



Australia 21 Limited

annual report

Australia21

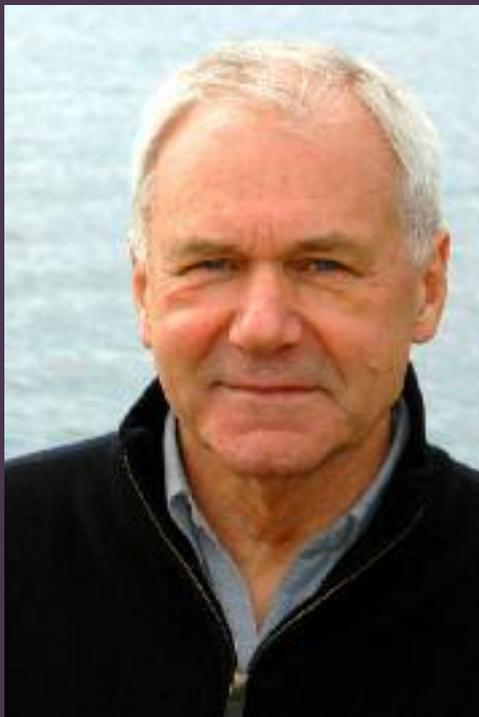
building a better future

2006-2007



I feel extremely privileged to serve as a board member of Australia 21. I was attracted to join the Board because Australia 21 has a unique ability to bring together key leaders in industry, government and the research community to address complex, "big picture" questions that affect our future. The organisation clearly plays an effective role within the country by prompting broad and timely discussions on key areas of concern to both the public and private sector. The round table forums, discussion papers and targeted research programs provide opportunities for capacity building, energetic inquiry and broad community engagement that no other group is able to foster in such a comprehensive manner. As a new Director of the Board, I have been inspired by the leadership, talent and dedication of the impressive international network that this Australian organisation has created – all grounded in an effort to make a difference and find positive solutions to the issues we face in a complex global society.

Professor Linda Kristjanson
Deputy Vice-Chancellor, Research & Development
Curtin University of Technology



The task of addressing climate change is both urgent and complex. If we are to avoid catastrophic consequences from the rise of the temperature of planet the, within the next decade we must, lower greenhouse-gas emissions quickly and safely.

Australia 21's approach is important. It builds networks across the national divide between science and policy, simultaneously treating social, economic and environmental dimensions of a number of challenges for sustainability.

Specifically, it has enabled me to work with two State governments as they explore ways to make deep cuts in their greenhouse profile. The open interdisciplinary and inter-institutional networks which Australia 21 builds are excellent breeding places for innovation and optimism that Australia can contribute significantly to the international management of this issue.

Dr. Graeme I Pearman AM, FAA, FTSE, FRoySocVic, BSc (Hon), PhD

Dr Pearman is an Australia 21 Fellow and Leader of the Australia 21 Energy Options Project. He is a former Chief of CSIRO Atmospheric Research and Climate Program Coordinator. In 2003 he was awarded a Federation Medal for services to science.

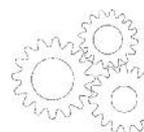
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Australia21



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Chairman's Report

Australia 21 is entering its seventh year of operation. It is still a small organisation with a very small budget but its influence on the Australian scene is growing disproportionately to the size of the budget that we administer.

That is because of the large "pro-bono" contribution made by our directors, leaders and network participants and the fact that despite our smallness, we are tackling some very big questions that are at the very heart of Australia's future.

The company's charter commits it to:

- Promote interdisciplinary and inter-institutional discussion and germinate new research on topics pertinent to Australia's future.
- Build networks between researchers, community and business leaders and policymakers.
- Improve community understanding of the factors that will contribute to a better future for our children.

The Board seeks to bridge the gap between research and policy, helping to create new "frameworks of understanding" that can be applied to the development of public, corporate and community policy and action. Its networks are concentrating on some of the large unresolved questions that bear on public good and the future.

The diversity and independence of our networks and the futuristic scope of our projects are our unique and defining characteristics.

During the year under review, Australia 21 has completed a substantial review of feasible energy options for the Victorian government and has commenced work in partnership with other State governments and developed proposals for work with the Council for the Australian Federation. The latter body was formed during 2006 to enable State governments to work together on matters of common interest. At the invitation of the South Australian Premier Mike Rann, who was the first chair of that body, Australia 21 developed in April, a proposal for working on policy questions of common interest to State Premiers.

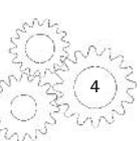
This has led to a new working relationship with the Queensland government on climate change and ecosystem services and to productive discussions with Western Australian leaders on activities relating to climate change, ecosystem services and the development of Northern Australia.

Australia 21 has to this point failed to capture the imagination of corporate Australia, though there is a belief on the board that our style of operation has much to offer companies that are thinking ahead to the future.

A number of global and local trends now present Australians with unprecedented challenges and opportunities. The world's human population has quadrupled in the past century; we have already destroyed huge areas of the world's ecosystems; human activities are changing the climate; we are approaching the peak of global oil supply at a time of escalating demand, and, despite millions being lifted out of poverty, there remain huge disparities between the rich and poor of the world.

Underlying much of this picture is an economic system which has paid insufficient attention to the needs of the biosphere on which the future of the human species depends.

This annual report contains brief outlines of three projects which Australia 21 completed during the fiscal year 2006 to 2007. More extensive reports of our activities are available for downloading from our website www.australia21.org.au.



In September 2006 Australia 21 ran, in collaboration with the Nautilus Institute a scenario building workshop in response to the question "How Will Asia-Pacific Communities Respond to Global Insecurities?" This was an international workshop with a number of participants from South Asia as well as Australia. The scenarios were titled "Tidal Wave", "Rise of the Machines", "Theo-Corporate Takeover" and "Sino Sunrise". Each of these worlds began in 2007 and ended 100 years later in 2107. The scenarios and their elaboration are quite breathtaking in their implications and the full report of the meeting can be downloaded from our website.

In April 2007, we published in conjunction with the Australian Youth Research Centre at Melbourne University, the report "Generations in Dialogue about the Future: The hopes and fears of young Australians". This project provides a snapshot of young people's sense of what the future holds for them. An innovative approach was designed specifically to open dialogue across traditional disciplinary and age boundaries and to bridge the gap between the agendas and preoccupations of academics and policy-makers and those of young people. The report suggests that: young people value the opportunity to discuss the future with each other and with adults; they need to be given more of these opportunities, including in schools, families and communities, as part of making sense and meaning of the world and their lives. Creating more spaces for dialogue could increase their engagement and capacity to act in the face of daunting challenges.

An Australia 21 multidisciplinary team from diverse institutions around the nation, led by Australia 21 Fellow Graeme Pearman and Australia 21 Directors Paul Barratt and Mike Waller in May, completed an analysis into the feasibility of deep cuts in Victorian CO2 emissions April 2007 for the Victorian Government. The report concluded that deep cuts in emissions will be essential, and that mid-century greenhouse-gas emissions targets for developed countries are likely to be in the range 50-60% below 1990 emissions. It also concluded that deep cuts can be achieved at acceptable cost. Present and emerging technologies promise energy production and distribution with low or zero emissions, while preserving or improving current quality of life.

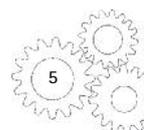
A vigorous program of work for the year 2007-8 is well under way with special focus on the "Resilience" of Australian Society and its ecology, consideration of what will be needed for a national Policy on "Ecosystem Services" and discussions about the future development of Northern Australia.

We are grateful to all of our Sponsors and Friends who are helping to make this work possible and I am particularly appreciative of the outstanding Board of Directors and Project Leaders and Scholars with whom it is my privilege to share this challenging task.

Thanks also to our Administrative Officer Ron D'Souza for steering us administratively through another successful year.



Bob Douglas



Program 1: Australians in Society

Project 1.2: Inter-generational dialogues about the future

Futures research has revealed the human susceptibility to apocalyptic fears about the future, especially in times of rapid change. Today, global warming, peak oil and other threats have the potential to intensify this 'irrational' reaction to threat and uncertainty, overwhelming more rational, constructive responses.

The issue has special importance for young people given their stage of psychological and social development and their high stake in the longer-term future.

Australia 21 focused on future expectations and preferences in its second project on young people's potential and wellbeing. The project report, *Generations in dialogue about the future: the hopes and fears of young Australians*, was published in April 2007, and is available on the Australia 21 website.

The report was co-authored by Richard Eckersley, a founding director of Australia 21, and Ms Helen Cahill, Dr Ani Wierenga and Professor Johanna Wyn, all of the Australian Youth Research Centre at the University of Melbourne. Members of a research panel and participating students also contributed. Melbourne University funded the project.

The project aimed to improve the understanding of young people's sense of what the future held for them. An innovative approach based on drama techniques was designed (by Ms Cahill) to open dialogue across traditional disciplinary and age boundaries and to bridge the gap between the agendas and preoccupations of academics and policy-makers and those of young people.

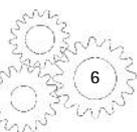
The results suggest that: young people value the opportunity to discuss the future with each other and with adults; they need to be given more of these opportunities, including in schools, families and communities, as part of making sense and meaning of the world and their lives; and they deserve a greater voice on matters of most concern to them. Creating more spaces for dialogue would increase their engagement and capacity to act in the face of daunting challenges.

The project's focus on young people's future visions was also a vehicle for exploring broader questions of identity, belonging, meaning and values. Their stories about the future allowed the exploration of qualities that research has traditionally examined through objective parameters such as education and labour-force participation, marriage and parenthood.

The core element of the project was a workshop using 'role-based enquiry' to allow students from a Melbourne high school to create, show, narrate and interpret their views of the future. Other elements were: a research panel (from futures studies, youth studies, education, psychology, history and drama) who also participated in the workshop; literature reviews; and surveys of young people's attitudes to trends in quality of life, the future of Australia and the world, and the impacts of science and technology.

Thus the project marries the sciences with the humanities and the arts, and quantitative with qualitative approaches. Rather than wash out the different points of view through the production of a synthesis, the report presents these different perspectives in the words of the different authors. There are many points of agreement woven through these narratives, and there are differences of interpretation by participants on key issues.

The surveys, carried out pro bono by Ipsos Mackay Research, provide a broader context to the qualitative research, a less rich but more representative picture of young people's views. Most young Australians are personally optimistic about their own lives, but a growing proportion appears to believe quality of life is declining, despite a long economic boom that has seen sustained, strong economic growth, declining unemployment and rising incomes.



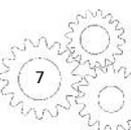
The gap between their expected and preferred futures for Australia has widened over the past decade, and concerns about the future of the world have increased.

The responses of the students who participated in the workshop were consistent with other research that suggests that young people are growing up in a context that individualises responsibility, but offers few clear answers to the 'big picture' challenges. Most found it very difficult to name ways in which they could personally contribute to a wider agenda of constructing preferred futures and actively link the personal to the local to the global.

The workshop highlighted the importance of developing processes that enabled cross-disciplinary and inter-generational dialogue in a structured way to promote active listening, the recognition of shared concerns and collective responsibility for developing solutions. It demonstrated that these structured processes could lead to hope, a sense of possibility, and an interest in taking action.

Further research is warranted to extend this project to build a more systematic picture of how different communities can create visions of the future and build more effective pathways towards those futures.

Richard Eckersley
Australia 21 director and fellow
Program and project leader



Program 2: Australians in the Landscape

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

Australia 21's work on energy futures has continued to focus on the implications of climate change for Australia's energy use and supply. Drawing on the experience of our work with the Victorian Government, we have been working with another State Government to delineate strategies to deliver reductions in greenhouse gas emissions to 50-60 per cent of 2000 levels by mid century. This involves building, for the first time, a picture of the State's potential emissions out to 2050, broken down by energy use energy demand and non-energy sources; exploring the key issues and concerns confronting government agencies with critical responsibilities; increasing understanding across government of the risks associated with climate change across the State; and identifying immediate and longer term options for both reducing emissions and adapting to the unavoidable local/regional impacts of climate change.

Charting a path towards lower emissions and adaptation to unavoidable climate change involves managing major risks and uncertainties – for example in relation to both the speed and distribution of impacts from climate change, and the Australian and global policy responses. The picture on the physical front has become more challenging as our project has progressed, with emissions growth at or above the highest scenarios. The emerging scientific picture suggests more and faster mitigation and adaptation may be required than provided for within in the current policy framework. The current target of a 60% reduction on 2000 levels by 2050 assumes that a 2oC increase in global temperature above pre-industrial levels is "safe" from a risk management viewpoint. This may understate the sensitivity of critical ecosystems to relatively small shifts in average global temperatures. Observed changes in critical areas are also moving faster than IPCC4 suggested, and sea level and temperature rises are tracking right at the top of the IPCC high emissions scenarios.

On the policy front, there are some encouraging signs: the Australian Government's ratification of the Kyoto Protocol, its commitment to a national emissions trading scheme by 2010, and the broad consensus emerging from the Bali conference on the development of a post Kyoto framework. Professor Ross Garnaut's work will be critical in charting an adjustment path for Australia and we have maintained an active dialogue with him.

Whether the speed and scale of the political and societal response will match the imperatives of the physical systems remains an open question at this stage. The world's responses will take place and interact with unprecedented global and regional pressures on natural resources, biophysical systems and disadvantaged people. In the period to 2050, world oil and gas production will peak. This will intersect with demographic pressures as the world's population grows from 6 to 9 billion, nearly all of which will occur in the developing world. This will place further pressure on energy supplies and prices and increase the stresses on already overstretched marine and terrestrial ecosystems. Climate change will generally exacerbate these pressures, as well as increasing the likelihood of extended spread of disease vectors.

Finally, there is significant technological and commercial uncertainty about the mix of energy supply solutions that will support delivery of major emissions reductions out to 2020 and beyond.

All this points to the need to design policies which are robust against different futures by fostering resilience in physical, economic and environmental structures and processes, including:

- Defining/costing at a local/regional level the costs of action and inaction to emerging climate change impacts in such a way as to ensure well-informed government decisions.
- Avoiding large, irreversible commitments to uncertain technologies wherever possible.
- Complementing a broad-based emissions trading scheme with a suite of regulatory, information and other measures that support energy efficient investment and behaviour.
- Addressing our heavy overall dependence on oil for passenger and freight transport and generally very low levels of fuel efficiency.

These considerations have informed the development of longer term strategies and options for early action.

Mike Waller

Australia 21 Director and Program Co-chair

Program 2: Australians in the Landscape

Project 2.2: Responding to the Millennium Ecosystem Assessment

The Productive and Resilient Ecosystems (PARE) Program of Australia 21 has been seeking support to generate discussion and synthesis around taking an ecosystem services approach to natural resource management. The Millennium Ecosystem Assessment (MEA, 2005) defined ecosystem services as 'the benefits people obtain from ecosystems' which include:

- provisioning services that produce food, timber and fibre;
- regulating services that influence climate, floods, disease, wastes and water quality;
- supporting services maintain soil formation, photosynthesis and nutrient cycling and
- cultural services that generate recreational, aesthetic and spiritual benefits.

The MEA process concluded that humans are continuing to run-down most of these services. Of 24 ecosystem services examined for condition and trends over the past 50 years, four have improved and five are mixed but the remaining 15 are in serious decline. The MEA has challenged the global community to acknowledge the threat that this poses to human well-being into the future and to take an ecosystems services approach to develop frameworks that properly value and take into account the full range of ecosystem services.

Since the MEA was released in 2005, the World Resources Institute has produced a landmark report, 'Restoring Nature's Capital', which presents an action agenda in response. Australia 21 believes that Australia also needs to respond to the MEA and that the WRI action agenda provides a useful framework to begin the dialogue.

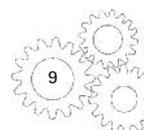
Australia 21 is keen to accept this challenge and stimulate others in Australia to do so. During 2006-7 Australia 21 explored ways in which the ecosystem services concept has been interpreted and used in Australia to date, drawing on the work of the Ecosystem Services Working Group set up by the Natural Resource Policies and Programs Committee (NRPPC). We have been guided by critical questions such as:

- Which services are provided by which ecosystems?
- Who benefits from different services? How? What are the future needs of humans for these services?
- What are the impacts of humans on different ecosystems services?
- What is the role of biota and other natural assets?
- How do different ecosystem services interact with each other?
- What are the critical levels of ecosystem services for human welfare and survival?
- What are the possibilities and implications of technological substitution for ecosystem services?

We also recognized that many initiatives already exist that attempt to put ecosystem services into practice and that many claims are being made by sectors of society who are making a case for payment for their part in helping to maintain or provide ecosystem services. This is generating considerable confusion about the nature and use of an ecosystem services approach.

In response to this confusion and the challenge posed by MEA, Australia 21 concluded that it should take the lead in propelling this discussion towards a national framework or strategy for implementing an ecosystem services approach to NRM. We have worked hard to secure the financial and practical support needed and secured the commitment of the Queensland and Western Australian State Governments to host two Roundtable discussions, the first of which took place in August 2007.

Mike Archer and Peter Ampt, Project Leaders
Geoff Gorrie, Australia 21 Director and Program Chair



Program 3: Australia in the World

Project 3.1: Australian Security and Prosperity

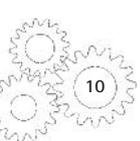
In the 2006-07 financial year the Security and Prosperity Program completed two projects and initiated a third.

The first project was the completion and publication of the report commissioned by Dr Paul Monk into "Threats to Australia's Future Security and Prosperity". This report argues for a far broader conception of Australia's security interests, arising from a broader and more realistic view of the real threats to our security and prosperity, than is common among thinkers in this area. This report built upon the insights generated at a roundtable held in Sydney in March 2006. A summary version of this report was published in the Australian Financial Review, September 22, 2006, pg 1 of The Review Section under the title, "The Evidence is All Around Us".

The second project was to co-host the Regional Security Scenarios Workshop in Melbourne in September in conjunction with the Nautilus Institute. The report of this workshop, "Open Minds, Open Futures: Asian-Pacific Communities Respond to Global Insecurity" was widely disseminated and is on our website. This was a long-term scenarios building exercise exploring our region's future 50 to 70 years into the future. One of the major lessons to be drawn from this expertly-facilitated workshop was of the need to build resilience into Australia's policy choices in a wide range of areas.

This led to the project currently underway – an exploration into resilience in Australia and how it might be enhanced. In conjunction with the Tipping Points Program of Australia 21, this program hosted a major roundtable in Sydney on July 17 which brought together 35 of the nation's leading thinkers on resilience, that is, the capacity of complex systems to maintain their function in the face of significant disturbance. Participants included former federal Cabinet members of both major parties, CEOs of corporations and leading thinkers from government and academe. This roundtable has laid the groundwork for further explorations of resilience, and its neglect in Australian policy setting. Discussions are currently in progress with parties that may be interested in commissioning studies into bringing a resilience approach to bear on specific issues confronting the nation, such as water security, climate change, energy security and the like.

Ross Buckley, Australia 21 Fellow and Program and Project Leader
Paul Barratt, Australia 21 Director and Program Chair



Program 4: Building Australia's Resilience

Project 4.1: Tipping points to a sustainable future

There is growing international concern that the conjunction of a range of threats to our environment and to our social systems could be leading us towards discontinuities of rapid, undesirable and irreversible change and even to collapse of civilization as we now know it.

In May 2007, the Australia 21 Tipping Points Program published a monograph entitled "Rapid and Surprising Change in Australia's Future: Anticipating and preparing for future challenges and opportunities on the way to a sustainable Australia". This was the outcome of two previous Australia 21 Roundtable discussions and a review of literature pertaining to our growing scientific understanding of social and ecological resilience. The monograph was distributed widely to leaders in the Australian politics, public service and to influential leaders in the private sector.

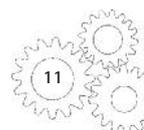
The monograph argues that sustaining wellbeing will require us to develop resilience in Australian society to help to withstand the consequences of unexpected changes. Piecemeal, or "business as usual" responses after problems arise may no longer be sufficient to cope with major step changes (e.g. in ocean circulation) or an overwhelming accumulation of individual marginal changes.

The Resilience Alliance (<http://www.resalliance.org/183.php>) with which Australia 21 has close connections through its Chair, Dr Brian Walker, and which is promoting international understanding of the importance of resilience to human and ecological systems, points to the importance of thresholds in complex systems as points between alternate regimes of structure and function. When a threshold along a controlling variable in a system is passed, the nature and extent of feedbacks change, such that there is a change in the direction in which the system moves..... In some cases, crossing the threshold brings about a sudden, large and dramatic change in the responding variables, whilst in other cases the response in the state variables is continuous and more gradual.

In the past few decades, progress has been made in relation to two major responses to the challenge of future change:

The first response has been to understand how change comes about and to consider multiple, rather than single, future possibilities. Approaches like systems analysis, chaos theory, and complex systems science have this objective at their heart. These approaches reveal some fundamental truths about change:

- the future is largely unpredictable because it will come about due to interactions among many different social, economic and environmental processes that are themselves non-linear, fuzzy, messy, individual, and novel
- especially when humans are part of complex systems, these systems adapt to the change occurring within them by changing the rules by which they respond (hence the term "complex adaptive systems" is often used)
- the dynamics of complex systems mean that trends emerge as properties of the whole system rather than parts of it
- surprises should be expected as normal outcomes of change rather than anomalies
- humans have poorly developed abilities to deal with, or even contemplate, these levels of complexity, or even to prepare for multiple futures simultaneously
- understanding the way non-gradual change occurs allows us to anticipate and prepare for the range of changes, even surprises, that are possible.



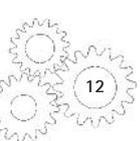
The second response has been to explore how to build and maintain the capacity of individuals, organisations and societies to anticipate and be ready to deal with a range of future challenges and opportunities. The word "resilience" has been used to describe variations on this response in science, economics, psychology, public health, education, youth welfare, engineering and other areas of public and private endeavour. In all of these areas the approaches to defining and researching resilience have been subtly, and sometimes substantially, different.

Australia 21 sees great merit in bringing together the different perspectives on social, economic and ecological resilience to ask the question:

"What would a resilient Australia look like, how resilient is today's Australia to the possible challenges of the future, and what, if anything, needs to be done to make a future Australia more resilient".

In July 2007, the Tipping Points Program joined forces with the Australia 21 Program on Australian Program on Prosperity and Security to convene a Roundtable of people from range of disciplines to begin an exploration of this question. The group firmly endorsed the importance and relevance of resilience thinking to Australian public policy and proposed the need for a series of Australia case studies which could lead to wider understand of resilience and its application to policy development. During the coming year we expect to develop a series of such case studies.

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 2007.

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
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	RN, BN, MN (Manitoba), PhD (Arizona)
Deborah Anne Lavis	Dip Teach, B Ed, MAICD
Simon Andrew McCann	MBA, LL.M (Corp), FRI, FIOP, FFin
John Patrick William O'Leary—Appointed 24.11.06	BA (Hons), MSc (Melb)
Nicholas Withrington Stump	BAppSc(Hons) (<i>S.Aust</i>), MAppSc, F AusIMM
James Chacko Varghese	BA (Hons), BD, Dip Ed, MBA, FCPA
Brian Harrison Walker	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.

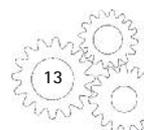
Directors were in office for this entire period unless otherwise stated.

Principal Activities

Australia 21 is a not-for-profit company limited by guarantee. It is grappling with some of the big issues that challenge our future such as climate change, energy, land and water use, the realization of our children's potential and the way Australia relates to its neighbours. The issues that we are tackling are so large and so complex that they are not being adequately dealt with by conventional research institutions and funding agencies. Australia 21 is adding value to our already formidable research potential by developing open, sustained networks of serious thinkers and researchers from a range of disciplines and institutions and by actively facilitating the exploration of alternative ways of thinking about and responding to the emerging challenges.

Operating Result

The deficit for the financial period ended 30 June 2007 was \$10,438 (\$70,960 surplus in 2006).



Directors' Report (continued)

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:

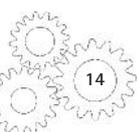
- the operations of the company;
- the results of those operations; or
- the state of affairs of the company.

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	3	9	6	2
Attended				
Robert Matheson Douglas	2	9	6	
Paul Hunter Barratt	3	9	5	
Glyn Conrad Davis	1	—	—	
Jane Meredith Dixon	1	5	—	
Richard Martin Eckersley	3	9	5	
Geoffrey Charles Gorrie	2	7	—	
Linda Kristjanson	—	1	2	
Deborah Anne Lavis	—	7	—	2
Simon Andrew McCann	3	4	—	2
John Patrick William O'Leary	1	5	2	2
Nicholas Withrington Stump	2	6	5	
James Chacko Varghese	1	3	—	
Brian Harrison Walker	2	6	5	
Michael Anthony Waller	3	5	4	
Michael Francis Ward	1	5	2	



Directors' Report (continued)

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 2007 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



RM Douglas
Canberra, 17 September 2007

Independent auditor's report to the members of Australia 21 Limited

We have audited the accompanying financial report of Australia 21 Limited, which comprises the balance sheet as at 30 June 2007, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with the Australian Accounting Standards and the *Corporations Act 2001* and with the provisions of the Charitable Fundraising Act 1991. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1(b), the directors also state that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

Auditor's Responsibility

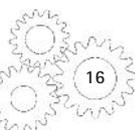
Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, we consider internal controls relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

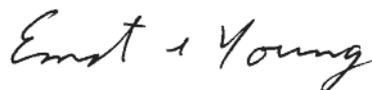
In conducting our audit we have met the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the directors' report



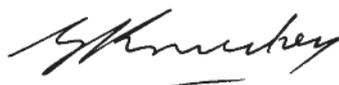
Auditor's Opinion

In our opinion:

1. the financial report of Australia 21 Limited is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the financial position of [name of entity] at [balance date] and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*.
2. the financial report also complies with International Financial Reporting Standards as disclosed in Note 1 (b) .
3. 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 2007;
 - 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 2007 in accordance with the Charitable Fundraising Act 1991;
 - iii. money received as a result of fundraising appeals conducted during the year ended 30 June 2007, 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



G. J. Knuckey
Partner
Canberra
17 September 2007

Income Statement

For the Year Ended 30 June 2007

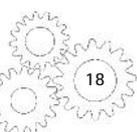
	2007	2006
	\$	\$
Revenue from ordinary activities	126,553	305,656
Expenses relating to ordinary activities	136,991	234,693
Surplus (deficit) from operating activities before income tax expense	(10,438)	70,960
Income tax expense relating to ordinary activities	-	-
Surplus (deficit) from ordinary activities after income tax	(10,438)	70,960
Net surplus (deficit) attributable to the members of Australia 21 Ltd	(10,438)	70,960

Balance Sheet

As at 30 June 2007

	2007	2006
	\$	\$
Current Assets		
Cash assets	78,034	183,353
Receivables	52,533	60,750
Prepayments	725	694
Total Current Assets	131,292	244,797
Non Current Assets		
Property plant and equipment	666	1,092
Total Non Current Assets	666	1,092
Total Assets	131,958	245,889
Current Liabilities		
Payables	35,778	139,271
Total Liabilities	35,778	139,271
Net Assets	96,180	106,618
Equity		
Accumulated surpluses	96,180	106,618
Total Equity	96,180	106,618

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

Fundraising Committee

John Patrick William O'Leary
Deb Lavis

Research Committee

Bob Douglas (Chair)
Paul Barratt
Richard Eckersley
Linda Kristjanson
Nicholas Stump
Brian Walker
Mike Waller

Finance Committee

Simon McCann (Chair)
Deb Lavis
John Patrick William O'Leary

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, FRZNSW, FAAS
- 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

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 2007:

Platinum Sponsor

Queensland Department of Premier and Cabinet

Silver Sponsors

Australian Unity Limited

The Australian National University

The University of Melbourne

Robert Albert AO

Friends of Australia 21

Australian Genome Research Facility Ltd.

Cool Energy Limited

Ernst & Young

Pricewaterhouse Coopers

Romaine Rutnam Serendipity Foundation

Kevin Austin

Virginia Bird

Michael Cavanagh

John B. Fairfax AM

Frank Fenner AC

Mr & Mrs K & E La Fontaine

Joe Gani

Peter Godbolt

A.J. McMichael

Matthew Nogrady

Don Richards

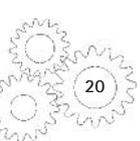
Gordon Rose

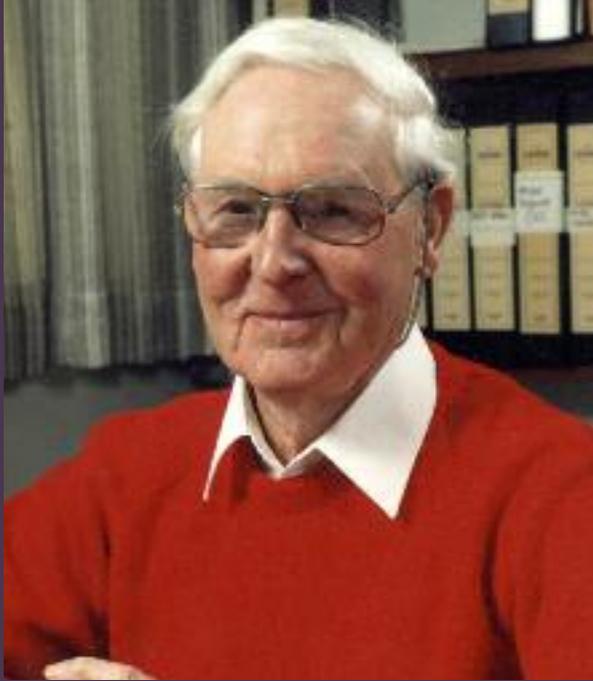
Lynette Thorstensen

Christopher Watson

Philip Westlake

Malcolm Whyte AO





The challenges that now face humankind are more serious and more complex than we have ever had to face. The recent emergence of climate change, which unlike earlier events is directly caused by human activities, and the enormous increase in the human population over the last century, which still continues, and the consequent massive world-wide destruction of ecosystems, mean that human beings will have to make profound changes to the way they live in coming decades.

I have been a donor to the work of Australia 21 because I believe we must now draw upon the creativity and imagination of our best thinkers and researchers from right across the nation to bring strong science and public policy together. Australia 21 is bringing people from all branches of science, the arts and the humanities together with policy makers to take a fresh approach to some of the really big and challenging questions of our time.

Emeritus Professor Frank Fenner AC

Professor Fenner has been a regular donor to the work of Australia 21. He was Director of ANU's John Curtin School of Medical Research and Foundation Director of its Centre for Resource and Environmental Sciences.



Australia 21 Limited

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