

World Vision of Australia

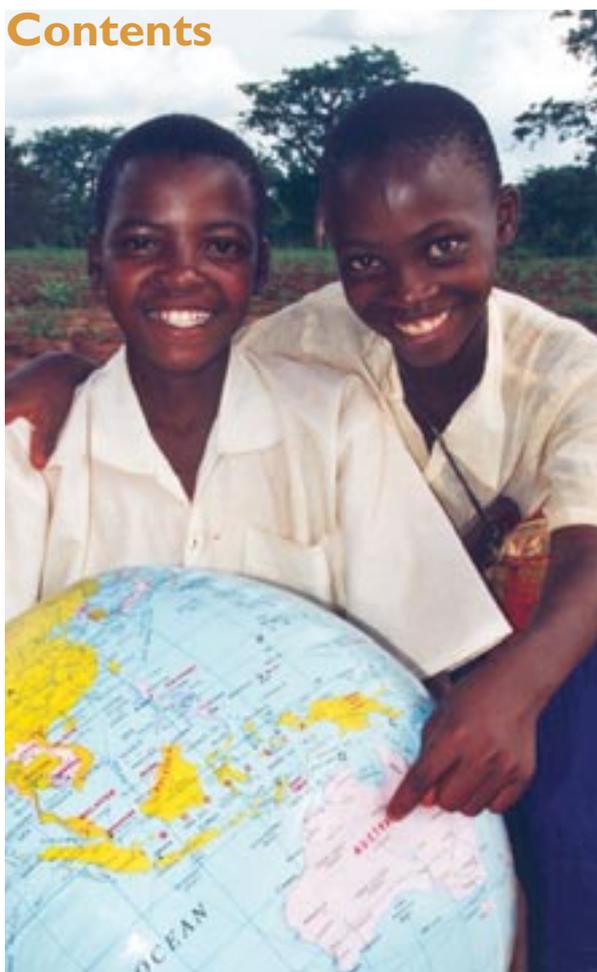
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Annual Review 2004

The world is one big village – children from Tambi School in Tanzania are connected to Australia through World Vision

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The Annual Review has been produced in accordance with the Australian Council for International Development guidelines.

Our vision for every child, life in all its fullness;
Our prayer for every heart, the will to make it so

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Meeting the Challenge

Board Chair Report

We are again thankful that tens of thousands of everyday Australians made the choice to stand against suffering and injustice and become supporters of World Vision's work to bring hope, practical support and fresh opportunities to millions of people living in poverty.

The fact that Australians now sponsor over 322,000 children, an increase of 40,000 over 2003, is testament to the fact that ordinary people can achieve extraordinary things when they choose to. Yet our work is far from over.

We live in a world where 8,000 people die every day as a result of one of the world's biggest global crises – one that in many countries is reversing recent upward trends in life expectancy. This is the crisis of HIV/AIDS.

A world in which a staggering 3,000 children a day are sold or tricked into prostitution, forced labour or armed conflict.

Where two thirds of all people living in extreme poverty do so within our own Asia-Pacific region; living on the equivalent of only \$3 a day.

Meanwhile, families living on the average wage in Australia are amongst the wealthiest 6% in the world. This brings with it a special responsibility, not just to individual Australians, but to our Government, corporations, faith communities and institutions.

A vital role in this challenge falls to our new Chief Executive, Tim Costello, who was welcomed into the organisation in February of 2004. Tim has already done much this year in reshaping the organisation to meet this challenge, as well as strongly presenting it to key decision makers within our society.

I am grateful to the dedicated and talented staff of World Vision for their outstanding efforts this year; to the thousands of volunteers who donated over a million dollars worth of work hours, and to the Board of Directors who selflessly gave their time and expertise to our cause.

Whilst our challenge is great, I continue to thank God for the third of a million Australians who have chosen to walk with us on this journey.



Peter King
Chairman of the Board of Directors



Peter King
Chairman of the
Board of Directors

Highlights

- A 21% increase in the number of people helped, up from 10.4 million last year to 12.6 million
- A 23% increase in donations from the Australian public
- Significant reductions in the proportion of income used for administration and fundraising
- 80% of funds were disbursed to the World Vision Partnership for implementation of field projects.
- The number of children sponsored by Australians grew by 40,000 to 322,000

Brave Choices

Message from the Chief Executive

It is indeed a pleasure to report on a remarkable set of results achieved during 2004.

The number of people being helped through World Vision Australia increased to 12.6 million, up from 10.4 million in 2003. We funded 479 projects in 63 countries, as well as 11 projects aimed at eliminating the scourge of child trafficking.

This work would not have been possible without the wonderful support of our donors. Cash income from private donors increased by \$34 million, or 23%, on last year. When I look at this huge figure, I marvel that it is the sum of thousands of brave choices made by thousands of generous Aussies.

We are also encouraging the Government to be equally generous in its giving to overseas aid which reflects this nation's commitment to a fair go for the world's poor.

Meanwhile, it is pleasing that giving to World Vision by corporate Australia, in cash or kind, increased by 29% in the year. I look forward to more brave choices being made by our business leaders.

Our choice to dedicate a small proportion of our funds towards informing and improving public attitudes towards helping our neighbours is paying dividends. We continue to witness improvements in attitudes towards the effectiveness of aid and the belief that the actions of everyday people can affect the lives of people living in poverty.

This was the aim of our ground-breaking One Big Village website that provides an opportunity for Australians to explore how we are all connected within an enclosed global system, and that something they do or don't do today will affect the lives of people they'll never meet. The site received a quarter of a million visits in the two weeks after its launch in September.

As we move forward, we continue to challenge ourselves. We are committed to improving our financial efficiency, so that the greatest possible proportion of funds given can be used in our relief and development projects, and achieving maximum effectiveness within our programs around the world.

We witnessed significant improvements in these areas during 2004 and look forward to further improvements in the coming year. We are committed to making the brave choices that these goals will demand.



Tim Costello
Chief Executive



Over one million children are trafficked into situations of exploitation and abuse every year. Through World Vision's Child Rescue work, these former street children in Myanmar are less likely to be trafficked because they now have a safe refuge from their dreadful past, and access to counselling, education and vocational training for a better future.



Mwaiwawo, left, is a sponsored child from Malawi. In the past, his region has been ill-equipped to deal with the impact of regular drought. But his mother and father received training from World Vision on the best way to farm in these conditions. This treadle pump, which irrigates his family's vegetable garden, makes the most of the available water.

A Summary of Financial Results

Highlights

World Vision Australia's 2004 financial year continued in the trend of strong income growth and reduced overhead rates, leading to a significant increase in resources to fuel our work around the world. The main highlights included:

- A 21% increase in the number of people helped, up from 10.4 million last year to 12.6 million
- A 23% increase in donations from the Australian public
- Significant reductions in the proportion of income used for administration and fundraising
- 80% of funds were disbursed to the World Vision Partnership for implementation of field projects.
- The number of children sponsored by Australians grew by 40,000 to 322,000

Income

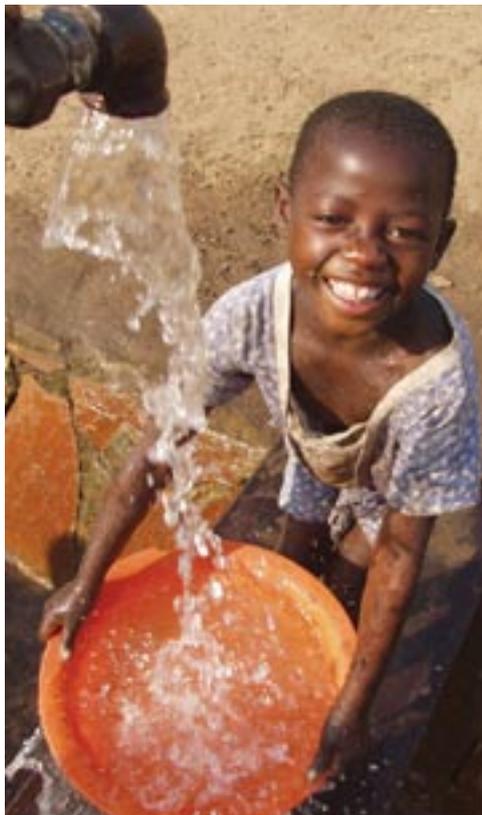
Overall income increased by \$21 million, or 10%, on the previous year:

Donations from the Australian public continued to climb. Donations increased by 23.1% to reach \$180.8 million, whilst donated goods from corporate Australia increased by 27% to \$13 million.

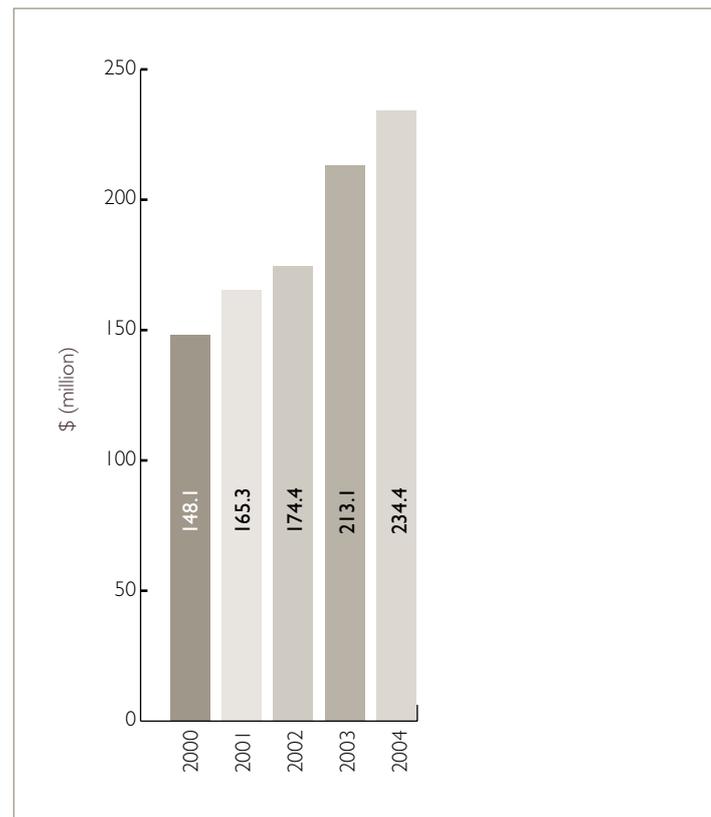
Grants from the Australian Government remained fairly constant whilst donated goods, primarily food aid from international donors, reduced. This was expected, given the previous year's 60% increase in food grants from the UN World Food Programme in response to the southern Africa drought crisis.

No single appeal or other form of fundraising for a designated purpose generated 10% or more of total income for the period of the review.

This little girl lives in Duir in the Democratic Republic of Congo. Through World Vision, the village now has clean water from a borehole for drinking and washing, for the first time ever. Thousands of children like her worldwide can now look forward to a healthier future because they no longer have to rely on unsafe wells or streams for water.



Revenue Continued to Grow

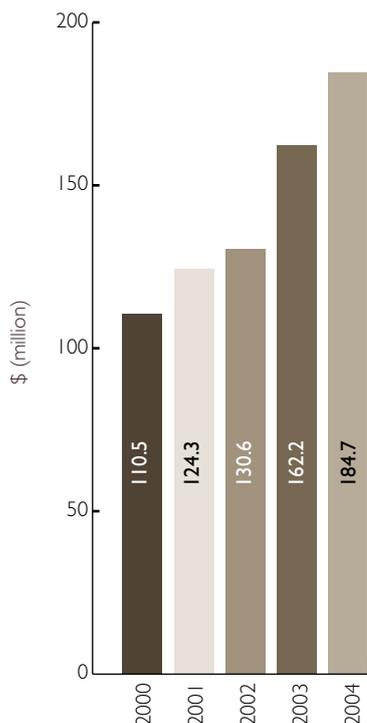


Expenditure

The increase in income has been achieved while reducing the proportion spent on fundraising for the sixth consecutive year. In the 2004 financial year, this stood at 10.8%. Similarly, the proportion of income spent on administration reduced from 9.2% to 8.3% and represented an actual reduction in dollar terms over the 2003 figure.

These efficiency gains were made whilst we continued to invest in a new information system that will be implemented in the 2005 financial year. This will allow us to improve our administration procedures as well as make our fundraising activities more cost-effective. This is a vital initiative that will allow us to replace our current outmoded system that was never designed to cope with the workload associated with a supporter base that has doubled in number since 1997.

Record Cash and Gifts Used Overseas



Helping People

In total, the work we did in the 2004 financial year helped 12.6 million people in their struggle for a better future. This included the expansion of our program to assist remote Indigenous communities here in Australia.

World Vision Australia funded 479 projects in 63 countries and a further 11 projects aimed at eliminating child trafficking.

A notable recognition of the effectiveness of our work was an award won by the Australian funded Huamachuco area development program in Chile, for being the nation's best community-based poverty alleviation program.

Leadership Change

World Vision welcomed Tim Costello in February 2004, replacing Lynn Arnold as Chief Executive. Tim has already made significant contributions in reshaping the organisation to meet our many challenges, as well as strongly presenting World Vision to key decision makers within Australia.

In October 2004, Toby Hall was appointed to the newly created role of Chief Operating Officer.



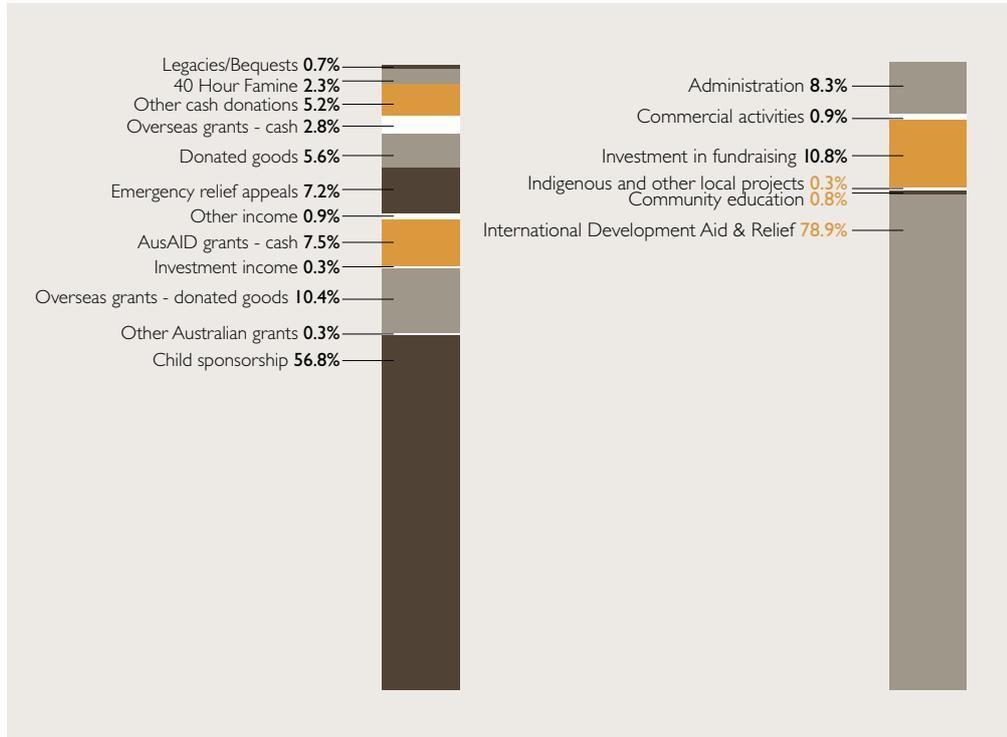
This year World Vision provided its one millionth small loan. Families in developing countries worldwide have benefited from the scheme, which offers low interest loans to start small income-generating businesses. In Cambodia, a loan helped Hong to start a home vegetable garden which is now the family's main source of income.

Highlight

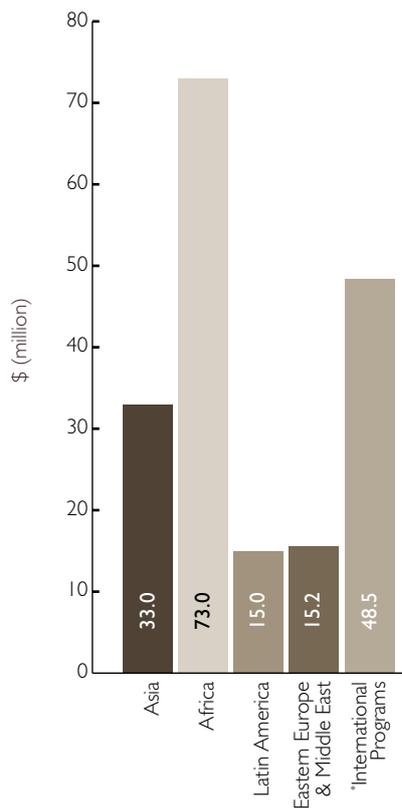
- 80% of income used for charitable purposes.

Total Income \$234,363,111

Disbursements \$234,146,938



International Development Aid and Relief \$184,741,459



*International Programs include funds sent to our central international account to be forwarded to allocated projects in various countries.

More than 12.6 Million People Helped - through World Vision Australia

The generous support of our donors has allowed World Vision to help more than 12.6 million people living in poverty around the world. World Vision funded 479 projects in 63 countries.

PEOPLE HELPED – WHO	
People	
Men	3,193,190
Women	3,167,290
Boys	2,698,330
Girls	2,934,760
Internally Displaced People	618,340
12,611,910	

PEOPLE HELPED – WHERE	
Region	People
Africa	8,308,040
Asia	3,224,460
Latin America	397,380
Middle East/Eastern Europe	680,830
Australia	1,200
12,611,910	

Humanitarian Crisis in Sudan

This year in Sudan, an estimated 1.5 million people were forced to flee their homes, leaving with little more than the clothes they wore.

They headed for the relative safety of overcrowded temporary camps in the Darfur region of Sudan or crossed the border into Chad. With the need for shelter, food, water and medical treatment overwhelming, World Vision launched an emergency appeal to deal with the humanitarian crisis.

A rapid and generous response from Australians to World Vision's Sudan appeal raised over \$2.3 million. These funds are being used to provide an emergency food program as well as medical supplies and mosquito nets. Health programs have been put in place to minimise outbreaks of diseases.

World Vision has joined with the United Nations World Food Program to distribute food, with a focus on feeding the most malnourished children in the camps.

In addition, World Vision has partnered with AusAID to provide prevention of, and response to, malaria and diarrhoeal diseases. Also with AusAID, World Vision is developing a child protection program within the camps to avoid exploitation during this vulnerable time.

For the millions of people affected by this humanitarian crisis, a long-term commitment is required. World Vision has responded by establishing programs that will continue to address the needs of these displaced people well into the future, as this complex situation unfolds.



Highlights

- World Vision funded 479 projects in 63 countries.
- Over 6 million women and girls helped.

World Vision Australia Chief Executive Tim Costello visited the Kalma camp at Darfur in July, where an estimated 80,000 people had sought refuge. He said his visit was harrowing and heartbreaking.

Child Sponsorship - transforming lives

Australians now sponsor over 322,000 children through World Vision. That's an increase of 40,000 sponsored children over the past year.

Mark with Yendy and her mother Dora in Peru



Highlight

- 322,000 children sponsored through World Vision.

The impact of this incredible generosity from the Australian public will be felt well into the future by the children and families who benefit from our sponsorship programs.

In order to see with their own eyes the difference sponsorship makes, 360 Australian sponsors made the journey to visit their sponsored child's community this year. Visitors were greeted with warmth and enthusiasm, and learnt about their sponsored child's culture, personality and day-to-day life.

Mark Towner from Victoria travelled to Cusco in Peru to visit Yendy, who has been sponsored by Mark's family since January 2001. He described the improvements in Yendy's life as fantastic. Mark saw first-hand how, thanks to sponsorship, Yendy's community now had clean drinking water and a sewerage system. She and other children had received immunisation against childhood diseases. Yendy took Mark to visit her school which had been built by members of the community with materials and technical advice provided by World Vision. He also met Yendy's mother, who had attended nutrition and child health workshops. Mark said, "We really appreciate the fact that our sponsorship of Yendy not only benefits her family but also the whole community. When communities work together towards common goals, they can achieve results that last long into the future."

One Big Village Website

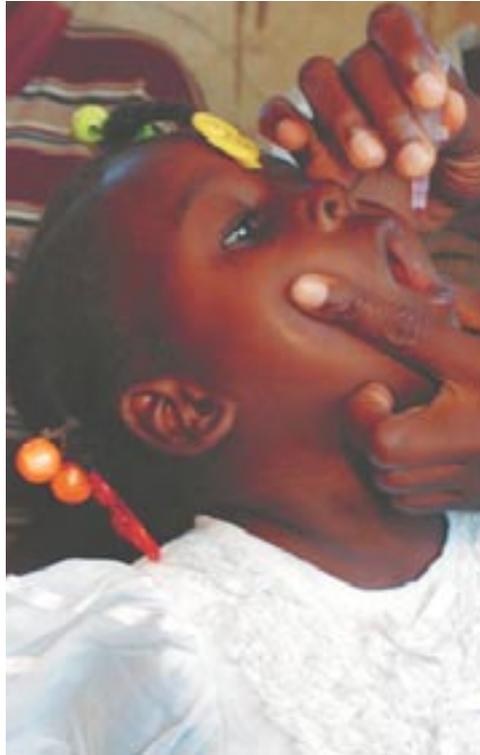
In September, World Vision launched a ground-breaking new website – onebigvillage.com.au.

The website aims to challenge the hearts and minds of the Australian community. It explains how global poverty has something to do with all of us, the personal choices we make, and the world that we want to live in.

This is because we all live, work and enjoy life within a world where everything is dependent on everything else. Fuel consumption in developed nations can affect weather patterns in Ethiopia. A cross in a voting box in one country can make the difference between children working in hazardous conditions or benefiting from education in another.

From dangerous health issues to international debt, from governments to the power of the individual to bring about lasting change, One Big Village explores these connections. Visitors to the site can access videos, case studies, statistics and links to websites worldwide that provide further information on every topic covered.

Encouragingly, within two weeks of the website launch, the site had recorded over 250,000 visits.



A child from Haiti receives a vaccination. Preventable diseases such as polio and whooping cough could be eradicated from poor countries if all children had access to vaccination.

Highlight

- Australia cancelled \$5.4 million of debt owed to it by Nicaragua. These results have been achieved after a long period of pressure by the Jubilee Campaign, of which World Vision is a member.



When Tanzania received a debt write-off in 2001 it was able to provide free primary education for all children. This brought around 1.6 million additional children into the classroom.

Where World Vision Australia Works

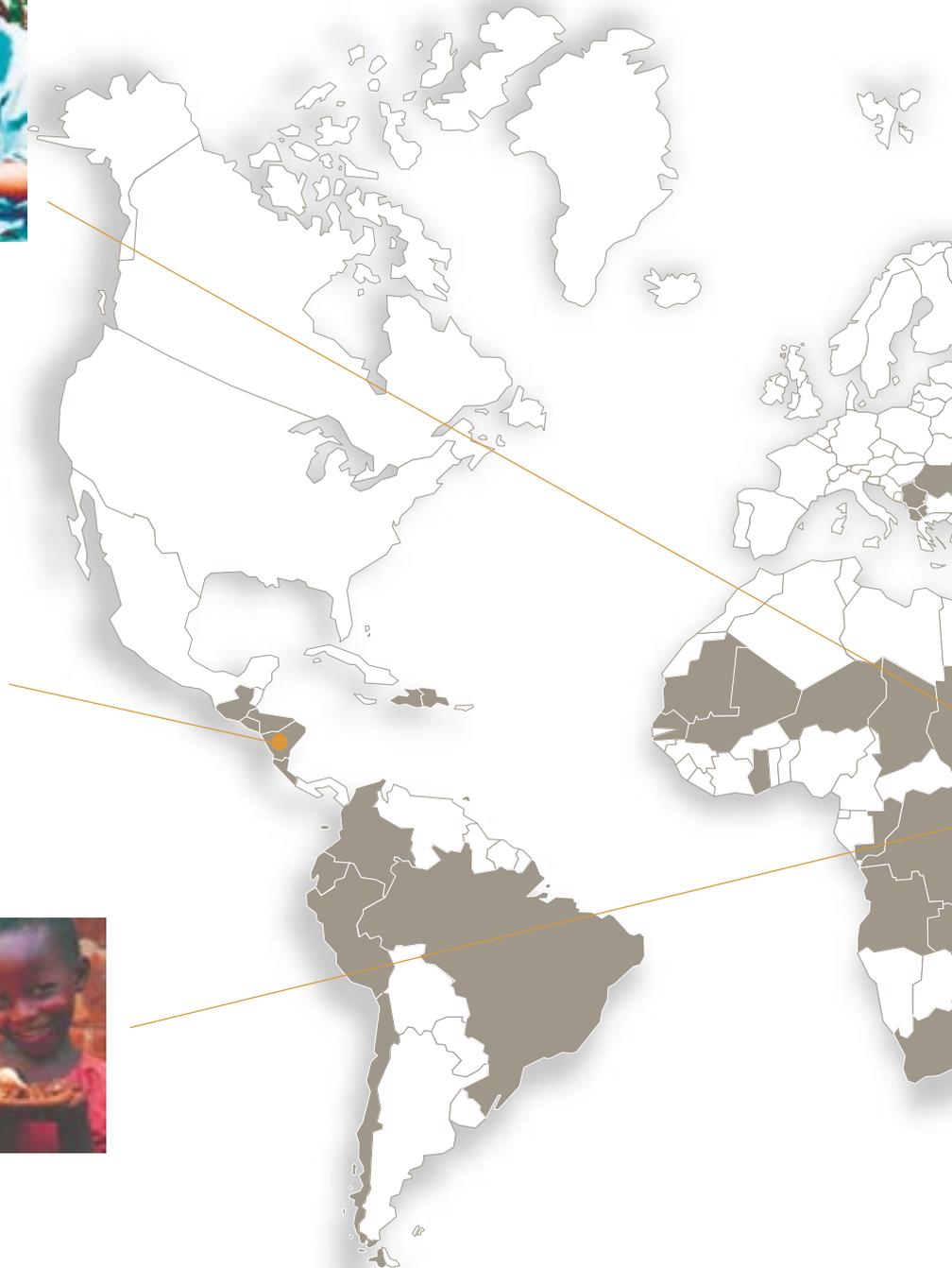
Abebe lived through the terrible 1985 Ethiopian famine, made memorable by worldwide TV reports. Nearly 20 years on, Abebe and farmers like him look forward to bumper crops and a drought-free future thanks to World Vision's agricultural training in their region of the Ansokia Valley.



Manuel's community in Honduras received training in the best farming methods for the steep slopes of their region. By planting trees to reduce soil erosion and using compost instead of expensive chemical fertilisers, Manuel is increasing his harvest and helping to reverse environmental damage.



In Uganda, the gift of seeds, tools and agricultural training from a World Vision supporter has made a huge difference to Teopista's life. Her father now grows bananas, maize, beans and cassava for the family to eat and sell.



Where World Vision Australia Works

AFRICA

Angola
Chad
DR Congo
Ethiopia
Ghana
Kenya
Lesotho
Malawi

Mauritania
Mozambique
Rwanda
Senegal
Somalia
South Africa
Sudan
Swaziland
Tanzania

Uganda
Zambia
Zimbabwe

ASIA & PACIFIC ISLANDS

Afghanistan
Australia
Bangladesh
Cambodia
China
East Timor
India

Indonesia
Laos
Mongolia
Myanmar
Nepal
North Korea
Papua New Guinea
Philippines
Solomon Islands



Sponsorship has arrived in the Himalayan kingdom of Nepal, with children receiving benefits such as clean drinking water, education and healthcare.



In December 2003, the devastating earthquake in Bam, Iran, left thousands of children homeless. With funds raised from an emergency appeal, World Vision provided shelter, winter jackets, first aid kits, cooking equipment, water purification tablets, school materials and toys to help these children and their families.



World Vision has launched a major initiative to end child trafficking in Asia. Working with countries across Asia, we have undertaken extensive research and developed a regional strategy designed to address the causes of trafficking.

Sri Lanka
Thailand
Vanuatu
Vietnam

LATIN AMERICA

Brazil
Chile
Colombia
Costa Rica
Dominican Republic
Ecuador
El Salvador
Guatemala

Haiti
Honduras
Nicaragua
Peru

**MIDDLE EAST/
EASTERN EUROPE**

Armenia
Azerbaijan
Bosnia-Herzegovina
Gaza
Iran
Iraq
Jerusalem

Jordan
Lebanon
Montenegro
Romania
West Bank
Yugoslavia
(incl. Kosovo)

Corporate Governance Statement



Board Responsibilities

The board focuses on the strategy and values it has in place to ensure that funds to the field are maximised on behalf of donors. It supports the principles of the ASX Corporate Governance Council's Principles of Good Corporate Governance and Best Practice Recommendations (ASX Principles) published in March 2003. World Vision of Australia (WVA) is not a publicly listed company and as such, is not obliged to report on these principles. WVA has applied the principles to a non-profit organisation within the scope of operation and breadth of donor and public interest in WVA.

The board maintains and ensures that WVA management maintains the highest level of corporate ethics. It comprises entirely of independent, non-executive directors who have a broad range of skills in commercial, business and international activities bringing accountability and judgement to ensure maximum impact for the donors and aid recipients.

The board has adopted a formal charter. In particular the board:

- sets the strategic direction;
- approves and monitors the annual budget;
- sets and assesses the objectives and standards by which the company is governed;
- appoints and evaluates the performance of the chief executive officer;
- appoints the executive committee;
- ensures adequate risk management; and
- ensures compliance with laws and policies.

The chief executive officer is responsible for operational management, with all powers, discretions and delegations authorised, from time to time, by the board. The board is responsible for regularly reviewing and ensuring that all necessary and appropriate delegations are in place to enable the chief executive officer and the management team to meet this responsibility.

Board Structure

The board comprises a maximum of 14 non-executive directors. No fees are paid for serving as a director. However, the directors may be paid reasonable travelling and other expenses incurred in connection with the business of the company.

Board of Directors

DIRECTOR	EXPERIENCE	SPECIAL RESPONSIBILITIES
Peter King FAICD	Peter King joined the Board in 1994 and was appointed Chairman in August 1995. A former Chief Executive of John Fairfax Ltd, he is currently on a number of boards in various industry sectors including Chairmanship of two organisations. He is a foundation fellow of the Institute of Directors and has attended the Senior Managers programme at Harvard University.	Chairman, Board Executive Board Development Committee Audit Committee, Marketing Committee, Human Resource Committee, WVI Director
Prof. Ian Breward MA BD PhD	Professor Ian Breward joined the Board in 1983. Former Director of World Vision International. He was ordained in the Presbyterian Church in 1963 and appointed Professor of Church History at Knox College, Dunedin, New Zealand in 1965. In 1982 he took up the same post at the United Faculty of Theology, Ormond College, Melbourne until his retirement in 2000. Archivist for Uniting Church Victoria since 2000, he was formerly Moderator of the Presbyterian Church of New Zealand and Deputy Chairman of Radio New Zealand.	Board Development Committee Ministry Committee (Chairman) Board Executive
Gary Brown Dip Bus	Gary Brown joined the Board in 2000 and is currently a director of Dawson Brown and Associates Pty Ltd and the Labour Union Cooperative Retirement Fund. Prior to 2000 Gary spent many years as a senior corporate human resources executive with broad international and domestic responsibilities. In 2000, he made a transition to consulting and now assists a broad range of organisations across many industries and cultural environments. The main thrust of the firm's work centres on strategic people and organisational issues.	Board Development Committee Human Resources Committee (Chairman)
Christopher Daly BBus CA CPA	Chris Daly joined the Board in 1994. Former National Partner in charge of the Business Recovery area of practice of PriceWaterhouseCoopers in Australia, having joined the firm in 1976. Prior to that, Chris held various positions within industry.	Audit Committee (Chairman) Board Executive, Ministry Committee, Board Secretary

DIRECTOR	EXPERIENCE	SPECIAL RESPONSIBILITIES
Dean Hirsch BA MSc LLd	Dean Hirsch has served on the Australian Board since 1997. He joined World Vision in 1976 and worked in a variety of roles before his appointment as President of the World Vision International in 1996. He is based in Monrovia, USA and travels regularly throughout the WV Partnership visiting projects and offices. Chairman of the NGO Advisory Committee to UNICEF, Chairman of the Global Movement for Children. In 1993 Dean was named Alumnus of the Year at Westmont College and in 1996 he was awarded an honorary doctorate in international humanitarianism.	
Rex Keily AM AFAIPMM	Rex Keily joined the Board in 1993. Former General Manager at Mitsubishi Motors Australia Ltd and (formerly) Chrysler Australia Ltd, having worked for that company for nearly 40 years in many capacities. He is President of the Scout Association of Australia (SA Branch) and is very active in a number of community organisations. In 2002 Rex was made a Member of the Order of Australia for his contribution to the community and the automotive Industry.	Board Executive Human Resources Committee Board Development Committee (Chairman)
Brian Lampton	Brian Lampton joined the Board in 2002. Brian is a Director of the Jubilee Christian & Resource Centre and the Indigenous Community Care & Family Support Company. He has close association with the Haggai Institute. Brian broadcasts on Aboriginal radio. He is a Pastor of the Assemblies of God Church in Cairns.	Human Resources Committee Audit Committee
Simon McKeon BCom LLB	Simon McKeon joined the Board in 1994. Simon is Executive Chairman of Macquarie Bank (Melbourne Office). He has also been appointed by the Federal Government as President of the Australian Takeovers Panel and Chairman of the Point Nepean Community Trust. He is Chairman of MS Research Australia and is also on the Boards of MS Australia and Victoria. Simon also serves on the Strategic Advisory Board of the University of Melbourne's Post Graduate Law Program.	Board Executive Marketing Committee (Chairman)
Prof. Joe Remenyi BCom(Hons) MA DipEd PhD (Resigned May 2004)	Joe Remenyi joined the Board in 1991. Since 1989 he has been Associate Professor of Development Studies and Economics and Director of International and Community Development at the School of Australian and International Studies at Deakin University. He has had extensive experience teaching and researching economics, agriculture and development both in Australia and overseas.	Audit Committee
Anne Robinson BA LLB (Hons) FAICD	Anne Robinson joined the Board in 2000. She is Principal of the firm Prolegis Pty Limited, which provides legal services to non-profit organisations. She is also Chairman of Home of Peace Hospitals Ltd. and Church of England Deaconess Institution Sydney Ltd. a Director of Anglican Deaconess Institution of Sydney Ltd. and a member of Barker College Council. Anne graduated BA LLB with honours in international trade law, and is a Fellow of the Australian Institute of Company Directors.	Board Executive Committee Audit Committee
Margaret Rodgers BA BD ThL	Margaret Rodgers joined the Board in 1999. She is the CEO of the Anglican Media Council and is actively involved in various committees of the Anglican Church, including the Christian Conference of Asia, the Sydney Diocese Standing Committee and General Synod, and the NSW Council of Churches. She is also a Director of CCA Hong Kong Ltd and Council of Churches Broadcasters Ltd.	Marketing Committee Ministry Committee
George Savvides BE (Hons) MBA FAICD	George Savvides joined the Board in 1998 and is also a Director of World Vision International. He has established a career in the healthcare industry with CIG Healthcare, Smith + Nephew, Sigma and is currently the Managing Director of Medibank Private Ltd. He graduated in Engineering from the University of NSW and obtained an MBA from the University of Technology in Sydney. George is a Councillor of the International Federation of Health Plans and a Fellow of the Australian Institute of Directors.	Board Executive Committee Audit Committee Board Development Committee WVI Director
Kim Vanden Hengel BA Dip Ed MA (Development Studies)	Kim Vanden Hengel joined the Board in 2002 and currently works as a Vocational Education Consultant. She has degrees in languages and development studies. Kim worked from 1979-1982 and 1988-1996 in Niger, West Africa with SIM, in a variety of administrative and development project roles. Since returning to Australia, Kim has worked with the Archbishop of Sydney's Appeals. Kim is also a Director of CNEC Partners and a member of the national steering committee of Micah Challenge.	Human Resources Committee Marketing Committee
Dr Joan Abbott-Chapman MA PhD (Social Anthropology) FACE	Dr. Joan Abbott-Chapman joined the Board in 2003 and is an Honorary Fellow, Faculty of Education, University of Tasmania, after retiring as an Associate Professor in 2003. Joan has over 25 years' experience of teaching and research in universities in the U.K., the USA and Australia. Her international experience is extensive and includes 6 years as a Sociologist with the British Ministry of Overseas Development and Social Adviser within the Overseas Aid Program. She holds an M.A. (Honours) and a Ph.D (Social Anthropology) from the University of Edinburgh, is a Fellow of the Australian College of Educators and is the recipient of the ACE Tasmania Award 2002 for her 'significant contribution to education over many years in Tasmania and overseas'.	Marketing Committee Ministry Committee Audit Committee
Dr Rosanna Wong DBE JP (alternate director to Dean Hirsch)	Dr. Rosanna Wong joined the Board in 2003. Executive Director, The Hong Kong Federation of Youth Groups; Chairman, Education Commission of the Hong Kong Special Administrative Region; Non-Executive Director, Hong Kong & Shanghai Banking Corporation Ltd; Non-Executive Director, Cheung Kong (Holdings) Ltd; Member, National Committee of the Chinese People's Political Consultative Conference; Member, High Level Panel of the United Nations on Youth Employment.	Board Development Committee Marketing Committee

Board Meetings and Committees

The full board normally meets five times during the year, with additional meetings scheduled as required. Forums are held where the board and the management team examine various strategic issues. The board does not delegate major decisions to committees. The committees are responsible for considering detailed issues and making recommendations to the board. Each committee has a formal charter:

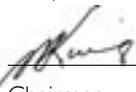
2004 Attendance at Meetings														
	Board Meeting		Board Executive		Board Development		Audit Committee		Marketing Committee		HR Committee		Ministry Committee	
	A	B	A	B	A	B	A	B	A	B	A	B	A	B
No. of Meetings														
J Abbott-Chapman	5	3					2	1	5	3			2	1
I Breward	5	5	2	2	4	4							2	2
G Brown	5	4			4	3					2	1		
C Daly	5	5	4	4			5	5					2	2
R Keily	5	5	4	3	4	4					2	2		
P King	5	5	5	5	4	4	5	2	5	3	2	1		
B Lampton	5	4					5	2			2	2		
S McKeon	5	5	4	3					5	5				
JV Remenyi*	2	2					2	2						
A Robinson	5	4	4	4			5	4						
M Rodgers	5	5							5	5			2	2
G Savvides	5	5	2	1	4	3	5	3						
K Vanden Hengel	5	4							5	4	2	2		
D Hirsch	5	0												
R Wong (alternate Director to Dean Hirsch)	5	2			4	1			5	2				

* Resigned in May 2004

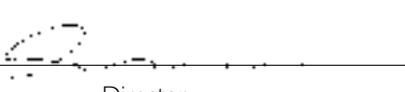
Column A - indicates the number of meetings the Director was eligible to attend.

Column B - Indicates the number of meetings attended. The Chairman is an ex-officio member of the Audit, Marketing and Ministry Committees.

This report was made in accordance with a resolution of the Directors.



Chairman



Director

Melbourne, 26 November 2004

Audit Committee

The audit committee assists the board to fulfil its corporate governance responsibilities by:

- reviewing internal audit reports and risk management issues under an agreed program;
- monitoring management responses to audit issues;
- reviewing adequacy and disclosure of financial statements, and reviewing budgets;
- providing advice on financial and other issues;
- reviewing financial and operational risk assessments;

- liaising with external auditors; and
- considering matters raised by management, initiating enquiries in the areas of ethics, due diligence investigations, insurance, legal issues and statutory requirements.

The committee comprises of a minimum of three directors. The members of the committee have adequate qualifications to discharge their responsibilities. The committee presently comprises Mr Chris Daly (Chairman), Mr Peter King, Rev Brian Lampton, Ms Anne Robinson and Mr George Savvides.

Marketing Committee

The marketing committee reviews and contributes to the marketing and communication strategies. In particular the committee:

- advises the board on overall strategic direction;
- reviews the proposed operating plans;
- understands the implications and details of the marketing budget in order to advise the board; and
- considers specific marketing initiatives in depth, as required.

The committee is comprised of a minimum of three directors. The committee presently comprises of Mr Simon McKeon (Chairman), Dr Joan Abbott-Chapman, Ms Kim Vanden Hengel, Ms Margaret Rodgers and Ms Rosanna Wong.

Marketing activities are conducted in accordance with codes of conduct as outlined by bodies such as the Australian Direct Marketing Association and the Australian Council for International Development.

Human Resources Committee

The human resources committee reviews and contributes to human resources strategies and policies. In particular the committee:

- reviews policy recommendations and guidelines relating to significant human resources issues, including the terms of employment and remuneration of the chief executive officer and senior managers;
- assists the chairman of the board in setting performance targets and evaluating the performance of the chief executive officer; and
- reviews succession planning, corporate culture status, and the organisation's compliance with the mission and core values of World Vision.

The committee comprises a minimum of three directors. The committee presently comprises Mr Gary Brown (Chairman), Mr Rex Keily, Rev Brian Lampton and Ms Kim Vanden Hengel.

Executive Committee

The executive committee's role includes:

- advising the chief executive officer during the time between board meetings;
- reviewing monthly performance;
- taking action on matters not requiring full board attention;
- making policy recommendations to the board;
- approving contracts and reviewing budgets;
- reviewing board sub-committee reports; and
- making recommendations to the board on performance and strategic issues.

The board maintains an executive committee of a minimum of five directors. The committee presently comprises Mr Peter King (Chairman), Mr Chris Daly, Mr Rex Keily, Mr Simon McKeon, Ms Anne Robinson and Mr George Savvides.

Ministry Committee

The ministry committee's role includes:

- establishing quality standards and performance measures for project design implementation;
- monitoring field budgets;
- reviewing selection procedures and policies for projects; and
- reviewing project reports.

The board maintains a ministry committee of a minimum of three directors. The committee presently comprises Prof. Ian Breward (Chairman), Ms Joan Abbott-Chapman, Mr Chris Daly and Ms Margaret Rodgers.

Board Development Committee

The board development committee's role includes:

- establishing criteria for board membership;
- reviewing board membership, ensuring that the board has the appropriate mix of qualifications, skills and experience; and
- nominating directors.

The board maintains a board development committee of a minimum of three directors. The committee presently comprises Mr Rex Keily (Chairman), Prof. Ian Breward, Mr Gary Brown, Ms Rosanna Wong and Mr George Savvides.

Beatrice (right), aged 6, studies hard at her school in Uganda and hopes to become a doctor or nurse. Her father is HIV positive. But with support from World Vision, and advice on living a healthy lifestyle, he aims to be part of Beatrice's life for many years.

Standards

Ethical standards

The board's policy is for the directors and management to conduct themselves with the highest ethical standards. World Vision of Australia has adopted a set of core values and a mission statement which are distributed to all employees. The directors regularly review these values and mission statement to ensure that WVA's organisational practices reflect best practice and corporate governance.

Independent advice

Any director may take such independent legal, financial or other advice as he/she considers necessary, at WVA's expense, provided the advice sought is in writing and is directly relevant to WVA affairs.

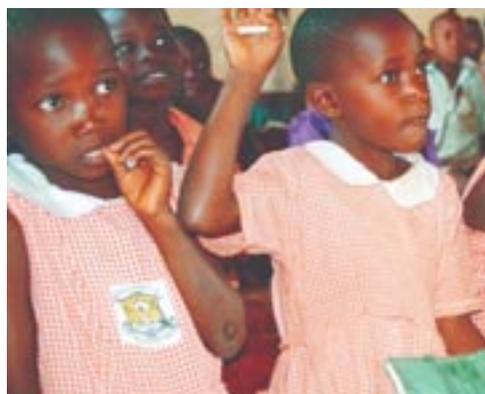
Conflict of interest

Any actual or potential conflict of interest must be fully disclosed to the board.

Board performance

The board has commenced a process of review of its performance and evaluation against agreed benchmarks.

All board members undergo a rigorous performance review at least once during each three-year term. Directors have access to continuing education, and all new directors undergo an induction session with the company secretary.



Participation

Directors are encouraged to participate actively at all meetings and ensure their views are heard. They are required to bring an independent judgement to bear in decision-making. The board arranges for management to supply the board and committees with information in a form and quality that enables them to effectively discharge their duties.

Financial information

The chief executive officer and the chief financial officer have certified the accuracy and completeness of the financial information prepared in accordance with relevant accounting standards as provided to the board.

Identifying significant business risks

The board regularly monitors the business environment and operational and financial performance of each of the company's activities. It monitors and receives advice on areas of operational business opportunities and financial risk and considers strategies and policies for appropriate risk management arrangements.

Systems are also established and monitored to ensure prompt and appropriate responses to complaints and inquiries.

Corporate social responsibility

The board has adopted a statement of corporate social responsibility which sets out the organisation's broader obligations to members and customers, the community, employees, and the environment.

External Auditor Relationship

The audit committee must satisfy itself as to the independence of the external auditor. This includes considering the ongoing relationships and services to WVA and other parties, and monitoring the number of former parties and/or employees of the external auditors on the board or in senior management positions. The audit committee reviews any proposed appointment of former partners of the external auditor to any executive role within WVA.

Declaration by executives

In accordance with a resolution of the chief executive officer and the chief financial officer of World Vision of Australia, I state that:

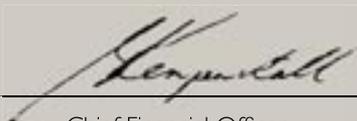
In the opinion of the chief executive officer and the chief financial officer:

- a)** the financial statements and notes of the Company are in accordance with the Corporations Act 2001, including:
- i) giving a true and fair view of the Company's financial position as at 30 September 2004 and of its performance for the year ended on that date; and
 - ii) complying with Accounting Standards and Corporations Regulations 2001; and
- b)** there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the World Vision of Australia



Chief Executive Officer



Chief Financial Officer

Melbourne, 26 November 2004

Declaration by directors

In accordance with a resolution of the directors of World Vision of Australia, I state that:

In the opinion of the directors:

- c)** the financial statements and notes of the Company are in accordance with the Corporations Act 2001, including:
- iii) giving a true and fair view of the Company's financial position as at 30 September 2004 and of its performance for the year ended on that date; and
 - iv) complying with Accounting Standards and Corporations Regulations 2001; and
- d)** there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the Board



Chairman



Director

Melbourne, 26 November 2004

Statement of Financial Performance for the year ended 30 September 2004

(In Thousands of Dollars)

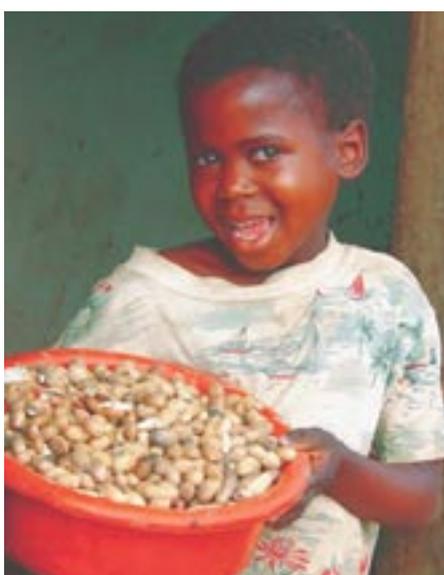
REVENUE	2004	2003	2002	2001	2000
Donations & Gifts from the Australian Public:					
- Child Sponsorship	133,133	110,484	96,757	89,430	77,522
- 40 Hour Famine	5,469	4,232	5,578	5,433	4,406
- Emergency and Other Appeals	16,936	14,342	14,609	8,646	8,910
- Other Cash Donations	12,218	7,580	7,461	6,149	5,135
- Donated Goods	13,077	10,256	9,139	7,994	10,165
Total Donations & Gifts	180,833	146,894	133,544	117,652	106,138
Legacies / Bequests	1,695	1,809	882	712	1,007
Grants:					
- AusAID Cash	17,477	19,352	14,725	16,715	16,425
- Other Australian	589	357	192	239	0
- Other Overseas - Cash	6,545	5,590	4,484	5,110	3,426
- Donated Goods	24,341	35,807	18,577	22,595	19,303
Total Grants	48,952	61,106	37,978	44,659	39,154
Investment Income	696	809	648	598	393
Other Income:					
- Commercial Activities	2,113	2,387	1,250	1,613	1,287
- Other	74	66	60	41	85
Total Other Income	2,187	2,453	1,310	1,654	1,372
Total Revenue	234,363	213,071	174,362	165,275	148,064
DISBURSEMENTS					
Overseas Projects:					
- Cash	144,166	115,488	99,595	92,603	78,108
- Donated Goods	37,659	44,192	28,627	29,331	30,196
- Project Design, Development, Management etc	2,916	2,500	2,338	2,366	2,237
Total Overseas Projects	184,741	162,180	130,560	124,300	110,541
Domestic Projects:					
Indigenous:					
- Cash	615	538	864	1,181	1,215
- Donated Goods	195	10	0	9	119
- Other Local	0	0	10	107	46
Total Domestic Projects	810	548	874	1,297	1,380
Community Education	1,727	1,107	897	896	1,297
Fundraising:					
- Public	24,872	22,856	20,825	20,747	18,276
- Government, Multilaterals & Private	453	395	360	399	402
Total Fundraising	25,325	23,251	21,185	21,146	18,678
Administration	19,401	19,619	18,293	15,689	14,473
Commercial Activities	2,143	2,224	1,338	1,547	1,348
Total Disbursements	234,147	208,929	173,147	164,875	147,717
Excess of Revenue over Disbursements	216	4,142	1,215	400	346
Funds available for future use at beginning of Financial Year	23,476	19,334	18,118	17,718	17,372
Funds available for future use at the end of the Financial Year	23,692	23,476	19,333	18,118	17,718

Statement of Financial Position as at 30 September 2004

(In Thousands of Dollars)

	2004	2003
CURRENT ASSETS		
Cash and Short-Term Deposits	15,349	15,823
Receivables	2,514	2,087
Inventories	328	299
Other	4,000	4,423
Total Current Assets	22,191	22,632
NON-CURRENT ASSETS		
Financial Assets	341	215
Property, Plant and Equipment	23,204	21,270
Total Non-Current Assets	23,545	21,485
Total Assets	45,736	44,117
CURRENT LIABILITIES		
Accounts Payable	6,235	7,595
Employee Entitlements	2,674	2,657
Total Current Liabilities	8,909	10,252
NON-CURRENT LIABILITIES		
Employee Entitlements	320	411
Total Non-Current Liabilities	320	411
Total Liabilities	9,229	10,663
Net Assets	36,507	33,453
EQUITY		
Reserves	12,815	9,977
Funds available for future use	23,692	23,476
Total Equity	36,507	33,453

Full financial statements are available from World Vision upon request



The success of World Vision's annual appeal to find new sponsors for 10,000 children surpassed all expectations in 2004. An astounding 17,744 sponsors committed to changing the lives of children, like Emily in Malawi, worldwide. Thanks to her sponsor, Emily is doing well at school and World Vision has helped her family to start a successful market garden business.

Working with Corporate Australia

The past twelve months has seen a significant increase in the level of World Vision support from Australian corporations.

Highlight

- Donated goods from corporate Australia increased by 27% to \$13 million.

Strong partnerships have been formed with a number of organisations, large and small, showing the desire of companies and their staff to contribute to more than just the bottom line.

Our eight years of partnership with Guardian Pharmacies through the Guardian Angels campaign has resulted in the donation of thousands of knitted garments for children overseas. Through Staff Matching Gifts, organisations match employee donations dollar for dollar; companies such as Shell Australia and PriceWaterhouseCoopers have raised substantial amounts for World Vision's work in remote Indigenous communities.

In 2004, donation of goods or gifts in kind from the corporate sector was the highest

ever. Major supporters included Qantas, Roche Products, NuSkin, Yakka, Nike, Jeans West, Levi, Fletcher Jones and W. M. Ritchie.

Corporations and their staff have also contributed in non-financial ways. This year, 401 staff from the ANZ Banking Corporation and 280 staff from the National Australia Bank donated their time as volunteers for World Vision, providing a massive 4,044 hours of work.

World Vision's involvement with the corporate sector creates a path for our corporate partners towards socially responsible global citizenship. These encouraging results for 2004 reaffirm the sector's growing commitment to the community, environment and financial agendas.

Supporters through Guardian Pharmacies donated knitted clothing and teddy bears which were distributed to children and their families in Vietnam



Statement of Social Responsibility

In the same spirit that World Vision encourages our corporate partners to become socially responsible global citizens, we also hold ourselves accountable to our key constituents.

As well as committing ourselves to being good stewards of the resources entrusted to us, we also aim to excel in non-financial areas. These include contributing to the society in which we operate, serving our supporters, caring for our staff and volunteers, valuing our commercial partners and caring for the environment.

Contributing to Society

Whilst World Vision was set up to improve the lives of people living in poor communities overseas, we also believe that we have a responsibility to enrich the lives of people in Australia. We do this through additionally focusing our efforts on improving the lives of our most disadvantaged people group, Indigenous Australians, and more recently, children at risk within our Australian society. In the 2004 financial year, World Vision carried out programs with a financial value of over \$800,000 aimed at improving the health and life chances of Australians living in remote indigenous communities.

We also implemented the trial of our 'Kids Hope' program which commenced in October 2003 in Victoria. This bold new project seeks to link churches with schools within Australia in order to provide mentoring and support services to children identified as struggling academically, socially and/or emotionally. The program has been enthusiastically welcomed by schools and churches alike. Over 350 children are now receiving mentoring through 32 active church-school partnerships, with a further 35 partnerships in the development stage.

Furthermore, World Vision aims, through our community education activities, to encourage Australians to become informed global citizens, committed to tackling the causes and symptoms of poverty around the world. In 2003/4, we committed \$1.7 million to this mission. A major feature of this program was the launch of our ground-breaking One Big Village website www.onebigvillage.com.au which invites Australians to explore how we are connected with people we'll never meet, and that our actions can affect their lives dramatically. In the first two weeks following its launch in September of 2004, over a quarter of a million visits to the site were recorded.



Indigenous children from the Epenarra community come together regularly to prepare and eat breakfast while they learn about nutrition and healthy eating. It's part of our work to improve the nutrition of indigenous children in central Australia.

In order to assess our effectiveness in influencing public attitudes, World Vision subscribes to an extensive omnibus research program carried out by Roy Morgan Research. It is heartening to note that since 2001, the proportion of Australians who now agree with statements such as 'Charities can make a long term difference in the lives of the poor' and 'Everyday people like me can change the lives of poor people overseas' increased by 23% and 18% respectively. A significant shift.

Caring for the Environment

We take our responsibility for the environment seriously. World Vision's main office in East Burwood, Victoria, won awards for energy efficiency when it was designed. We operate proactive recycling practices, many championed by staff. All stationery and literature is printed on paper from sustainable, managed forests.

Serving our supporters

World Vision has no money of its own, only that entrusted to us by our donors. We recognise that unless we meet or exceed the expectations of these supporters, we shall have failed.

World Vision keeps our supporters updated on our progress, our financial effectiveness and world issues through various communications, most notably our website and our supporter magazine.

Our website received over 1.4 million visits last year, with around 30% of these coming from current supporters. We significantly upgraded the site to provide more supporter feedback, including updates on emergency appeals and enhancements to both the general and child sponsorship Frequently Asked Questions sections.



Ken Dear receiving his volunteer award from World Vision CEO, Tim Costello. Ken has contributed an amazing 6500 hours as a volunteer.

Highlight

- Over \$1 million worth of work hours donated by volunteers in 2004.

Our supporter magazine, World Vision News is sent to around 280,000 supporters three times a year, making it one of Australia's top 20 magazines. On our behalf, the independent research agency, Bristow, Prentice, Lambaart, Budd, carried out regular telephone surveys of supporters to ascertain whether this communication meets their needs. We are pleased to report that supporter satisfaction, measured via this feedback tool, is continually improving.

Should supporters or members of the public wish to give feedback, either positive or negative, we also have in place well-functioning complaints and feedback procedures which are monitored by the Chief Executive's office.

Valuing our Partners

Whilst World Vision is a charitable organisation, we aim to be a professional, responsible partner with the commercial organisations without whom we could not achieve our goals. To this end, we regularly poll our major suppliers to ascertain their satisfaction with us. These regular polls were replaced this year by separate research carried out by Quantum as part of our periodic 'peer review' process. This consists of an internal audit of World Vision Australia's policies and practices by senior representatives of the World Vision partnership from around the world.

Caring for our Staff

World Vision aims for best practice in our human resources policy and practices. We have a dedicated HR team who are organized according to HR specialisations covering Recruitment Practice, Learning and Development, Employee Welfare and Remuneration Management. In each of these groups, the practitioners ensure that up to date practices are used within the organisation with the aim of creating a positive working environment. For example, one initiative in this past year has been to introduce the World Vision Learning Framework which provides all employees with access to tools and resources to manage their skills development. The team is also organised into service groups, so each work area has a dedicated contact HR person to act as their first point of call, no matter what the HR issue.

World Vision attempts to provide many vehicles and opportunities for communication between management and staff. To monitor our performance World Vision also carries out a biannual staff survey. This is an anonymous, independent survey carried out by the research group, Quantum International. The findings are made available to staff and feedback is acted upon. The last survey, carried out in late 2003 showed incredibly high levels of employee commitment as well as marked improvements in the areas of organisational awareness, customer service and teamwork. It also pointed to specific areas that can be further strengthened. This feedback was one important input into a redesign of our organisational structure and processes, carried out toward the end of the financial year.

Our workforce does not consist solely of our paid staff. We have an active volunteer base, many thousands strong, who contributed over a million dollars worth of work hours in 2004. These include volunteers in our national office in Melbourne, as well those supporting our grass-roots operations throughout the nation. The largest of these activities is our shopping centre promotions to recruit child sponsors, staffed by over a thousand volunteers throughout the year.

We have a strong reward and recognition program that applies to paid staff and volunteers, including service awards and milestone recognition events.

Looking Ahead

World Vision does not exist for purposes that can be measured via solely financial indicators. Therefore, the concept of a purely financially-based annual review does not do justice to our mission. This is why, during 2004/5, we shall continue to develop our non-financial performance measures – indicators of effectiveness that will become as important as those attached to dollar symbols. We look forward to expanding our non-financial reporting disciplines in forthcoming annual review publications.

Australians Multiply their Generosity

World Vision supporters showed their generosity once again in making this year's Multiplying Gift Appeal an overwhelming success.

World Vision raised more than \$4 million to help people in the world who were in desperate need of food.

The success of this annual appeal lies partly in its unique ability to multiply the value of supporter contributions. For every dollar received, World Vision was able to access and distribute United Nations World Food Program food aid to the value of \$10.

Countries receiving World Food Program food aid through World Vision in 2004 included Lesotho, Zambia and Zimbabwe, three nations badly affected by five years of drought across southern Africa.

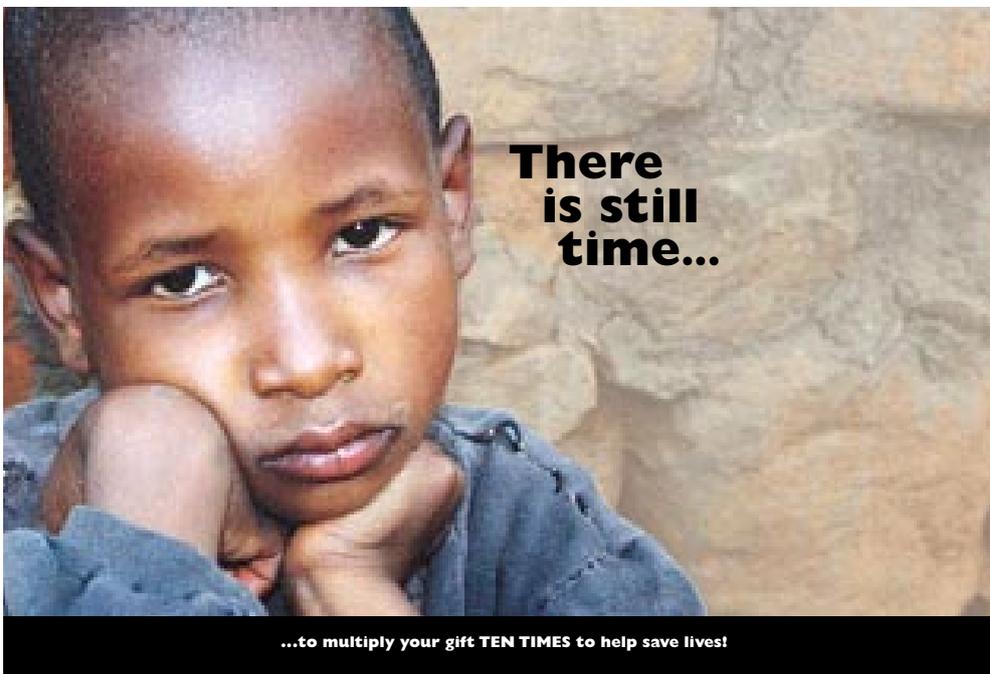
Nutritious and, in some cases, lifesaving food was provided, with a focus on mothers and children under five. "Once a child receives food," explained one grateful nurse at a clinic in Lesotho, "they recover from malnutrition very quickly."

World Food Program food aid provided through the Multiplying Gift Appeal helps



Families without food register with World Vision, then attend monthly food distributions. This woman in Lesotho is carrying a bag of maize flour back to her family.

families to survive through times of severe food shortage. Once their most urgent needs have been addressed, many of these communities will continue to benefit from World Vision support, through the establishment of long-term development programs. These programs focus on reducing the susceptibility of drought or famine on communities, lessening the need for emergency food distribution in the future.



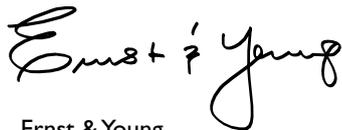
Highlight

- Over \$4 million was donated through the 2004 Multiplying Gift Appeal.

Independent Audit Report

We have audited the summarised financial report of World Vision of Australia for the year ended 30 September 2004, comprising the statement of financial position, statement of financial performance, statement of cash flows and accompanying notes to the financial statements, in accordance with Australian Auditing Standards.

In our opinion, the information reported in the summarised financial report is consistent with the annual statutory financial report from which it is derived and upon which we expressed an unqualified audit opinion in our report to the members dated 25 November 2004. For a better understanding of the scope of our audit, this report should be read in conjunction with our audit report on the annual statutory financial report.



Ernst & Young
25 November 2004



Chickens purchased through the Smiles Gift Catalogue make the perfect gift for children like this little girl in East Timor. They're easy to look after and provide a source of income and food.

World Vision State Offices

Victoria

1 Vision Drive
Burwood East VIC 3151
Registered Office

New South Wales

Level 3, 91 Phillip Street
Parramatta NSW 2150

Newcastle

3/45 Pearson Street
Charlestown NSW 2290

Canberra

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71 Northbourne Avenue
Canberra ACT 2601

Queensland

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3350 Pacific Highway
Springwood QLD 4127

South Australia/NT

11 Eliza Street
Adelaide SA 5000

Western Australia

8th Floor
Septimus Roe Square
256 Adelaide Terrace
Perth WA 6000

Tasmania

121 Bathurst Street
Hobart TAS 7000

Executive Team

Tim Costello

B.Juris LLB Dip. Ed. B.Div. M.Theol
Chief Executive Officer

Toby Hall

ICMA, MBA
Chief Operating Officer

Andrea Pink

BA (Psych) GAICD
People, Culture & Learning

Paul Ronalds

B.Ec LLB (Hons) Grad. Dip.App. Fin.
Policy & Programs Group



In Honduras, Teofilo shows off his family's huge crop of beans. By creating a farming cooperative, Teofilo's community grows more diverse crops that produce a greater yield.

We must always aim at those things that bring peace and that help to strengthen one another. Romans 14:19

Jean, right, and Manassy, left, are best friends who live in a mountainous region of Rwanda. They're happy and healthy and go to school together each day. Through sponsorship, World Vision's work in their region has had lasting benefits for the boys, their families and their entire community.



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