

**COLONIAL
FOUNDATION
ANNUAL REPORT 2008-09**

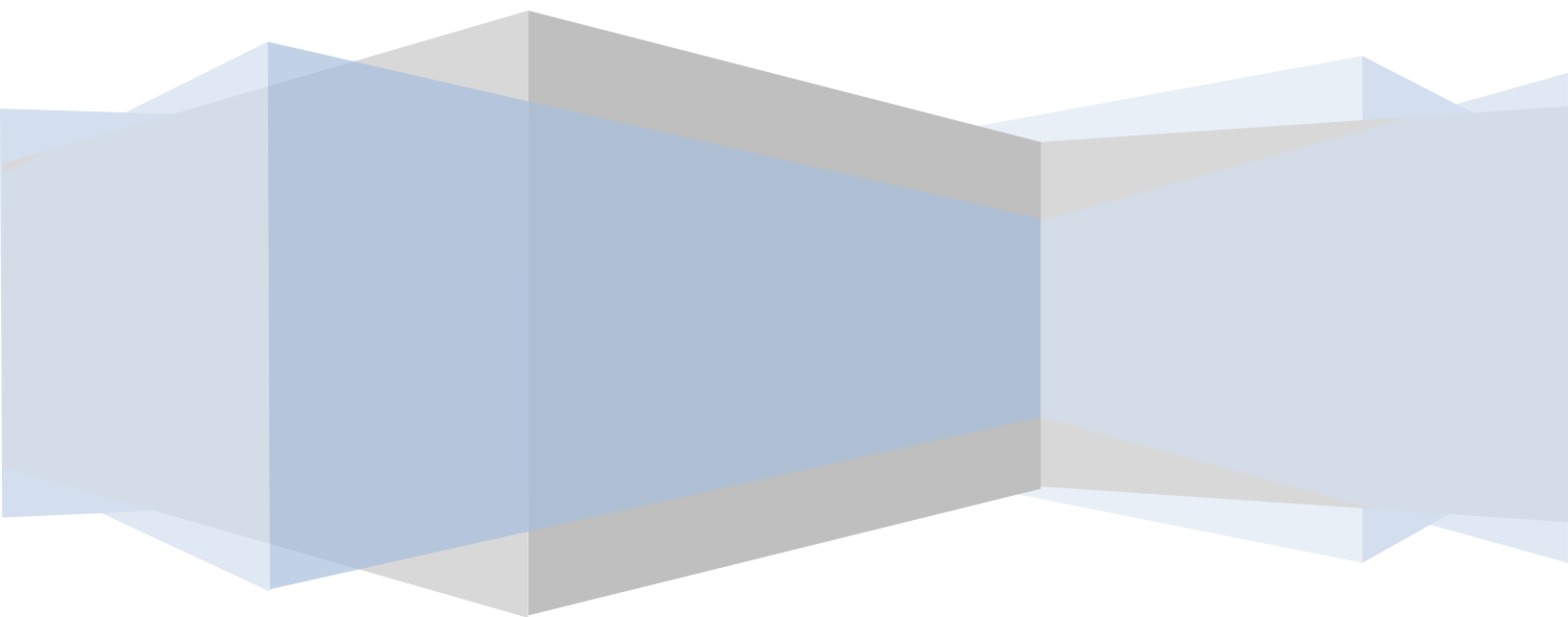


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Colonial Foundation Trust aims to make a positive contribution to society by supporting organisations that work to find solutions for those in need or improve the quality of community life.

ABOUT COLONIAL FOUNDATION

In 1996, The Colonial Mutual Life Assurance Society Limited, after 123 years as a mutual life insurance society, demutualised and, in 1997, was listed on the Australian Stock Exchange as Colonial Limited.

The Colonial Foundation Trust was created as part of the demutualisation in order to reflect in some way Colonial Limited's origin as a mutual society formed to provide a service to its members and the communities it served. Colonial Foundation Limited was formed to act as trustee of the Trust.

Following the merger of Colonial Limited with the Commonwealth Bank of Australia in June 2000, Colonial Foundation Limited became fully independent, with the responsibility of carrying out the broadly defined charitable objectives of Colonial Foundation Trust.

BOARD OF DIRECTORS

Chairman

Mr David S. Adam

Deputy Chairman

Mr Peter J. Smedley

Directors

Mr Graham Brooke

Mrs Jane M. Harvey

Mr A. Peter J. Kelly

Professor John J. McNeil

Professor Robert R. Officer

Executive Officer

Mr Andrew Brookes

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Chairman's Report

The past year was another rewarding period for Colonial Foundation, with grants to the value of \$6,630,721 being awarded to a range of worthy organisations and projects across Australia.

A total of 11 organisations received financial support during the period, each of whom have received funding from Colonial Foundation in past years. This reflects the board's commitment to provide longer-term funding to ensure worthy projects receive ongoing support.

Since its formation in 1997, Colonial Foundation has awarded more than \$53 million in philanthropic grants to organisations working in priority areas such as community health, to those providing support to disadvantaged people in society, to various vocational and educational training programs, to the arts and cultural activities, and for migrant community welfare.

The ORYGEN Research Centre Youth Mental Health Program remains our biggest single funding project, with \$3.5 million provided in the past year. ORYGEN has continued its exceptional, pioneering work in the area of researching emerging mental disorders, and their consequences, in young people, and I commend them for their fantastic, world-leading work.

Colonial Foundation also provided \$1.15 million to the drug policy modelling program being conducted by the National Drug and Alcohol Research Centre at the University of New South Wales, which is also engaged in very important research for the benefit of all Australians. The funding was provided as part of a total grant of \$7.66 million over five years. The DPMP continued its extensive research into illicit drugs usage in a bid to influence policy change at the most senior levels of government.

Colonial Foundation is involved in supporting many different areas. Funding was also directed into indigenous support programs via the Indigenous Enterprise Partnerships organisation, and into providing assistance to disadvantaged youth through organisations such as St Luke's Anglicare, The Mirabel Foundation, Ardoch Youth Foundation, and Jesuit Social Services.

I would like to take this opportunity to thank my fellow Board directors for their hard work and professionalism on behalf of the Foundation. I also would like to thank Colonial Foundation's Executive Officer, Andrew Brookes, for his ongoing commitment and contribution to our operations.

We have a strong leadership team, which can only serve us well in Foundation's endeavours, and I again look forward to reporting on the further progress of Colonial Foundation in our next report.



David Adam

Executive Officer's Report

The 2008-09 year was another busy and fulfilling period for Colonial Foundation, with our funding providing support and enjoyment to literally thousands of Australians around the country.

On the support level, our funding was again directed to organisations involved in many different types of programs that have a central objective of helping others in need. These range from programs focussed on assisting disadvantaged children, to others involved with helping youth or young adults, and yet others that are aimed at providing assistance to adults.

On an entirely different level, Colonial Foundation continues to provide funding assistance in medical research, involving youth mental health and indigenous health, and we are extensively involved in providing support in the area of finding solutions to the increasing usage of illicit drugs in our society.

To round off our giving activities, we are also actively involved in supporting programs in the Arts, that bring enjoyment to so many people on different levels.

My role as Executive Director is very rewarding in that I am closely involved in all the research and decision-making processes around Colonial Foundation's grants program, particularly in terms of my ongoing communication with the organisations concerned. As such, I am very fortunate to see the work they are doing at close quarters and, after many years of doing so, I can honestly say that there have been some very significant achievements over the year by all of them.

In short, Colonial Foundation funds a broad spread of organisations and projects that each, in their own way, have far-reaching applications and offer enormous community benefits. It is the intention that our longer-term support will help their efforts to succeed and prosper over time.

I would like to extend my warmest thanks and appreciation to the Foundation's Chairman and the board of directors. I would also like to thank our professional service providers, our consultant, Mr Bill Couche, and our office administrator, Ms Honorina Sihin.



Andrew Brookes

Funding for projects

For the period commencing 2008 until at least 2013, the Board of the Foundation has decided that the Foundation should focus on providing support and solutions to enable vulnerable or disadvantaged young people achieve their personal and social potential as they grow into adulthood. Support for the young in successfully managing their growth will have life-long benefits to the individual and profound benefits to the wider community.

Grants Made by Colonial Foundation Trust July 1, 2008 – June 30, 2009

Organisation	Purpose	Amount \$
Addiction Recovery Centres Inc.	Oxford Houses – Alcohol and Drug Recovery	21,000
Ardoch Youth Foundation	Student Transition & Ongoing Support Project	97,500
Bell Shakespeare Company	Regional Scholarship Program	95,000
Indigenous Enterprise Partnerships	Aboriginal Community Building	262,500
Jesuit Social Services	Gateway Program – Youth Support	500,000
Orygen Youth Health Research Centre	Mental Health Research Grant	3,500,000
Philanthropy Australia	Leading Membership	25,000
St Luke's Anglicare	Leaving Care Program	100,000
The Australian Youth Orchestra	Introducing New Training Programs	390,000
The Mirabel Foundation	Therapeutic Group for Boys	30,000
The University of NSW	Drugs Policy Modelling Project	1,158,221
The University of Queensland	Funding for Aboriginal Health Program	451,500
Total		6,630,721

Grants Made By Priority Areas

Until the end of 2009, Colonial Foundation has directed its funding to major projects in the priority areas of Community Health, Disadvantaged People in Society, The Arts and Cultural Activities, Education and Vocational Training, and Migrant Community Welfare. The Foundation adopted new grant making guidelines during the year and these mean that Colonial Foundation will concentrate on supporting programs in the youth area.

Since its establishment, the Foundation has increased its grants capacity on an ongoing basis and at June 30, 2009, had provided grants in excess of \$53 million. The distribution of these funds is outlined in the adjacent table.

All funded projects were approved by the Board in accordance with Colonial Foundation's funding guidelines, which are detailed on page 20 of this report.

Community Health is the largest area of funding for Colonial Foundation, and includes funding to the ORYGEN Research Centre for research into youth mental health as well as to the National Drug and Alcohol Research Centre at The University of New South Wales for research into illicit drugs – our two largest projects.

Allocation for Grants	
Area	Amount \$
Community Health	34,368,349
Disadvantaged People in Society	11,094,306
Education and Vocational Training	3,366,865
Community Quality of Life, including the Arts and Cultural Activities	4,558,043
Migrant Community Welfare	604,500
Total	\$53,992,063

Youth Mental Health Program

Funding: \$3,500,000

The past year has seen ORYGEN Youth Health Research Centre continue its outstanding record of achievement in the youth mental health research and advocacy domains.

ORYGEN has built an international network of 2500 members dedicated to psychiatric reform. Using additional funding available, including a very sizeable grant of \$31.5 million over 10 years from Colonial Foundation, ORYGEN has expanded its work in the development of better treatments and care for young Australians facing the impact of potentially serious mental disorders and substance use problems.

ORYGEN, under the stewardship of Executive Director, Professor Patrick McGorry, has made a series of significant discoveries as part of its pioneering research into mental health, particularly emerging mental disorders, and their consequences, in young people.

This year, the efforts of the ORYGEN research teams were rewarded with the publication of 182 specialist articles, book chapters, and books. The Colonial Foundation's second independent external review of ORYGEN, led by Professor Charles Schulz from the University of Minnesota, Professor Jan Scott from the Institute of Psychiatry in London and chaired by Professor John Funder, was very positive and resulted in a recommendation confirming a second round of funding until 2012.

Professor Tony Jorm's outstanding research into building Australia's capacity to deal with emerging mental illness at the grass-roots level was recognised by the National Health and Medical Research Council this year, with the award of an Australia Fellowship. This Fellowship, one of only 12 awarded nationally, includes funding to allow Professor Jorm and his team to continue to improve his Mental Health First Aid program, a community awareness and early intervention package which has already been widely adopted.

In a new and exciting initiative for ORYGEN, the organisation has launched a major multi-centre intervention trial, the North America, Europe, Australia Prodrome Study (NEURAPRO-E). This large-scale trial, funded by the Stanley Medical Research Foundation, will involve 13 international centres and aims to determine if treatment with omega-3 fatty acids (fish oil) can prevent young people who are at ultra-high risk of developing psychosis from doing so. Preliminary studies have been very promising.

ORYGEN commissioned Access Economics to produce a comprehensive report into the cost-effectiveness of early intervention for psychosis, which found that more than \$200 million could be saved from the health care budget through early intervention programs. Subsequent data revealed an even more positive scenario, with early intervention proving nearly three times as cost-effective as standard care.

Translation of new and existing knowledge and a commitment to service reforms remains a major part of ORYGEN's mission. The Federal Government's refunding of headspace is a key step in this direction, and ORYGEN has become a member of the new company to continue development of the headspace program.

“An evolving aim of ORYGEN and its partners is to work for the creation of an international social movement for progress in youth mental health, driven by a blend of altruism and self interest, a growing evidence base, featuring successful models and drawing upon the energy and support of young people and their families,” says Professor McGorry. “We want to see the professional field of youth mental health achieve a secure status by 2020.”

For further information:

John Moran

General Manager

ORYGEN Research Centre

Telephone: (03) 9342 2939

Drug Policy Modelling Program

Funding: \$1,158,221

The National Drug and Alcohol Research Centre at the University of New South Wales is conducting ground-breaking research into illicit drugs usage across Australia in an effort to collect data that can be used influence and improve government policy on responses to illicit drugs.

With substantial funding from Colonial Foundation, the Drug Policy Modelling Program (DPMP) research team is continuing to create new evidence that can be used by drugs policy makers and enforcement agencies. This includes providing tools for policy makers to understand and use the evidence, and the studying of how policy actually gets made.

DPMP has continued to develop new evidence to inform policy, engage with policy makers to shape better Australian drug policy and provide foundational research to underpin the work.

To focus national attention on attention to illicit drug policy, the DPMP convened a roundtable discussion including 27 leaders and experts in drug policy from around Australia, who met in Canberra to discuss priority issues for illicit drug policy.

The roundtable delegates represented a wide range of policy domains, and included members of key advisory bodies, national peak organisations and leading researchers and practitioners in the alcohol and drug field. There was a resounding view that to exclude illicit drug problems from the current policy development process, with its focus on innovation and commitment to a healthier society, would be to the detriment of all Australians.

During the year, the DPMP recruited 400 participants into its Melbourne Injecting Drug User Cohort Study and obtained ethics approval for follow-up interviews of the cohort as well as approval for the collection of blood samples. The findings of these results will be presented in the near future.

For further information:

Alison Ritter

Director

Drug Policy Modelling Project

Telephone: (02) 9385 0236

Aboriginal Health Program

Funding: \$451,500

The University of Queensland continued its ground-breaking work into kidney and related chronic diseases during the year, particularly their increased incidence within Aboriginal communities.

The combined experience of its Chronic Disease Outreach Programs in the remote “top end” of the Northern Territory and in Western Australia is being compiled for publication in peer reviewed scientific literature. These reports describe the burden and patterns of chronic disease and the implications for health services planning and policy.

The Chronic Disease Outreach Programs’ activities also cover Central Australia, with the supply of education and training for health workers and other clinical staff in improved chronic disease awareness and care.

Other areas where the program has been expanded, at community and health service request, are to:

- A consortium of Indigenous Health Services in Queensland, (Queensland Aboriginal and Islander Health Consortium), with whom the University of Queensland are collaborators and research advisors for a Centre for Clinical Research Excellence. The focus of the program is circulatory and related chronic disease.
- Consultations with Queensland Health about its Chronic Disease Program initiatives, with a focus mainly on Woorabinda in Central Queensland.

During the year the University continued its studies into the susceptibility of Aboriginal people to kidney and related chronic diseases. Among the important findings are that low nephron numbers (functioning units of the kidney) and high average glomerular size (the associated filters) link with susceptibility to renal disease and high blood pressure.

Colonial Foundation funds are helping to support genome typing in Australia’s Tiwi population, with this project aiming to assess possible genetic markers of high-risk states for renal and related disease.

For further information:

Professor Wendy Hoy

Program Director

University of Queensland

Telephone: (07) 3346 4809

Drug and Alcohol-Free House Program

Funding: \$21,000

Colonial Foundation has provided six years of support for the work of Oxford Houses.

Oxford Houses aims to provide a secure, affordable and mutually supportive group home environment, and a strong volunteer and role-modelling input, supported by appropriate professional resources. Its houses provide individuals with the opportunity to live with others committed to recovery and to develop responsibility, accountability and motivation in re-establishing a productive and worthwhile life in the community.

Colonial Foundation's funding has been used to meet Oxford Houses' salary bill, with the organisation employing an executive officer and resource worker, using office premises leased from UnitingCare Moreland Hall.

Oxford Houses acknowledged that it needed to address the question of attracting sufficient and ongoing funding after Colonial Foundation's long-term grant ceased. Despite dedicated efforts over the years, attracting sufficient financial support had been difficult despite the demonstrated success of Oxford Houses' Program.

Following discussions between Oxford Houses and Colonial Foundation, the Foundation provided a grant of \$21,000 to enable a consultant, Mr Bill Couche, to explore the range of possibilities for the best continuation and development of the current support for residents, including the integrity of the Oxford House model.

The review recommended that Oxford Houses merge with another organisation that had the same philosophy.

In 2009, Oxford Houses transferred to MIND and that organisation has continued to operate and expand upon the Oxford Houses model for the benefit of recovering drug and alcohol addicts.

For further information:

MIND Australia

Telephone: (03) 9455 7900

Therapeutic groups for boys

Funding: \$30,000

The Mirabel Foundation, based in North Caulfield, Victoria, was established in 1998 to assist children who have been orphaned or abandoned due to parental illicit drug use and are now in the care of extended family (kinship care).

The Breaking the Cycle program has been developed and refined over the past 12 months, becoming an integral component of Mirabel's support programs for children.

The program involves the provision of therapeutic groups for boys aged between seven and 14 years, who have been orphaned or abandoned due to parental illicit drug use. The main objective of the project is to provide children with the opportunity to develop relationships in a safe environment, while breaking the negative cycle of addiction.

The needs of these children require specific and often highly intensive services. They have not had the same opportunities as other children and their circumstances have prevented them from developing to their full potential. The provision of therapeutic groups for these children addresses the barriers that often exist and supports children and kinship carers to move forward.

The Mirabel Therapeutic Boys Groups Program has grown from its modest beginnings of 10 boys in its first year, to a thriving program servicing more than 70 boys. This third year of the program has involved the provision of 40 three hour group sessions, four specialised camps, three football sporting days, together with regular outings and special experiences.

The growth in participant numbers has necessitated a growth in male staff and volunteers. The program is currently supported by an occupational therapist and full-time youth worker who complete group co-ordination, together with a full-time support worker who undertakes group organisation, transport and co-facilitation of sessions.

In December 2008 an independent evaluator from Successworks evaluated the progress of the therapeutic groups as part of their evaluation of Mirabel's programs. The report stated that participants found involvement with Mirabel made them feel special and helped them through difficult times.

For further information:

Jane Rowe

Founder and CEO

The Mirabel Foundation

Telephone: (03) 9527 9422

Gateway Program Funding: \$500,000

The Jesuit Social Services Gateway Program, which engages at-risk young people in a number of co-ordinated programs focussed on personal development, education, vocational training and employment, remained a major initiative for Colonial Foundation during the year.

The number of attendees at Gateway Programs continued to increase, reflecting the strong interest in Gateway's Art, Music, Computer Building/IT and Kitchen programs.

Arts and Culture program

Work on the Artfuldodgers.tv Project continued, with participants designing their own website pages to market and promote their work and skills.

An exhibition of current and past participants' artwork was held at the Abbotsford Convent. The *From the Vault* exhibition was successful, with approximately 40 people attending the opening and 583 people viewing the artworks over six days. The reputation of the studios is increasing, with young people from the studios being commissioned and paid to paint a mural at the Austin Hospital, design a billboard for the City of Yarra, and design a poster for Victorian Legal Aid.

Kitchen Program

The Kitchen Program also continued, with Gateways' social enterprise activities involving the production and sale of Abbotsford Biscuits. This program gives participants the opportunity to undertake a work placement, earn an income and develop a range of work readiness skills. Participants gain self confidence, learn to be punctual, to work as a member of a group and develop culinary/sales skills.

Computer Program

The computer and computer recycling programs progressed well, with Gateway receiving donations of 30 computers from Monash University. Participants are able to complete a Certificate II in Multimedia through the Gateway Computer Program, and the organisation is in the process of adding a Certificate I in Computers to the program.

For further information

Delia O'Donohue

Program Manager

Gateway

Telephone: (03) 9415 8700

Disadvantaged People In Society Indigenous Enterprise Partnerships

Aboriginal Community Building

Funding: \$262,500

Aboriginal communities around Australia continue to grapple with a range of economic and social issues such as high unemployment, poor living standards and disconnection from the broader community.

Colonial Foundation has provided funding for several years to Indigenous Enterprise Partnerships, an organisation that supports Aboriginal leadership in Queensland, Victoria and New South Wales to foster economic and social development in specific communities.

The primary method of operation is for IEP to facilitate corporations to make available their resources and expertise to help build the capability of individuals and local Aboriginal organisations in the Goulburn Valley Region at Shepparton, Victoria, and in Cape York, Queensland.

During the year IEP sustained and increased its core activity of supporting indigenous programs of change through corporate secondments. On Cape York, IEP's Welfare Reform pilot - specifically supporting programs such as Family Income Management - continued to be major recipients of resources from its corporate partners.

IEP increased its support to organisations, including Djarragun College, while the organisational strengthening and trust built through IEP's small scale work in the Goulburn Murray positioned the group to introduce more secondees to support the work of local indigenous leaders.

Skilled seconded resources were provided from partners including Westpac, BCG, IBM, Allen Consulting and ANZ, who remain actively engaged and contributing effective resources in Cape York and the Goulburn Murray. Other partners increased their committed support in the period, including KPMG, Freehills and Gilbert+Tobin, while Proton Project Management and Cisco provided support to Djarragun College.

Demand for IEP support significantly exceeds supply and the organisation's medium-term goal is to increase the level of support we provide to our indigenous partners by expanding the number of corporate partners involved.

For further information:

Karyn Baylis

Chief Executive Officer

Indigenous Enterprise Partnerships

Telephone: (07) 4051 9088

Disadvantaged People In Society Ardoch Youth Foundation

Student Transition & Ongoing Support Project Funding: \$97,500

Colonial Foundation has provided ongoing funding to Ardoch Youth Foundation to facilitate Ardoch's efforts to secure a high standard of education for the community.

The organisation continued to be challenged as a result of the 2006 closure of Albert Park Secondary College, with the disadvantaged students it has been assisting through its programs at the college now scattered across around 20 secondary schools.

Colonial Foundation's funding has been directed to Ardoch's Student Transition & Ongoing Support Project, which remains focused on maximising the chances for ongoing education for all students affected by the closure of Albert Park College. With the College's redevelopment delayed and scheduled to open in 2011, Ardoch's support of secondary students in the local area has focused on engagement and connection of students with school and other education pathways.

Headstart Program

Since the development of the Ardoch Student Transition & Support Project in 2007, the Headstart program (delivered at Elwood College and Swinburne open courses) has grown from a small enterprise supported entirely through community agencies and Swinburne First Stop to a program that is now being developed as a replicable model for other schools and communities.

Individual Student Support

The project continues its important work with individual students who are ex Albert Park Secondary College students and other students who have been referred to the Ardoch project. The Ardoch Project Coordinator works to develop the trust and respect required to assist these students.

Tutoring Program

One of the key support needs for students is tutoring. Ardoch expanded its Tutoring Program as a result of need and positive community feedback about the program.

Chill Room - Elwood College

The Chill Room is intended as a space that students can access which is a teacher free zone supported by community agencies. It provides the opportunity for students to link with staff from community agencies in an informal manner, and commence the development of trust and respectful relationships.

In recognition of her passionate and tireless efforts on behalf of the disadvantaged children of Victoria since establishing Ardoch Youth Foundation in 1998, Ardoch founder Kathy Hilton was inducted onto the 2008 Victorian Honour Roll of Women.

For further information

Mandy Burns

Chief Executive

Ardoch Youth Foundation

Telephone: (03) 9537 2414

Education And Vocational Training St Luke's Anglicare

Leaving Care Program

Funding: \$100,000

St Luke's is one of Victoria leading provincial child, youth and family welfare agencies. Based in Bendigo, St Luke's provides services from Gisborne to Mildura and has an excellent reputation for the delivery of well planned and managed services.

The Colonial Foundation has a proud history with St Luke's, which includes funding aimed at addressing the chronic homelessness experienced by young people leaving care. This Leaving Care Program was conceived following research conducted by St Luke's concerning housing and support issues for young people leaving care.

Funding has been used to provide improved intensive case management and support, living skills, links to education and training and family support and assistance, including essential household items and storage. A specialist worker engaged intensively with a range of young people to support them throughout their last months of care and in the initial period of independence.

This program has proved extremely successful and St Luke's was able to demonstrate to the Department of Human Services that there had been a dramatic drop in the homeless rate for those participating in the program. Consequently, DHS agreed to fund the program.

St Luke's has now formed a partnership with the Whitelion organisation, which runs mentoring and employment programs, to enhance the delivery of services for young people leaving care in the Loddon Campaspe region.

The Leaving Care Program is providing mentoring support to ensure young people are linked to the community through a range of social, recreational and leisure activities conducted with their mentor. This mentoring will expose the care leaver to a wide range of people, which will enable them to develop a sense of belonging and connection to their community.

Employment is also a critical area for care leavers as it impacts on how young people view themselves and their future. As such, the Leaving Care Program aims to give care leavers access to employment opportunities and ongoing support for the young person both within and outside the workplace.

The Colonial funding has enabled the establishment of a comprehensible model for leaving care, with the employment component being highly effective and beneficial to young people. Similarly the mentoring program has proven to be highly effective in supporting young people and linking them to community supports. The program has established a very competent and caring pool of mentors.

For further information:

John Bonnice

General Manager

Children, Youth and Family Services

St Luke's

Telephone: (03) 5440 1100

The Arts And Cultural Activities The Bell Shakespeare Company

Regional Scholarship Program

Funding: \$95,000

The latest period represented the eighth successful year of the increasingly popular Bell Shakespeare Regional Performance Scholarship, which is designed specifically for secondary school students living in regions with limited access to live theatre.

Supported by Colonial Foundation, the scholarship offers the opportunity for three individuals to travel to Sydney for a week for the work experience opportunity of a lifetime with Bell Shakespeare.

During the latest year, 133 students participated in auditions with a professional Bell Shakespeare arts educator at regional centres across Australia. The auditions were part of Bell Shakespeare's national production of *As You Like It*.

In each community, up to eight students were selected to audition. These students had already won preparatory heats within their schools and the process allowed the opportunity for many students to be involved in performing Shakespeare.

During the audition process, students presented a two to four minute Shakespearean soliloquy of their own choice and were judged on voice, movement, characterisation, script comprehension and level of personal commitment to the study of drama.

In total, 15 students were short-listed for the scholarship. The 2008 winners were Laura Hartnell from Trafalgar, Victoria, Rya Mitchell from Karratha in Western Australia, and William Hains from Canberra, ACT. The winners were flown to Sydney to participate in intensive workshops, master-classes and time in rehearsal with the cast of *Pericles*, as they prepared for the 2009 season.

For further information:

Ruth Anders

Manager of Philanthropy

Bell Shakespeare

Telephone: (02) 8298 9000

The Arts And Cultural Activities Australian Youth Orchestra

New Training Programs

Funding: \$390,000

Colonial Foundation provided funding to the Australian Youth Orchestra for four training initiatives designed to develop the skills of talented young musicians.

The musical programs developed by the AYO have been highly successful, and in the past year its efforts resulted in free public concerts being delivered across Australia to more than 3,000 people.

Over the year, 89 young musicians were involved in one or more of the four programs. Below is a summary of the four initiatives funded by Colonial Foundation.

Chamber Music Camp

AYO's Chamber Music Camp is designed to provide intensive training for musicians who wish to study and perform chamber music at the highest level. 30 young musicians attended the Camp under the direction of Joel Smirnoff of the Juilliard String Quartet.

Young Symphonists - Wind, Brass & Percussion

Young Symphonists is a residential program for young musicians, 12 - 17 years, providing instrumental training and musical development within an inspirational and nurturing environment. For many of the country's best young players, Young Symphonists is their first opportunity to meet other talented musicians from all parts of Australia. Thirty musicians participated in the program and for many, this was their first experience performing in a large scale ensemble.

Young Australian Concert Artists Regional Residency

The YACA Regional Residency musicians perform in regional communities, and provide workshops, open rehearsals and discussions to instruct and motivate young regional musicians. This year the Orava String Quartet was based in the New South Wales town of Nowra.

Style Workshop - with Associate Professor Dr Geoffrey Lancaster AM

This ground-breaking program is designed to give advanced musicians the opportunity to explore authentic performance practices of specific periods such as baroque, classical or contemporary. The Workshop was held at the Queensland Conservatorium and 41 musicians from around Australia participated in a program which focused on performance and practice of repertoire from the Classical era.

For further information:

Alan Watt

Development Manager

Australian Youth Orchestra

Telephone: (02) 9252 3855

Grants Program

Aim

Colonial Foundation Trust aims to make a positive contribution to society by supporting organisations that work to find solutions for those in need or that assist in improving the quality of community life.

Approach

For the period commencing 2008 until at least 2013, the Board of the Foundation has decided that the Foundation should focus on providing support and solutions to enable vulnerable or disadvantaged young people achieve their personal and social potential as they grow into adulthood. Support for the young in successfully managing their growth will have life-long benefits to the individual and profound benefits to the wider community.

Colonial Foundation Trust has adopted a three-tier approach to grant allocations:

Tier 1: Flagship Program

Tier 2: Major Projects

Tier 3: General Grants Program

The Foundation seeks out applications for Tiers 1 and 2 by invited tender.

Applications for Tier 3 grants may be made at any time through initial enquiry to the Foundation's Executive Officer.

Tier 1: Flagship Program

The Foundation will fund a "flagship" grant where a commitment will be made to a particular project. For the period from 2002 to at least 2013, the Foundation has determined to make a commitment of at least \$30 million to address the needs of youth mental health by supporting ORYGEN Research Centre.

Tier 2: Major Projects

The Foundation will commit to supporting major projects each for at least a five-year period with grants in the order of \$5 million per project. Examples of these grants are the Drugs Policy Modelling Program and the Gateway Program.

Tier 3: General Grants Program

The Foundation's General Grants Program has been established to make individual grants up to \$200,000 per annum for each project. However, submissions for larger grants will be considered. General grants may be awarded in areas other than the priority area of assisting young people to achieve their potential. However submissions in this priority area may be given preference.

Examples of projects supported under the General Grants Program are:

- funding of \$100,000 per annum for six years to Oxford Houses for a drug and alcohol recovery and support service
- grants of \$250,000 per annum to Indigenous Enterprise Partnerships for Aboriginal capacity building, and

- a six year program of support at \$150,000 per annum for the mapping of the lymphatic system conducted at The Royal Melbourne Hospital and The University of Melbourne.

Colonial Foundation proposes to establish a Fellowship Program under this category of General Grants. Depending on suitable applicants, the Foundation intends to award on average one Fellowship each year and each Fellowship will be supported for a five-year period with a review after the completion of the third year. The Fellowships will be funded up to a maximum of \$200,000 per annum and will be designed to attract mid-career researchers in any field.

The level of funding will be set to allow sufficient funding for the salary of the researcher in keeping with NHMRC guidelines along with research support or as a contribution towards the cost of any equipment needed. Applications for the Fellowships will be sought in August each year and, following a positive assessment, one Fellowship will be awarded to commence in the following January.

The Fellowships will only be awarded to researchers attached to an approved research institute or to a University who are undertaking research with a strong policy relevance to the aims of the Foundation.

Foundation's Grant Making Philosophy

In assessing potential projects for funding of the Foundation will take into account:

- the potential significance of the area being addressed and the likelihood of broad community benefit.
- the gravity of a problem and the scale of potential benefits from successful outcomes of the project (leverage, or multiplier effect), including the ability to attract additional resources from the public or private sector.
- sharing of improved knowledge so that others may benefit.
- sustainability of the improvements or advances sought.
- the opportunity to build the capacity of the organisation(s) operating the particular program.
- an opportunity for a significant role for the Foundation in the project in partnership with a well qualified specialist organisation.

Other Relevant Factors

Longer-term projects: The Foundation recognises that many projects need to be for a substantial term if they are to succeed. The Foundation encourages longer-term (three to five years) partnerships.

Prevention: Programs which attempt to identify and deal with the cause of a problem are favoured over those that treat after-effects.

Community Resources: Projects that have a community flow-on effect, by calling on qualified volunteers, or making use of community resources, allowing people to contribute to their community are preferred.

Skill base: The Foundation favours working with not-for-profit organisations or individuals with the skills, track record and commitment to accomplish the work proposed.

Feasibility: Programs or projects that are perceived to be of benefit to the community and that can translate into, and have a reasonable likelihood of encouraging, changes in policy or practice are encouraged.

Geography: Given the scarce amount of funding available, Foundation funds are usually directed to projects within Australia.

Exclusions

In general, the Colonial Foundation will not support:

- areas considered to be the direct responsibility of government.
- general fund raising projects or appeals.
- overseas travel, study or conferences (unless incidental to a project being funded).
- direct funding to individuals.
- other foundations, trusts and philanthropic organisations to fund their general objectives.
- intermediate fund raising agencies.
- mainstream school-based educational work.
- funding deficits.
- capital equipment, works or building appeals (unless part of a specific project being funded by the Foundation).

The Foundation will not fund political activities.

Operational Guidelines

Process

Initial enquiries are to be made by email or phone call to the Foundation's Executive Officer. Applications should only be submitted after this discussion.

Invited applications (after discussion with the Executive Officer) may be made at any time. It could take at least four months for a final decision to be made.

Applications for funding that meet the Foundation's broad criteria will be placed before the Board or the Philanthropy Committee at their regular meetings.

Retrospective grants are not made. All invited applicants will be advised of the decision of the Board.

The Directors encourage funding periods for longer than one year. However, unless a project is for a strictly limited period, applicants will need to demonstrate how ongoing funding will be obtained for the relevant project or program after a grant from Colonial Foundation has concluded.

Assessment

In making its assessment whether or not to grant funding, the Board may refer applications to advisory panels or other parties in the field for comment.

Whole or Part Projects

The Foundation may elect to provide only some of the funding for a project; for example, because the entire project does not fit within the Foundation's criteria or funding for part only is more appropriate - such as for feasibility studies, pilot studies or development stages of a project.

Amount of Funding

Full details of expenditure and funding sought must be provided. Ambit requests should not be made. The Foundation is prepared to fund salaries and administrative costs as long as these form an integral part of an approved project. General capacity building of an organisation is encouraged as long as this is associated with the program being funded.

Reporting and Measurement

Any recipient of funding must agree to a regular reporting program in a format acceptable to the Foundation. Reports, or a summary, may also be included in the Foundation's Annual Review and for dissemination to interested parties. At the time of entering into a funding agreement, the Foundation will seek to agree reporting requirements. This will include regular reporting to the Foundation, the performance measures to be used to determine the success of the project and the publication of the results of the particular project.

Advice and Review

In order to assist in driving the development of projects, the Foundation may wish to appoint an Advisory Panel of appropriate policy-makers and leaders in their fields. In addition, the Foundation may appoint a panel of experts to review projects during the term of the grant. These reviews will advise the Foundation whether grants should continue and whether any improvements or changes should be made to the particular project. Grantees are asked to participate in the review process and to comment upon recommendations made. The process is designed to be beneficial to the project being funded. The Foundation has conducted such reviews of both ORYGEN Research Centre and the Drugs Policy Modelling Program.

Changes to Policy and Guidelines

The Colonial Foundation may change its policy and guidelines at any time.

How Do You Apply For Funding?

Initial enquiries are to be made by email or phone call to the Foundation's Executive Officer. Applications should only be submitted after this discussion.

There are no standard application forms. Applications must be made in writing, and should not exceed four typed pages. At this stage, on-line applications cannot be considered. The information listed below must be given (or stated to be not applicable and why) if the application is to be considered by the Foundation.

Applicants may be requested to submit further information.

Include

- Background to the project – the philosophy behind it and why it is needed.
- The objectives of the project.
- An outline of how the work will be undertaken.
- Detail of how the success of the project will be measured and any relevant milestones.
- How the results of the work will be reported and if appropriate published.
- A budget for the project. This should be broken down into:
 - Income from other persons or organisations
 - Funds provided by the applicant
 - Government support
 - How funding will be maintained/obtained beyond the life of the grant sought from Colonial Foundation.
 - Total costs broken down by salaries, rent, equipment etc.
- Information about all other agencies, governments or persons that the applicant has approached for funds for the project including the amount of funds requested from each. Where other bodies have committed funding, details should be included.
- A list of the persons involved in the project including their qualifications and experience to carry out the work.
- Details of the background of the applicant including a summary of its history and track record in similar projects. Colonial Foundation will wish to understand the ability of the organisation to successfully carry out the proposed project.

Should the application be selected for further consideration, the following information may then be required along with further details of the project:

- A copy of its Constitution including Objectives/Statement of Purposes.
- A copy of its latest Annual Report including its audited annual accounts.
- A list of the Members of the Board and/or Management Committee (if not included in the annual report).
- A copy of the Certification from the Australian Taxation Office that the body is a Gift Deductible Recipient or that it is a tax-exempt body.
- A suggested format for reporting on the progress and conclusion of the project including possible performance measures. Details of KPIs will be required. Applicants will be required to acknowledge that the reports can be used publicly.

Decision

The Foundation has finite funds and will not be able to support all applications, no matter how worthy. Rejection of an application does not mean that it is not well regarded. Some applications may be reconsidered at a future time (at the discretion and invitation of the Directors).

Interviews will not normally be held with applicants but on occasion the Board may ask for presentations by applicants.

The decision of the Board as to whether or not funds will be granted is not subject to review and reasons for the decision may or may not be given.

Successful applicants will be required to agree to a reporting program prior to funding being given. This will ensure that throughout the period of financial support, the Foundation can be satisfied the funds are being directed to achieve the stated objectives and to enable assessment of the level of success being achieved. Reports may also be required to be publicly available where it is felt that others in the community could benefit from the experience gained.

Address for Enquiries and Applications

All enquiries and invited applications should be addressed to:

Mr Andrew Brookes
Executive Officer
Colonial Foundation Limited
Level 7
459 Collins Street
MELBOURNE VIC 3000

Telephone: (03) 9678 9300
Facsimile: (03) 9620 5340
Email: info@colonialfoundation.org.au

Corporate Governance

Colonial Foundation Limited is committed to protecting and enhancing the value of Colonial Foundation Trust and to meeting the Trust's commitments to charitable institutions in Australia. The Directors aim to adhere to best practice governance policies and processes. They also aim to ensure that all regulatory requirements are met and ethical standards maintained.

Role Of The Board Of Directors Of Colonial Foundation Limited

The Directors of Colonial Foundation Limited are ultimately responsible for the overall management of the trustee company and the Trust.

The Board of Directors:

- Formulates and establishes strategic goals and monitors their execution.
- Appoints the Executive Officer and monitors the performance of the Executive Officer.
- Monitors the investment and grant making performance of the Trust.
- Approves external financial reporting.
- Approves each charitable grant made by the Trust.

Board Composition

The Colonial Foundation Limited Board consists of seven directors. Each of these Directors is non-executive.

The Directors are the members of Colonial Foundation Limited.

Details of each director's skills and experience are set out on pages 29 to 31 of this report.

Company Secretary

The Company Secretary is Mr Andrew Brookes. The appointment and removal of the Secretary is a matter for decision by the Board.

The Company Secretary is responsible for ensuring that Board procedures are complied with and that governance matters are addressed.

Executive Officer

The Executive Officer is selected by the Board and is subject to annual performance reviews. The Executive Officer recommends policy, strategic direction, the making and monitoring of philanthropic grants and is responsible for managing the Trust's day-to-day operations.

Board Meetings

The Board meets each quarter with ad hoc meetings being held when required. On occasion, the Board visits programs funded by the Trust in order to gain first-hand knowledge of the projects. In addition, some grant applicants or recipients are invited to make presentations at meetings of the Board.

Directors' attendance at Board and Committee meetings is detailed on page 32 of this report.

Board Committees

The Directors have established three committees of the Board to assist in the operation of the Trust.

Philanthropy Committee

The role of the Philanthropy Committee is to assist and advise the Board on all aspects of the philanthropic work of Colonial Foundation Trust. The Committee recommends to the Board new grants and monitors existing grant programs.

The membership of the Committee is:

Chairman: Mrs JM Harvey
Mr DS Adam
Mr APJ Kelly
Professor JJ McNeil
Secretary: Mr AD Brookes

When the Trust is making new grants to organisations, the Committee meets quarterly to consider new projects, new applications and reports from grant recipients. New grant making was suspended during 2008-09 due to the level of commitments to various long-term projects. The Committee met during the year to formulate new grant making guidelines for the Trust and to recommend extensions to some existing projects.

Investment Committee

The role of the Investment Committee is to assist and advise the Board on all aspects of the investment of the assets of Colonial Foundation Trust. In carrying out the role, the Committee is to have regard to the need to generate a level of income to fund Colonial Foundation Trust's philanthropic activities as well as to protect the corpus of the Trust. Watson Wyatt Australia provides advice on investment matters to the Committee.

The membership of the Committee is:

Chairman: Mr PJ Smedley
Mr G Brooke
Mr APJ Kelly
Professor RR Officer
Secretary: Mr AD Brookes

The Committee meets quarterly or on ad hoc occasions as necessary.

Remuneration Committee

The role of the Remuneration Committee is to deal with all matters relating to staff remuneration.

Chairman: Mr DS Adam
Mr PJ Smedley

Professional Advice

The Board collectively, and each Director individually, in carrying out their duties to the Trust, may seek external professional advice. The Board is entitled to be reimbursed for all reasonable costs and, subject to approval by the Chairman, individual Directors will be reimbursed for reasonable costs.

Conflicts of Interest

The Directors are required to disclose to the board details of any matter that may create a conflict of interest.

The following disclosures were made during the year:

Professor RR Officer is Chairman of Acorn Ltd. The Trust invests in units in the Australian Unity Acorn Capital Microcap Wholesale Trust. Professor Officer did not participate in any discussion or decision in relation to this investment.

Directors do not attend or vote on any matter where they have a conflict of interest.

Auditors

The Auditor of Colonial Foundation Limited and Colonial Foundation Trust is RSM Bird Cameron Partners.

During the year the firm did not provide any other services to the Trust.

Managing Business Risk

The Directors monitor the various risks facing the Colonial Foundation Trust and take steps to mitigate and control identified risks.

A review of risks facing the Foundation was conducted during the year.

The Directors have adopted a fraud control plan.

The Directors have implemented an internal audit program. The audit review is conducted by KPMG with reports made to the Board.

Political Donations

Colonial Foundation Trust does not make donations to political parties.

Chairman

Mr David Adam– LLB (Hons.)

David Adam was educated in Melbourne and graduated in 1952 with a Bachelor of Laws (Hons.) from Melbourne University.

He practised for some years as a partner of a legal firm in Melbourne, before joining BHP in 1970 as Chief Legal Officer. He was with BHP until 1986, his final position being Executive General Manager Corporate Affairs. He was a director of BHP and various subsidiaries from 1977 until he left the company.

From 1986, David Adam was a director of a number of companies and Chairman of SBC Warburg Australia Corporation Pty Ltd and Colonial Limited. He retired from the business world in 2000, and is Chairman of Colonial Foundation Limited and Orygen Youth Health Research Centre.

Deputy Chairman

Mr Peter Smedley Bcom - MBA, FAICD

Peter Smedley is Chairman of OneSteel Ltd, chairman of Spotless Group Pty Ltd and CARE Australia and a Director of The Australian Ballet, CARE International and The Haven Foundation.

His previous roles included Managing Director and Chief Executive Officer of Mayne Group Limited, Managing Director & Chief Executive Officer of the Colonial Group, Chairman of the State Bank of New South Wales, Executive Director, Downstream Oil and Chemicals and Executive Director, Coal and Metals for Shell Australia Limited, Deputy Chairman of Newcrest Mining Limited and director of Austen Butta Limited.

Mr Graham Brooke - AM

Graham practised as a partner in Coopers & Lybrand (now PriceWaterhouseCoopers) from 1963 to 1987 and was National Deputy Chairman from 1976. He has served as a board member on Colonial Ltd, NatWest Australia Bank Ltd and as Chairman of Victorian Funds Management Corporation. From 1994 to 2000 he was Administrator of the State Electricity Commission of Victoria on the disaggregation of the Victorian electricity and other public utilities, which included the Gas & Fuel Corporation of Victoria and the port authorities of Melbourne, Geelong and Portland. Up until April 2003, Graham was the Chairman of Health Super Pty Ltd and its predecessor from 1991 and he is independent Chairman of the Audit and Risk Committee of Country Racing Victoria Ltd.

From 1986 to 1989 he served as President or Board Member of the Queen Victoria Medical Centre and Prince Henry's Hospital and was the inaugural President of the Monash Medical Centre. He is currently a Director of Orygen Youth Health Research Centre and The Spirit of Australia Foundation.

Mrs Jane Harvey – BCom, MBA, FCA, FAICD

Jane Harvey is a former Partner of PricewaterhouseCoopers, having retired from the firm in 2002 to pursue a career as a non-executive director. She is currently Deputy Chairman of both Bayside Health Services and The Royal Flying Doctor Service (Vic), and serves as a director of IOOF Holdings Limited, Boom Logistics Ltd, Medibank Private Ltd, and the Telecommunications Industry Ombudsman.

Mrs Harvey has previously served on a number of Boards including Royal Melbourne Hospital, the Victorian Managed Insurance Authority and the Lyceum Club.

Mr Peter Kelly - LL.B (Hons.)

Peter Kelly is a solicitor and former partner of Mallesons Stephen Jaques from 1970 to 2002. He was a Board Member from 1992 to 2002 and Senior Partner and Deputy Chairman from 1995 to 2002.

He is also a Director of The Gorman Foundation Limited and Collier Custodian Corporation. He is a member of the Supreme Court Library Investment Committee, a trustee of the Collier Charitable Fund and a Council member of the Friends of the Royal Botanic Gardens.

Professor John McNeil AM – MBBS, MSc, PhD FRACP, FAFPHM

Professor McNeil graduated in medicine from the University of Adelaide in 1971 and undertook his medical specialist training at the Royal Adelaide and Austin Hospitals. He subsequently completed his PhD in clinical pharmacology at the University of Melbourne and a Master of Science in epidemiology at the University of London.

In 1986 he was appointed to the head of the Monash Department of Epidemiology and Preventive Medicine based at the Alfred Hospital. In 2008 he was appointed as the inaugural Head of the newly formed Monash School of Public Health and Preventative Medicine.

Professor McNeil's principal interests include cardiovascular epidemiology, public health, drug safety and toxicology. He is currently a Director of Water Quality Research Australia, the Victorian Public Health Research and Education Council, and is the Scientific Secretary of the International Society of Cardiovascular Pharmacology.

He has previously served on a number of other boards including the Dunlop Medical Research Foundation, the Melbourne Metropolitan Ambulance Service and the Alfred Hospital.

Professor Robert Officer - PhD MBA (Chicago), MAgEc (NE), BAgSc (Melb), FASSA, FSIA

Robert Officer is Chairman of Acorn Capital Limited and Deputy Chairman of TGM Ltd. He is also a Trustee of the William Buckland Foundation and was a Board Member of the Bank of Melbourne, the Victorian WorkCover Authority and Victorian Funds Management. He was Chairman of the Victorian Commission of Audit and the Chairman of the National Commission of Audit.

Professor Officer was the Deputy Director and AMP Professor of Finance at the Melbourne Business School from 1986 to March 2002.

He is a past President of the Accounting Association of Australia and New Zealand and for eight years was Editor of Accounting and Finance. Previously, he held a Chair at Monash University and has held positions at Universities of Chicago, Rochester, Stanford and more recently The Wharton School at the University of Pennsylvania. Professor Officer serves as Director on a number of funds manager companies.

Management

Executive Officer and Company Secretary

Andrew Brookes BA.

As Executive Officer, Andrew Brookes has responsibility for the management of Colonial Foundation in accordance with the strategies, policies and processes adopted by the Board. Mr Brookes operates under authorities delegated by the Directors.

Mr Brookes joined the Foundation in January 2001 after being with the Colonial Group of Companies for 22 years. He held a variety of roles at Colonial including those of Group Compliance Manager and Group Superannuation Manager.

Mr Brookes is a Director of LifeWorks Relationship Counselling and Education Services, the Victorian Police Youth Foundation and Deakin University Foundation. He Chairs the Early Intervention Affinity Group of Philanthropy Australia and is a member of the Melbourne Health Human Research Ethics Committee.

Remuneration

The Directors are entitled to receive fees but have elected not to take any. A nominal expense allowance of \$1,000 is paid to each Director.

Mr Andrew Brookes receives a competitive remuneration package which includes a fixed annual salary and superannuation benefits paid at 9% of salary. No bonuses or incentive payments are payable.

Distributions

The Trust is an Income Exempt Charity and distributes funds to charitable entities. The Trust pays no dividends, nor does the Trustee company.

Colonial Foundation Limited – Director’s Attendance At Meetings July 2008 To June 2009

Director	Appointed Director	Board Meeting		Philanthropy Committee		Investment Committee	
		Eligible to Attend	Attended	Eligible to Attend	Attended	Eligible to Attend	Attended
Mr DS Adam	19 September 1996	4	4	4	4	-	-
Mr G Brooke	27 June 2001	4	4	-	-	4	4
Mrs J Harvey	16 July 2007	4	4	4	4	-	-
Mr APJ Kelly	19 September 1996	4	4	4	4	4	3
Prof. JJ McNeil	22 June 2005	4	4	4	4	-	-
Prof. RR Officer	5 February 1997	4	4	-	-	4	4
Mr PJ Smedley	19 September 1996	4	4	-	-	4	4

Investment objectives and policy

This policy was current at 30 June 2009.

Introduction

1. This Statement is to document the processes formulated by Colonial Foundation (the Foundation) in relation to the investment of the Foundation's long-term assets, which are deemed to be investment assets and not operational assets.

The Foundation acknowledges its obligations under the Trust Deed and the Trustee Act (Vic) in relation to the investment of the assets held in the Trust. The importance of the investment management function is such that the Foundation fully supports the need for a professional approach to investment management.

This Statement has been compiled with the intent of facilitating all aspects of the ongoing prudent and efficient management of the Foundation's investment arrangements. It describes the investment objectives and policies in detail, together with the procedures for monitoring and reviewing the investment managers.

In arriving at its investment objectives and its policy for achieving the objectives, the Foundation has obtained advice from a licensed investment advisor.

That advice, the Foundation's own considerations and decisions, and the subsequent selection of investments, have had regard to the Foundation's circumstances and intentions, and in particular to:

- a) the nature and value of the investments (including their liquidity, marketability and diversity), and the risks associated with them.
- b) the purposes for which the investments are held.
- c) issues affecting the investments and their value, including tax, costs and expenses, the potential for capital appreciation or depreciation, income, and the incidence of these issues.
- d) the term of the investments, and the suitability of this given (b) above.
- e) the impact of inflation and the desirability of maintaining the capital value of the investments.

These policies and objectives will be reviewed and changed as appropriate, to reflect changing capital markets, government regulations and the Foundation's requirements.

General Investment Objectives

2. The Foundation's general investment objectives for the Foundation's investment assets are as follows:

- to invest the assets of the Foundation as permitted by law;
- to prudently manage all aspects of risk in relation the Foundation's assets, including:
- ensuring the assets are adequately diversified;
- ensuring the assets have an appropriate level of liquidity;

- to ensure that any party to whom investment decision making is delegated exercises integrity, prudence and professional skill in fulfilling the investment tasks delegated to them, and that the actions of the party are fully accountable to the Foundation.

Specific Investment Objectives

3. The Foundation has a time horizon of perpetuity and will invest so as to maximise investment returns over the long term consistent with the following specific objectives:

Real Return Objective

- To invest so as to have a reasonable likelihood of achieving a return (net of investment expenses) of at least 5% per annum in excess of price inflation as measured by the Consumer Price Index, over five-year periods.

Downside Risk Objectives

- To invest so that the likelihood of achieving a negative return (net of investment expenses) over any 12 month period is less than once every four years.
- To limit the “Poor outcome” nominal return over a one-year period to a moderate level.

Investment Strategy

4. The Foundation has had regard to historical and forward looking rates of return earned on various classes of asset (including equities, fixed interest, property and cash) in setting the above objectives. It is recognised that whilst growth assets (e.g. shares and property) are expected to yield a higher total return over the longer term than defensive assets (e.g. bonds and cash), the associated volatility of growth assets will increase the likelihood of negative returns over shorter time frames. The Foundation recognises that asset values may fall in real terms from time-to-time.

The Foundation believes the long-term strategic asset allocation given in the table below for the Foundation’s assets is consistent with achieving the stated specific investment objectives.

The control ranges reflect the extent to which the Foundation is comfortable for actual aggregate investments to deviate from the strategic asset allocation.

Taxation

5. The Foundation’s investment income is not subject to taxation and the Foundation is able to obtain refunds for income tax franking credits on investment income. The Foundation has recognised the effect of this status in forming and implementing the investment objectives and policy.

Delegation of Investment Selections

5. The Foundation has delegated responsibility for the selection, retention and realisation of investments to investment managers. The Foundation’s current policy is not to impose any specific requirements on its investment managers. However, manager diversification is a feature of the management of the Foundation’s assets.

Asset Class	Strategic Asset Allocation	Control Ranges
	%	%
Australian Equities	40.0	37-50*
International Equities	15.0	12-18
Property	10.0	7-13
Infrastructure	5.0	2-8
Hedge Funds	5.0	2-8
Structured Beta	5.0	2-8
Private Equity	10.0	0-13
<i>Total Growth Assets</i>	90.0	80-100
Australian Fixed Interest	5.0	2-8
Australian Inflation Linked Bonds	5.0	2-8
Cash	0.0	0-5
<i>Total Defensive Assets</i>	10.0	4-20
Total	100.0	na

Management Expense Ratio

The Management Expense Ratio is a measure of the level of expenses incurred by the Foundation. The Expense Ratio, expressed as a percentage of the net assets of the Foundation, includes the administration expenses and other direct expenses – the components and the amounts are shown in the annual financial statements. The comparative with the previous year is shown.

Management Expense Ratio	Year ending 30 June 2009	Year ending 30 June 2008
Net assets	\$140,325,000	\$174,036,000
Direct Expenses	\$625,000	\$755,000
Management Expense Ratio	.45%	.32%

Performance Summary

Returns for periods ending 30 June 2008 (net of investment fees~)

	Fund Size (\$'000)	Quarter %	Fin. YTD# %	1 Year %	3 Years %pa	5 Years %pa
BGI Aust Alpha Equity Tilts Timing	17,566	11.3	-23.2	-23.2	-5.2	na
<i>BGI Aust Alpha Equity Tilts Timing incl. franking credits</i>		<i>11.5</i>	<i>-21.4</i>	<i>-21.4</i>	<i>na</i>	<i>na</i>
S&P/ASX 300		11.5	-20.3	-20.3	-3.9	6.8
<i>S&P/ASX 300 incl. franking credits</i>		<i>11.8</i>	<i>-19.1</i>	<i>-19.1</i>	<i>-2.5</i>	<i>8.3</i>
Challenger Australian Income	29,673	11.9	-9.8	-9.8	na	na
<i>Challenger Australian Income incl. franking credits</i>		<i>12.4</i>	<i>-6.7</i>	<i>-6.7</i>	<i>na</i>	<i>na</i>
S&P/ASX 200		11.3	-20.1	-20.1	-3.8	6.9
<i>S&P/ASX 200 incl. franking credits</i>		<i>11.6</i>	<i>-18.8</i>	<i>-18.8</i>	<i>-2.5</i>	<i>8.3</i>
<i>Average Manager ¹</i>		<i>11.9</i>	<i>-16.5</i>	<i>-16.5</i>	<i>-2.8</i>	<i>8.1</i>
Paradise Australian Small Companies	7,224	22.2	-19.9	-19.9	-6.5	6.6
<i>Paradise Australian Small Companies incl. franking credits</i>		<i>22.8</i>	<i>-16.7</i>	<i>-16.7</i>	<i>-4.6</i>	<i>8.1</i>
S&P/ASX Small Ordinaries		25.7	-28.6	-28.6	-6.4	5.6
<i>S&P/ASX Small Ordinaries incl. franking credits</i>		<i>26.0</i>	<i>-27.6</i>	<i>-27.6</i>	<i>-5.4</i>	<i>6.7</i>
<i>Average Manager ²</i>		<i>19.8</i>	<i>-20.1</i>	<i>-20.1</i>	<i>-2.7</i>	<i>8.8</i>
Acorn Capital Australian Microcaps #	7,109	20.1	-29.6	-29.6	-3.5	7.8
Microcap Index		28.0	-26.3	-26.3	-6.5	2.9
Vanguard International Equities	13,906	3.6	-15.9	-15.9	-10.6	-2.9
MSCI World ex-Aust \$A (unhedged)		3.6	-16.2	-16.2	-10.8	-3.1
<i>Average Manager ³</i>		<i>4.1</i>	<i>-17.2</i>	<i>-17.2</i>	<i>-10.3</i>	<i>-2.2</i>
SSgA Wealth Weighted Global Equities	5,668	12.1	-12.2	-12.2	na	na
FTSE / GWA World Developed Index		12.3	-12.5	-12.5	na	na
BT Global Return	4,890	3.8	-26.8	-26.8	-5.3	0.1
Bridgewater All Weather	6,875	0.1	-25.8	-24.9	-1.5	na
UBS Bank Bill +3% pa		1.5	8.6	8.6	9.6	9.3
Colonial First State Diversified Property *	14,356	-12.3	-23.1	-23.1	3.2	6.5
Mercer Unlisted Property Index		-6.2	-12.4	-12.4	6.2	9.7
AMP Infrastructure Equity	7,767	-5.4	-9.0	-9.0	-0.3	5.4
Gov't 10yr Bond Yield + 4.5% pa		2.4	9.7	9.7	10.4	10.3
Goldman Sachs Private Equity IX **	3,033	-22.9	-17.6	-17.6	na	na
Goldman Sachs Private Equity X **	425	-43.6	-31.8	na	na	na
MSCI World Index in \$A (unhedged)		3.8	-16.3	-16.3	-10.6	-2.9
AMP Core Plus Bonds	9,884	0.0	7.5	7.5	4.7	5.1
UBSA Composite		-1.3	10.8	10.8	6.4	6.0
<i>Average Manager ⁴</i>		<i>0.2</i>	<i>10.1</i>	<i>10.1</i>	<i>5.8</i>	<i>5.9</i>
Aberdeen Inflation Linked Bonds	8,332	-4.0	0.2	0.2	3.2	5.5
UBS Inflation Linked		-6.1	-3.0	-3.0	2.0	4.7
<i>Average Manager ⁵</i>		<i>-5.3</i>	<i>-1.1</i>	<i>-1.1</i>	<i>2.7</i>	<i>5.1</i>
Internal Cash	2,147					
Total Fund	138,855	4.3	-15.1	-15.1	-4.1	4.4
<i>Total Fund incl. franking credits</i>		<i>4.5</i>				
Net Benchmark ***		6.2	-12.1	-12.1	-1.0	5.9

1. Australian equity funds average; 2. Australian Small Companies funds average; 3. International equity funds average; 4. Australian fixed interest average; 5. Inflation linked bond funds average. ~Manager returns and Total Fund returns do not include imputation credits, except where explicitly stated. Fund franking credit returns are based on managers' best estimates. Index returns including franking credits are estimated by Watson Wyatt, and do not account for off-market buybacks. Average manager performance is gross of fees.

* Performance fees not taken into account. ** Fund size is based on funded commitment, asset revaluations and exchange rate movements. *** Net benchmark calculated using actual asset allocation as at 30 June 2009.

#Quarterly franking credit information (including franked index returns) is not available for Acorn Capital.

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Trustee's Report

The Trustee presents their report together with the financial report of Colonial Foundation Trust (the "Trust") for the financial year ended 30 June 2009 and the auditor's report thereon.

1. Directors

The Trustee is Colonial Foundation Limited. Directors of the Trustee at any time during or since the end of the financial year are:

Mr David S. Adam (**Chairman**)

Mr Peter J. Smedley (**Deputy Chairman**)

Mr Graham Brooke

Mr A Peter J. Kelly

Prof John J. McNeil

Prof Robert R. Officer

Mrs Jane Harvey

2. Principal activities

The principal activities of the Trust during the course of the financial year have been those of investing and philanthropic activities in accordance with the Trust Deed.

3. Review and results of operations

The net deficit of the Trust for the year ended 30 June 2009 was \$27,079,660 (2008: \$25,047,760).

4. Distributions

Distributions of \$6,630,721 (2008: \$8,308,886) were paid in philanthropic activities during the year.

5. Likely developments

The Trust will continue to operate in accordance with the terms of the Trust Deed, as amended.

6. Events subsequent to balance date

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Trustee, to affect significantly the operations of the Trust, the results of those operations, or the state of affairs of the Trust in future financial years.

7. Rounding off

The Trust is of a kind referred to in ASIC Class Order 98/0100 dated 10 July 1998 and in accordance with that Class Order, amounts in the financial report and Trustee's report have been rounded off to the nearest thousand dollars, unless otherwise stated.

8. Lead auditor's independence declaration

The lead auditor's independence declaration is set out on page 40 and forms part of the Trustee's report for the financial year ended 30 June 2009.

This report is made with a resolution of the directors:



David S. Adam
Chairman

Dated at Melbourne this thirtieth day of September 2009.

Lead Auditor's Independence Declaration

RSM Bird Cameron Partners
Chartered Accountants

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AUDITORS' INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Colonial Foundation Trust, for the year ended 30 June 2009, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

RSM Bird Cameron Partners
RSM BIRD CAMERON PARTNERS
Chartered Accountants

Miano
R B MIANO
Partner

Dated: *30/9/09*
Melbourne

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scheme approved under
Professional Standards
Legislation

Major Offices in:
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accounting and consulting firms.



INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2009

	Note	2009 \$'000	2008 \$'000
Surplus/(deficit)			
Movement in net market value of investments	5	(35,391)	(38,014)
Revenue distributions received	5	6,805	7,604
Capital distributions received	5	104	4,180
Foreign exchange gain/(loss)	5	377	(116)
Other revenue	5	1,650	2,053
Gross surplus/(deficit)	5	(26,455)	(24,293)
Expenses			
Employee expenses		(357)	(369)
Audit and accounting fees		(84)	(97)
Legal and consulting expenses		(50)	(138)
Rent and rental outgoings		(65)	(63)
Other expenses from ordinary activities		(69)	(88)
Total expenses		(625)	(755)
Surplus/(deficit) before income tax		(27,080)	(25,048)
Income tax expense		-	-
Surplus/(deficit) for the year		(27,080)	(25,048)

The above income statement should be read in conjunction with the accompanying notes.

**STATEMENT OF RECOGNISED INCOME AND EXPENSE
FOR THE YEAR ENDED 30 JUNE 2009**

	2009	2008
	\$'000	\$'000
Trust Funds		
Opening balance	174,036	207,391
Surplus/(deficit) for the year	(27,080)	(25,048)
Distributions paid to philanthropic activities	(6,631)	(8,308)
Amounts credited directly to corpus	-	1
Closing balance	140,325	174,036

The above statement of recognised income and expense should be read in conjunction with the accompanying notes.

**BALANCE SHEET
FOR THE YEAR ENDED 30 JUNE 2009**

	Note	2009 \$'000	2008 \$'000
Assets			
Cash and cash equivalents	7	2,202	5,070
Trade and other receivables	8	1,572	1,805
Investments	9	107,129	138,135
Total current assets		110,903	145,010
Investments	9	29,579	29,188
Plant and equipment	10	1	5
Rental bond on 459 Collins Street		15	15
Total non-current assets		29,595	29,208
Total assets		140,498	174,218
Liabilities			
Trade and other payables	11	41	69
Employee benefits	12	132	113
Total current liabilities		173	182
Total liabilities		173	182
Net assets		140,325	174,036
Trust funds			
Trust funds		140,325	174,036
Total trust funds		140,325	174,036

The above balance sheet should be read in conjunction with the accompanying notes.

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2009**

	Note	2009 \$'000	2008 \$'000
Cash flows from operating activities			
Imputation credits refunded		1,786	1,322
Distributions and fee rebates received		5,439	4,992
Interest received		93	292
Cash paid to suppliers and employees		(714)	(797)
Net cash from operating activities	13	6,604	5,809
Cash flows from investing activities			
Proceeds from sale of investments		4,719	9,840
Acquisition of investments		(7,560)	(2,740)
Net cash from/(used in) investing activities		(2,841)	7,100
Cash flows from financing activities			
Distributions paid		(6,631)	(8,308)
Amounts credited directly to corpus		-	1
Net cash used in financing activities		(6,631)	(8,307)
Net increase/(decrease) in cash and cash equivalents		(2,868)	4,602
Cash and cash equivalents at 1 July		5,070	468
Cash and cash equivalents at 30 June	7	2,202	5,070

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

1 Reporting entity

Colonial Foundation Trust (the “Trust”) is a Trust domiciled in Australia.

The Trust primarily is involved in investing and philanthropic activities in accordance with the Trust Deed.

2 Basis of preparation

(a) Statement of compliance

This special purpose financial report has been prepared in accordance with the recognition, measurement and classification aspects of all applicable Australian Accounting Standards (AASBs) adopted by the Australian Accounting Standards Board (AASB).

The financial report does not include the disclosure requirements of the following pronouncements having a material effect:

AASB 7: *Financial Instruments: Disclosure*

The financial statements were approved by the Board of Directors on 30th September 2009.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis except for the following:

- financial instruments at fair value through profit or loss are measured at fair value.

The methods used to measure fair values are discussed further in note 4.

(c) Functional and presentation currency

These financial statements are presented in Australian dollars, which is the Trust’s functional currency.

(d) Use of estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

3. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

Certain comparative amounts have been reclassified to conform with current year’s presentation.

(a) Foreign currency transactions

Transactions in foreign currencies are translated at foreign exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the foreign exchange rate at that date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was

determined. Foreign currency differences arising on retranslation are recognised in the income statement.

(b) Financial instruments

Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity and debt securities, trade and other receivables, cash and cash equivalents and trade and other payables.

Non-derivative financial instruments are recognised initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs. Subsequent to initial recognition non-derivative financial instruments are measured as described below.

Cash and cash equivalents comprise cash balances and call deposits.

Financial assets at fair value through the income statement

An instrument is classified as at fair value through the income statement if it is held for trading or is designated as such upon initial recognition. Financial instruments at fair value through the income statement are measured at fair value, and changes therein are recognised in the income statement.

Other

Other non-derivative financial instruments are measured at amortised cost using the effective interest rate method, less any impairment losses.

(c) Plant and equipment

(i) Recognition and measurement

Items of plant and equipment are measured at cost less accumulated depreciation.

Cost includes expenditure that is directly attributable to the acquisition of the asset.

When parts of an item of plant and equipment have different useful lives, they are accounted for as separate items (major components) of plant and equipment.

(ii) Subsequent costs

The cost of replacing part of an item of plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Trust and its cost can be measured reliably. The costs of the day-to-day servicing of plant and equipment are recognised in the income statement as incurred.

(iii) Depreciation

Depreciation is recognised in the on a straight-line basis over the estimated useful lives of each part of an item of plant and equipment.

The estimated useful lives for the current and comparative periods are as follows:

	2009	2008
Plant and equipment	3 to 5 years	3 to 5 years
Leasehold improvements	5 years	5 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date.

3. Significant accounting policies (continued)

(d) Impairment

(i) Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. An impairment loss in respect of an available-for-sale financial asset is calculated by reference to its fair value.

Individually significant financial assets are tested for impairment on an individual bases. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised in the income statement.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost and available-for-sale financial assets that are debt securities, the reversal is recognised in the income statement.

(ii) Non-financial assets

The carrying amounts of the Trust's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

An impairment loss is recognised if the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in the income statement. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a *pro rata* basis.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognised.

(e) Employee benefits

(i) Long-term employee benefits

The Trust's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods plus related on-costs; that benefit is discounted to determine its present value, and the fair value of any related assets is deducted. The discount rate is the yield at the reporting date on Commonwealth Government Bonds that have maturity dates approximating the terms of the Trust's obligations.

(ii) Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

(iii) Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognised as a personnel expense in profit or loss when they are due.

(f) Revenue

Interest income is recognised as it accrues in the income statement, using the effective interest method.

Distribution income is recognised in the income statement on the date that the Trust's right to receive payment is established.

(g) Income tax

The Australian Taxation Office has endorsed the Colonial Foundation Trust as a charitable fund and it is therefore income tax exempt.

(h) Goods and services tax

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the balance sheet.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

4. Determination of fair values

Fair values have been determined for measurement purposes based on the following methods.

(i) Investments in equity and debt securities

The fair value of financial assets through the profit and loss is determined by reference to their quoted redemption price at reporting date.

(ii) **Investments in private equity partnerships**

The fair value of financial assets in private equity partnerships is determined by reference to their audited financial statements for the year ended 31 December 2008 and historical cost for assets acquired after that date.

	2009 \$'000	2008 \$'000
5. Revenue		
Movement in net market value of investments	(35,391)	(38,014)
Revenue distributions received	6,805	7,604
Capital distributions received	104	4,180
Foreign exchange gain/(loss)	377	(116)
Interest income	88	268
Other income	1,562	1,785
	<u>(26,455)</u>	<u>(24,293)</u>
6. Auditor's remuneration		
Audit services: auditors of the Trust	13	12
	<u>13</u>	<u>12</u>
7. Cash and cash equivalents		
Current		
Bank balances	2,202	485
Call deposits	-	4,585
	<u>2,202</u>	<u>5,070</u>
8. Trade and other receivables		
Current		
GST recoverable	6	10
Accrued interest	5	10
Imputation credits refundable	1,561	1,785
	<u>1,572</u>	<u>1,805</u>

	2009 \$'000	2008 \$'000
9. Investments		
Current		
Investments in equity and debt securities	107,129	138,135
	<u>107,129</u>	<u>138,135</u>
Non current		
Investments in equity and debt securities	26,121	27,486
Investments in private equity partnerships	3,458	1,702
	<u>29,579</u>	<u>29,188</u>
10. Plant and equipment		
	Plant and equipment	Total
Cost		
Balance at 1 July 2008	100	100
Disposals	(4)	(4)
Balance at 30 June 2009	<u>96</u>	<u>96</u>
Depreciation and impairment losses		
Balance at 1 July 2008	95	95
Disposals	(4)	(4)
Depreciation for the year	4	4
Balance at 30 June 2009	<u>95</u>	<u>95</u>
Carrying amount at 30 June 2009	<u>1</u>	<u>1</u>
Cost		
Balance at 1 July 2007	100	100
Balance at 30 June 2008	<u>100</u>	<u>100</u>

	2009 \$'000	2008 \$'000
Depreciation and impairment losses		
Balance at 1 July 2007	92	92
Depreciation for the year	3	3
Balance at 30 June 2008	95	95
Carrying amount at 30 June 2008	5	5
11. Trade and other payables		
Current		
Non-trade payables and accrued expenses	41	69
	41	69
12. Employee benefits		
Current		
Employee entitlements	132	113
	132	113
13. Reconciliation of cash flows from operating activities		
Surplus/(deficit) for the year	(27,080)	(25,048)
Adjustments for:		
Depreciation	4	3
Unrealised foreign exchange (gain)/loss	(377)	116
Unrealised movement in investments & distributions reinvested (inclusive of management fees)	33,833	31,175
Operating surplus before changes in working capital and provisions	6,380	6,246
Movement in trade and other receivables	233	(468)
Movement in trade and other payables	(28)	(11)
Movement in provisions	19	42
Net cash from operating activities	6,604	5,809

	2009 \$'000	2008 \$'000
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14. Commitments

The uncalled commitments relate to the Trust's private and investment equity investments. Due to the nature of the investments, the exact timing of future capital calls is unknown.

The Trust had the following commitments representing the uncalled elements in respect of the Trust's investments.

AMP Infrastructure Equity fund	1,151	2,321
Goldman Sachs Private Equity Partners IX private equity fund	9,373	9,311
Goldman Sachs Private Equity Partners X private equity fund	6,897	6,696
	17,421	18,328

15. Financial instruments

Currency risk

Exposure to currency risk

The Trust's exposure to foreign currency risk was as follows, based on notional amounts:

Investments held for trading	3,458	1,702
Net exposure	3,458	1,702

The following exchange rates applied during the year:

	Average Rate	Spot Rate
USD 1	0.735	0.805

16. Events subsequent to balance date

Subsequent to 30 June 2009, the Trust's commitment to AMP Infrastructure Investment Equity Fund (detailed in Note 14) was reduced to \$566,000.

There are no other events subsequent to balance date which would have had a material effect on the Trust's financial report.

TRUSTEE'S DECLARATION

1. In the opinion of the directors of Colonial Foundation Limited:
 - (a) the financial statements and notes set out on pages 41 to 52 are drawn up so as to give a true and fair view of the results and cash flows of the Trust for the year ended 30 June 2009 and the state of affairs at 30 June 2009 of the Trust;
 - (b) the Trust has operated during the year ended 30 June 2009 in accordance with the provisions of the Trust Deed dated 20 September 1996, as amended;
 - (c) at the date of this statement there are reasonable grounds to believe that the Trust will be able to pay its debts as and when they fall due; and
 - (d) the Trust is not a reporting entity. The financial report has been prepared as a special purpose financial report in accordance with the accounting policies described in Note 2 and Note 3 to the financial statements.
2. The financial statements and notes have been made out in accordance with Accounting Standards, the Trust Deed dated 20 September 1996, as amended, to the extent described in Note 2(a) to the financial statements.



David S. Adam
Chairman

Dated at Melbourne this thirtieth day of September 2009.

INDEPENDENT AUDITOR'S REPORT

RSM Bird Cameron Partners

Chartered Accountants

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529 Collins Street Melbourne VIC 3000
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INDEPENDENT AUDITOR'S REPORT

TO THE TRUSTEE OF COLONIAL FOUNDATION TRUST

We have audited the accompanying financial report of Colonial Foundation Trust ("the Trust"), which comprises the balance sheet as at 30 June 2009, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the trustees' declaration.

Trustees' Responsibility for the Financial Report

The Trustees of the Trust are responsible for the preparation and fair presentation of the financial report and have determined that the accounting policies described in Note 3 to the financial statements, which form part of the financial report, are appropriate to meet the requirements of the *Corporations Act 2001* and are appropriate to meet the needs of the members. The Trustees responsibility also includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. No opinion is expressed as to whether the accounting policies used, as described in Note 3, are appropriate to meet the needs of the members. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Trustees, as well as evaluating the overall presentation of the financial report.

The financial report has been prepared for distribution to members for the purpose of fulfilling the Trustees financial reporting requirements under the *Corporations Act 2001*. We disclaim any assumption of responsibility for any reliance on this report or on the financial report to which it relates to any person other than the members, or for any purpose other than that for which it was prepared.

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INDEPENDENT AUDITOR'S REPORT

Auditor's Responsibility (Continued)

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Auditor's Opinion

In our opinion the financial report of Colonial Foundation Trust is in accordance with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of the Trust's financial position as at 30 June 2009 and of its performance for the year ended on that date in accordance with the accounting policies described in Note 3; and
- (ii) complying with Australian Accounting Standards to the extent described in Note 2 and complying with the Corporations Regulations 2001.



RSM BIRD CAMERON PARTNERS
Chartered Accountants



R B MIANO
Partner

Dated: 30/9/09
Melbourne

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