,455)	-
IAG buyback (receivable post balance date)	(1,163,542)	-
Net distributions received	3,157,018	4,312,692

## 9. Grant commitments

The grant commitments of the foundation at 30 June 2004 in respect of projects that commenced prior to 30 June 2004 and are to be delivered beyond a twelve 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 2004</u>	<u>315,302</u>
<u>Year ending 30 June 2005</u>	<u>1,427,725</u>
<u>Year ending 30 June 2006</u>	<u>494,255</u>

# FINANCIAL REPORT

## STATEMENT OF CASH FLOWS

30 JUNE 2004

W<sub>B</sub>F

	Note	2004 \$	2003 \$
<b>Cash flows from operating activities</b>			
Investment management fee rebate		216,528	176,994
Interest received		182,577	157,427
Distributions received		2,807,001	2,944,643
Imputation credits refunded		528,154	534,123
Trustees' fees		(242,783)	(195,942)
Consulting fees		(118,500)	(133,288)
Cash paid to suppliers		(44,369)	(47,878)
Charitable distributions paid		(3,223,002)	(3,290,098)
Goods and services tax		36,868	(6,994)
Net cash provided by operating activities	2	142,474	138,987
<b>Cash flows from investing activities</b>			
Proceeds from sale of investments and reinvestments		8,881,499	34,517,834
Payments for investments		(9,913,226)	(35,338,736)
Net cash (used in) provided by investing activities		(1,031,726)	(820,902)
Net (decrease) increase in cash		(889,252)	(681,915)
<b>Cash at 1 July 2003</b>	1	1,610,365	2,292,280
<b>Cash at 30 June 2004</b>	1	721,113	1,610,365

# FINANCIAL REPORT

## STATEMENT OF CASH FLOWS

30 JUNE 2004

*c o n t i n u e d*

### Notes to the statement of cash flows

	2004	2003
	\$	\$
<hr/>		
<b>1. Reconciliation of cash</b>		
For the purposes of this statement of cash flows, cash includes:		
Cash on hand and at call deposits with banks or financial institutions net of bank overdrafts.		
Cash at bank and on deposit	721,113	1,610,365
<hr/>		
<b>2. Reconciliation of cash flow from</b>		
Operations with net distributable income		
Net income for the year	5,225,442	3,039,343
Add/(less): Charitable distributions paid	(3,223,002)	(3,290,098)
Income reinvested	(354,840)	(1,117,704)
Loss on disposal of investments	-	1,828,708
Write off AMP investment	600	-
Decrease/(increase) in receivables	(1,506,276)	(281,268)
Increase/(decrease) in other creditors	550	(39,994)
	<hr/>	<hr/>
	142,474	138,987
<hr/>		

# FINANCIAL REPORT AUDITOR'S REPORT

FOR THE YEAR ENDED 30 JUNE 2004



Chartered Accountants

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**AUDITOR'S REPORT TO THE TRUSTEES OF  
THE WILLIAM BUCKLAND FOUNDATION  
YEAR ENDED 30 JUNE 2004**

**Independent Audit Report**

We have audited the summarised financial report of the William Buckland Foundation for the year ended 30 June 2004 as set out on pages 23 to 28 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 17 March 2005. 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: 11 May 2005

# FINANCIAL REPORT

## ANNEXURE ONE

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The net assets of the Foundation as at 30 June 2004 were \$77,004,602.

### 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.	\$217,789
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
	<b>Total</b>	<b>\$221,789</b>

#### 2. Investment management fees

ANZ Trustees' Common Fund 9	\$33,391
Lend Lease APPF Retail	\$27,650
Lend Lease APPF Commercial	\$56,164
Investors Mutual Industrial Share Fund	\$71,735
Warakirri Asset Management Pty Ltd	\$170,975
Kaplan Funds Management Pty Ltd*	\$64,465
Macquarie Investment Management Ltd	\$962
<b>Total</b>	<b>\$425,342</b>

#### 3. Other expenses

Fee for preparation of annual accounts and audit	\$12,550
Annual research fee	\$73,250
Asset consultancy fees	\$45,250
Miscellaneous research and expenses	\$8,416
Annual Report	\$12,497
<b>Total</b>	<b>\$151,963</b>

\* No performance fee was achieved.

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 which provides secretariat, administration and other general services to The William Buckland Foundation.

## **Research**

Applications are investigated by the Foundation's researchers. 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 to which they will send their report.

# HOW TO FIND OUT ABOUT FUNDING

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opies of the full guidelines are available from ANZ Charitable Services; website [www.anz.com/aus/fin/trustees](http://www.anz.com/aus/fin/trustees); Freecall\* 1800 808 910.

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.

\* Freecall™ is a trademark of Telstra Corporation Limited ABN 33 051 775 556.

*The*  
WILLIAM BUCKLAND  
FOUNDATION



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