


An abstract geometric design consisting of several thin lines radiating from two points at the bottom of the page. The lines are in shades of blue and brown. Small diamond shapes are placed at various points along these lines. The overall effect is a sense of dynamic movement and interconnectedness.

colonialfoundation

ANNUAL REPORT 2003-2004

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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

The Rt. Hon. Sir Ninian M. Stephen

Deputy Chairman

Mr David S. Adam

Directors

Mr Graham Brooke

Mr Peter Kelly

Professor Priscilla S. Kincaid-Smith

Professor Robert R. Officer

Mr Peter J. Smedley

EXECUTIVE OFFICER

Mr Andrew Brookes

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Chairman's Report

I am pleased to report on the philanthropic activities of the Colonial Foundation Trust over past years. This is the first published report of the Foundation since its inception in 1997 and marks the first year during which the Foundation has concentrated exclusively on philanthropic activity. This report reflects the Foundation's significant accomplishments over the period from 1997 to date.

When the Foundation was created as a philanthropic trust, the core objective of its grant making philosophy was to ensure that it would make a positive contribution to those areas in the community in particular need of support.

The Board felt that the Foundation, because of its sizeable base, could really make a difference by concentrating on relatively few grants in limited areas rather than many grants across the very broad charitable sector. The decision was accordingly made to focus on the making of relatively few grants, with the Foundation selecting a particular area to receive our "major grant" for a 10-year period; in addition to this the Foundation would run a "large grants" program.

We selected youth mental health as the target of our major grant and, in conjunction with Melbourne Health and The University of Melbourne provided grants to enable the establishment of ORYGEN Research Centre. The Foundation then turned its

attention to the large grants program where we ultimately aim to run four or five concurrent programs receiving a substantial grant over a five-year period. These projects to date include Gateway, a program run by Jesuit Social Services that aims to increase at-risk young peoples' capacity for social connection, personal wellbeing and economic participation; The University of Queensland, for research into chronic diseases in Aboriginal people and an Aboriginal health program in Western Australia; and Turning Point Alcohol and Drug Centre to investigate the most effective ways of dealing with illicit drugs use in Australia.

In making grants, the Board aims to support projects that treat causes rather than effects, that are innovative, have flow-on effects, and that have a strong developmental focus based on a sound strategy.

It is with a sense of achievement that we can look back over the years since the Foundation was created at the projects to which we have been able to provide support, including the many smaller projects that have also received our funding. Over the past seven years the Foundation has distributed more than \$18 million of grants to a wide range of community organisations.

In the year to June 30, 2004, the Foundation provided grants of \$7.5 million to 18 separate organisations, covering areas such as community health, disadvantaged

sectors, education, migrant community welfare, and the arts. This compared with grants totalling \$6.4 million in the previous year.

The many projects we have supported are all very worthwhile. However, the Foundation believes that our relationship should not end with the provision of financial support. Maintaining strong ongoing links with the organisations and causes we support is also extremely important.

I wish to express my sincere appreciation to my fellow Directors and to the staff of the Foundation, who work tirelessly to ensure our commitment to the projects we have funded.

I look forward to another successful, productive and rewarding year ahead.

A handwritten signature in black ink, appearing to read "N. Stephen". The signature is fluid and cursive.

Sir Ninian Stephen



Executive Officer's Report

As Executive Officer of Colonial Foundation, I am extremely fortunate. I have the privilege of meeting wonderful people in our community who are particularly passionate about addressing areas of great need. I continue to be amazed at the dedication, persistence and humanity of these leaders, whether they be working in fields of research, community welfare, education, health, the arts, and more. These people remain undaunted and give so much time and energy for causes that to some seem to be hopeless. It is of constant regret to me that Colonial Foundation cannot stretch its funding further to support more projects.

The Foundation makes relatively few grants but where grants are made, these are generally substantial so that a program can be fully funded and really make a difference. Because the Trust provides funding over a number of years for projects, available funds have been largely already committed and so this year only three new grants have been made.

Excellent progress has been made at the Foundation's major project, ORYGEN Research Centre. Led by Professor Pat McGorry, the team at ORYGEN has been undertaking research into early diagnosis of, and effective treatments for, psychoses and other mental health illnesses in youth. Despite being in its early years, ORYGEN is already starting to make a difference.

Likewise, the development of the Gateway Program by Jesuit Social Services is having encouraging results in the engagement of youth who are not currently participating in our society. Also, the chronic diseases program for indigenous Australians being championed by Dr Wendy Hoy at The University of Queensland is making a real difference to the prevention and treatment of chronic diseases at various Aboriginal communities.

The last year has been one of consolidation for the Trust. Following the granting of Income Tax Exempt Charity status, Colonial Foundation was able to sell its major holding of Commonwealth Bank shares and to diversify its investments. The Trust has also been able to simplify its structure from three operating trusts down to one. During the next year Colonial Foundation will be seeking approval from the Supreme Court of Victoria to simplify our Trust Deed.

The Foundation's first Annual Report provides information about the projects that have received funding during the financial year. The Foundation is proud and delighted with the progress of each of these projects and it is pleased that the funds provided have been able to make a difference and to support the community in so many ways.

My thanks are extended to the Foundation's Chairman, its directors, professional service providers, consultant, Mr Bill Couche, and to the administration staff, Susan Frances and Jade Southwood.

A handwritten signature in dark ink, appearing to read 'A. D. Brookes'.

Andrew Brookes

Funding for Projects

The Board of Colonial Foundation has determined that, for the time being, the Foundation's funds should, in the main, be directed towards assisting the following areas in the community:

- Community health, including Aboriginal health;
- Education and vocational training;
- Migrant community welfare;
- Disadvantaged people in our society;
- Community quality of life, including the arts and cultural activities; and
- Research in relation to any of these areas.

COLONIAL FOUNDATION'S GRANT MAKING PHILOSOPHY

The objective of Colonial Foundation's grants programs is to make positive contributions in defined areas of community need or community life. In assessing potential projects for funding it looks for one or more of:

- Improved understanding and knowledge of a problem or area;
- The gravity of a problem and the scale of potential benefits from successful outcomes of the project (leverage, or multiplier effect);
- Sharing of improved knowledge so that others may benefit;
- Sustainability of the improvements or advances sought;
- Fuller realisation of prior successful work; and
- A significant role for the Foundation in the project, supported by a well qualified specialist organisation.

Grants Made July 1, 2003 - June 30, 2004

Organisation	\$
Ardoch Youth Foundation	52,300
Art Gallery of New South Wales	155,278
Asylum Seeker Resource Centre	30,000
Bega Garbiringu Health Services	18,500
Derby Hill Blue Light Youth Camp	14,130
Emergency Accommodation & Support Enterprise	75,571
Indigenous Enterprise Partnerships	250,000
Interplast Australia	100,000
Jesuit Social Services	1,000,000
ORYGEN Research Centre	2,500,000
Oxford Houses Australia	96,300
Pilotlight Australia	50,000
Royal Botanic Gardens	1,335,000
Royal Melbourne Hospital	68,000
St Luke's Anglicare	75,228
The University of Queensland	500,000
The Walter and Eliza Hall Institute of Medical Research	334,000
Turning Point Alcohol & Drug Centre	700,000
Victorian Homeless Fund	10,000
Youth Opportunity Program – Typo Station	180,000
Total	7,544,307

Grants Made by Priority Areas

Based on its grant making philosophy, 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.

Since its establishment, the Foundation has increased its grants capacity on an ongoing basis and at June 30, 2004, had provided grants in excess of \$18 million. The distribution of these funds is outlined below.

All funded projects were approved by the Board in accordance with Colonial Foundation's funding guidelines, which are detailed on page 33 of this report.

Community Health is the largest area of funding for Colonial Foundation, and includes the trust's largest single project, a \$12.5 million five-year grant to establish the ORYGEN Research Centre for research into youth mental health.

ALLOCATION FOR GRANTS 1998-99 TO 2003-04 Area	\$
Community Health	10,044,020
Disadvantaged People in Society	3,719,156
Education and Vocational Training	1,560,816
Community Quality of Life, including the Arts and Cultural Activities	2,806,458
Migrant Community Welfare	227,000
Total	18,357,450

MAJOR PROJECT
COMMUNITY HEALTH

Learning more about mental health problems in young people

ORYGEN Research Centre

FUNDING:
\$12.5 MILLION OVER A MINIMUM
OF FIVE YEARS

The burden and impact of mental health illness on society is enormous. Furthermore, it is increasing, particularly among young people, highlighting the urgent need not only for more research into early detection but for the development of preventive intervention strategies.

Colonial Foundation recognised this area as a key opportunity for active involvement and funding when it took the decision in 2001 to provide a substantial long-term grant for the establishment of the ORYGEN Research Centre in Melbourne. The Centre was officially opened in 2002 and is dedicated to developing programs to tackle the growing problems of mental health disorders, including substance abuse disorders, that are afflicting many young people.

Colonial Foundation's decision to back ORYGEN as its largest project, providing funding for the Centre of \$2.5 million per year over a minimum five-year period, with a further period

of five years' funding subject to a satisfactory review at year four, also reflected the reality that pre-existing programs examining youth mental health had been somewhat ineffective, primarily because of a lack of adequate resourcing to fund research. To strengthen its commitment to ORYGEN, Colonial Foundation has also provided management support at board level, with director and Deputy Chairman, David Adam, holding the role of Chairman at ORYGEN, and Foundation director Graham Brooke also a director of the Centre.

The ORYGEN Research Centre was established as a collaboration between Colonial Foundation, The University of Melbourne and Melbourne Health, drawing on the benefits of clinical work conducted by ORYGEN Youth Health and the North West Mental Health program of Melbourne Health. The Centre has been built upon the work conducted over the past decade by the Early Psychosis Prevention and Intervention Centre, which has been acknowledged as the source and catalyst for a worldwide change in approach and attitude to young people with emerging psychotic disorders.

BUILDING THE INFRASTRUCTURE

Colonial Foundation's funding has already enabled ORYGEN Research Centre to develop a range of new research studies and appoint senior academic staff in key areas. Its research team now includes academics and contracted research staff who are psychiatrists, psychologists and allied health workers. ORYGEN aims to use the funds to create a critical mass of research leaders and the capacity to mentor a new generation of Australian psychiatric researchers.

MAJOR PROJECT
COMMUNITY HEALTH

Learning more about mental health problems in young people

ORYGEN Research Centre

UNDERSTANDING THE ISSUES

The highest prevalence rates for mental disorders are seen in young people aged between 12 and 26. The onset phase for 75% of adult type mental illness occurs before age 24, so this is the key phase for early detection and preventive intervention strategies.

Psychiatric disorders in young people have a range of consequences, affecting not only the individuals with the condition, but those around them, and underpin the high levels of youth suicide.

RESEARCH PROGRAMS

ORYGEN has conducted many successful studies, particularly in the area of early psychosis, giving it an Australian and international reputation as a centre of innovation and a leader in best practice.

Its research program also encompasses a diverse range of studies in psychotic and non-psychotic disorders, the publication of scientific papers and books, and the production of treatment manuals and educational videos.

Key research objectives include:

- Learning more about mental health problems in young people to provide a catalyst for the improvement of services;
- Improving knowledge, early recognition and acceptance of mental disorders, help-seeking pathways and youth-friendly service models;
- Obtaining a deeper understanding of contributory causes of mental disorder; and
- Development of novel diagnostic strategies and treatments for the onset phase of mental disorders in young people.

During 2004, the Centre began a major study of about 3000 Year 6 students in 100 randomly selected schools across metropolitan Melbourne looking at the ways young people regulate their moods and emotions and at how this can influence their emotional development and the onset of common problems in adolescence, such as depression and anxiety.

ORYGEN hopes that through research such as this that there will be better understanding of the onset of early psychosis and bipolar disorders, eating, mood and anxiety disorders, which will help the development of more effective treatments.

Colonial Foundation is pleased with results so far and looks forward to seeing the research activity under way leading to major advances in this crucial area.



Members of ORYGEN's Platform Youth Participation Program.

COMMUNITY HEALTH

Addressing chronic disease in Aboriginal communities



The University of Queensland

ABORIGINAL HEALTH PROGRAM

FUNDING: \$2.2 MILLION OVER FIVE YEARS

The high level of chronic disease and premature deaths within remote Aboriginal communities remains a serious and challenging problem across Australia. Funding for early detection and treatment at a community level has been limited in the past, with a high government focus on directing health care programs at the terminal end of illnesses.

Colonial Foundation is providing valuable support to the University of Queensland for two Chronic Disease Programs directed at Aboriginal adults that have been established in Western Australia – at Bega Garnbirringu in Kalgoorlie and at Broome in the north-west of the state. Each of these regional population centres has around 2500 Aboriginal adults.

The funding has been used to support expanded chronic disease health care activities in the two regions to enable a greater focus on the awareness of, and the better care for, people with chronic diseases. The chronic diseases that are creating the most sickness and premature deaths in Aboriginal populations are Type 2 diabetes, high blood pressure, kidney disease and cardiovascular disease. The early detection and treatment of these diseases can often lead to positive outcomes.

As a result of the health care programs at the two regional centres being more robustly resourced, the two centres have been able to expand their treatment teams and have been able to co-ordinate their activities under one umbrella. As such, they have implemented a system that offers all adults who come into contact with the program a chronic disease check at regular intervals throughout their lives. The centres are gradually moving through their register of adult clients to ensure that more and more people have been tested and are entered into a repeat chronic disease testing scheme.

Since 2000, more than half of all Aboriginal adults in these communities have been tested at least once and some of them many times. Within the current year, it is expected that 80%-90% of people will have been tested.

At the Bega Garnbirringu centre, funding was provided for the supply of pharmaceutical dispensing packs known as webster-paks. This has enabled the health care staff to concentrate on their core duties.

The programs have assisted the health care centres to improve their adherence to medical protocols, in terms of which people are tested for specific diseases and at what intervals, and the follow-up tests needed if a previous test result is abnormal.

The centres have been able to measure that the improved practices are taking a hold in a prominent way, with Aboriginal people progressively moving on to appropriate streams of treatment for their problems. There has also been an increase in more sophisticated use of computerised systems for patient care on both programs, and a lot of success has been achieved in gearing up those information systems to deliver regular reports of health care activity and the health profiles of the participants that are passing through.

In both programs the advances have been very rewarding. The programs are already leading to reduced hospitalisations and complications from chronic diseases, such as blindness due to diabetes, amputations due to diabetes, strokes and heart attacks due to hypertension, and kidney failure leading to dialysis.

Progressively the processes under way at Kalgoorlie and Broome are also being incorporated into standard care guidelines in other regions and states across Australia. This gives hope for more robust and well directed funding into primary health care to allow these activities to be supported over the long term.

COMMUNITY HEALTH

Responding to illicit drugs in Australia



Turning Point Alcohol & Drug Centre

**FUNDING:
\$1.4 MILLION OVER TWO YEARS**

On a global level, across society, illicit drugs remain a serious problem. Responding to, and dealing effectively with, the illicit drugs problem continues to confound governments, law enforcement agencies, the medical community and other organisations and authorities around the world.

Turning Point Alcohol & Drug Centre is a specialist alcohol and drug organisation that integrates treatment and support service delivery with research, education and training. Colonial Foundation decided to provide funding to Turning Point to carry out a detailed feasibility study for the development of a model system to best combat the illicit drugs problem. The Foundation agreed to provide a \$1.4 million grant to Turning Point over two years to cover the first stage of its research.

The project is called the Drug Policy Modelling Project and now has an established team of Australian and international experts.

DEVELOPING A MODEL

The Drug Policy Modelling Project is expected to take about five years to complete and is using new approaches to develop models of responses to illicit drugs use.

Responses to drugs are currently categorised on three dimensions: law enforcement; treatment and prevention; each of these responses occurs at local, state, national and global levels. To date, understanding about the relative contributions of law enforcement, treatment and prevention has been limited and little is known about the best mix. Overseas research has examined law enforcement, treatment and prevention in terms of economic benefit, particularly return on investment, but this has not been done for Australia. The purpose of the feasibility study being carried out in stage one is to try to determine a model system that achieves the best mix of law enforcement, treatment and prevention in combating illicit drugs in Australia.

THE OVERARCHING AIM

If successful, the project could be ground breaking in helping policy makers, police and other practitioners develop and implement more effective tools to combat illicit drugs.

A STAGED APPROACH

The project is divided into two stages. Stage one will establish the analytic frameworks, document data sources and establish tools and potential models for the integration of drugs responses.

The outcomes from Stage One will include updated and enhanced reviews of current practices in law enforcement, prevention and treatment in Australia, focusing on gaps in our knowledge. Stage one will also:

- review existing data and performance measures for law enforcement, treatment and prevention;
- review the existing epidemiological systems;
- map policy-making processes in Australia; and
- assess the economic return on investment from law enforcement, treatment and prevention in Australia.

COMMUNITY HEALTH

Mapping the human lymphatic system

Royal Melbourne Hospital

THE RECONSTRUCTIVE PLASTIC SURGERY RESEARCH UNIT

FUNDING

\$201,831 OVER THREE YEARS

Despite major advances in medicine over many years, knowledge about the anatomy of the human lymphatic system remains inadequate. Colonial Foundation is funding a three-year grant to the Reconstructive Plastic Surgery Research Unit of the Royal Melbourne Hospital, which is addressing the urgent need to fill this current information void.

Research under way is concentrating on some of the basic questions about how cancers spread through the human body, and aims to provide information so surgeons can avoid or treat the debilitating effects of lymphoedema (the painful swelling of limbs) after lymph gland removal.

Colonial Foundation is pleased that pilot studies over the past two years have been very successful and already have provided unexpected results. The Reconstructive Plastic Surgery Research Unit's experience and success with mapping fine human vessels has provided a good platform for the ongoing research work.

THE RESEARCH

The mode of spread of cancer cells from a primary tumour to other parts of the body is still not completely understood, although the lymphatic system is known to be important in this process. Lymph vessels are tiny transparent channels, separate from the blood vessels, which form a network over the entire body. They transport tissue fluid to regional lymph glands in the body where the immune response may be initiated to combat foreign agents such as bacteria and cancer cells. When cancer spreads, the most common site for it to be found is in the lymph glands - this implies that the cancer cells have spread via the same lymphatic channels.

Lymphoedema is a painful swelling of an extremity that is frequently seen after cancer treatment involving removal of lymph glands from the groin or armpit. Efforts to prevent and treat this condition have been hampered by the lack of an intricate knowledge of the lymphatic system. Surgical and radiation techniques to minimise the risk of lymphoedema are based on intuition and observation. Prevention and treatment of lymphoedema is high on the wish-list of oncologists and patients alike.

Current knowledge of the anatomy of these tiny vessels is based on work done more than a century ago. Through its current research under Dr Wei-Pan (right), an orthopaedic surgeon, the Reconstructive Plastic Surgery Research Unit has developed an effective technique for mapping the lymphatic channels and their connection to the other parts of the circulatory system (specifically the veins). Results are encouraging and have already demonstrated unexpected connections with blood vessels in the periphery and unreported lymphatic vessel pathways between the skin and deep tissues.

It is hoped this knowledge of the lymphatic system may lead to modification of techniques to reduce the risk of lymphoedema without impairing the oncological outcomes, and to new operative approaches for the treatment of established lymphoedema, using the tissue transfer techniques pioneered in the unit.



COMMUNITY HEALTH

Volunteers providing expertise in plastic and reconstructive surgery

Interplast Australia

MEDICAL AND SURGERY PROGRAM IN SRI LANKA

FUNDING: \$300,000 OVER THREE YEARS

For more than 20 years, skilled teams of Australian surgeons and nurses have been volunteering their time to travel to developing countries in the Asia-Pacific region to provide specialist surgery and medical training to those in need.

Working under the umbrella of Interplast Australia, founded in 1983 by the Royal Australasian College of Surgeons and Rotary, Australian professionals have now performed more than 10,000 operations and consulted to over 20,000 patients across the region.

During the past 17 years Interplast has conducted 257 programs in the south-west Pacific, Papua New Guinea, Indonesia, Vietnam, Laos and the Philippines. Forty two patients have been funded to come to Australia for treatment and a further 42 trainee surgeons have received, at Interplast's expense, short periods of training in Australia.

Colonial Foundation, recognising the tremendous work being done by Interplast medical teams in plastic and reconstructive surgery in neighbouring developing countries where modern surgical practice is not available, has provided funding to assist Interplast with its medical activities in Sri Lanka.

Specifically, the grant has enabled Interplast volunteer surgeons and medical staff to travel to Sri Lanka to perform reconstructive surgery on congenital deformities and burns victims. A team including two surgeons, an anaesthetist and two nurses went to Sri Lanka in 2003, and conducted 108 consultations and 47 operations over a two-week period.

Interplast programs are directed to the primary health care and transfer of expertise in the management of soft tissue injury, lacerations, burns, scarring and the prevention of deformity along with the primary correction of congenital abnormalities such as cleft lip and palate.

In 2003, the program in Sri Lanka was dedicated to hand surgery. Surgery was conducted at the Colombo General Hospital and an assessment of the management of burns was carried out. It is planned to arrange a Burns Education Workshop in the future.



DISADVANTAGED PEOPLE IN SOCIETY

Increasing social connection for at-risk young people



Jesuit Social Services

GATEWAY PROGRAM

FUNDING: \$5 MILLION OVER FIVE YEARS

One of the key challenges for organisations dealing with disadvantaged young people is to be able to provide them with a pathway to re-engage them with the general community.

Colonial Foundation was attracted to an innovative initiative proposed by Jesuit Social Services to establish a program aimed at helping young people to develop core skills through education, training and employment that will enable them to rejoin mainstream society. The grant was awarded after a tender conducted by the Foundation.

Entitled Gateway, and launched in July 2003, the program offers at-risk young people participation in a range of short, medium and long-term co-ordinated programs that focus on the promotion of health and wellbeing, lifelong learning, and economic participation.

Gateway is different from other services in that it seeks to operate as a community asset for young people who are already engaged with other services (such as health and welfare providers) and, as such, adds value to those services. The programs being

run under the Gateway program are varied, and include providing structured and accredited education in literacy and numeracy through to skilled courses being offered through institutions such as TAFE.

Gateway also aims to develop and evaluate a best-practice model of service delivery based on service co-ordination that addresses the learning, social, health, welfare and economic well being of at-risk young people. Furthermore, it seeks to share expertise and learning from the best-practice model of service delivery with other agencies, and to use this knowledge for advocacy, policy and service development in relation to at-risk young people and their service and support needs.

Gateway seeks the involvement of at-risk young people aged 15-24 years with a range of health and risk behaviours. These may include:

- Mental illnesses such as depression and substance abuse disorder;
- Health risks such as problematic drug use, extreme risk taking; and
- Social, material and environmental problems and issues such as offending behaviours, marginalisation and exclusion, lack of secure income and unemployment.

During the past year, Gateway received 116 referrals, with 52 young people being matched to Gateway programs. Referrals came from a diverse range of sources including mental health, drug and alcohol, child protection, juvenile justice and primary care providers. Many referrals were also received from family and peers.

Research by Gateway shows that of those who were referred, 85% had a mental illness and more than 75% had chronic substance abuse. The average age was 20 years old and the average level of educational attainment was Year 9. A majority of referrals were male who had experienced long-term unemployment, and many suffered chronic health problems that affected their ability to engage in mainstream education and employment.

As a result of the program, 18 young people successfully entered education and/or employment, and Gateway is now working with Swinburne TAFE to develop effective strategies for teaching and supporting young people with complex needs and health disorders.

All programs allow young people to self-pace and self-direct both their commitment and participation and to develop their knowledge and skills. This increases their commitment to participate at higher program levels aimed towards increased educational, vocational and/or employment.

DISADVANTAGED PEOPLE IN SOCIETY

Making a difference to disadvantaged students



Ardoch Youth Foundation

ALBERT PARK COLLEGE

FUNDING:

\$156,900 OVER THREE YEARS

Hundreds of school-aged children across Victoria, and Australia, are homeless or living in severely disadvantaged conditions. It is a stark reminder of the consequences of the widespread problems being experienced in our community such as domestic violence, poverty and unemployment.

Recognising the urgent and ongoing need to provide support to young Australians in need, Colonial Foundation provided funding to Ardoch Youth Foundation to assist with its youth programs. Ardoch is a community organisation dedicated to helping homeless or disadvantaged youth and ensuring their ongoing access to education. It continues to be confronted by the human costs of Australia's increasing social divide as a growing numbers of families and young people grapple with these problems.

SECONDARY SCHOOL SUPPORT PROJECT

Colonial Foundation provided funding to Ardoch to enable the expansion of the organisation's Secondary School Support Project into Melbourne's Albert Park College. Albert Park College is an inner city school located in an area that is known for its wealth, however, it has an urgent need for the development of resources. The school has a population of around 400 students; of that population, 40% live in government housing, including transitional housing for homeless families. Those households often have additional issues of poverty, family breakdown, substance abuse, dysfunctional and/or violent relationships.

The core aims of Ardoch's continuation project are:

- To develop a supportive environment that can provide help and support throughout a child's educational pathway;
- To optimise education and life skills opportunities for all children and young people;
- To develop communities focused on the long-term wellbeing of its children;
- To improve access to relevant support services;

- To provide a continuing support model, which will be transferable to other school settings; and
- To raise community awareness of the project and of the need for preventative approaches to youth issues.

PROJECT ACHIEVEMENTS

The Continuation Project at Albert Park College is now in its second year since funding began. Ardoch Youth Foundation has developed nine programs at the school to assist disadvantaged students. These are a breakfast program, a homework program, a volunteer program, a tutor/mentor program, lunch time activities, a talk it up program, funk dancing, a reading program and a mentor program.

PROJECT SUSTAINABILITY

Ardoch is continuing to link the community in with Albert Park College to enable a sustainable project at the school. Additionally, Ardoch continues to lobby government to take on the model to better resource schools in the area of welfare and support services offered at the school site.

DISADVANTAGED PEOPLE IN SOCIETY

Providing after care housing to young people



St Luke's Youth Services

LEAVING CARE AND AFTER CARE
SUPPORT SERVICE

FUNDING

\$150,456 OVER TWO YEARS

At present, there is little available in the way of organised housing support to assist young people who have left foster or residential care. A growing concern about the poor housing opportunities available to young people in this situation around the Bendigo area led the St Luke's organisation to establish an out of home care program to fill this void in July 2003.

The availability of funding has been limited, and there is no extensive government program to meet existing demand and the support services required. However, based on the extensive research into this area conducted by St Luke's and the severe lack of funding to provide basic services to young people in urgent need of support, Colonial Foundation has provided a two-year grant of \$150,456 to assist with the development of the program.

The St Luke's program evolved after it undertook detailed research, examining 50 young people who had left protective care between 1999 and 2002. St Luke's explored what had happened to these people and their specific outcomes. Its research showed that there was a strong need for a support service, with some of the young people having become homeless and at great risk of personal harm.

The program aims to address this issue so St Luke's can provide a continuity of care to the young people it looks after in its foster care programs. St Luke's has been able to institute a program to support those young people so that, in time, the program can become a normal part of the general support system for other young people.

The number of people participating is currently around 20, with the average age about 16 years. The overall numbers are expected to increase over time.

St Luke's is aiming to reflect what normally happens in families, where young people have support through to their early adult years. It offers support in day-to-day living issues, enables access to secure and safe housing after leaving care, helps individuals build or maintain links with their families, and provides linkages to education, employment and training.

Young people are also assisted in developing general living skills, such as cooking and self-management so people are prepared to eventually leave care and move into independent living conditions.

To date, the scheme has proved very successful, with feedback from participants extremely positive.

DISADVANTAGED PEOPLE IN SOCIETY

Providing safe housing to those in need



Oxford Houses Australia

DRUG AND ALCOHOL-FREE HOUSING PROGRAM

FUNDING

\$288,900 OVER THREE YEARS

For recovering alcoholics and drug addicts, one of the greatest challenges to achieving a lasting cure to their addictions is having access to a secure and affordable home environment that supports them in the recovery process.

Oxford Houses Australia is an organisation that provides drug and alcohol-free, self-managed residential housing for people in drug and alcohol recovery. After receiving initial pilot funding from the Victorian Government's Department of Human Services, Oxford Houses opened its first house in 1999. It now has six houses in Victoria – four men's houses and two women's houses – with a capacity for up to 30 residents.

Under the Department's current funding categories for drug and alcohol treatment, however, Oxford Houses no longer qualifies for recurrent funding. Recognising the importance of its work and this current funding gap, Colonial Foundation has provided a three-year grant to the organisation of \$288,900. Funding is being used to improve existing facilities, strengthen resources and for research purposes into alcohol and drug recovery methods.

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.

Houses are furnished and provide accommodation for groups of four to six people, with Oxford Houses providing initial management guidance to the resident group and finances for start-up costs. Thereafter, the resident groups have the responsibility for managing all house affairs and for meeting household expenditure. Each group of Oxford House members together decide who will be able to live in the home, and also have the power to expel members who do not conform to the basic Oxford House principles, particularly in relation to abstinence from alcohol or drugs.

Oxford Houses is a supportive resource, maintaining liaison with treatment agencies and funding bodies, and directing prospective residents to existing houses or to houses that are being established.

The organisation aims to establish up to three more houses in the next financial year, reflecting the increased awareness and demand for its housing accommodation.

DISADVANTAGED PEOPLE IN SOCIETY

Providing emergency housing for the homeless



The Victorian Homeless Fund

CHELTENHAM HOUSE RENOVATION

**FUNDING:
\$10,000**

The Victorian Homeless Fund, established in 1987, is an independent charity working in the area of homelessness in Victoria. The Fund provides grants for research to benefit the homeless and those at risk of homelessness. It also runs a project to provide emergency transitional accommodation for homeless families and youth.

In conjunction with the Victorian Office of Housing, the Fund obtains surplus to needs public housing. These houses are generally in poor condition and not economic for the state to repair or refurbish. The houses would normally be sold and lost to the public sector.

The Housing Industry Association provides labour through its members and some materials to refurbish the houses. The refurbished houses remain in public ownership and are in areas where the need for emergency accommodation is high.

Transitional emergency accommodation is provided to approximately three or four families per year per house. Currently, 60 - 80 family members are assisted each year and as the number of houses in the program increases, so will the number of people assisted.

Colonial Foundation provided a grant of \$10,000 to repair one house in the Melbourne suburb of Cheltenham, and to cover any capital maintenance for three years.

The Cheltenham property, named HIA Members' House, was opened in May 2004 and represented the eighth house renovated through the Victorian Homeless Fund.

At the opening, Mr Rodney Ord, chairman of The Victorian Homeless Fund said, "The completion of the HIA Members' House has only been possible by combining government resources with community and private sector contributions of capital and trade skills to provide transitional housing for the homeless families. This house will provide much needed emergency accommodation for the homeless in Cheltenham, an area that is not necessarily associated with having a homeless problem and highlighting the fact that homelessness can affect anyone at anytime in any area of Victoria".

Colonial Foundation is proud and delighted to have been able to support the refurbishment and maintenance of this house so that it is available for use as transitional accommodation. A small grant from an organisation such as ours has seen an unwanted house turned into a home for families in crisis.

DISADVANTAGED PEOPLE IN SOCIETY

Meeting the people, feeling the issues

Pilotlight Australia

**FUNDING:
\$150,000 OVER THREE YEARS**

For many Australians, the issues of poverty, homelessness, unemployment and crime are things we hear about, but never really experience. Pilotlight Australia is one organisation working to bridge the social divide with a unique program that runs regular site visits to disadvantaged areas of Melbourne and Sydney so individuals can see at first-hand various problems that need to be addressed.

Started in 2001, Pilotlight works to help those living in poverty, or suffering an injustice, by connecting leaders and innovators from powerful sectors such as media, business, and finance with those who are at the front line of social problems. Its “meet the people, feel the issues” program has steadily grown and been the catalyst for new connections between business and the community that have facilitated a number of new projects and additional philanthropic funding. Colonial Foundation was attracted by Pilotlight’s core objectives and the uniqueness of its program structure, providing its first grant in the 2002-03 financial year. The board provided a three-year grant for \$150,000 towards the continuation and expansion of its program.

Pilotlight Australia is a catalyst organisation for social change. As such, it seeks to build on the work of other organisations addressing different problems across society by assisting them to connect with and to spark new relationships with individuals, business and the community. Primarily, it aims to educate people so that they can be more informed of opportunities for engagement with the community either through their business, or as individuals.

Pilotlight Australia has been able to expand its “meet the people, feel the issues” program considerably, focusing on issues such as youth homelessness, education, juvenile justice and youth at risk.

As well as providing a channel for marginalised people to raise their concerns and express their priorities, the program has been able to identify gaps where action is needed, unlock new creative ideas, and open up new resources and funding opportunities.

Funding has enabled Pilotlight’s team to undertake extensive research and preparation for its visits as well as meetings with project staff and service users, consultations with others who have knowledge of the issues within an area, and for preparation and production of briefing documents for projects and for visiting guests. Pilotlight has also been able to carry out further research in Sydney and Melbourne to identify new areas, projects and issues that can be included in the program, and to broaden the scope of existing projects.

Since receiving Colonial Foundation’s grant Pilotlight’s network of support has grown and the organisation has been able to develop its program across a small but carefully targeted spread of regions, themes and community organisations.



EDUCATIONAL AND VOCATIONAL TRAINING

Exciting young people about science

The Walter and Eliza Hall Institute of Medical Research

GENE TECHNOLOGY ACCESS CENTRE

FUNDING:
\$955,000 OVER THREE YEARS

On an architectural level alone, the recently completed Gene Technology Access Centre engenders an immediate sense of fascination for the onlooker. As mysterious “glass eyes” peer out through one side of the concrete structure, a spiral of coloured lights ascends skywards within the glassed atrium, while parts of the internal ceiling and colour scheme bear a strong resemblance to microbotic cell structures. The design of the GTAC is fundamentally based around the structure of DNA and its parts, with a stunning three-level staircase mirroring the double-helix formation of DNA.

As with its physical design, the GTAC has been developed by The Walter and Eliza Hall Institute of Medical Research (WEHI) with the assistance of the Victorian Government for the specific purpose of creating a level of fascination among students and teachers around the mysteries of science and nature. Throughout each week, Victorian students and teachers from primary to VCE level are brought through the state-of-the-art facility to learn more about the application of science, particularly in relation to DNA and molecular biology.

A PARTNERSHIP IN EDUCATION

Built on the grounds of The University High School, the GTAC is adjacent to WEHI and sits in the heart of Melbourne’s medical, scientific and university precinct. The GTAC is a partnership between WEHI, the Department of Microbiology and Immunology of The University of Melbourne, and the Department of Education, Employment and Training, Science in Schools Strategy. The Victorian Government provided funds to build classrooms for the GTAC facility, and Colonial Foundation determined to provide a total grant to the centre of \$955,000 over a three-year period to fund the equipment fit-out and the facility’s full-time staff.

Officially opened in June 2004 by the President of The Walter and Eliza Hall Institute Alumni, Sir Gustav Nossal and the Director of The Walter and Eliza Hall Institute, Professor Suzanne Cory, the facility is rolling out a range of professional development programs in DNA Science and contemporary biological research.

About 250 to 300 students have the opportunity to conduct experiments in the laboratory facilities each fortnight, with the two laboratories able to accommodate about 30 students each per session. Such is the demand from schools to use the facility that bookings are being filled up to a year ahead. During 2003, more than 2100 Victorian secondary students from government and private schools and more than 250 registered teachers attended a program at the GTAC.

STRATEGIC AIMS AND DESIRED OUTCOMES

GTAC’s key strategies are aimed at exciting young people about science and providing Victorian students with the opportunity to work with young scientists on advanced laboratory protocols using specialised laboratory equipment and to have access to eminent research scientists.

Part of this has involved developing innovative activities for upper primary students in genetics utilising the resources of collaborating partners such as Murdoch Children’s Research Institute and the centre’s facilities. GTAC also provides laboratory workshops and lectures for VCE students in biology using the centre’s laboratory facilities, interactive classroom and presentation theatre.

In addition, the centre aims to extend student understanding and skills in DNA Science and molecular biology beyond the school curriculum by the establishment of “Master Classes” in school vacation periods and at weekends using the GTAC facilities.

The GTAC (right) has already developed strong links with other like-minded organisations, in Australia and overseas, to conduct scientific research and to facilitate informed debate about the ethical and societal issues raised by applications in biotechnology. This promises to build on and consolidate Australia’s international reputation as a world-leader in areas of scientific research.



EDUCATIONAL AND VOCATIONAL TRAINING

Effecting change by developing Aboriginal skills

Indigenous Enterprise Partnerships

IEP BREAKTHROUGH ENTERPRISES

FUNDING:
\$750,000 OVER THREE YEARS

Aboriginal communities across Australia face many difficulties, with health, social and economic deficiencies having led to long-term cultural decline and a heavy reliance on government assistance for basic support.

Indigenous Enterprise Partnerships, established in 1999, is actively working with indigenous communities in northern Queensland to provide them with skilled resources and training so they can develop their financial capabilities and, over time, become economically self-sufficient.

Colonial Foundation is highly supportive of the work and achievements of IEP, and has provided a three-year grant of \$750,000 to fund the organisation's operational costs so IEP can manage its extensive activity and partner networks.

Through a pilot program in the Cape York region, IEP essentially aims to rebuild the indigenous economy, refresh indigenous leadership, renew health and improve lifestyle, and create a self-managing indigenous community. Based on the outcomes of the Cape York pilot, IEP will create a template that can be applied in other indigenous communities around Australia.

IEP has consolidated new partnerships, started a comprehensive review and continued to undertake core work. It was a finalist in the 2004 Prime Minister's Award for Business Partnerships, reflecting the growing recognition and impact of its work.

IEP's assisted projects are categorised into the areas of business and economic development, social development, and capacity building. Since 2000, IEP has assisted more than 80 Aboriginal projects, which has included helping to build businesses and provide business skills training.

IEP's overall level of indigenous engagement has increased significantly since 2001, from involvement with people and groups in three communities and two regional organisations to 16 communities and four regional organisations in 2003.

In addition, its number of enterprise partners has increased from two to eight as a result of links with companies such as Westpac, which provides bank secondees to work with communities on family income management and business projects, and the Body Shop, which conducts enterprise workshops.

IEP assisted projects have established six businesses, involving about 40 people across 14 communities, with a further 14 existing businesses assisted, and more than 20 businesses currently in incubation.

The projects under way have also helped create intangible benefits, with 75% of participants improving their commercial literacy and increasing their motivation to participate in business and employment. About two-thirds have cited improved skills and education and training opportunities, along with plans to increase their personal development.

With a growing coalition of professional partners that bring different expertise, IEP is steadily gaining ground in reducing the cash economy that is fuelling alcohol addiction in indigenous communities, with individuals now diverting their funds into basic living expenses and for the purchase of general household goods.

Breakthrough projects IEP has assisted

Balkanu Business Unit and Hubs	Establishment of a network of remote business facilitation centres
Cape York Digital Network	Providing video conferencing and broadband internet access
Cape York Youth Network	Empowering youth through leadership programs
Boys From The Bush	A crime and substance abuse reduction program
Family Income Management	Providing savings toward family and business goals
Venture Capital Fund	Access to capital for indigenous business investment
Project management and business advice	For major regional and economic projects



EDUCATIONAL AND VOCATIONAL TRAINING

Improving links between youth and Victoria Police

Blue Light

DERBY HILL BLUE LIGHT YOUTH CAMP

FUNDING:
\$14,130

For more than a decade, the Derby Hill Blue Light Youth Camp at Maldon, north-west of Melbourne, has been playing an important role in building better relationships between youth and the Victoria Police.

Established as a youth camp facility in 1990, Derby Hill is part of the Blue Light operations of Victoria Police's proactive strategy to provide children of primary school age with a greater understanding of police work in an environment that offers interesting and stimulating activities. It is unique in Australia as the only camp in which police play a major role.

Derby Hill aims to build stronger relationships between Victorian youth and the police force, to improve children's self esteem and interpersonal skills by developing their participation in activities on a team level, and to encourage self sufficiency.

Responding to Derby Hill's need to upgrade the facilities on its site, Colonial Foundation provided a \$26,000 grant in the 2001-02 financial year for the completion of Derby Hill's "long room" – a combined dining and games room – to assist the group in providing meeting and educational facilities for the camp's participants. An additional grant of \$14,200 was provided in the 2003-04 year for Derby Hill to add a veranda to the facility, and to lay bitumen across the area underneath.

Run as a youth camp, school groups are brought to the site during weekdays, and during school holidays members of the Victoria Police use the camp to take young offenders or at-risk youth from their local area to the camp. Derby Hill targets a range of ages through primary schools, including Prep and Grade 1 camps for children in the local Bendigo area, extending through to students in Grades 5 and 6.

Since opening, more than 800 schools have used the camp site and it is close to having its 40,000th child through the facility. It is completely booked out until the end of 2007.



EDUCATIONAL AND VOCATIONAL TRAINING

Solving the Jigsaw: Changing the culture of violence

Emergency Accommodation and Support Enterprise

SOLVING THE JIGSAW PROGRAM

**FUNDING:
\$220,985 OVER THREE YEARS**

Research has shown that the effects of domestic violence on children is far reaching, often leading to anti-social behaviour such as bullying.

Solving the Jigsaw is a school-based program pioneered by Bendigo's Emergency Accommodation and Support Enterprise that seeks to change the culture of violence among children and instead build a culture of wellbeing. Its program supports and develops the capacity of schools to actively promote and nurture the emotional intelligence, health and wellbeing of children and young people.

Colonial Foundation believes that work in this area is an important step in understanding the connections between the culture of violence, the culture of bullying and the culture of domestic violence. The EASE program works collaboratively with schools, forming long-term partnerships to provide early intervention and prevention programs targeted at improving resilience, belonging and connectedness. It does this through the classroom, targeted group and individual work, professional development, facilitator training and school policy development.

The Solving the Jigsaw program was piloted in 1997 with two schools and has since been expanded to more than 40 schools, running 128 programs of 20 weeks each. A trained facilitator works with the classroom teacher and allows students to explore their personal qualities, develop trust and take on more challenging issues such as bullying and violence, loss and grief, anger, alcohol and other drugs, tolerance and wellbeing.

In schools participating in Solving the Jigsaw, the program is part of the curriculum and is an additional support to work already being undertaken. Solving the Jigsaw also runs parenting programs, experiential workshops, professional development days for teachers, a 12-month facilitator training course and information sessions for parents and schools.

Because of its preventative focus, the program is unlikely to receive ongoing funding from government other than ancillary funding through the schools. It has the potential through its facilitation training of teachers to substantially reduce the costs to EASE in the longer term. This will also ensure key elements of the program become embedded in the school curriculum.



EDUCATIONAL AND VOCATIONAL TRAINING

Building resilient young men



Youth Opportunity Program

TYPO STATION

**FUNDING:
\$758,500 OVER SIX YEARS**

Juvenile delinquency involving teenage boys is a serious and, unfortunately, a common issue in society.

Over several years, Colonial Foundation has provided funding to the Youth Opportunity Program at Typo Station in Victoria, a unique early intervention program that aims to assist 14-17 year old males experiencing difficulties at school and home to become successful adults.

Founded in 1993, Typo Station operates a life skills and alternate education program for young men who have clinical levels of delinquent behaviours. These young people are experiencing difficulties at school and/or home and are struggling with low self esteem, poor social competence and limited coping strategies.

Over a two-year period, young people are able to participate in a range of programs on the Typo Station bush property located in north-east Victoria. The program has been designed as a stepping stone into continued education, training and employment at a crucial time in their lives. It is challenging within a supportive team environment, providing a diverse range of experiences designed to encourage participants to take greater responsibility for their lives.

Managed by a team of full-time youth workers and volunteers, Typo Station runs up to five programs a year, with about 15 boys taken into each program.

The personal development aspects of the program are integrated into everyday life at Typo Station. New ways of dealing with situations and relating to others are road tested, making their application to life after Typo Station more a reality than a hope.

Participants undergo an initial five-week residential experience as well as week long follow-up programs based at Typo Station over the course of the next two years. The follow-up experiences are designed to further challenge young people through areas like community service, market enterprise, building projects and relationships. A mentoring program plays an integral role in the ongoing support of young people, their families and schools.

The residential components of the program involve practical initiatives like blacksmithing, bushwalking and other outdoor activities, building and restoration, catering, furniture making, work experience, community service, a music program, vocational training, business skills and a Koori cultural program.

The activities provide effective vehicles for addressing issues involving anger expression and aggression management, effective communication, conflict resolution and relationships. Typo Station collaborates with schools, youth agencies, the family and community to ensure individual plans and effective support structures are in place for each graduate.



THE ARTS AND CULTURAL ACTIVITIES

Supporting the arts and Australian culture

The Art Gallery of New South Wales

ARCHIBALD, WYNNE & SULMAN PRIZES

FUNDING:
\$718,000 OVER FIVE YEARS

Since its establishment in 1997, Colonial Foundation has recognised the importance of support for the Australian arts in terms of inspiring and encouraging creativity, promoting our cultural diversity and bringing enjoyment to many thousands of people on an ongoing basis.

Through its relationship with the Art Gallery of New South Wales, Colonial Foundation has been a principal financial supporter of Australia's oldest and most prestigious award, the annual Archibald Prize as well as the annual Wynne & Sulman Prizes.

First awarded in 1921, the Archibald is awarded for the best portrait of a man or woman who is distinguished in the arts, science, business, politics or elsewhere in the Australian community.

The Wynne Prize is awarded for landscape painting or figure sculpture, and the Sulman Prize for subject/genre painting and/or mural work.

Jules Francois Archibald was the founding editor of *The Bulletin* magazine. When he died in 1919, he left in his will a fund for the endowment of an annual portrait prize, to be judged by the trustees of the Art Gallery of New South Wales. Archibald's primary aims were to foster portraiture, support artists and perpetuate the memory of great Australians.

Since its inception, the Archibald prize has been awarded to some of Australia's most important artists, including George Lambert, William Dobell and Brett Whiteley. The subjects of the Archibald winners have often been equally celebrated in their own fields – Banjo Patterson, Margaret Olley, Patrick White and Paul Keating.

"No other art prize in this country comes close to challenging its position as a genuinely national event, and no other art prize has managed not only to survive, but to flourish with such implausible flamboyance over seventy five years," says Edmund Capon, Director of the Art Gallery of New South Wales.

In 2004, the Gallery received 2480 works across the different competitions, with 732 entries for the Archibald, resulting in 40 finalists. The winner of the 2004 Archibald Prize was Craig Ruddy (right) for his work "David Gulpilil, two worlds".

The 2004 Sulman Prize was awarded to Allan Mitelman for an untitled work, and the 2004 Wynne Prize was awarded to George Ward Tjungurrayi, also for an untitled work.

An important part of Colonial Foundation's funding is to enable the different exhibitions to tour to regional centres in New South Wales such as Broken Hill, Orange, Grafton and Gosford, and to the Victorian Arts Centre in Melbourne.



THE ARTS AND CULTURAL ACTIVITIES

Creating a showcase for Australian flora



Royal Botanic Gardens' Australian Garden at Cranbourne

FUNDING: \$2.1 MILLION OVER TWO YEARS

In 2002, an opportunity was presented to Colonial Foundation to participate in the funding of an ambitious and innovative project to be undertaken by the Royal Botanic Gardens to create a large-scale Australian Garden within the existing Royal Botanic Gardens at Cranbourne in Melbourne's south-east. Colonial Foundation provided a two-year grant for construction costs, totalling \$2.1 million.

The Australian Garden will be the only one of its kind in the world, designed to highlight the contribution of Australia's flora to the nation. The Australian Garden is one of the most significant projects of the Royal Botanic Gardens and in size is nearly two-thirds the size of the gardens in South Yarra.

It is hoped the Australian Garden will become a source of great pride and lasting community benefit where visitors can learn the importance of biodiversity and celebrate Australia's plants and landscapes. The Australian Garden will be an excellent educational resource as well as a botanical research facility, enabling a better understanding of issues such as weed control and the preservation of endangered species.

The propagation of many of the plants on display has been breaking new ground in terms of the cultivation of species. The garden will have some 100,000 plants representing 1000 species, including almost 2000 advanced trees of up to three metres tall.

The use of advanced computer modelling of the surface and groundwater systems at Cranbourne will ensure that sensitive local ecosystems are not adversely affected by the construction or operation of the Australian Garden.

Colonial Foundation's funding, when added to substantial Victorian Government funding and grants and donations from others, has enabled plans for a first stage of the Garden to be undertaken. This stage, covering some 11 hectares, includes the construction and landscaping of the exhibition gardens and walkways and a visitor centre that houses display galleries, a retail area, an indoor/outdoor café and an entry garden that takes visitors down a stepped and ramped deckscape into the Australian Garden.

This first stage of the Australian Garden is expected to be open to the community in 2005.

MIGRANT COMMUNITY WELFARE

Supporting asylum seekers in Australia



Asylum Seeker Resource Centre

BULA BULA HEALTH CARE CENTRE

FUNDING:
\$90,000 OVER THREE YEARS

Asylum seekers in the community, and those recently released from detention, are left to fend for themselves with minimal and often no support. The issues they confront are many: homelessness, health problems, depression and post-traumatic stress, language barriers, isolation, and poor knowledge of their legal rights.

Currently, many asylum seekers are excluded from access to essential social services including English lessons, Medicare and the right to work. A handful of organisations, including the Asylum Seeker Resource Centre have endeavoured to provide services such as housing, counselling, legal service, advocacy and emergency relief. However, services are limited and waiting periods extensive, sometimes requiring asylum seekers to wait as long as 10 months to access a service.

Recognising the particular need to assist asylum seekers with adequate health services, Colonial Foundation provided a three-year grant to fund the position of a part-time health care co-ordinator for the Asylum Seeker Resource Centre's Bula Bula Health Care Centre in Melbourne. Bula Bula provides free medical care, prescription drugs and non-prescription drugs to asylum seekers in need.

The Bula Bula Health Care Centre was originally set up to address the health needs of asylum seekers living in the community on bridging visas or temporary protection visas. Depending on the type of visa they hold an asylum seeker will have limited or no access to Social Security Benefits, work rights or Medicare. With no Medicare card and a lack of private means, they have no access to general practitioners, hospitals, ambulance, pharmaceuticals or allied health services.

Funding assistance has enabled the Centre to expand its operating times from three times per week to daily and to improve services overall. The Centre is staffed by health care professionals including general and specialist medical practitioners all of whom are volunteers. The role of the part-time co-ordinator includes co-ordination of more than 100 volunteer health care professionals and management of administration, appointments and referrals.

Asylum Seeker Resource Centre is currently assisting more than 2000 asylum seekers, offering 25 different services and has more than 250 volunteers.

Grants Program

In addition to providing funding to selected projects and initiatives within priority areas, the Foundation has established a Grants Program to respond to applications for funds. It is this Grants Program to which these Guidelines for Grants apply.

Generally, individual grants of up to \$100,000 in any one year are envisaged by this Program. However, submissions for larger grants will be considered.

For the 2004-05 year, the Foundation has fully committed its available funds for the Grants Program. New applications are not being accepted. Potential applicants should monitor the website (www.colonialfoundation.org.au) and, when grant making resumes, details about the next closing date for submissions will be shown.

EXCLUSIONS

In general, Colonial Foundation will not support:

- areas considered to be the direct responsibility of government
- general fund raising projects or appeals
- travel, study or conferences (unless incidental to a project being funded)
- individuals
- other foundations, trusts and philanthropic organisations to fund their general objectives
- intermediate fund raising agencies

- general maintenance or overhead expenses (unless a part of a specific project)
- mainstream school-based educational work
- funding deficits

The Foundation will not fund political activities and, for the time being, has decided not to fund religious bodies for religious purposes.

Whilst not usually a priority for funding, capital works or building appeals may be considered.

As the Foundation has made substantial grants in certain areas, it wishes to channel its available funds in other directions. It is unlikely that further grants will be made in the short to medium term for laboratory based basic research, for programs addressing mental health issues, or for programs addressing the needs of young people with complex problems.

OTHER RELEVANT FACTORS

Longer-term projects

The Foundation recognises that many projects need to be for a substantial term if they are to succeed. Where support for the project is needed over a number of years, details of the amounts required and other likely sources of funding should be provided in the application.

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.

Community ownership and participation in projects or programs greatly increases effectiveness.

Skill base

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

Operational Guidelines

FUNDING PERIOD

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

As mentioned earlier, new grants are not being considered or made in the 2004-05 year.

Retrospective grants are not made.

All applicants will be advised of the decision of the Board.

Funding periods for longer than one year will be considered by the Directors. 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.

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.

REPORTING

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.

CHANGES TO POLICY AND GUIDELINES

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

Requirements for Applications

There are no standard application forms. However, 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:

- applications must be submitted in writing. At this stage, on-line applications cannot be considered.
- applications should not exceed four typed pages.
- applicants may be requested to supply further detail.

Applicants should 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.

In addition to the four typed pages, the following should be included for the applicant:

- A copy of its Constitution including Objectives/Statement of Purposes.
- A copy of the 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 an income tax-exempt charity.
- A suggested format for reporting on the progress and conclusion of the project. 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, 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.

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 page 38 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 Mr Andrew Brookes. He is selected by the Board and is subject to annual performance reviews. He 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 39 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 may, on behalf of the Board, make grants to organisations that meet the requirements of the Foundation up to a total maximum amount determined by the Board from time-to-time.

The membership of the Committee is:

Chairman: Sir Ninian Stephen
Mr DS Adam
Mr APJ Kelly
Professor PS Kincaid-Smith
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 2003-04 due to the level of commitments to various long-term 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.

The membership of the Committee is:

Chairman: Mr DS Adam
Mr G Brooke
Professor RR Officer
Mr PJ Smedley
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: Sir Ninian Stephen
Mr DS Adam

The Committee meets as necessary.

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:

Sir Ninian Stephen is a Patron of Indigenous Enterprise Partnerships, a grant recipient.

Mr DS Adam is Chairman of The Royal Botanic Gardens Board (Victoria), a grant recipient.

Professor PS Kincaid-Smith is participating in an international review of the pathology of kidneys in Aboriginal populations. This review involves looking at some of the work performed by Dr Wendy Hoy, a grant recipient through the University of Queensland.

Professor RR Officer is Chairman of Acorn Capital Limited. 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 vote on any matter where they have a conflict of interest.

Auditors

The Auditor of Colonial Foundation Limited and Colonial Foundation Trust is McInnes, Graham & Gibbs. During the year the firm did not provide any other services to the Trust.

KPMG has been the Trust's auditor in prior years, but due to the other services provided by the firm, KPMG was replaced as auditor by mutual consent.

Managing Business Risk

The Directors monitor the various risks facing the Colonial Foundation Trust and take steps to mitigate and control identified risks. During the year, with the assistance of KPMG, the Directors undertook a Risk Review. Various actions were implemented as a result of the review.

The Directors conducted a fraud risk assessment during the year.

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.

Colonial Foundation Limited Board Of Directors

Colonial Foundation Limited's Directors at June 30, 2004 were:

CHAIRMAN

Sir Ninian Stephen – KG, AK, GCMG, GCVO, KBE, PC, Commandeur de la Legion d'Honneur, Hon. Doctorates (Melbourne, Sydney, Griffith Universities and University of Western Australia), Hon. Master, Gray's Inn, London

Born in the United Kingdom on June 15, 1923. Educated in the United Kingdom, Switzerland and Australia. War Service 1941 – 1946 Australian Army.

Admitted to practise in Victoria as a Barrister and Solicitor in 1949 after studies at University of Melbourne; LLB (Melbourne) 1950.

Practised as a Solicitor, 1949-52 and from 1952 as a Barrister. He was appointed as a Queen's Counsel in 1966. In 1970 he was appointed to the Victorian Supreme Court bench and in March 1972 he was appointed a Justice of the High Court of Australia. He was sworn of the Privy Council in 1979 and sat as a member of its Judicial Committee. Retired from the High Court of Australia in 1982 when senior puisne justice to take up appointment as Governor-General of Australia, which office he held until 1989.

DEPUTY CHAIRMAN

Mr David S Adam – LLB (Hons.)

David Adam was educated in Melbourne and graduated in 1952

with a Bachelor of Laws (Hons.) from Melbourne University.

He practiced 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 remains Deputy Chairman of Colonial Foundation Limited and Chairman of the Royal Botanic Gardens Board, Melbourne.

Mr Graham Brooke - AM

Until April 2003 Graham Brooke was the Chairman of Health Super Pty Ltd and its predecessor from 1991.

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 Limited, 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.

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.

Mr Peter Kelly, LL.B (Hons.)

Solicitor, former partner in Mallesons Stephen Jaques from 1970-2002, Board Member 1992-2002 and Senior Partner and Deputy Chairman from 1995-2002. Director of St Michael's Grammar School, The Gorman Foundation Limited and Collier Custodian Corporation. Peter Kelly is a member of the Supreme Court Library Investment Committee and a trustee of the Collier Charitable Fund.

Professor Emeritus Priscilla Kincaid-Smith, AC, CBE, MD, Dsc FRACP, FRCPA

Born in Johannesburg, South Africa on October 30, 1926 and educated in South Africa, The United Kingdom and Australia.

In 1975 she was awarded a full professorship, the first woman to achieve this in the University of Melbourne. She became the first woman to be elected President of the Royal Australasian College of Physicians in 1986.

Currently Director of Nephrology, Epworth Hospital and Professor Emeritus, Department of Pathology, The University of Melbourne.

Colonial Foundation Limited – Directors' Attendance at Meetings - July 2003 to June 2004

DIRECTOR	BOARD MEETING		PHILANTHROPY COMMITTEE		INVESTMENT	
	Eligible to Attend	Attended	Eligible to Attend	Attended	Eligible to Attend	Attended
Sir Ninian Stephen	3	2	1	1	-	-
Mr DS Adam	3	3	1	1	4	4
Mr G Brooke	3	3	-	-	4	4
Mr APJ Kelly	3	3	1	1	-	-
Prof. PS Kincaid-Smith	3	2	1	1	-	-
Prof. RR Officer	3	3	-	-	4	4
Mr PJ Smedley	3	3	-	-	4	4

Professor Kincaid-Smith has received numerous awards. These include the Eric Sussman Prize, David Hume Award, Leon Chesley Award, Sir John Upjohn Medal, John Peters Award, Jean Hamburger Award, Australian Achiever Award and 75th Jubilee Medal.

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

Robert Officer is Chairman of Victorian Funds Management, Acorn Capital Limited, Deputy Chairman TGM Limited and on the Board of Victorian WorkCover Authority (and a past chairman). He is also a Trustee of the William Buckland Foundation and was a Board Member of the Bank of Melbourne. Bob was Chairman of the Victorian Commission of Audit and more recently the Chairman of the National Commission of Audit.

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

Bob 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 the Universities of Chicago, Rochester, Stanford and more recently The Wharton School at the University of Pennsylvania.

Bob has published research papers in Australian and overseas journals

covering a number of areas including corporate finance and taxation, share markets, statistics and the regulation/deregulation of business. His current research interests include the behaviour of share rates of return in the light of the imputation tax, the behaviour of foreign exchange rates, portfolio management, theories of regulation and privatisation.

He has consulted to a large number of public, private and government organisations on topics encompassing economics and finance generally. Specific areas include corporate and international finance, valuation and investment appraisal, foreign exchange management, capital markets, industrial organisation, takeovers, and anti-trust.

Mr Peter J Smedley BCom, MBA, FAICD

Peter Smedley is Chairman and an Independent Non-Executive Director of OneSteel Limited and a Director of CARE Australia Limited.

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.

MANAGEMENT

The Executive Officer and Company Secretary is Andrew Brookes BA, ANZIIF (Senior Associate).

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.

REMUNERATION

The Directors are entitled to receive fees but have elected not to take any. An expense allowance of \$1000 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 Tax Exempt Charity and distributes funds to charitable entities. The Trust pays no dividends nor does the Trustee company.

Investment Objectives and Policy

INTRODUCTION

- 1 This Statement is to document the processes formulated by The 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:

- the nature and value of the investments (including their liquidity, marketability and diversity), and the risks associated with them
- the purposes for which the investments are held
- 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
- the term of the investments, and the suitability of this given the purpose for which the investments are held
- 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% pa in excess of price inflation as measured by the Consumer Price Index, over 5 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 4 years.
- To limit the “Poor outcome” nominal return (1 in 20 year or 5% probability event) over a 1 year period to no worse than -9.3%.

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 (eg shares and property) are expected to yield a higher total return over the longer term than defensive assets (eg 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.

5. The Foundation believes the following long-term strategic asset allocation for the Foundation’s assets is consistent with achieving the stated specific investment objectives.
6. The control ranges below reflect the extent to which the Foundation is comfortable for actual aggregate investments to deviate from the strategic asset allocation.

Asset Class	Strategic Asset Allocation %	Control Ranges %
Australian Equities	50.0	47 – 53
International Equities	15.0	12 – 18
Total Equities	65.0	62 – 68
Property (listed)	10.0	7 – 13
Hedge Funds	5.0	2 – 8
Total Growth	80.0	77 – 83
Australian Fixed Interest	10.0	7 – 13
Australian Index Linked	5.0	2 – 8
International Fixed Interest	5.0	2 – 8
Total	100.0	

Trustee's Report

COLONIAL FOUNDATION TRUST

The Trustee presents its report together with the financial report of Colonial Foundation Trust (the "Trust") for the year ended June 30, 2004 and the auditors' 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:

Sir Ninian M. Stephen (Chairman)

Mr David S. Adam (Deputy Chairman)

Mr Graham Brooke

Mr A Peter J. Kelly

Prof Priscilla S. Kincaid-Smith

Prof Robert R. Officer

Mr Peter J. Smedley

2. PRINCIPAL ACTIVITIES

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

3. RESULT

The net profit of the Trust for the year ended June 30, 2004 was \$13,187,592 (2003: \$121,248,720).

4. REVIEW OF OPERATIONS

In the previous financial years the Trust sold its sole investment being shares in the Commonwealth Bank of Australia and used the sale proceeds to invest in a number of funds managed by different fund managers. This process was completed in five tranches during the year.

The Trust has wound up its investment in the issued share capital of TFC Pty Ltd, a corporate beneficiary of the Trust.

The Colonial Foundation Charitable Trust (the "Charitable Trust") was vested during the year, the balance of funds held by the Charitable Trust, being \$9,414,716, were transferred back to the Trust.

5. DISTRIBUTIONS

No distributions were paid during the year. All philanthropic payments were made by the Charitable Trust prior to it being vested.

6. LIKELY DEVELOPMENTS

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

7. STATE OF AFFAIRS

In the opinion of the Trustee there were no significant changes in the state of affairs of the Trust that occurred during the financial year under review not otherwise disclosed in this report or the financial report.

8. 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, to affect significantly the operations of the Trust, the results of those operations or the state of the affairs of the Trust in subsequent financial years.

9. ROUNDING OF AMOUNTS TO THE NEAREST ONE THOUSAND DOLLARS

The Trust is of a kind referred to in Class Order 98/0100, issued by the Australian Securities & Investments Commission on July 10, 1998, relating to rounding off of amounts and in accordance with that Class Order, amounts in the financial report have been rounded to the nearest one thousand dollars, unless otherwise stated.

Signed in accordance with a resolution of the Directors:



Sir Ninian M. Stephen
Chairman

For and on behalf of the Trustee
Colonial Foundation Limited
459 Collins Street
Melbourne Victoria 3000
September 7, 2004

Statement of Financial Performance

FOR THE YEAR ENDED JUNE 30, 2004

	Note	2004 \$'000	2003 \$'000
Dividends received		-	30,943
Gross proceeds from sale of investments		-	131,924
Movement in net market value of investments	2	6,290	-
Distributions received and reinvested	2	6,484	-
Other revenues		1,113	2,788
Total revenue	2	13,887	165,655
Cost of shares sold		-	43,074
Employee expenses		306	298
Audit and accounting fees	3	122	163
Location and distribution expenses		2	276
Legal and consulting expenses		141	465
Rent and rental outgoings		65	53
Other expenses from ordinary activities		64	67
Profit from ordinary activities before income tax expense		13,187	121,259
Income tax expense relating to ordinary activities		-	-
Net Profit		13,187	121,259

The above statement of financial performance should be read in conjunction with the accompanying notes.

Statement of Financial Position

FOR THE YEAR ENDED JUNE 30, 2004

	Note	2004 \$'000	2003 \$'000
Current assets			
Cash	4	8,669	11,273
Other	5	535	1,715
Investments	7	133,670	120,730
Total current assets		142,874	133,718
Non-current assets			
Property, plant and equipment	6	46	62
Rental bond on 459 Collins Street		12	12
Total non-current assets		58	74
Total assets		142,932	133,792
Current liabilities			
Accounts payable	8	84	1,891
Provisions	9	23	11,682
Total current liabilities		107	13,573
Total liabilities		107	13,573
Net assets		142,825	120,219
Trust funds			
Trust funds	10	142,825	120,219
Total trust funds		142,825	120,219

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

Statement of Cash Flows

FOR THE YEAR ENDED JUNE 30, 2004

	Note	2004 \$'000	2003 \$'000
Cash flows from operating activities			
Dividends Received		-	8,448
Imputation credits refunded		1,667	-
Member location costs		(2)	(484)
Interest received		627	1,195
Cash payments in the course of operations		(853)	(1,002)
Net cash provided by operating activities	11	1,439	8,157
Cash flows from investing activities			
Loans (to) related parties		(4,046)	(2,974)
Proceeds on sale of investments		-	131,924
Net purchase of units in managed funds		-	(120,730)
Purchase of fixed assets		(1)	-
Net cash provided by/(used in) investing activities		(4,047)	8,220
Cash flows from financing activities			
Distributions paid		4	(24,948)
Net cash (used in) financing activities		4	(24,948)
Net increase/(decrease) in cash held		6,527	(8,571)
Cash at the beginning of the financial year		11,273	19,844
Cash at the end of the financial year		8,669	11,273

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

Notes to the Financial Statements

FOR THE YEAR ENDED JUNE 30, 2004

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in preparing the financial report of Colonial Foundation Trust are stated to assist in a general understanding of this financial report.

(a) Basis of preparation

The financial report of the Trust has been drawn up in accordance with the Trust Deed (as amended), Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board and Urgent Issues Group Consensus Views. It has been prepared on the basis of historical costs except for investments as stated below.

The Directors of the Trustee, Colonial Foundation Limited, are of the view that the Trust is not a reporting entity. The financial report has been prepared as a special purpose financial report. In the opinion of the Trustee, the accounting standards applied in the preparation of this financial report are appropriate to meet the needs of the members, and comply with all accounting standards applicable to general purpose financial reports, except for:

- AASB 1005 “Financial Reporting by Segments”;
- AASB 1017 “Related Party Disclosures” as no details in relation to transactions with related parties have been reported;

- AASB 1024 “Consolidated Accounts” as consolidated financial statements have not been presented;

- AASB 1033 “Presentation and Disclosure of Financial Instruments” as disclosures under this standard have not been made; and

- AASB 1041 “Revaluation of Non Current Assets” as a reconciliation of the carrying amount of each class of property, plant and equipment have not been reported.

The accounting policies applied are consistent with those of the previous financial year.

(b) Revenue recognition

Interest income is recognised as it accrues unless collectibility is in doubt. Distributions are brought to account in the statement of financial performance when they are declared.

(c) Investments

Investments are included in the statement of financial position at net market value as at balance date and movements in the net market value are recognised in the statement of financial performance in the period in which they occur. The net market values of units in unit trusts and managed funds are valued by reference to the stated redemption value at balance date.

(d) Taxation

The Australian Taxation Office has endorsed the Colonial Foundation Trust as an income tax exempt charity.

(e) Accounts payable

Liabilities are recognised for amounts to be paid in the future for services, whether or not billed to the Trust.

(f) Cash

For purposes of the statement of cash flows, cash includes deposits at call which are readily convertible to cash on hand and are subject to an insignificant risk of changes in value, net of outstanding bank overdrafts.

(g) Comparative information

Where necessary, comparative information has been reclassified to achieve consistency in disclosure with current financial year amounts and other disclosures.

Notes to the Financial Statements

FOR THE YEAR ENDED JUNE 30, 2004

2. OPERATING REVENUE

	2004 \$'000	2003 \$'000
Dividends	-	30,943
Interest: other parties	616	1,120
Gross proceeds on sale of investments	-	131,924
Distribution received and reinvested	6,484	
Movement in net market value of investments	6,290	
Other income	497	1,668
	13,887	165,655

3. AUDITORS' REMUNERATION

	2004 \$'000	2003 \$'000
Audit services: auditors of the Trust	10	8
Other services: auditors of the Trust	-	155
	10	163

4. CASH ASSETS

	2004 \$'000	2003 \$'000
Cash at bank	465	2,142
Discount securities	8,204	9,131
	8,669	11,273

5. OTHER CURRENT ASSETS

	2004 \$'000	2003 \$'000
Prepaid expenses	-	5
Sundry debtors	19	12
Accrued interest	20	31
Imputation credits refundable	496	1,667
	535	1,715

Notes to the Financial Statements

FOR THE YEAR ENDED JUNE 30, 2004

6. PROPERTY, PLANT AND EQUIPMENT

	2004 \$'000	2003 \$'000
Plant and equipment – at cost	82	81
Accumulated depreciation	(36)	(19)
	46	62

7. INVESTMENTS

	2004 \$'000	2003 \$'000
Current		
Investments, at market value	133,670	120,730
	133,670	120,730

8. ACCOUNTS PAYABLE

	2004 \$'000	2003 \$'000
Current		
Creditors and accruals - related parties	-	1,801
Creditors and accruals - other parties	84	90
	84	1,891

9. PROVISIONS

	2004 \$'000	2003 \$'000
Current		
Distributions payable	-	11,660
Annual leave	23	22
	23	11,682

Notes to the Financial Statements

FOR THE YEAR ENDED JUNE 30, 2004

10. TRUST FUNDS

	2004 \$'000	2003 \$'000
Movements during the financial year:		
Balance at the beginning of the financial year	120,219	52,448
<i>less:</i> Shares and options transferred to confirmed members	-	(27,163)
<i>add:</i> Net profit for the financial year	13,187	121,259
<i>less:</i> Distributions paid to confirmed members	4	(233)
<i>less:</i> Distributions paid to CBA	-	(14,432)
<i>less:</i> Distributions paid or payable to Charitable Trust	-	(11,660)
<i>add:</i> Retained earnings transferred from Charitable Trust	9,415	-
Balance at the end of the financial year	142,825	120,219

11. RECONCILIATION OF NET PROFIT TO NET CASH PROVIDED BY OPERATING ACTIVITIES

	2004 \$'000	2003 \$'000
Net profit	13,187	121,259
Add/(less) non-cash items:		
Gross profit on sale of investments	-	(88,851)
Dividend from TFC Pty Ltd	-	(22,494)
Depreciation	17	16
Unrealised movement in investments & distributions reinvested	(12,775)	-
Management fees	(165)	-
Net cash (used in)/provided by operating activities before changes in assets and liabilities	264	9,930
Changes in assets and liabilities during the financial year:		
Decrease/(Increase) in Other Assets	1,180	(1,463)
(Decrease)/Increase in Accounts Payable	(6)	(321)
(Decrease)/Increase in Provisions	1	11
Net cash provided by operating activities	1,439	8,157

12. 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 the affairs of the Trust in subsequent financial years.

Trustees Declaration

COLONIAL FOUNDATION TRUST

1. In the opinion of the Trustee of Colonial Foundation Trust:
 - (a) the financial statements and notes set out on pages 43 to 49 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 June 30, 2004 and the state of affairs at June 30, 2004 of the Trust;
 - (b) the Trust has operated during the year ended June 30, 2004 in accordance with the provisions of the Trust Deed dated September 20, 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 1(a) to the financial statements.
2. The financial statements and notes have been made out in accordance with Accounting Standards, the Trust Deed dated September 20, 1996, as amended, and Urgent Issues Group Consensus Views, to the extent described in Note 1(a) to the financial statements.



Sir Ninian M. Stephen
Chairman

For and on behalf of the Trustee

Colonial Foundation Limited
ACN 075 441 815
459 Collins Street
Melbourne Victoria 3000

September 7, 2004

Report of the Auditors

FOR THE YEAR ENDED JUNE 30, 2004

McINNES, GRAHAM & GIBBS

CHARTERED ACCOUNTANTS

10th Floor, Riverside
11th Floor, Riverside
Tower 1, CBE
200 West Street
Sydney NSW 2000

10th Floor, Riverside
Riverside, 11th Floor, Riverside
Tower 1, CBE
200 West Street
Sydney NSW 2000
Phone: (02) 9233 3333
Fax: (02) 9233 3333

Independent audit report to the Trustees of Colonial Foundation Trust

Scope

The financial report and Trustee's responsibility

The special purpose financial report comprises the Statement of Financial Position, Statement of Financial Performance, accompanying notes to the financial statements, and the Trustee's Declaration for Colonial Foundation Trust ("the Trust"), for the year ended 30 June 2004. The Trustees are responsible for the preparation and true and fair presentation of the special purpose financial report and have determined that the accounting policies used and described in Note 1 to the financial statements are appropriate to meet the requirements of the Trust Deed. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the special purpose financial report.

Audit approach

We conducted an independent audit in order to express an opinion to the Trustees of the Trust. Our audit was conducted in accordance with Australian Auditing and Assurance Standards in order to provide reasonable assurance as to whether the special purpose financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal controls, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to assess whether in all material respects the special purpose financial report presents fairly, in accordance with Accounting Standards and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the Trust's financial position, and of its performance as represented by the results of its operations. No opinion is expressed as to whether or not the accounting policies used, and described in Note 1, are appropriate to the needs of the users of the special purpose financial report.

We formed our audit opinion on the basis of these procedures, which included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the special purpose financial report, and
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the Trustees.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls. Our audit did not involve an analysis of the prudence of business decisions made by Trustees or management.

Independence

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements.

Audit Opinion

In our opinion, the special purpose financial report of Colonial Foundation Trust presents fairly, in accordance with the accounting policies described in Note 1 to the financial statements, the financial position of the Trust as at 30 June 2004 and its performance and cash flows for the year then ended.

McInnes, Graham & Gibbs

McInnes, Graham & Gibbs
Chartered Accountants

10 September 2004

Simon C. Trivett
Simon C. Trivett
Partner

Acknowledgements

PROFESSIONAL SERVICES

Accountant

Mr Stuart Rose
KPMG

Auditors

McInnes, Graham & Gibbs

Internal Auditor

Mr Darren Scammell
KPMG

Investment Advisers

Watson Wyatt Australia Pty Ltd

Legal Advisers

Mr Chris Beeny
Maddocks
Mr John Emerson
Freehills

Membership of Industry Association

Philanthropy Australia

Philanthropic Consultant

Mr WS Couche

Report Co-ordination and Content

Mr Tony Kaye, Corporate Image
Communications Pty Ltd.

Report Layout & Design

Dunham Bremmer Australia

Printing

Dunham Bremmer Australia

Website Design & Hosting

Dunham Bremmer Australia

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Images

Thank you to the organisations who contributed images and graphics for our feature articles.

Applications

Applications are not being considered or accepted during the 2004-05 financial year. Potential applicants may wish to monitor the website to determine when applications will again be accepted.

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