



Australia 21 Limited

annual report



Australia21

creating tomorrow...

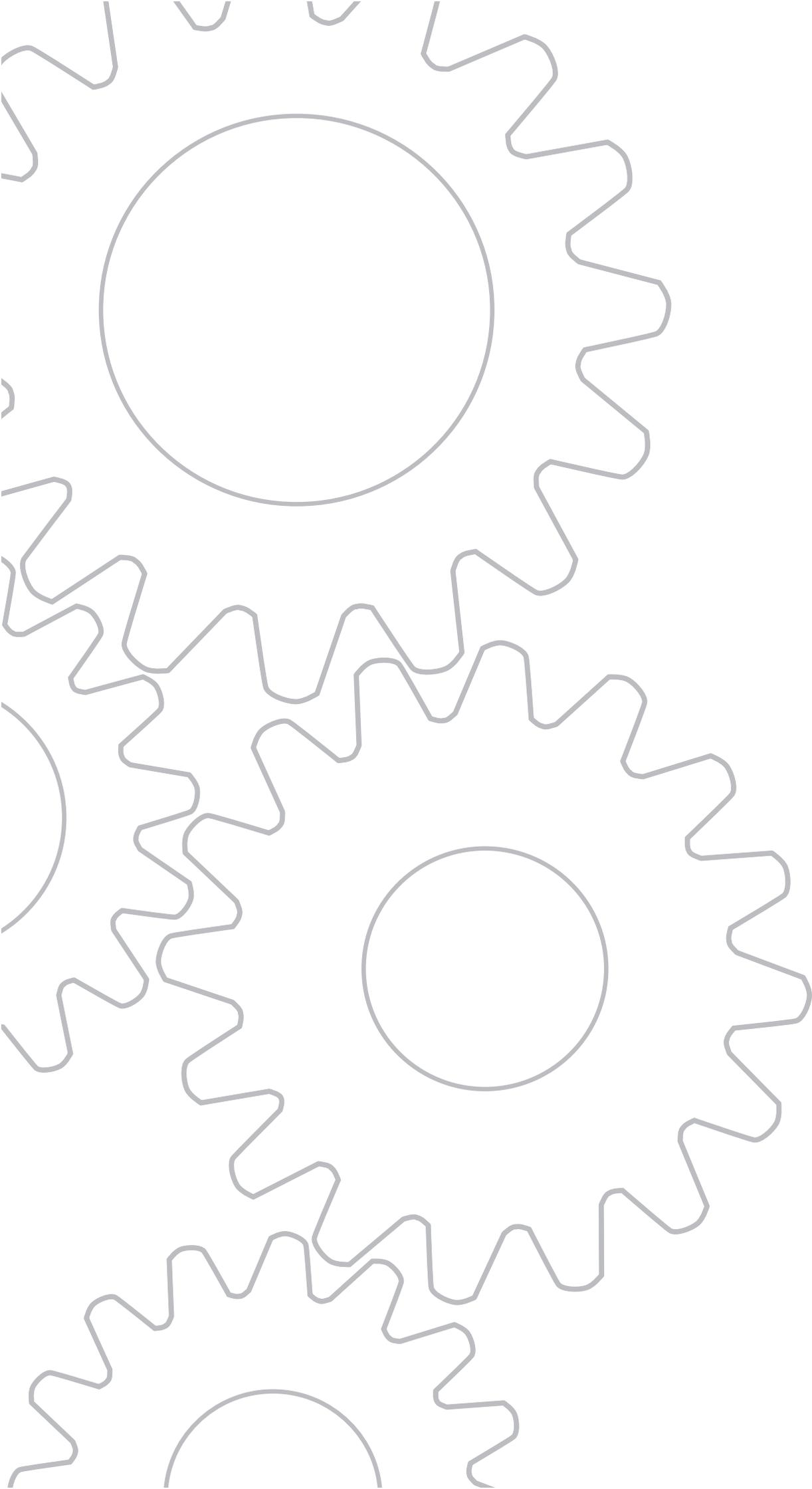


2004-2005

annual report

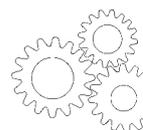
Australia21

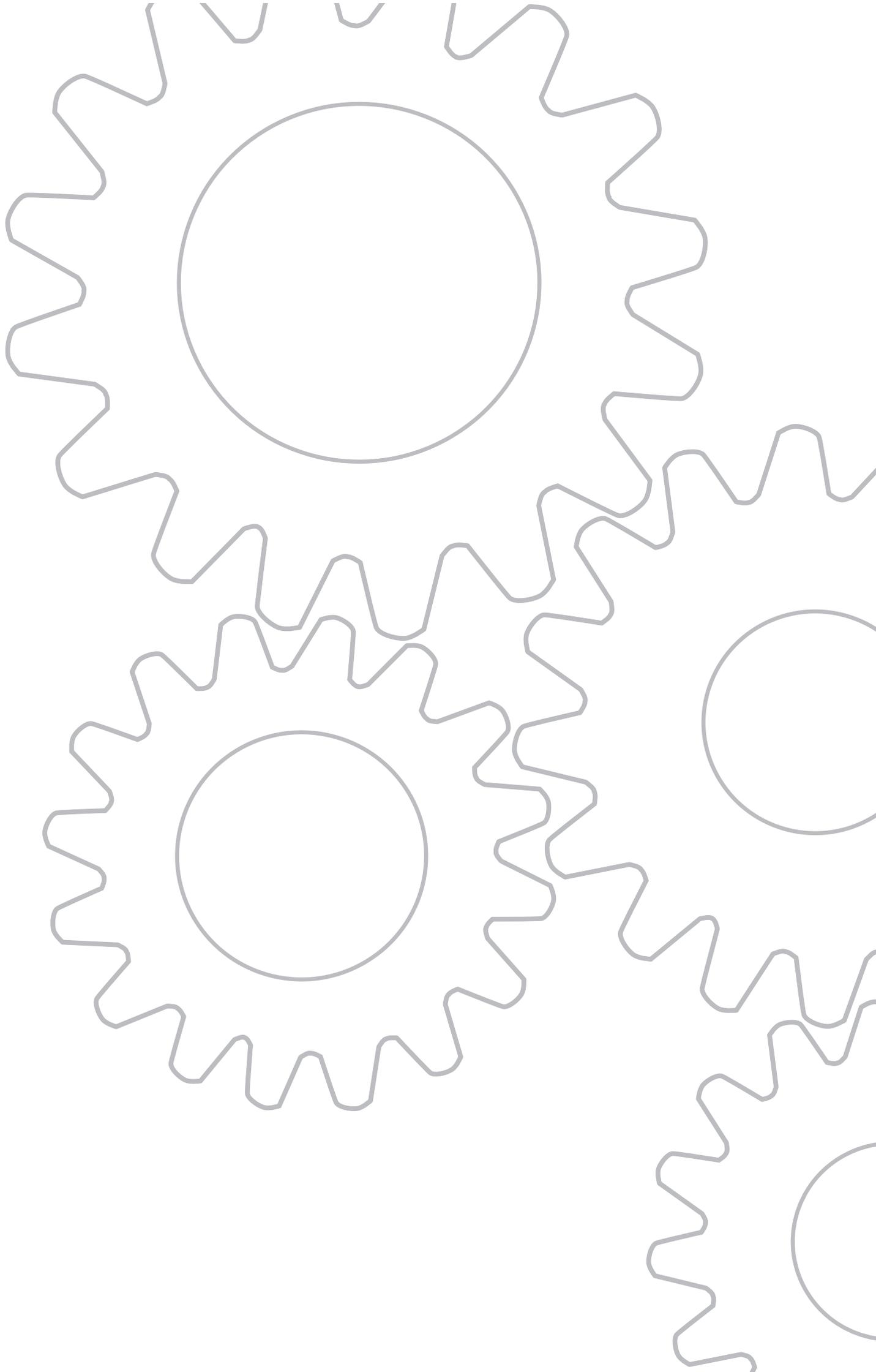




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Chairman's Report

A year ago I said that Australia 21 was "ready for takeoff." I think that this year we can say we are airborne. Five programs are now active and the company is beginning to provide a significant national intellectual focus for several of its activities. The key elements of this report are reports from the five programs.

Our program on Realizing Human Potential is about to release its first report. We have held six major roundtable events during the year involving about 150 of Australia's leading scientists and thinkers on topics ranging from international policy to sustainable energy options, sustainable agriculture and tipping and turning points on the path to national sustainability. Our Roundtables have been held in Adelaide, Melbourne, Sydney, Brisbane and Canberra. We have engaged with key industry players and policy makers in the agricultural sector by the development of a paper for the relevant Ministerial Councils on a national voluntary certification scheme for environmental management.

We have expanded the board with three new directors who have brought to the team new links and new skills. We are moving well beyond the cottage industry stage and are developing our fund raising activities accordingly. Simon McCann, deeply experienced in venture capital and corporate finance, has joined the board to lead this side of the Company's activity.

Our ability to contribute to national thinking on agriculture has benefited greatly from the wisdom of Jim Varghese who heads Queensland's Department of Primary Industries and Fisheries and we are also developing our South Australian links through the diversely talented Deborah Lavis.

The growth in each of our programs means that we must expand our infrastructure and build active partnerships with industry groups and government and universities. That process has begun and I expect that it will be a key feature of development in the coming year.

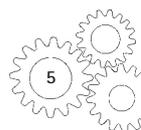
As we begin our fifth year of operation, I believe we can say confidently that Australia 21 is beginning to fulfill its promise as an independent research and development body addressing some of the key challenges facing Australia in the 21st century.

I am grateful for the strong support I have received from the board and from our administrative officer Ron D'Souza in the past 12 months. I appreciate also the contributions from a growing list of sponsors, donors and partners who make the company possible.

During the year we obtained permission to fundraise from the New South Wales, Victoria, Queensland and Tasmanian governments thus enabling us to raise public funds in all states and territories.



R M Douglas



Theme 1: Australians in Society

Program 1: Realising Human Potential: Pathways to success and wellbeing for Australia's young people

Australia 21 devotes itself to the future – future generations, the environment of the future and the future of the planet. So it is appropriate that the first Australia 21 program to get underway concerns realising human potential. Understandably policy attention is being paid to the ageing of the population, yet we have chosen to focus on young people and their health and well-being. We are particularly keen to contribute to debates and policy options that focus on halting the intergenerational transmission of failure, social exclusion and inequalities

This Program is lead by Richard Eckersley from the Australian National University and Johanna Wyn and Ani Wierenga from the University of Melbourne. It has been funded by VicHealth. Over the past eighteen months a multidisciplinary group of researchers from around Australia has pooled their insights into how young people are faring. Recently, the steering group met with a number of policy makers to discuss the findings from this exercise.

The research evidence indicates that, generally speaking, young Australians are resilient and adapting to changing social conditions. However, an analysis of findings from surveys in 1988, 1995 and 2004, carried out as part of the program, suggests young people have, if anything, become more pessimistic about Australia's and the world's future, with a widening gap between the future they expect and the future they want. We appear to be seeing the demise of the 'official future' based on material progress, economic growth and technical fixes to social and environmental problems.

Adolescence is a critical stage in the lifecourse and a place on the path in human development. Young people arrive into it with capacities that have been influenced by events at earlier points in their life - and they move through life with capabilities that may be prompted, facilitated or constrained by the forces that Richard, Johanna and Ani have usefully summarised in the first phase of this Program.

The group is now planning an exploration of this "demise of the official future" as the next step in its research. Images of the future are an important component of social cohesion and personal wellbeing. Positive images allow individuals to identify with, and work for, social goals and national, even global, priorities; they reflect a social ideal that encourages people to channel their individual interests into a higher, or broader, social purpose.

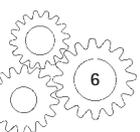
We will commission surveys to build an enhanced understanding of the ways young people perceive the future and their role in it during a time of social upheaval and uncertainty. Another plank in the research agenda is to uncover the conditions that give rise to resilience, to leadership and to creativity in young people from a broad range of backgrounds. In what would be an international collaboration, we are keen to learn from societies where young people are highly valued, and what sorts of 'value adding' of adolescents takes place to enhance young people's optimism, capacities and engagement with the future.

We will actively involve young people in this next phase of the research and will continue to share the findings with sponsors and public policymakers.

Richard Eckersley
Australia 21 Director, Australia 21 Fellow and Program Leader

Ani Wierenga
Johanna Wyn
Australian Youth Research Centre

Jane Dixon
Australia 21 Director and Co-chair, Program Advisory Group



Theme 2: Australians in the Landscape

Program 2: A Sustainable Australia: Options for Australia's energy futures

Energy is vital to the nation's future and while we have many apparent choices, all realistic choices carry with them associated constraints.

The Program is an integrated study of the complex interlocking issues involved in our energy futures. It is designed to overcome the shortcomings of single issue studies and to address the need for resilience/adaptability and the achievement of multiple objectives in an uncertain world substantially where there is increasing concern to achieve sustainable solutions.

The Program differs from other research and development in this area in Australia in its integrated approach to sustainability, its independence and its ability to engage researchers from any institution or discipline for different periods of time commensurate with program needs.

Work is being developed in six interlocking themes: energy supply and demand; climate change requirements; emerging energy technologies; economic well-being; societal concerns and acceptance; and governance requirements.

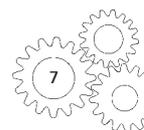
While the six theme studies will be valuable in themselves, the unique feature of this program is that it will integrate the outcomes of the six themes through the development of new methodology. Econometric modeling will be a key means of integrating all issues to give a quantitative dimension that can be understood by managers and policymakers at various levels. The Program Team will combine this with a risk assessment approach.

The broad approach for the research was endorsed at a roundtable discussion of thirty senior stakeholders and researchers in April 2005. The leader of the program is Dr. Graeme Pearman of Monash University who will be assisted by an executive officer and contracted experts across the six themes.

The outcome of this program will be an independent assessment of the costs and benefits of various choices for Australia's energy future.

Project sponsors will benefit from early appreciation of the results of the analysis and meetings with the Program participants.

Paul Barratt Director Australia 21 and Co Chair Sustainability Program Advisory Group



Program 3: Pathways past the precipice: Turning points and tipping points en route to a sustainable future

Leading thinkers in fields as diverse as economics, philosophy, psychology, ecology and foresighting are concerned that some current development trajectories are leading us towards "precipices" of rapid, undesirable and irreversible change in our society and environment. Sustaining wellbeing will require us to develop pathways past these precipices.

Piecemeal, or "business as usual" responses after problems arise may no longer be sufficient to cope with major step changes (e.g. in ocean circulation) or an overwhelming accumulation of individual marginal changes.

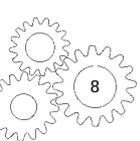
"Pathways past the precipice" is a Program recently initiated by Australia 21. It is bringing together evidence about the nature of possible threshold points in the evolution of Australia's environmental and social structures, while at the same time exploring what leads to effective social learning and change in Australian communities, institutions and their value systems.

The program's purpose is to enhance understanding of the nature of hazards, concentrating particularly on the effects of climate change, further destruction of fragile ecosystems and consumption driven economic growth, and to clarify alternative pathways that could offer Australians a genuinely sustainable path while such hazards still remain negotiable and before they become overwhelming.

The Program is predicated on the belief that all Australians - ordinary citizens as well as public and private sector opinion leaders and policymakers - need to understand the nature and direction of new pathways that will be necessary to promote a flourishing future for the next generation.

The program is just beginning and will be led by Dr. Steven Cork of CSIRO, assisted by a network advisory group that includes distinguished ecologists, futurists and biophysical and social scientists. It is expected that the group will identify new opportunities for social and institutional enhancement, environmental restoration and business development in the face of increasingly predictable hazards such as rapid climate change, loss of ecosystem services, environmental refugee pressures and changing economic circumstances.

Bob Douglas
Chair Australia 21 and Interim Chair Program Advisory Group



Program 4: Productive and resilient ecosystems (PARE)

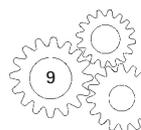
This program is exploring the science and practice of making Australia's threatened rural ecosystems more resilient. It is under the leadership of Professor Mike Archer, Dean of the Faculty of Science, University of New South Wales. The program has held three important roundtable discussions in the past twelve months which have already produced measurable changes in national thinking by bringing together key people on key issues. Australia 21 appointees are facilitating the development of pilot projects of new strategies that implement the findings of these Roundtables.

A meeting in October 2004 sponsored by the South Australian Department of Environment and Heritage explored the marketability of products from indigenous species of flora and fauna that could be easily produced in Australia. Three scenarios were explored: a) greater dependency on native flora and fauna in Australia's threatened range lands; b) use of native species to enhance the productivity and resilience of land in the sheep/wheat belts; and c) promotion of kangaroo harvesting and active landholder involvement in the kangaroo industry. Pilot projects of these strategies are now being coordinated by Australia 21 Scholar Mr. Peter Ampt. The aim is to develop forms of land-use that combine conservation and economic return through the commercial use of native species.

Two other Roundtables have been held on the subject of certification and accreditation of environmental land management. The discussions explored the science, practicability and utility of a voluntary accreditation process in agriculture that could effectively integrate environmental and economic outcomes. Participants in these Roundtables included stakeholders, thinkers and researchers from diverse backgrounds including agricultural landholders and their representative organisations, banks, the retail industry, federal and state governments, and regional catchment management. Arising from these discussions, Australia 21 appointed Dr Philippa Rowland to prepare a document "Developing a National Certification Process for Environmental Management in Australian Agriculture" to synthesize views and evaluate options. This is being considered by two ministerial councils in October 2005.

New markets for the products of Australia's indigenous flora and fauna and new financial incentives for farmers to embark on systematic regeneration of natural ecosystems are urgently required. The Australia 21 team is developing a "Greenleasing" approach which will build linkages between urban investors and rural communities and provide returns for landholders participating in the restoration programs. Plans to evaluate these approaches are being developed in a number of regions. Various ways of remunerating farmers for the precious ecosystems services that they could provide to the community under new land uses are under investigation within the program.

Mike Waller
Director Australia 21 and Chair Program Advisory Group



Theme 3: Australia in The World

Program 5: Enhancing Australia's Security, Stability and Prosperity in the 21st Century

Older, narrow conceptions of our nation's security and prosperity no longer apply. New frameworks for understanding Australia's security and prosperity are now required. The work of this research network is to generate those frameworks.

The ideas behind this research are that:

Australia's prosperity is heavily dependent on its security and stability which in turn depend on the security and stability of our region;

Australia's security is a broad multifaceted concept that involves far more than defence and border protection, important though these are;

Australia can never have enough hard power to make itself safe. For us, hard-edged realism includes promoting sources of soft power.

This program convened a roundtable in August 2004 that brought together 21 eminent thinkers to explore the question, "What new frameworks are needed for thinking about Australia's relationship with its neighbours in the 21st century?"

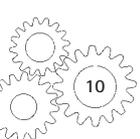
In April 2005 another roundtable further developed and refined the work of the network. As a result, the network is undertaking a study of the concept of threats to our national security, and will follow that with an examination of the Australia-US Alliance.

A fuller understanding of the concept of threats will assist in identifying a threat when it first arises. It will allow Australia to consider whether we are, in fact, addressing the principal threats to our security. Finally, it will allow potential policy responses to a particular threat to be tested to determine whether they are likely to alleviate the threat or heighten it.

The first network will consist of a principal author and a research assistant, supported by a group of a dozen individuals with extensive experience in these matters in business, government and academia. The principal author has been engaged. The program is led by Professor Ross Buckley of Bond University. A 2-day seminar to explore the concept of threats will be held later this year and it is expected that the research will be completed by the middle of 2006.

The outcomes of the work on the concept of threats will be disseminated in formal publications, and by a series of opinion and feature pieces in newspapers and the electronic media.

Paul Barratt
Director Australia 21 and Chair Program Advisory Group



Directors' Report

The directors submit their report for the financial year ended 30 June 2005:

Names of Directors

The names and details of the company's directors in office during the financial period and until the date of this report are as follows:

Name	Qualifications
Robert Matheson Douglas AO	MBBS (Adel), MA (Penn), MD (Adel), FRACP, FRACGP, FAFPHM
Paul Hunter Barratt AO	B.Sc (Hons) (UNE), BA (ANU), FAICD, FCDA
Glyn Conrad Davis AC	BA (Hons) (UNSW), PhD (ANU), FIPAA
Jane Meredith Dixon	BA (Soc Wk) (SAIT), MSW (UNSW), PhD (RMIT)
Richard Martin Eckersley	BSc(Hon) (ANU), MScSoc (NSW)
Geoffrey Charles Gorrie PSM	BSc, DipEd(UNE), BEc, BA (ANU)
Kurt Lambeck	BSurv NSW, DPhil, DSc Oxf, FAA, FRS
Deborah Anne Lavis	Dip Teach, B. Ed, MAICD
Simon Andrew McCann	MBA, LL.M [Corp] (BU/Leiden), FRI (Lond), FAIM, FAIB
James Chacko Varghese	BA (Hons), BD, Dip Ed, MBA, FCPA
Michael Anthony Waller	BA (Hons) Reading
Michael Francis Ward	BSc (Hons) Dip Ed N.S.W.

Principal Activities

Australia 21 is a non profit company limited by guarantee. Its core business is research and development on issues of strategic importance to Australia in the 21st Century. Its activities involve building networks which will add value to existing research programs, bringing together unlikely combinations of thinkers and researchers in an unconstrained way.

Operating Result

The deficit for the financial period ended 30 June 2005 was \$44,070 (surplus \$80,991 in 2004)

Review of Operations

The company now has five programs in a satisfactory state of development.

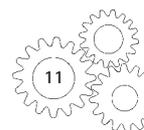
Dividends

The Constitution of the company does not permit the distribution of dividends to members.

Subsequent Events After Balance Date

No matters or circumstances have arisen since the end of the financial period that have significantly affected or may significantly affect:

- the operations of the company;
- the results of those operations; or
- the state of affairs of the company.



Likely Developments

There are no likely developments in the operations of the company for subsequent financial years.

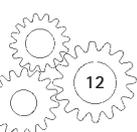
Directors' Meetings

Director	Board		Executive Committee	
	Number held during tenure	Number attended	Number held during tenure	Number attended
Robert Matheson Douglas	2	2	6	6
Paul Hunter Barratt	2	2	6	4
Glyn Conrad Davis	2	2	-	-
Jane Meredith Dixon	2	2	6	3
Richard Martin Eckersley	2	2	6	5
Geoffrey Charles Gorrie	2	2	6	5
Kurt Lambeck	2	1	-	-
Deborah Anne Lavis	0	0	2	2
Simon Andrew McCann	0	0	2	1
James Chacko Varghese	1	1	-	-
Michael Anthony Waller	2	2	6	4
Michael Francis Ward	2	2	6	6

Indemnification and Insurance of Directors

The company has cover through Zurich Australian Insurance Limited, insuring directors of the company against costs incurred in defending proceedings for conduct involving:

- (a) willful breach of duty; or
- (b) contravention of sections 182 or 183 of the Corporations Act 2001, as permitted by section 199B of the Corporations Act 2001.



Directors' Declaration

In accordance with a resolution of the directors of Australia 21 Ltd, I state that:

In the opinion of the directors:

- (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 June 2005 and of its performance including fundraising appeals 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; and
- (c) the provisions of the Charitable Fundraising Act 1991, the regulations under the Act and the conditions attached to the authority have been complied with; and
- (d) the internal controls exercised by the company are appropriate and effective in accounting for all income received and applied by the company from any of its fundraising appeals.

Signed in accordance with a resolution of directors.



Professor Bob Douglas
Chairman
14 September 2005

Independent Audit Report to Members of Australia 21 Limited

Scope

The financial report and directors responsibility

The financial report comprises the statement of financial position, statement of financial performance, statement of cash flows, accompanying notes to the financial statements, and the directors' declaration for Australia 21 Limited (the company), for the year ended 30 June 2005.

The directors of the company are responsible for preparing a financial report that gives a true and fair view of the financial position and performance of the company, and that complies with Accounting Standards in Australia, in accordance with the Corporations Act 2001. 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 financial report.

Audit approach

We conducted an independent audit of the financial report in order to express an opinion on it to the members of the company. Our audit was conducted in accordance with Australian Auditing Standards in order to provide reasonable assurance as to whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgment, selective testing, the inherent limitations of internal control, 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 financial report presents fairly, in accordance with the Corporations Act 2001, including compliance with Accounting Standards in Australia, and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the company's financial position, and of its performance as represented by the results of its operations and cash flows.

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

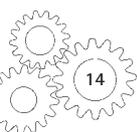
- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report, and
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the directors.

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.

We performed procedures to assess whether the substance of business transactions was accurately reflected in the financial report. These and our other procedures did not include consideration or judgment of the appropriateness or reasonableness of the business plans or strategies adopted by the directors and management of the company.

Independence

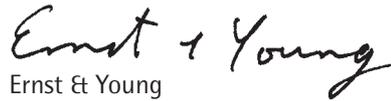
We are independent of the company, and have met the independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001. In addition to our audit of the financial report, we were engaged to undertake the services disclosed in the notes to the financial statements. The provision of these services has not impaired our independence.



Audit opinion

In our opinion, the financial report of Australia 21 Limited is in accordance with:

- (a) the Corporations Act 2001, including:
 - (i) giving a true and fair view of the financial position of Australia 21 Limited at 30 June 2005 and of its performance for the year ended on that date; and
 - (ii) complying with Accounting Standards in Australia and the Corporations Regulations 2001; and
- (b) other mandatory financial reporting requirements in Australia.


Ernst & Young



G J Knuckey
Partner
Canberra

14 September 2005

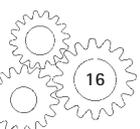
Statement of Financial Performance Year ended 30 June 2005

	2005	2004
	\$	\$
Revenue from ordinary activities	79,088	133,222
Expenses relating to ordinary activities	123,158	52,231
Surplus (deficit) from operating activities before income tax expense	(44,070)	80,991
Income tax expense relating to ordinary activities	-	-
Surplus (deficit) from ordinary activities after income tax	(44,070)	80,991
Net surplus (deficit) attributable to the members of Australia 21 Ltd	(44,070)	80,991
Total changes in accumulated funds other than those resulting from transactions with owners as owners attributable to members of Australia 21 Ltd	(44,070)	80,991

Statement of Financial Position At 30 June 2005

	2005	2004
	\$	\$
Current Assets		
Cash assets	22,763	66,834
Receivables	24,122	17,676
Total Current Assets	46,885	84,510
Non Current Assets		
Property plant and equipment	1,688	2,188
Total Non Current Assets	1,688	2,188
Total Assets	48,573	86,698
Current Liabilities		
Payables	12,915	6,970
Total Liabilities	12,915	6,970
Net Assets (Deficiencies)	35,658	79,728
Accumulated Funds		
Accumulated surpluses (deficits)	35,658	79,728
Total Accumulated Funds	35,658	79,728

Full audited financial statements are available from office@australia21.org.au.



Board Committees

Executive Committee

Bob Douglas (Chair)
Paul Barratt
Jane Dixon
Richard Eckersley
Geoff Gorrie
Deb Lavis
Simon McCann
Mike Waller
Michael Ward

Selection Committee

Jane Dixon (Chair)
Glyn Davis
Kurt Lambeck
Jim Varghese

Research Committee

Bob Douglas (Chair)
Paul Barratt
Jane Dixon
Richard Eckersley
Mike Waller

Finance Committee

Simon McCann (Chair)
Michael Ward



Thank you

The Board would like to thank the following for their support and assistance in 2004-2005:

Department for Environment and Heritage,
South Australia

Department of Primary Industries and Fisheries,
Queensland

Robert Albert *AO*

Rural Industries Research and Development
Corporation

John Fairfax *AM*

Frank Fenner *AC*

Tony McMichael

Ernst & Young

Gordon Rose

Romaine Rutnam

Jack Alpers *AM*

Virginia Bird

Charles Cameron

Rae Else-Mitchell *CMG*

Michael Evans

Ray Funnell *AC*

Joseph Gani *AM*

Matt Gaughwin

Anne & Stephen Greenwood

Robyn Jones

Graeme Kelleher *AO*

John Langmore

M. P. Monro

Debbie Prescott

Don Richards

N. Tuckett

Philip Westlake

Malcolm Whyte *AO*

In Kind

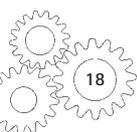
Mallesons Stephen Jaques

ACT Department of Education
and Community Welfare

James Mahoney

Jim Service *AO*

The Australian National University



These individuals are leading the evolving research programs and developing the growing networks.

Australia 21 Fellows:

- Mr. Richard Eckersley BSc(Hon) (ANU), MScSoc (NSW)
- Dr Graeme Pearman AM, BSc, PhD, FAA
- Professor Mike Archer BA (Princeton), PhD (Western Australia)
- Professor Ross Buckley B Econ LLB(Hons)(Qld), LLM(Int Trade Law)(Bond), PhD(NSW)
- Dr Stephen Cork BSc (Hons), PhD (NSW)

Australia 21 Scholars:

- Mr. Peter Ampt MSc (Sydney)
- Mrs. Philippa Rowland BscAg (Adelaide), Grad Dip REM (ANU)

