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# THE CAMBRIDGE AUSTRALIA TRUST ANNUAL REPORT 2008

The Australian Committee of the Cambridge Commonwealth Trust

Patron: Professor Anthony Low AO FAHA FASSA FRHistS  
Chairman: Dr Simon Longstaff  
Secretary: Professor Nicolas Peterson FASSA  
Treasurer: Professor Allan Barton FASSA FCPA

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## CHAIRMAN'S REPORT



I suspect that the significance of the past year will only come to be appreciated with the benefit of hindsight; recognised as the point at which the activities of the Cambridge Australia Trust were put onto a new footing. I will outline the likely changes below.

However, before doing so, it may be worth tracking some of the issues that have prompted the need for some modest reform. First, the Trust has had a long term ambition to create and support an online 'portal' that can connect Australians associated with Cambridge University. It is important to note here that CAT has always intended that its investment in core infrastructure would benefit more than its immediate constituents – scholars and donors. Rather, we had hoped that the new portal could assist the Cambridge Societies in Australia to maintain up-to-date records and where possible, to automate communication with their members – whether online or by more traditional means such as post. Beyond this, the Trust has hoped that the new portal might also

provide an opportunity to connect the wider community of Australians associated with Cambridge – whether at home or abroad. To this end, the CAT has allocated funds and commissioned a process based on consultation with key stakeholders. Our thanks go to Mark Pinoli for the work he has done on this project. Yet, the project has not yet been brought to completion – simply because of some uncertainty about the capacity of the Trust to provide guarantees sought by some in relation to data security, privacy etc. The difficulty in providing these guarantees has not arisen from any disagreement about the principles that ought to apply. Rather, we have had to contend with the simple fact that the CAT has an ambiguous legal structure based on its connection with and reliance on the good offices of its host institution – the Australian National University.

This first issue is connected to a second. The CAT is an exception within the network of organisations that work with the Cambridge Commonwealth Trust (CCT). In all other cases, separate trusts, like the Nehru Trust for Cambridge University, have been established to give form to the activities of the CCT in countries like India. The situation in Australia has been different – partly because of the generosity of the ANU which has provided tax deductibility for donations, funds management and administration services and support for the selection process and partly because of the extremely close personal ties that have existed between the Australian organisation and the principal architect of the CCT, Dr Anil Seal. That partnership has ensured that Australia has enjoyed extraordinary

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support – with the practice being that every dollar raised in Australia has been matched by two from Cambridge. As a result of Anil Seal's efforts, on our behalf, many more Australians have been funded to attend Cambridge than we could ever have afforded to support if left to rely on our own resources. Most regrettably, Dr Seal is due to retire as Executive Director of the CCT before the end of 2008. He will continue to play a role in the international dimension of the CCT's work. However, the formal links between the CCT and CAT will, of necessity, be attenuated. As such, this seems an appropriate time to reinforce the constitutional foundations of the CAT's identity and operations in Australia.

Before moving on to my third point, I would like to take this opportunity to thank Dr Seal for his contribution to Australia through his support for our scholars. Perhaps, one day, the story of Dr Seal's work will be told. Until then, I know that all of my predecessors as Chairman and other members of the Executive – past and present – would share my opinion that we owe Anil a great debt of gratitude. I am hoping that we may be able to honour Dr Seal's contribution when he visits Australia some time following his retirement. Beyond that, we hope that we may find ways in which to maintain Anil's links with the CAT on a continuing basis.

The third reason for wishing to review our constitutional arrangements concerns the need to provide support to the State Committees of the Trust. The history of the Trusts in Australia is one of exemplary work by a handful of volunteers who have performed all roles – representative and administrative. One only need think of the extraordinary dedication of a man like Mike Gregson, in Victoria, to recognise the extent of the contribution made. However, not all State Committees have access to the same level of support. Furthermore, as a new generation of leadership is enrolled, it is almost certain that they will require a greater level of administrative support. Some may not think this ideal; however, it is the reality we must face if we are going to maintain and develop the Trust in Australia. The new online portal is one tool for supporting people in their administrative tasks. However, I also

foresee a time when the scope of work performed by an executive officer will have to expand to include the provision of administrative support for rejuvenated State Committees. This adds to the case for review of or constitutional arrangements.

With all of this in mind, we have initiated two strands of activity. The first has involved discussions with the ANU about how best to formalise the arrangements on which the CAT has relied, to its considerable benefit, over the years. A second strand of activity has been led by the Chairman of the Victorian Committee, Dr Richard Dammary, who has been exploring what additional legal steps might be taken to complement those being pursued with the ANU. As such, we aim to employ a 'belt & braces' approach by which we secure maximum benefit, autonomy and flexibility for the CAT now and in the future – without disturbing the benefits we currently enjoy.

In the course of the year, it was my sad duty to accept the resignation of Professor Peter Karmel from his role as Patron of the Trust. From the time that the Trust was established in Australia – critically enjoying his support as Vice Chancellor of the ANU – through to the ten years of service he provided as Patron of the Trust, Professor Karmel played a catalytic role in fostering the conditions for the Trust's growing success.

I am pleased to report that Professor Anthony Low has accepted my invitation to take up the role of Patron. Professor Low is a former Vice Chancellor of the ANU and a keen supporter of the Trust – both when in Cambridge as Smuts Professor of Commonwealth History and since his retirement to live and work in Australia. He is a worthy successor to Professor Karmel and we thank Tony for his agreement to take on the role of Patron of the Trust in Australia.

Of course, while all of this work has been going on, the usual work of the Trust has been underway. Highlights in the year include the creation of two new

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scholarships. Our former Chairman, Mr Charles Allen, has endowed the McCrum Scholarship – the third award that Charles has funded. In addition to this, Professor Jan Anderson has established a scholarship that she hopes will attract the interest of women wishing to study at Newnham College. Our thanks go to Charles and Jan for their generosity.

Thanks to members of the Trust's selection committees. The national selection committee's membership comprises Jan Anderson, Brian Cherry, Andrew Dzurak, Brian Kennett, John Love, Nicolas Peterson and Gillian Russell. They have been joined in their work by a new selection committee, convened in Victoria, Charles Allen, Richard Dammary and George Lefroy to select scholars applying for one year awards. An interesting evolution in practice has been the introduction of an interview at the time of selection – a feature that may have formed part of the selection process for earlier awards.

Finally, I would like to acknowledge the superb support given to the Trust by Liz Walters and my colleagues on the Executive, Professors Allan Barton and Nicolas Peterson. As I have reported in previous years, the bulk of the work done at a national level is done by these three, dedicated people.

Considerable discernment will be required in order to determine how best to take advantage of the opportunities now before the Trust. I am confident that many of those opportunities will have been realised by the time the next Annual Report is drafted.

Simon Longstaff  
Honorary Chairman  
Cambridge Australia Trust  
Dated 27 August 2008

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## **FINANCIAL RESULTS FOR 2008**

Along with all other investment funds, CAT had its worst result ever for 2008. The loss on the portfolio (both income and share price reduction) was negative 24%, which was the market average for balanced portfolios. For comparison, the 2007 performance was +12.9% (compared with the benchmark return of +7.8%). Over the previous 5 years to 2007, the ANU had ranked third in Australia for balanced funds (2008 long term performance data are not yet available).

The key (rounded) figures for 2008 and 2007 are:

	<b>2008</b>	<b>2007</b>
Total cash income	\$1,437,000	\$1,503,000
Total cash expenses	464,000	441,000
Total surplus	<u>\$973,000</u>	<u>\$1,062,000</u>
Cash and deposits	1,365,000	392,000
Long term investments	3,715,000	5,291,000
Total assets	<u>\$5,080,000</u>	<u>\$5,683,000</u>

The CCT invoice for 2008 scholars' expenses of \$574,973 (STG£259,078) was paid in February, thereby reducing the above cash balance.

In view of the catastrophes and uncertainties occurring in financial markets, a defensive investment approach was adopted for the year. All new funds were lodged in money market assets, and when circumstances permitted, existing investment assets were sold. While this approach avoids incurring further capital losses, it does not generate much income at the prevailing low interest rates. 2009 and 2010 will be difficult for the scholarship funds.

Allan Barton  
Honorary Treasurer  
Cambridge Australia Trust  
Dated 28 April 2009