



Australia 21 Limited

annual report



Australia21

building a better future



2005-2006



Being a board member of Australia 21 continues to be an exceptional experience and a great privilege as an individual and business person. It has also been a valuable association for my own corporate and community pursuit of economic, environmental and social viability. The unique capability of Australia 21 to draw together the kinds of minds from all over Australia and globally – often up to 30 people on one project – to explore challenges we face in this century is extraordinary. I would highly recommend the opportunity for exchange at a Project Roundtable. Australia 21 offers a commitment and intelligence to achieve the highest good for our future generations and to produce solutions that can really make a difference.

Deborah Lavis
Director

annual report

Australia21





I donate to Australia 21 because it sees the global picture so often lacking in highly-focused research centres. Focused results are vital components of the whole but orchestration is needed to achieve their symbiotic potential and to identify missing elements. Australia 21 fulfils this role by encouraging specialists to work together on the major problems facing the planet and its diverse inhabitants.

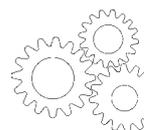
We are rapidly degrading the planet at our peril – Australia 21 has demonstrated foresight through its well-chosen programs. It has the respect of excellent researchers from many fields who wish see their individual research contribute to the reversal of planet degradation and to the future well-being of its inhabitants.

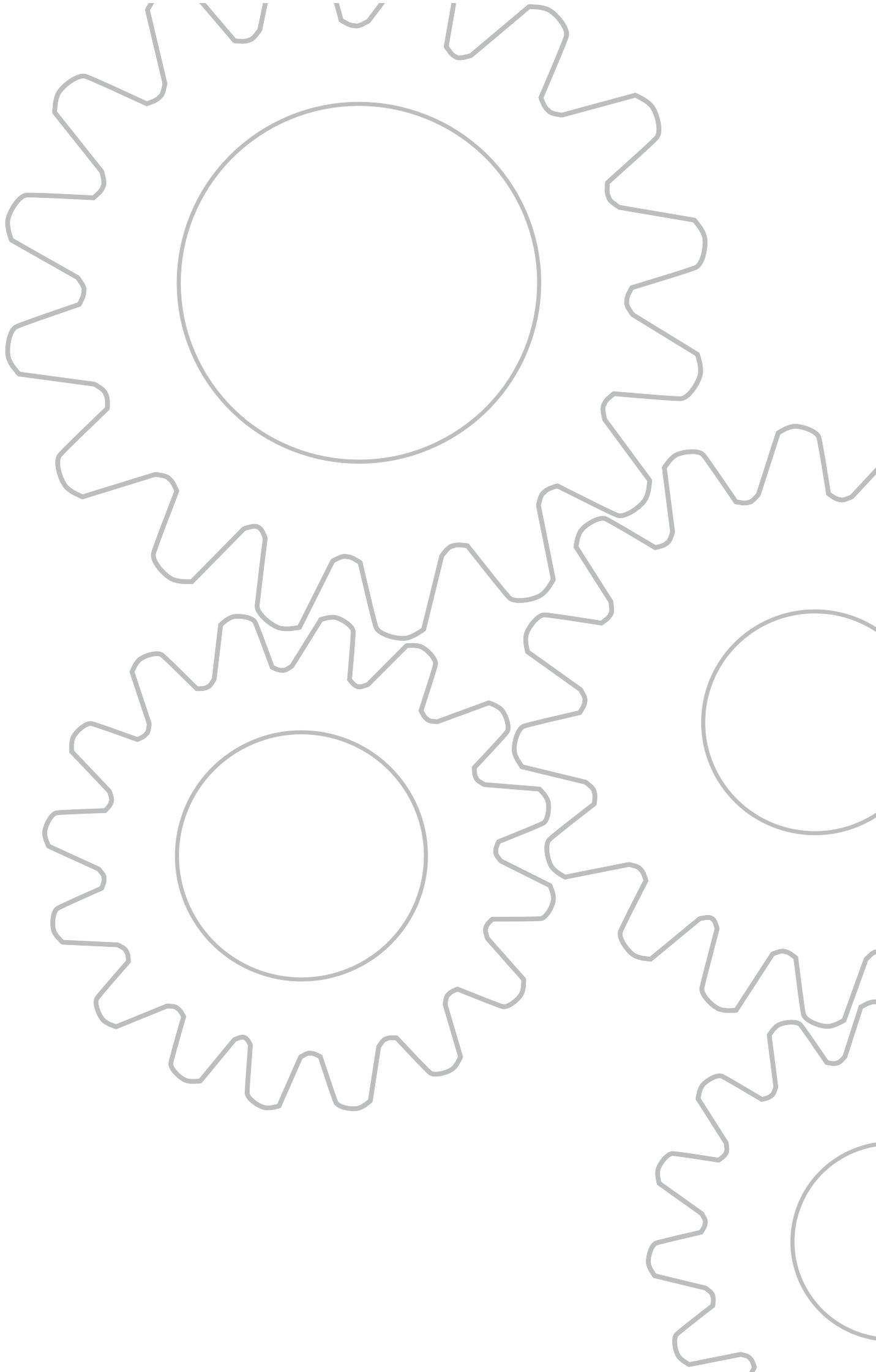
Gordon Rose
Friend of Australia 21



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Chairman's Report

The financial year has seen steady progress in the scope and impact of Australia 21's programs and in the development of a framework that is beginning to fulfill our aim to strengthen the interface between Australian science and policy.

Our Programs are now delivering useful "products" that bear on Australia's future.

At our last AGM, we agreed to expand the Board of Directors to enable us to tap into further skills and linkages. That has enabled us to bring onto the board, two eminent scientists, Linda Kristjanson from Perth and Brian Walker from Canberra as well as another leader from the corporate sector, Nick Stump of Brisbane. We reluctantly farewelled Kurt Lambeck as he moved to take the reins as President of the Australian Academy of Science. We are grateful to Kurt for his contributions during our formative years. As one of the few Australian Associates of the Canadian Institute for Advanced Research, he provided an active link with our "parent" body, the CIAR on which Australia 21 was modeled.

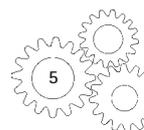
Meanwhile, all of our longstanding directors have contributed individually and collectively in very important ways. All are busy people in their other lives but make room for Australia 21 because they believe in the cause that we are attempting to promote a future for the nation that is based on sound science-based policy.

Of course I use the word science in its broadest sense. Australia 21 projects bring together outstanding thinkers and researchers from the physical, biological, social and political sciences and give them the precious opportunity to interact with policy makers both in the public and private sectors.

Richard Eckersley is both a founding director of Australia 21 and the leader of our project on Human Potential and the Future of Young People in Australia. That project passed a milestone this year, completing its first phase with two important publications which drew attention to the mismatch between Australian young people's aspirations and their expectations for the future. Director Jane Dixon, Professors Margot Prior and Joanna Wyn and Australia 21 Scholar Dr Ani Weirenga have all played important roles in this Project. Richard's stature as a national and international contributor to understanding culture as a determinant of individual and social health is now widely recognized. Building on linkages at the University of Melbourne, our multidisciplinary young people's project is now moving in important new directions.

Paul Barratt, another of our founding directors has contributed extensively in the past year to two Australia 21 projects, drawing on his past involvement as a leading administrator both in government and the private sector and in the fields of international and energy policy. With Graeme Pearman, a former CSIRO Chief who leads the energy project and Mike Waller, another of our directors, and a diversely talented team that is drawing from university, industry, public and private sector agencies, this group has completed an important multidisciplinary analysis of Pathways to Deep Cuts in Victoria's Greenhouse Gas Emissions, which has been undertaken with the support of the Department of Sustainability and the Environment. The research phase of the project is complete and the report is in the final stages of drafting.

The year has also seen important developments in our project on Productive and Resilient Ecosystems. In this project we have a close working relationship between the board and the leadership team at the University of New South Wales where Mike Archer, Dean of the Faculty of Science and Peter Ampt connect us to a wide multidisciplinary network of agricultural and environmental scientists. Three of our directors, Mike Waller, Geoff Gorrie and Jim Varghese have played vital roles in the workshops and linkages that led to an Australia 21 report on the development of a national certification process for environmental management in Australian agriculture. The report was senior authored by Australia 21 Scholar Philippa Rowland. It played a key role in two ministerial councils in October in the evolution of national policy on these matters.



Considerable progress has been made also in the program area "Australia in the World".

Our project leader Professor Ross Buckley from Bond University has been ably assisted by Paul Barratt and a multidisciplinary advisory group in developing new frameworks for thinking about Australia's Security and Prosperity. Their focus this year has been on the Concept of Threats. That work was opened up in a workshop in March, the findings of which, were published in a recent newsletter and which have been developed further in a detailed report written by Dr Paul Monk. The findings of the roundtable and the Report into The Concept of Threats further served to underpin the work of the two-day Scenarios Building Workshop that this program hosted in conjunction with the Nautilus Institute in Melbourne in September. This workshop brought together leading security experts from throughout the region and generated powerful new frameworks for understanding and predicting regional security futures. Its outcomes are presently being written up.

Our newest program "Building Australian Resilience" owes much to one of our new Directors Brian Walker. Brian is a former Division Chief in CSIRO, who also leads a global network of researchers on the concept of resilience. Steve Cork leads our first project in this program "Tipping Points to a Sustainable Future". Steve has worked with Brian, Richard Eckersley and a strong interdisciplinary team to produce a preliminary scoping document on the anticipation and earlier perception of future shocks and challenges to societal equilibrium and the capacity of Australian society to cope with change.

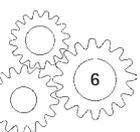
Two of our directors Michael Ward and Deborah Lavis have contributed extensively this year to our efforts to improve the company's communication strategy. A roundtable of communication experts met under Michael's leadership in September 2005 and agreed that the differentiation of Australia 21 is based upon its:

- independent and non partisan structure,
- focus on evidence and science,
- broad based multidisciplinary approach,
- commitment to find solutions and propose action on big issues that bear on the nation's future, and
- construction of arguments and options that are tangible, hopeful, measurable and widely understood.

The group recognised the need to enhance long term responses to problems which challenge our nation's future. The challenges include climate change, ecosystem restoration, energy use, water availability, foreign policy, security, the realisation of young people's potential, inequity and the preservation and enhancement of civil society.

The group believed that the programs and processes that Australia 21 has initiated should prove attractive to governments, the corporate sector and to the Australian community. It advised the board that it should embark now on a process that leads to the company becoming both a "wholesaler" and a "retailer" of ideas, solutions and information about these issues across the nation.

Simon McCann who heads our finance committee and Deb Lavis, our Adelaide based Director, have invested considerable energy during the year in lifting our corporate image through our web site, our documentation and the way we manage our business.

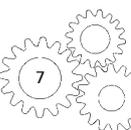


Glyn Davis, Vice Chancellor of Melbourne University, hosted our first Australia 21 Roundtable on Sustainability on his last day as Head of the Premier's Department in Queensland in 2001 before returning to academia. Glyn's joint experience at the senior level both of government policy and academia is an important board asset and we greatly value the contributions he makes to our thinking, often outside regular board meetings. At the opening of our foundational event Glyn highlighted the reason for Australia 21's existence, pointing to the need for improved opportunities in Australia for imaginative discussions at the science/policy interface.

The ability to bring together multidisciplinary academic expertise with expertise from government and the private sector to focus on challenging societal questions is Australia 21's most precious stock in trade. We have a very talented team and our track record is growing.



R M Douglas



Program 1: Australians in Society

Project 1.1: Pathways to success and wellbeing for Australia's young people

One of the most complex and least understood dimensions of the challenges facing Australia is the social: how people affect, and are affected by, the processes of economic, environmental, geopolitical and other change. This is the realm of the subjective – of perceptions, expectations and emotions – with which research often struggles, yet which is so important to how Australia shapes its future.

This social dimension is the subject of project one. Our initial focus has been on young people, who best reflect the tenor and tempo of the times and have the biggest stake in how the future plays out. The first project under the program, '*Pathways to success and wellbeing for Australia's young people*', aimed to identify ways to help young people to optimise their wellbeing and to realise their full potential against a background of often adverse trends in their physical and mental health and wellbeing.

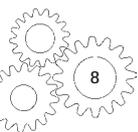
That project, carried in collaboration with the Australian Youth Research Centre and funded by VicHealth, is now finished, with the final report being published in March 2006. The report is available from our website. Papers drawing on the report have been published in *The Medical Journal of Australia* and *Youth Studies Australia*.

The project involved a process of transdisciplinary synthesis and sought a better understanding of the points of convergence and divergence in the commentaries and evidence relating to young people's wellbeing. It proved far from straightforward. Without the funds to buy researchers' time and services, some participants withdrew from the project or were unable to deliver agreed work. Perspectives differed among different disciplines and between quantitative and qualitative researchers. Even the authors of the report could not agree on several key issues concerning young people's wellbeing, including: whether trends in wellbeing can be generalised; the extent to which different measures and findings can be explained and reconciled; the relative importance of social influences and individual capacities in determining wellbeing; the relative influences of biological and social factors on young people; and whether potential and wellbeing are separate and distinct.

The project suggested a need for a greater focus in both research and policy on the following issues: the 'big picture' of the broad social changes reshaping life today; holistic approaches to health and wellbeing (rather than just a focus on ill health); a whole of population approach (rather than just a concern with the marginalised and at-risk); and consideration of the social and cultural resources, as well as the material and economic resources, that impact on wellbeing.

These issues reflect the need to: acknowledge that broad social changes do not 'just happen', but flow from the choices people make, individually and collectively; question the often-assumed links between means and ends that underpin these changes; give communities space for conversations about things of value; and allow time for reflection, for asking questions as well as seeking solutions.

Youth researchers, policy makers and professionals who participated in the project expressed interest in continuing conversations that would assist them to locate their own work within the bigger picture of evidence around young people's wellbeing. They acknowledged the value of knowing that their day-to-day activity is part of a larger, shared strategy towards the goal of improving wellbeing. They stressed the importance of an extra step – grounding the 'big picture' findings in clear signposts for policy and practice.



Project 1.2: Pathways to the preferred futures of young Australians

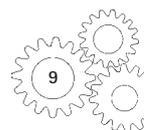
The second project within program one, *'Pathways to the preferred futures of young Australians'*, takes up themes discussed in the first project: the importance of cultural 'intangibles' to wellbeing, and the role of narrative in their lives. This project also has The Australian Youth Research Centre as a collaborator, with initial funding coming from the University of Melbourne.

The project seeks to further understand young people's views of the future and how these views are woven into the stories they create to make sense and meaning of their lives. This integration matters not only to them personally (by enhancing their sense of belonging, identity and control over their lives, for example), but also to Australian society (by engaging young people in the shared task of building a better future for the nation and the planet).

The initial phase of the project will include several elements: a literature survey; a 2006 workshop using 'role-based enquiry', a drama technique that allows young people to create, show, narrate and interpret their views of the future; a 'network' of informed commentators (from futures studies, youth studies, education, psychology, history and drama) who would play an important but contained role in witnessing and engaging with the youth participants; and surveys by Ipsos Mackay in 2005 and 2006 of attitudes to trends in quality of life and the future of Australia and the world.

The result of this phase, expected to be completed by the end of 2006, will be a monograph that reports on the project activities and offers options for further development of the project.

Richard Eckersley
Director and Australia 21 Fellow



Program 2: Australians in the Landscape

Project 2.1: A Sustainable Australia: Options for Australia's energy futures

One of the most important issues facing Australia today is how to provide energy for a growing population and a growing economy whilst reducing the amount of associated greenhouse emissions impacting on the earth's atmosphere and climate. Much has been written about aspects of this problem, but nowhere has an attempt been made to develop an analysis that brings together all of the issues that need to be considered in formulating a policy framework that can be implemented at acceptable cost.

Also, while much is known about the science of climate change, there is still relatively little understanding of climate change risk. How much climate change is "dangerous" – what are the natures and levels of the risks that we face as the global mean temperature increases, how are risks distributed geographically, and what should be the balance of effort between minimising climate change and adaptation to the changes that we know will take place?

These are the questions which Project 2 (Australia's Energy Futures) seeks to address. The aim is to develop an integrated, holistic approach to a sustainable energy future for Australia, one which integrates known information and plugs research gaps within the following six themes: energy supply and demand; climate change and climate risk; emerging energy technologies; economic well-being; societal implications of energy choices; institutional and governance opportunities and constraints.

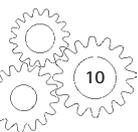
In order to ensure that any proposed solutions are realistic in a policy sense we have made it explicit that they must meet the following tests:

- They must provide for the energy needs of a growing population and economy
- They must be economic and fundable
- They must be forward looking regarding the environmental constraints likely to apply in the future
- They must be implementable in terms of being saleable to the general public as acceptable policy measures.

Our Project Research Leader, Dr Graeme Pearman AM, one of Australia's leading climate scientists, has established an impressive team for this research, from Baker & McKenzie, CSIRO, Frontier Economics and the University of Newcastle.

The principal activity for 2005-06 has been to explore a policy framework for a single Australian State. With support from the Victorian Department of Sustainability and the Environment, we have analysed the following questions:

- The likely need for reductions in greenhouse-gas emissions over the 21st century
- What can be achieved in Victoria by way of deep cuts in emissions through the application of improved efficiencies through currently available and potentially prospective technology development
- Possible pathways to achieving deep cuts in Victoria's greenhouse-gas emissions, bearing in mind the constraints presented by factors such as existing capital stock, refurbishment cycles, and capital investment cycles.



We have completed a first research phase of this project and writing up of the report is nearing finality.

Subject to the availability of financing, in 2006-07 we plan to undertake further work in relation to the analysis for Victoria, to extend the analysis to other states, and to make a start on analysing the problem from a national perspective.

Graeme Pearman
Project Leader and Australia 21 Fellow

Project 2.2: Productive and resilient ecosystems (PARE)

The Productive and Resilient Ecosystems project involves a collaboration between the Board of Australia 21 and the Faculty of Science at the University of New South Wales whose Dean, Professor Mike Archer and Australia 21 scholar, Peter Ampt lead the Australia 21 project and also a closely related project within the science faculty entitled FATE (The Fate of Australia's Threatened Ecosystems)

During the latter half of 2005, the Productive and Resilient Ecosystems group under the joint leadership of the UNSW team and Australia 21 Directors Mike Waller, Geoff Gorrie, Jim Varghese, Bob Douglas and Australia 21 Scholar, Philippa Rowland completed a project that involved three multidisciplinary roundtables from diverse experts and stakeholder around Australia and published an important report on developing a National Certification Process for Environmental Management in Australian Agriculture in association with the Rural Industries Research and Development Corporation of the Australian government.

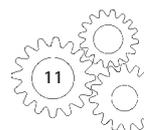
That report played a key role in decisions made about property management systems by two Commonwealth and State Ministerial Councils in late 2005.

During 2006, the PARE group have been considering a parallel initiative on ecosystem services in Australia. Negotiations are underway with state governments to explore the following issues.

1. The current state of knowledge of:
 - a. methods for assessing the value of ecosystem services;
 - b. the value of these services to land holders and the wider community;
 - c. the scale and distribution of potential threats to critical ecosystem services.
2. The sources and relative benefits and costs of safeguarding or improving different categories of critical ecosystem services through valuing and remunerating ecosystem service provision.
3. The appropriate roles and responsibilities of key stakeholders in paying for and delivering high priority services.
4. The actions that will facilitate these desired outcomes and the implications for money, capabilities and policy/regulatory settings.
5. The likely impacts in terms of the improved sustainability of land use practices and ecological processes.

These activities are congruent with the work currently being undertaken by the FATE program which is exploring the feasibility of holistic and integrative systems thinking about the design of landscapes, implementation strategies and institutions. The following activities are being undertaken by FATE.

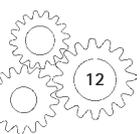
- FATE is investigating the concept of the creation of 'Conservation Commons' through which landholders can extend existing collaboration through Landcare Groups to develop areas managed for conservation across property boundaries. These areas would be strategically located across the landscape to achieve NRM outcomes while being of sufficient scale to



generate payments for the provision of carbon sequestration, water and biodiversity. A purposefully designed common property regime would provide the institutional structure to facilitate the operation of the commons, and allow investment and returns to flow due to reduced transaction costs. This concept was received positively at the conference of the International Association for the Study of Common Property in June.

- FATE has secured funding from the Rural Industries R&D Corporation (RIRDC) to conduct Sustainable Wildlife Enterprise trial in the Barrier Ranges north of Broken Hill. The trial aims to develop collaborative kangaroo harvesting enterprise that is integrated into pastoral activities to achieve more sustainable landscape management. The trial is utilizing best practice in adaptive management and will be a working example of a conservation commons.
- FATE is the lead organization working on the 'Western Edge Native Agri Forestry Project' under the umbrella of the Blue Mountains World Heritage Institute. This project aims to achieve landscape-scale strategic revegetation on the western edge of the Blue Mountains that creates opportunities for the development of regional industries based on the harvest of biomass from mixed species plantations. The biomass could be used for example for hardboard production or bio-fuel. The project integrates climate change mitigation and adaptation with potential investment sources and emerging industries. It is another example of a conservation commons.

Mike Archer,
Project Leader and Australia 21 Fellow



Program 3: Australia in the World

Project 3.1: Enhancing Australia's Security and Prosperity in the 21st Century

This program grew out of a roundtable in August 2004 that explored the question, "What new frameworks are needed for thinking about Australia's relationship with its neighbours in the 21st century?"

A roundtable in April 2005 established our guiding principles that:

1. Australia's prosperity is heavily dependent on its security and stability which in turn depend on the security and stability of our region;
2. Australia's security is broad and multifaceted and involves far more than defence and border protection, important though these are; and
3. Australia can never have enough hard power to make itself safe. For us, hard-edged realism includes promoting sources of soft power.

This roundtable identified the Concept of Threats as an important foundational issue that was sorely neglected in the Australian discourse. 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.

To explore the concept of threats more fully we have hosted a further roundtable, commissioned a report into the concept, and co-hosted a two-day scenarios building workshop.

The roundtable in Sydney in March brought together 14 of Australia's leading experts in the field including Roger Bradbury, Allan Dupont and Peter Yuile, the head of AQIS. Their wide-ranging and incisive analysis provided a great deal of material and insights for the Report into the Concept of Threats, which we had engaged Dr Paul Monk to write. Dr Monk's detailed report was completed in early September this year and is available on our website. A summary was published in the *Australian Financial Review* on September 22. The report was partly funded by a grant from the Oikoumene Foundation.

A draft of this Report, and the Executive Summary of the March roundtable, proved to be important preparatory documents for the Regional Security Scenarios Building Workshop which we co-hosted in Melbourne in early September with the Nautilus Institute. This scenarios building workshop was expertly facilitated by Sally Jones and brought together leading security experts from Australia, Indonesia, Japan, Korea, Singapore and the U.S.. The feedback from participants on the workshop has been overwhelmingly positive and the four scenarios of alternative regional security futures that were developed are currently being written up. The workshop was partly funded by a grant from the Korea Foundation.

There are two major projects that could build further on this work.

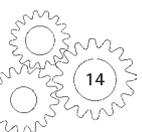
The first would be to develop a coherent policy on preventing terrorism, as opposed to countering terrorist acts. This would be ground-breaking work, as there is currently no such policy. We would do this by convening a small group of expert authors, perhaps three, and supporting them with a series of roundtables, perhaps 4 or 5 in number, at which the nation's leading experts would gather a number of times to work through all of the elements required in such a policy.

A more ambitious project would be to build a complex systems model of Australia's security – a major 2-3 year project. Such a computer based model allows large amounts of information to be built into it from a wide range of subject matter specialists on all of the principal factors that

influence our security, and then the model can be run and will show ways in which the various factors that influence our security interact. There are three centres in Australia building these models for the natural sciences and, occasionally, for the social sciences, but this would be the first one on security issues.

The direction in which we proceed will be determined shortly, in light of the insights and new frameworks for understanding generated in the scenarios building workshop, and available funding.

Ross Buckley
Project Leader and Australia 21 Fellow



Program 4: Building Australia's Resilience

Project 4.1: Tipping points to a sustainable future

Leading thinkers in fields as diverse as economics, philosophy, psychology, ecology and fore-sighting are concerned that some current societal trajectories are leading us towards discontinuities of rapid, undesirable and irreversible change in our society and environment.

Sustaining wellbeing will require us to develop resilience in Australian society to help to withstand the consequences of these changes. 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.

"Tipping points to a sustainable future" 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 project's purpose is to enhance understanding of the nature of hazards, concentrating 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.

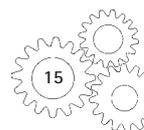
The project is predicated on the belief that all Australians - ordinary citizens as well as public and private sector opinion leaders and policymakers - need to understand the nature of new pathways that will be necessary to promote a flourishing future for the next generation of Australians. It is being led by Dr. Steven Cork formerly of CSIRO, assisted by a network Advisory Group that includes distinguished ecologists, futurists and biophysical and social scientists.

The principal activity on this project during the year under review was a Roundtable discussion in December 2005. The multidisciplinary group of social, biological and physical scientists that met to discuss this issue, commissioned the production of a scoping document, a first draft of which was completed by a subgroup from the Roundtable in March.

The project will identify specific opportunities for social and institutional enhancement, environmental restoration and business development in the face of increasingly predictable hazards, including rapid climate change, loss of ecosystem services, environmental refugee pressures and changing economic circumstances.

The group will employ two full time researchers who can carry the ideas of the group into the practical realm where resilience theory can assist decision makers in the private and public sectors who are dealing with risk assessment.

Steven Cork
Project Leader and Australia 21 Fellow



Directors' Report

The Directors of Australia 21 Limited are pleased to submit their report for the financial year ended 30 June 2006.

Names of Directors

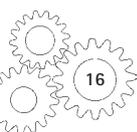
The names and details of the company's directors in office during the financial period and until the date of this report are as follows:

<u>Name</u>	<u>Qualifications</u>
Robert Matheson Douglas AO	MBBS (Adel), MA (Penn), MD (Adel), FRACP, FRACGP, FAFPHM
Paul Hunter Barratt AO	B.Sc (Hons) (UNE), BA (ANU), FAICD
Glyn Conrad Davis AC	BA (Hons) (NSW), 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), B.Ec, BA (ANU)
Linda Kristjanson – Appointed 7/3/06	RN, BN, MN (Manitoba), PhD (Arizona)
Kurt Lambeck – Resigned 8/5/06	BSurv (NSW), DPhil, DSc (Oxf), FAA, FRS
Deborah Anne Lavis	Dip Teach, B. Ed, MAICD
Simon Andrew McCann	MBA, LL.M (Corp), FRI, FIOP, FFin
Nicholas Withrington Stump – Appointed 14/2/06	BAppSc(Hons) (S.Aust), MAppSc, F AusIMM
James Chacko Varghese	BA (Hons), BD, Dip Ed, MBA, FCPA
Brian Harrison Walker – Appointed 14/2/06	B.Sc (Agri) (Natal), M.Sc (Plant Ecology), Ph.D (Saskatchewan), FTSE
Michael Anthony Waller	BA (Hons) Reading
Michael Francis Ward	BSc (Hons) Dip Ed N.S.W.

Directors were in office for this entire period unless otherwise stated.

Principal Activities

Australia 21 is a not-for-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 surplus for the financial period ended 30 June 2006 was \$70,960 (\$44,070 deficit in 2005).

Review of Operations

The company now has five projects in various states 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

	Board	Executive Committee	Research Committee	Finance Committee
Held	2	7	4	3
Attended				
Robert Matheson Douglas	2	7	4	—
Paul Hunter Barratt	2	6	3	—
Glyn Conrad Davis	—	—	—	—
Jane Meredith Dixon	2	5	—	—
Richard Martin Eckersley	—	5	3	—
Geoffrey Charles Gorrie	2	5	—	—
Linda Kristjanson	1	—	—	—
Kurt Lambeck	—	—	—	—
Deborah Anne Lavis	2	5	—	—
Simon Andrew McCann	2	3	—	3
Nicholas Withrington Stump	1	2	—	—
James Chacko Varghese	2	2	—	—
Brian Harrison Walker	1	—	—	—
Michael Anthony Waller	1	5	4	—
Michael Francis Ward	2	6	—	3

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) a willful breach of duty; or
- (b) a contravention of sections 182 or 183 of the *Corporations Act 2001*,

as permitted by section 199B of the *Corporations Act 2001*.

Auditor's Independence Declaration

The directors received an independence declaration from the auditor, Ernst & Young, as required under section 307C of the *Corporations Act 2001*. A copy can be found on the following page.

Non-Audit Services

There were no non-audit services provided by the company's auditor, Ernst & Young.

Directors' Declaration

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

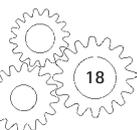
In the opinion of the directors:

- (a) the financial statements and notes of the company are in accordance with the requirements of the *Corporations Act 2001* and *Charitable Fundraising Act 1991*, including:
 - (i) giving a true and fair view of the company's financial position as at 30 June 2006 and of its performance for the year ended on that date with respect to all fundraising appeals conducted by the company; 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.

On behalf of the Board



Richard Eckersley
Canberra, 20 September 2006



Independent audit report to members of Australia 21 Limited

Scope

The financial report and directors' responsibility

The financial report comprises the Balance Sheet, Income Statement, Cash Flow Statement, Statement of Changes in Equity, accompanying notes to the financial statements, and the directors' declaration for Australia 21 Limited (the company), for the year ended 30 June 2006.

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 and with the provisions of the Charitable Fundraising Act 1991. 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 judgement, 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 the provisions of the Charitable Fundraising Act 1991, 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 judgement of the appropriateness or reasonableness of the business plans or strategies adopted by the directors and management of the company.

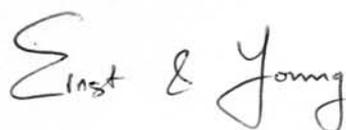
Independence

We are independent of the company, and have met the independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the Directors' Report.

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 company's financial position as at 30 June 2006 and the performance of the company for the year ended on that date; and
 - ii. complying with the Accounting Standards and the Corporations Regulations 2001; and
- (b) other mandatory professional reporting requirements in Australia.
- (c) the Charitable Fundraising Act 1991 including:
 - i. the financial report of Australia 21 Limited shows a true and fair view of the financial results of fundraising appeals for the year ended 30 June 2006;
 - ii. the financial report has been properly drawn up, and associated records of Australia 21 Limited have been properly kept during the year ended 30 June 2006 in accordance with the Charitable Fundraising Act 1991;
 - iii. money received as a result of fundraising appeals conducted during the year ended 30 June 2006, has been properly accounted for and applied in accordance with the Charitable Fundraising Act 1991; and
 - iv. there are reasonable grounds to believe that Australia 21 Limited will be able to pay its debts as and when they fall due.



Ernst & Young

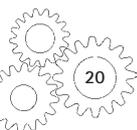


James Palmer

Partner

Canberra

20 September 2006



Income Statement

For the Year Ended 30 June 2006

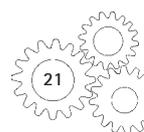
	2006	2005
	\$	\$
Revenue from ordinary activities	305,653	79,088
Expenses relating to ordinary activities	234,693	123,158
Surplus (deficit) from operating activities before income tax expense	70,960	(44,070)
Income tax expense relating to ordinary activities	-	-
Surplus (deficit) from ordinary activities after income tax	70,960	(44,070)
Net surplus (deficit) attributable to the members of Australia 21 Ltd	70,960	(44,070)

Balance Sheet

As at 30 June 2006

	2006	2006
	\$	\$
Current Assets		
Cash assets	183,353	22,763
Receivables	60,750	24,122
Prepayments	694	-
Total Current Assets	244,797	46,885
Non Current Assets		
Property plant and equipment	1,092	1,688
Total Non Current Assets	1,092	1,688
Total Assets	245,889	48,573
Current Liabilities		
Payables	139,271	12,915
Total Liabilities	139,271	12,915
Net Assets	106,618	35,658
Equity		
Accumulated surpluses	106,618	35,658
Total Equity	106,618	35,658

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

Research Committee

Bob Douglas (Chair)

Paul Barratt

Jane Dixon

Richard Eckersley

Mike Waller

Finance Committee

Simon McCann (Chair)

Michael Ward

Australia 21 Fellows and Scholars

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

Australia 21 Fellows:

Mr. Richard Eckersley BSc(Hon), MScSoc

Dr Graeme Pearman AM, BSc, PhD, FAA

Professor Mike Archer BA , PhD

Professor Ross Buckley B Econ LLB(Hons), LLM(Int Trade Law), PhD

Dr Stephen Cork BSc (Hons), PhD

Australia 21 Scholars:

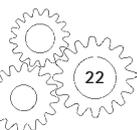
Mr. Peter Ampt MSc

Mrs. Philippa Rowland BscAg, Grad Dip REM

Dr Ani Wierenga PhD

Dr Paul Monk PhD

Mr. Stefan Kaufman BA, BSc (Hons)



Thank you

The Board of Australia 21 acknowledges the generous support of our partners and would like to thank the following sponsors and donors for their assistance in 2006:

Platinum Sponsor

Victorian Department of Sustainability and Environment

Silver Sponsors

The University of Melbourne

The Australian National University

Oikoumene Foundation

The Scully Fund

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Joan Douglas

Friends of Australia 21

Allens Arthur Robinson

John Douglas

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Patricia Monro

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Romaine Rutnam

Gordon Rose

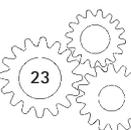
Christopher Scurfield

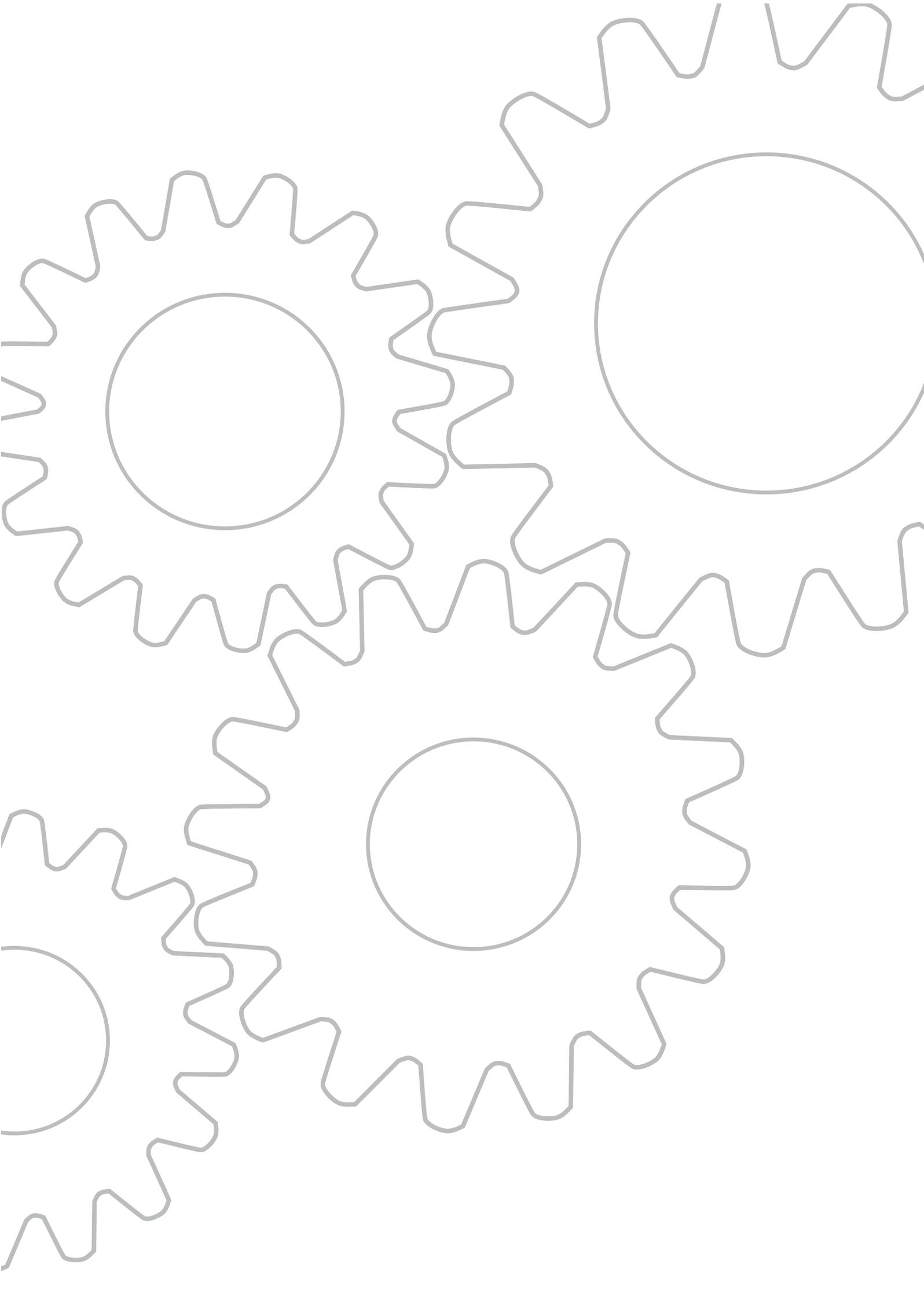
Lynette Thorstensen

Don Richards

Philip Westlake

Malcolm Whyte AO







What Australia 21 Offers Australia

We live in an era of ever-accelerating change. Global warming will change the world as we know it within the lifetime of most Australians. A major global pandemic resulting in at least tens of millions of deaths is very likely but we don't know the virus or the timing. When the supply of oil starts to fall as demand for it continues to rise, the economic impact will be ferocious. Another major international economic crisis will almost certainly affect Australia in the next decade, we just don't know when or from where it will come.

It is easy, indeed almost human nature, to not want to face these threats to our security and prosperity. Yet our finest minds agree on these things. And, by facing them squarely there is a great deal that can be done to address them — if we can harness what we know and see it reflected in government policy and corporate conduct, and, if we can identify what we don't know, and get to work to find it out.

In our universities today much excellent research is being done. But the latest findings rarely inform government policy or corporate action, and much intrinsically excellent work is done on relatively unimportant topics.

Australia 21 was brought into being to address these issues, and to work for a better future for all Australians. It brings together thinkers from business, government and academe to identify work that really needs to be done, and to cross-fertilise each other's thinking. Our starting point is the roundtable, a one or two day gathering in which experts from the widest possible range of backgrounds come together to explore an important issue. Out of these gatherings, critical issues are identified and teams of researchers and other thinkers are assembled to tackle them.

The outcomes are always enlightening, and, at times, dazzling.

One of the outcomes from a number of our projects has been the need to value resilience and to build it into our social, economic, educational and other systems. Successful societies in the future will be the ones that are highly resilient — as ever more rapid change is the one certainty of our future.

For the first time in human history today's young children are likely to lead a less healthy and less prosperous life than their parents. We owe our kids, and their kids, much more. Australia 21 is about envisioning a better Australia for all Australians, and indicating the steps that need to be taken to make that better Australia our future.

Professor Ross Buckley
Project Leader "Enhancing Australia's Security & Prosperity in the 21st Century"



Australia 21 Limited

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