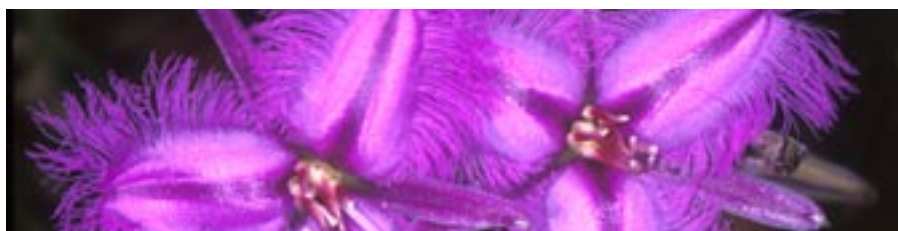




AUSTRALIAN
CONSERVATION
FOUNDATION

ACF'S ANNUAL SUSTAINABILITY REPORT 2005

FOR THE YEAR ENDED 30 JUNE 2005





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From the President

Presenting government, industry and the public with realistic long-term solutions to Australia's environmental problems is the work that defines ACF and drives our endeavours. Our capacity to carry out this work depends on how well we can sustain ourselves as an organisation.

Our Annual Report is an appraisal of how well we have fared as an organisation over the past year – in terms of our environmental campaigning, our financial performance, and our social impact. It's an opportunity to reflect, take stock, and to judge. And it's a vital part of lifting the bar and reaching higher.

ACF is the only green group in Australia to undertake reporting that looks internally, beyond the financial boundaries. This transparency and self-assessment keeps us focused and relevant. We know where we need to pick up some pace or where to adapt; we can also celebrate and derive confidence from our strengths and achievements.

I'm happy to say that, in taking stock this year, ACF has performed admirably in all facets of its operation.

The organisation has delivered solid growth in both income and fundraising capacity. In 2004/05, ACF continued to invest in the face-to-face donor recruitment program that it commenced in October 2002. More than 11,000 supporters are now committed to ACF's EarthVoice program (formerly called Earthfund), contributing more than \$220,000 each month. In 2002, the program had fewer than 3,000 supporters and generated less than \$50,000 per month. The increased financial support has enabled ACF to undertake research, advocacy, policy formulation and education programs that would not have otherwise been possible.

On a social level, the organisation has improved conditions that help staff to achieve a positive work/life balance, and which foster an environment of harmony and respect amongst ACF staff.

Most staff participated in an Indigenous Cultural Awareness Program with a view to becoming more skilled, respectful and confident at building positive working relationships with Indigenous communities and individuals.

In response to these and other measures, staff indicated much higher levels of satisfaction at work, particularly with regard to learning opportunities and family care flexibility. Some of their positive stories are in the following pages.

ACF places much importance on the strength of the collective environment movement and works hard to collaborate effectively with other groups. This report outlines some of the shared projects we undertook or funded, and details how we worked to educate Australians, reach new communities and raise the level of debate about environmental issues.

Already a leader in 'walking the talk', ACF continues to take steps to reduce its own environmental footprint, keeping a check on energy usage and developing standards for other resource use such as paper. In this year's annual report you can read about our IT department's efforts to lower energy usage, to re-use and recycle its equipment, and to buy equipment from responsible sources.

Most critically, however, ACF has accomplished important progress in many of its campaigns. Like a work of art, no matter how inspirational, provocative, beautiful, or insightful it may be, if nobody sees the work it will be of no value to the world.

In ACF's case, the true test of our accomplishment – no matter how financially solid the organisation or how light our footprint – is whether or not our calls for sustainable solutions to Australia's environmental issues are being heard. This past year, ACF's salient voice has been projected through many halls of our society: government, health, business, tourism, regional Australia, and in the home.

I am proud to introduce the results here.

Ian Lowe





From the Executive Director

For many Australians, the reality of climate change is hitting home: the challenge of drought and unpredictable weather patterns for farmers, and the sobering prospect of another summer of water restrictions in the cities. The pitifully dry Murray–Darling river system is struggling to survive, while research suggests that some of our great Australian icons including the Great Barrier Reef and Kakadu are at serious risk.

The worrying implications of climate change are bringing our environmental challenges into sharp focus.

In our work to protect, restore and sustain the environment, ACF has concentrated its efforts on building constructive relationships and finding and promoting solutions.

On climate change, ACF has been clear and consistent in its calls for Australia to reduce greenhouse pollution by at least 60 per cent by 2050, and to invest in clean energy solutions. As well as putting pressure on governments to take steps to meet this target, we are working with progressive businesses, the Australian Medical Association, churches and others to highlight measures that show government, business and the community the way forward.

Our efforts to promote energy efficiency standards in buildings were rewarded during the year with a requirement that new homes around Australia meet five star energy ratings. We are pleased that, in response to our calls for caps on greenhouse pollution in Australia, State governments are developing a state-based, nationally consistent emissions trading scheme. The lack of adequate Federal Government action remains a great weakness in Australia's response to this crucial issue. At the level of individual action, ACF's new GreenHome program is inspiring householders to make changes in their own homes that are resulting in impressive water, energy and waste savings.

ACF continued to be decisive in its action to protect Australia's natural landscapes. With wonderful support given in memory of Tom Kantor, we are working with Indigenous communities in Northern Australia to assist them as they protect the natural and cultural values of the great tropical savannah landscapes of Cape York, the Kimberley, and the Top End.

The foundation for outstanding environment and Indigenous outcomes has been laid. We have helped stave off plans to put West Kimberley bushland under cotton plantations, and with others, we have promoted a comprehensive package of proposals to protect Tasmania's old growth forests and grow local jobs with some modest, albeit inadequate, outcomes to date.

The financial year ended with the welcome announcement that cattle grazing would come to an end in Victoria's Alpine National Park. After many years of campaigning by ACF and other groups, this was a well-earned win that will see the fragile ecosystem of the Alps rehabilitated and protected for future generations.

The campaign to save the mighty Murray continued with ACF playing a key role in ensuring that governments live up to their commitments to return water and life to the river. Governments have committed to returning a third of the flows needed to have

a healthy river, and a \$2 billion National Water Initiative has been established by the Commonwealth. But the dying redgums highlight the need for more urgent action.

A strong ACF and a healthy environment movement is essential to achieving these goals. More Australians are supporting ACF than ever before, and we work hard to ensure that your inspiring support delivers effective and lasting environment outcomes. We also support capacity-building for and collaboration between environment organisations to foster opportunities for Australians to contribute together to a better future.

What we have come to cherish as the Australian way of life can be enhanced if we take steps now to live sustainably within our environment. Only a healthy environment can deliver nutritious food, clean water, unpolluted air, safe and sustainable employment and the fantastic diversity of life we share this planet with.

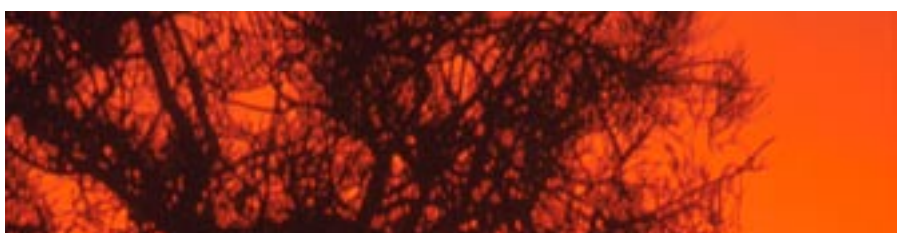
Together we are making a big difference and have more to do. I sincerely thank you for your support and for being part of all our efforts to protect the natural riches that sustain life on earth.

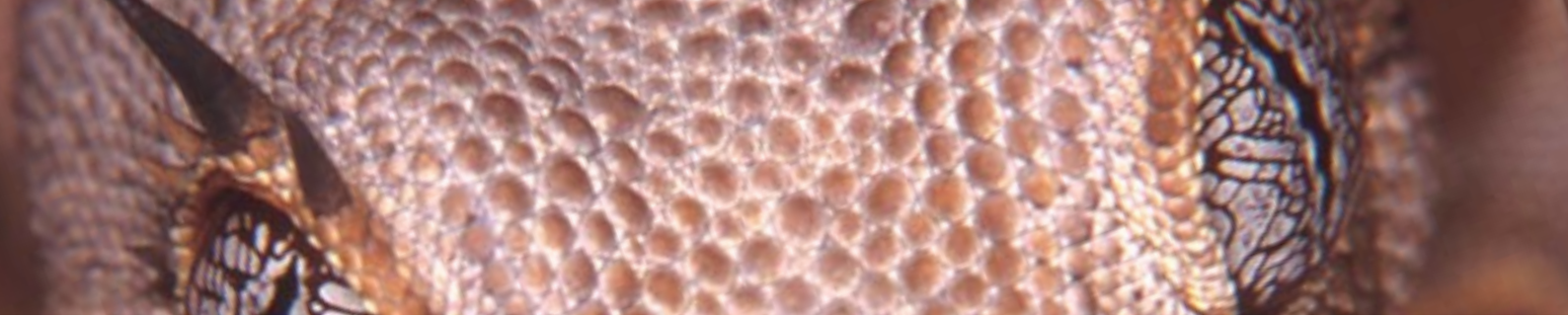
Don Henry





ACF's CAMPAIGNS





ACF's Campaigns

In the past year, ACF was once again at the forefront of action for the environment working with householders, farmers, businesses and decision makers to protect our environment. This report provides an overview of some of ACF's conservation work over the past year. For further information on all of ACF's conservation work visit ACF's website at www.acfonline.org.au/campaigns.

Tackling Climate Change

Climate change is widely recognised as one of the greatest challenges facing the world today.

Unchecked climate change threatens our health, our environment, our economy and our way of life. Climate change means less rain falling over our cities and farmlands, more frequent events floods, droughts and heatwaves, and the loss of great natural treasures such as the Great Barrier Reef and Kakadu National Park wetlands. To avoid the worst impacts of climate change this generation will have to undertake a historic transformation of Australia's, and the World's, energy economy and infrastructure.

ACF's goal is a clean energy future with decisive individual and collective action and large-scale investment by government and industry in clean renewable energy technologies. ACF's climate change program is focused on growing Australia's fledgling renewable energy industry, encouraging industry investment in reducing greenhouse pollution and helping individuals to reduce their greenhouse footprint. We are also working to ensure governments deliver liveable cities through sensible water use, clean and convenient transport, and accessible sustainable housing. To achieve these goals ACF works with the community, business leaders and governments to educate and empower Australians to urgently implement solutions to climate change.

Five star homes

As part of its suite of activities combating Climate Change, ACF has been pushing for energy efficiency standards in commercial and residential buildings and this year saw some 'star-studded' results.

ACF was delighted when the Victorian Government announced in July 2004 that energy efficiency and water saving features will be required in all new homes from mid 2005 in the form of Five Star energy efficiency ratings. South Australia then introduced five star standards and New South Wales introduced a similar scheme through its BASIX system.

From there, the goal posts for national reform were squarely in our sights and by November the real breakthrough was delivered: five star energy efficiency to be introduced into the Australian Building Code.

"A national five star standard means that more Australians will enjoy more comfortable homes with lower energy bills," said ACF Executive Director Don Henry.

Some degree of comfort: Kyoto fires its engines

The Kyoto Protocol found its feet on February 16 when Russia finally signed up bringing it into international law. The Kyoto

Protocol is an agreement between the world's wealthy nations to reduce their greenhouse pollution on average by 5.2% (1990 baseline) between 2008–2012.

The Australian Federal Government continues to oppose the international treaty and ACF has exposed the lost opportunities for Australian business and the community.

ACF Vice President Peter Christoff said, "By failing to ratify the Protocol Australian businesses will lose opportunities in the new Clean Development investment markets to be established under Kyoto." He continued, "We are also locked out of the international carbon trading market now coming into being. This will cost Australian industry over \$1 billion dollars per annum."

ACF continues to urge Kyoto ratification and we are pleased a number of State Governments support this.

Putting a price on greenhouse pollution

In response to calls from ACF, work is now underway involving all states and territories to design a national emissions trading scheme that will involve a cap on greenhouse gas emissions and tradeable permits to emit gases, making greenhouse polluters pay.

At an international Climate Conference in Melbourne, Victorian Premier Steve Bracks said, "With the European Union starting an emissions trading scheme earlier this year and other nations acting around the world, it is becoming increasingly vital that we addresses this issue."

Recent economic modelling by Allens Consulting Group concluded that a national emissions trading scheme could reduce energy sector greenhouse pollution by 25 million tonnes by 2013. This is the equivalent of taking over five million cars off the road.

There is no single initiative which will turn around our record as the world's worst per capita greenhouse polluter but an effective emissions trading scheme would be an important start.

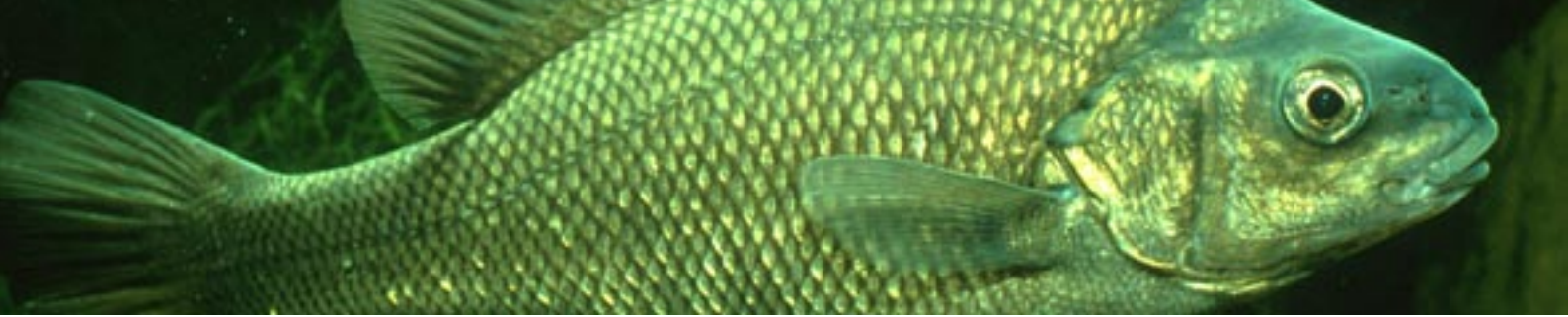
Hazelwood: Planning laws now to consider greenhouse pollution

ACF, Environment Victoria and WWF Australia, represented by the Environment Defenders Office Victoria and barristers Mark Dreyfus QC and Marita Foley, led a groundbreaking case against the expansion of Australia's dirtiest power plant. For the first time in Australia's history, a Tribunal required consideration of greenhouse gas pollution from a power station in a planning process. The case set a powerful legal precedent that has implications for planning authorities and processes around Australia.

The Hazelwood power plant in the Latrobe Valley, Victoria, is seeking planning amendments and a licence to access additional coal to extend its operating life. It is now up to the Victorian Government to respond. (See box.)

Green energy the good oil for rural Australia

ACF has recently undertaken groundbreaking research into profitable rural industries with environmental benefits.



Rural Australia can reap the rewards of environmental innovation, but governments need to get behind new industries that help to protect our natural heritage and give Australians a future on the land. This is the conclusion of a report – *Fuelling Landscape Repair* – recently commissioned by ACF and the Joint Venture Agroforestry Program.

The report concludes that farming native mallee eucalypts for bioenergy in southern Australia is currently the most attractive option for farmers' bottom line and putting the brakes on land degradation and climate change – two of the biggest environmental challenges facing rural communities.

Mallee farming can be integrated into wheat and sheep production, and the cost of electricity produced from the tree biomass is on par with conventional power when mixed with other products like oil and charcoals, as well as new environmental markets, like carbon sinks.

When grown in the right spots and on the right scale, mallees can keep the watertable in check, making the difference between a salty future and the survival of our precious wetlands, creeks and wildlife.

ACF Rural Landscapes Coordinator Corey Watts said, "Bioenergy in Australia is currently a mixed bag of the good, the bad and the ugly, including burning native forests for power."

"Governments need to make sure the rules of the game favour those players who can really prove their worth in clean and green terms."

Future of polluting Hazelwood challenged

ACF and others successfully sought orders from the Victorian Civil and Administration Tribunal (VCAT) to force planning authorities to include the greenhouse gas implications of expanding the Hazelwood power station in considering planning approvals for that project. The aging power station, which is the most polluting in Australia and among the worst in the industrialised world, wants to expand the life of its mine from 2011 to 2031.

Hazelwood creates around 3% of Australia's total greenhouse pollution from all sources. To put this in context, Victoria's 5-star energy efficient homes standard is expected to save 200,000 tonnes of greenhouse gasses per annum – just a week of Hazelwood's operations every year will cancel that benefit.

"The Tribunal's decision is positive because planning authorities now at least have to consider submissions on greenhouse pollution and climate change relating to greenhouse polluting projects," says ACF Legal Adviser Charles Berger.

Following the Tribunal's decision in late October 2004, the Victorian Government announced in September 2005 that it would grant Hazelwood all the additional coal it is seeking, in exchange for minimal and partly unenforceable environmental commitments. ACF continues to oppose the project strongly, and the final mining licence decision remains pending as of the date of publication.

"But it's not easy for new green industries to hit the ground running on an uneven playing field and government subsidies to coal, gas and oil make it hard to compete," Mr Watts continued.

"Until Australia ratifies the Kyoto Protocol, the oil mallee industry can't plug into emerging global green markets, and the Federal Government's target for mandatory use of renewable power by energy retailers is far too low to give sustainable bioenergy the boost it needs."

Northern Australia

Northern Australia is recognised globally for its natural beauty and cultural diversity.

The immense region encapsulates Cape York Peninsula, the Gulf of Carpentaria, the Top End, and the Kimberley. This expanse of land and water contains a diversity of spectacular habitats from dry open forest and patches of rainforests, to mangroves, wetlands, fringing coral reefs and coastline.

ACF's vision for Northern Australia is one of a better future for people and nature across the north. We want a future based on protection of native plants and animals, free-flowing rivers, economic and social well-being of all people, and recognition and support for Indigenous peoples' cultures and rights.

Our goals for the program are: the protection of the natural and cultural heritage values of northern Australia; greater recognition of Indigenous traditional knowledge in environmental management; and socially and culturally appropriate economic development for the region.

ACF acknowledges the generous support of the Poola Foundation (Tom Kantor Fund). With this assistance ACF has been able to initiate engagement with Indigenous communities across northern Australia and contribute to the protection of the natural and cultural heritage values of this important region. Our work would not be possible without this support.

WA drops cotton plan for Kimberley

ACF successfully joined forces with a coalition of environment and Aboriginal groups in persuading the WA Government to drop

any immediate plans for a multi-million dollar proposal to develop broad-acre cotton plantations in the west Kimberley.

The proposal, if given the go-ahead, would have cut a swathe across the Kimberley replacing native bushland with broadscale agriculture in a 500 kilometre long arc from 80 Mile Beach south of Broome to the Fitzroy River near Derby.



Kuku Yalanji girl Talika
Greenwool preparing wukay
PHOTO: STEVE NOWAKOWSKI



ACF Executive Director Don Henry is dwarfed by the awesome dunes of Shelburne Bay. PHOTO: NEWSPIX

Total mining ban over Shelburne Bay

ACF's second win in Northern Australia for the year came in the wake of an application to explore for minerals in Shelburne Bay on the east coast of Cape York Peninsula.

After pressure from ACF, the Wuthathi Tribal Council and The Wilderness Society, the Queensland Government rejected the application and subsequently imposed a total mining ban over the internationally significant sand dune country.

Shelburne Bay is a region of international conservation significance for its sand dunes, perched lakes, and rare wildlife.

ACF has been actively involved in the 20-year fight by Traditional Owners, the Wuthathi, and other conservation

groups for the protection of the area from mining and other inappropriate activity.

The Wuthathi people have devised and proposed a Culture and Conservation Framework for the management of their traditional country of Shelburne Bay. The framework incorporates Indigenous land management methods of protection over country aiming for greater levels of biodiversity and cultural protection.

Getting behind the framework, ACF Executive Director Don Henry said, "Putting an end to mining was an important first step, but now we are calling on the government to embrace the Wuthathi proposal for best practice Indigenous land management.

Nuclear Free

Community action halts South Australian nuclear dump plan

Community, indigenous, political and legal opposition forced the federal government to end its plan to impose a radioactive nuclear waste dump near Woomera in SA.

ACF was an active part of the campaign and worked with Friends of the Earth Australia and others to inform and engage communities and local and state governments along the planned waste transport routes in NSW and South Australia.

ACF also supported the outstanding efforts of the Kupa Piti Kungka Tjuta – an Aboriginal women's council made up of traditional owners and custodians – in their efforts to end the dump threat.

ACF Executive Director Don Henry said, "This victory highlights the importance and power of community mobilisation and action. But the nuclear fight is far from over."

In the wake of the SA decision the Northern Territory and Western Australian governments moved to prohibit the transport and storage of federal nuclear waste and called on all federal political parties to rule out any future nuclear waste dump threats.

Since this time the federal government has broken an earlier promise to the Northern Territory community and is now seeking to impose a waste dump there. The nuclear threat – and the community campaign for a nuclear free future – continues.

No glow zone: Mirarr win a veto over Jabiluka

ACF's campaign against further uranium mining in Kakadu took a big step forward in February when the Mirarr people, the traditional Aboriginal owners of the Jabiluka region, signed an Agreement with mining company ERA that includes a veto on any future development at the stalled Jabiluka mine-site.

ACF has worked closely with the Mirarr for a decade and this partnership was an important strength of the high profile community campaign against the planned Jabiluka uranium mine. The new Agreement provides for significant rehabilitation works at the controversial site and legally requires ERA, or any successor, to obtain explicit Mirarr consent prior to any future work at Jabiluka.

No Cotton Tales in Bilby Territory

ACF and Environs Kimberley warmly welcomed the news that the Western Australian Government had no immediate plans to re-sign a soon-to-expire Memorandum of Understanding with GM cotton proponent Western Agricultural Industries.

Pat Lowe of Environs Kimberley said, "This is a project that would double the state's annual water use, clear 200,000 hectares of valuable Pindan woodland and introduce a genetically modified crop into a near pristine environment."

"The west Kimberley is one of the last strongholds of the endangered Bilby (*Macrotis lagotis*) – a gentle burrowing animal, once found throughout Australia. The Bilby needs the Pindan woodlands if its species is to survive. To clear in excess of 200,000 hectares of this valuable habitat and replace it with a genetically modified, heavy water using, pesticide dependent monoculture would be pure lunacy."



Senior traditional owner Yvonne Margarula stated that the agreement “lifts the shadow of Jabiluka off the Mirarr and other Aboriginal people in Kakadu.”

It also sets an important precedent for the rights of traditional owners to control and manage developments in their country; a precedent that will help inform and assist ACF’s continuing work in Kakadu and with other Indigenous communities.

Protecting the nature of Australia

A solution for forests and jobs

Research and policy development, education and representation are the cornerstones of ACF’s campaigning tool kit, ensuring that we approach complex social, economic and environmental issues with well-founded solutions. And in the case of the highly contentious matter of logging Tasmania’s ancient forests, this is no exception.

ACF prepared and released a comprehensive package of proposals representing a lasting solution to the seemingly intractable forests problem in Tasmania.

The landmark package, *Protecting Forests; Growing Jobs*, prepared by ACF and TWS would enable the protection of old growth and high conservation value forests currently threatened by logging, and grow jobs in the timber and tourism sectors.

Backed by an independent economist, the package offers a choice of solutions with a maximum investment by the federal government of \$250 million over five years to leverage private investment, re-skill and/or re-employ the 320 affected workers, resulting in 1,190 new and restructured forest-based and tourism jobs.

In May the Tasmanian and Australian Governments gave protection to the rainforests of the Tarkine and parts of the Styx Valley, but they left many old growth forests at threat. There was insufficient investment in tourism and parks infrastructure while industry intensification got the lion’s share.

Tourism industry and ACF join forces to save Australia’s forests, reef and National Parks

United we stand... and so it goes for ACF and the Tourism and Transport Forum who found common ground in 2004 in the need to protect Australia’s great natural icons. ACF and TTF signed a joint protocol and called for full protection for Tasmania’s old growth forests, the Great Barrier Reef and Daintree Rainforest, because of their paramount importance to tourism and the environment.

ACF Executive Director Don Henry and TTF Managing Director Christopher Brown said both organisations shared the belief that tourism should support conservation and that residents and visitors alike should be able to appropriately access and appreciate our natural areas.

The organisations will develop common policy priorities, jointly advocate on specific issues and undertake joint research.



ACF work on the proposals in *Protecting Forests, Growing Jobs* show the way forward for Tasmania’s Styx valley.

Standing steadfast against any weakening of landclearing laws

ACF acted swiftly in response to calls to weaken landclearing laws and issued a combined statement with other conservation groups calling for greater investment, not deregulation.

“We’re gravely concerned at any suggestion for the Commonwealth to wind back the clock on recent progress in reining-in land clearing,” ACF Rural Landscapes Coordinator Corey Watts said. “Surely now the challenge is to build on these regulations with financial incentives and other measures designed to promote conservation on farms.”

Land clearing rates in Australia remain extraordinarily high. The most recent assessment of land cover change in Queensland shows that around one million hectares of land was cleared in that state between 2001 and 2003 – prior to the introduction of clearing controls passed last year by the Queensland Government.



Dive partnership will help ocean life

ACF and Pro Dive, Australia's premier diving school operator, formed a unique marine conservation partnership to help protect our unique ocean life.

Through educational, recreational and research initiatives; the Pro Dive-ACF marine conservation program will help protect Australia's marine environment and help develop a more environmentally responsible dive community.

The partnership plans to review diver-training manuals, develop information materials and eventually encourage diver involvement in monitoring and conservation projects.

ACF Marine Campaigner Chris Smyth said, "With this assistance from Pro Dive and the dive community we can do much more research to better understand our oceans and raise community awareness of existing threats to species and critical habitats."

Cleaning up our Ocean Acts

This year, ACF lead a team of lawyers in carrying out a detailed and comprehensive review of approximately 100 existing Commonwealth and state marine-related environmental laws.

The Review has found that the laws, which apply to the conservation, fisheries, petroleum, shipping and tourism sectors, are inadequate in providing for integrated and pro-active marine management, ecologically sustainable development and ecosystem-based management.

Nor do they provide for the key goals of Oceans Policy, which are:

- integrated, ecosystem-based oceans planning and management founded upon an ecosystem-based approach
- enforceable regional marine plans
- coordination with state jurisdictions
- an overall Oceans Policy framework to which all resource statutes are accountable.

The Marine Legislative Review helped ACF's work on national oceans legislative reform which included the launch of a discussion paper with the National Environmental Law Association.

Rivers and Water

ACF pours effort into the National Water Initiative

ACF has relentlessly pushed for collective, bipartisan support to repair Australia's stressed rivers, particularly the Murray, which is in a desperate state of decline. The promising National Water Initiative, which foundered after the states could not agree on funding issues, is now up and running with an important year ahead.

However, ACF Executive Director Don Henry said he remained concerned about the lack of clear targets and timelines for returning our rivers to health. "All governments need to ensure that the NWI meets the dual objectives of

sustainable water extraction and long-term river health," Mr Henry said.

In June 2004 ACF joined with the Australian Bankers' Association (ABA), and National Farmers' Federation (NFF) in calling on federal and state governments to consider a set of principles that should be addressed before committing to a National Water Initiative, including a commitment to:

- within 10 years, address over-allocation and restore Australia's rivers to healthy working condition; and
- complete a national heritage rivers reserve system to protect rivers of agreed high conservation values within 10 years.

In November 2003 the State and Commonwealth governments committed to giving the Murray 500 billion litres within five years. This was a welcome first step with at least three times more needed to give the Murray a chance. ACF won't stop till it gets the drink it needs.

Tsunami crisis and ACF

The recent Indian Ocean tsunami was a devastating natural disaster. ACF staff and Council extended their deepest sympathy to all who lost family and friends and those rebuilding their lives, and especially to the staff and supporters of WALHI – our colleague organisation in Indonesia – who have been directly and tragically affected by the tsunami.

WALHI (The 'Indonesian Forum for Environment') is a federation of environmental groups from all over Indonesia. WALHI has, with other Indonesian agencies, established three crisis centres to coordinate and direct funds to local organisations in Aceh for immediate emergency response as well as for longer term rebuilding and restoration.

ACF and its staff have made donations to support WALHI's relief and rebuilding efforts. While ACF's financial contribution will be modest in the context of the disaster we will use our Asia Pacific expertise and work with partners to assist where we can. ACF is not directly involved in environmental programs in Indonesia or the other countries affected by the recent tsunami, but in recent years ACF has developed a relationship with WALHI with the aim of strengthening regional co-operation to protect the environment.

ACF has welcomed a report by the United Nations Environment Program (UNEP) into the environmental impact of the Boxing Day tsunami and the need for environmentally sensitive reconstruction in tsunami-affected areas.

ACF is urging the Australian Government to take account of key environmental safeguards – like the restoration and protection of mangroves and coral reefs, the development of long-term sustainable agriculture, and better environmental standards for buildings – when approving post-tsunami reconstruction projects under its billion dollar aid fund.

Said ACF Campaigns Director John Connor, "Environmental security contributes to regional security. So it is in Australia's interest – as well as the interests of our neighbours – for us to do more to support conservation efforts in the Asia-Pacific region."

GreenHome Takes Action to a Local Level

In February, more than 150 Bankstown (NSW) residents joined well known Australian actor Michael Caton in signing up for ACF's GreenHome program and they have taken their first steps towards a greener, healthier and smarter future.

At the first of six GreenHome workshops, local residents received information, advice and free environmental products to help them save water in the home and garden and install greywater or rainwatertanks.

ACF Sustainability Campaigner Suzie Brown said Sydney's current water crisis means people need to make big water savings in the home, and call for action by councils, state government and businesses.

"Everyone agrees that we need to dramatically cut back our water usage," she said. "Our research tells us that people are prepared to take action on a local level to help avert future environmental crises.

"ACF's GreenHome program is about empowering people to take action at home as well as in the broader community. Consumers can make a difference.

"For example, installing a water efficient showerhead can reduce a home water bill by 20% and fixing leaking toilets can save up to 100,000 litres of water per year and \$60 off the water bill."



Corporate Environment Responsibility

The Corp Rate project

The Corp Rate project brings together the expert opinions of three Australian organisations to assess the corporate governance, social and environmental performance of Australia's top 50 listed companies. ACF, the Australian Consumers' Association (ACA) and Oxfam Community Aid Abroad (Oxfam) were respectively responsible for the environmental performance, corporate governance and social assessments.

In the areas of social and environmental performance, Oxfam and ACF found that corporate Australia's conduct still falls far short of the needs and expectations of a just and sustainable society. ACA found that many, but not all, of our top listed companies are well-positioned to meet shareholder expectations when it comes to corporate governance.

Corporate Law reform

ACF continued its efforts to green the Corporations Act during 2004, with a major submission to Round 9 of the Corporate Law Economic Reform Program. If adopted, the legislation increases transparency of shareholder ownership, which will allow communities affected by harmful corporate environmental practices to ascertain who owns and controls the corporation. The legislation also requires companies to report on their operations and prospects more comprehensively.

However, Australian environmental disclosure standards are still far behind international best practice, and ACF will continue to push for tougher disclosure requirements in 2005.

ACF was also involved in the development of financial sector disclosure standards as part of the Global Reporting Initiative, a voluntary framework for corporate triple-bottom-line reporting.

Are investment managers considering ethics and the environment?

In 2004, a new law requiring financial product providers to disclose the extent to which they take environmental and other ethical issues into account in investment decision-making came into effect. ACF published the first study of compliance with these new requirements. The report found that many mainstream investment managers were not complying fully with the new requirements, and that some financial companies did not appear to appreciate the financial relevance of environmental concerns.

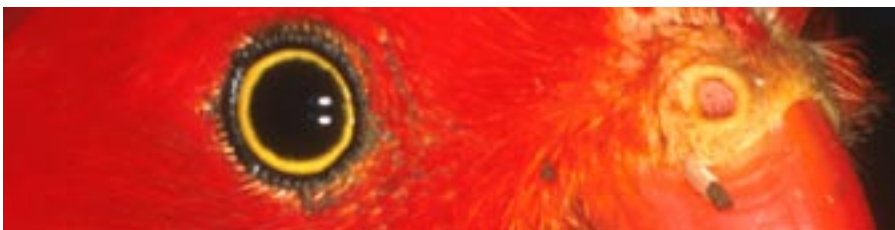
GreenHome education program launched

ACF took its work to a new dimension in 2004/05 with the launch of GreenHome, a national community outreach program designed to inspire individual action.

The GreenHome program outlines simple steps for reducing waste, and energy and water usage at home that will assist in tackling the big issues like climate change and water shortages. Visit our website to find ways you can reduce your footprint.



ACF's SOCIAL PERFORMANCE





ACF's Social Performance

Social Performance is about ACF's responsibility to the improvement of the people that work with the organisation and to the healthy expansion and strengthening of the environmental community at large. A strong ACF and a strong environment movement helps deliver strong environment outcomes. For ACF staff this means bridging the gap between aspiration and achievement in the workplace, the community and personal life. For the community, this means sharing resources, forging appropriate alliances and educating the public.

New and longer-term employees of ACF often comment on the strong community that encircles ACF and its friendly work environment. This is attributed to the passions and ethics of the people who work within and with the organisation. ACF values this and recognises the enormous benefits that come with such a workplace, and has fuelled it further through the creation of significant policies that promote flexibility, enrich skills and foster teamwork.

ACF is committed to fostering the integrity and strength of the environment movement. Raising the level of public debate through supporter and public education and communication are fundamental to this, as is creating trusting 'two way' relationships with key stakeholders such as Indigenous and rural communities. Sharing the skills and resources of the organisation to advise and assist other groups with environmental agendas is another critical way that ACF fosters the development of the environment sector.

Strengthening the Organisation

Our Staff

ACF's vision for a sustainable Australia is about people – inspiring people to achieve a healthy environment. Our staff are critical to the achievement of this vision. To deliver on our aspirations we need to recruit and retain a diversity of high calibre staff, involve and motivate staff and sustain a learning environment that drives the attainment of ACF's conservation goals.

We have sought to do this in professional, collaborative and courageous ways and have asked our staff to feedback on our performance. ACF offers all staff an exit interview on resignation. The interviews provide an invaluable opportunity to identify trends and tap into people's experience of working at ACF in order to identify what needs improving or addressing in order to retain high calibre staff.

The exit interviews that took place in 2004/2005 identified the energy, passion and harmony of the workplace and the fact that staff are trusted and challenged as great positives of working at ACF. Staff felt that flexibility around work arrangements and access to carer's leave, study leave, paid parental leave and unpaid leave made it possible to achieve a work/life balance. The opportunity to make a real difference, the learning experiences and professional development opportunities and

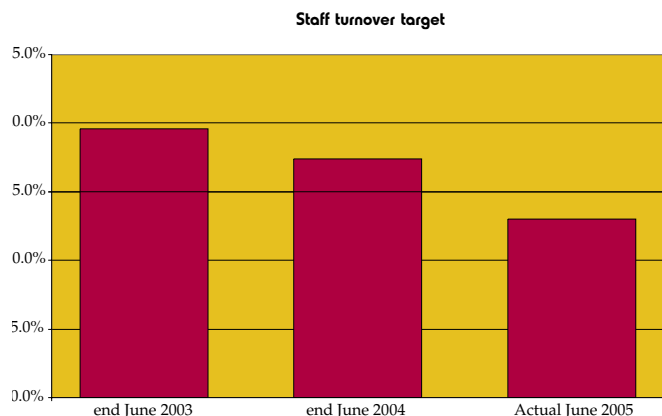
the organisation's desire to enhance its leadership capacity and effectiveness were all factors that drew people to the organisation and kept them motivated and engaged. For staff based in our Melbourne office, the physical working conditions provided by the 60L green building were a highlight.

While staff felt that improvements were still needed in regard to salaries and alignment around our vision, values and behaviours, our staff turnover statistics (see chart) reflect an organisation that inspires and motivates staff and is mindful of their wellbeing in a holistic sense.

Work/Life Balance

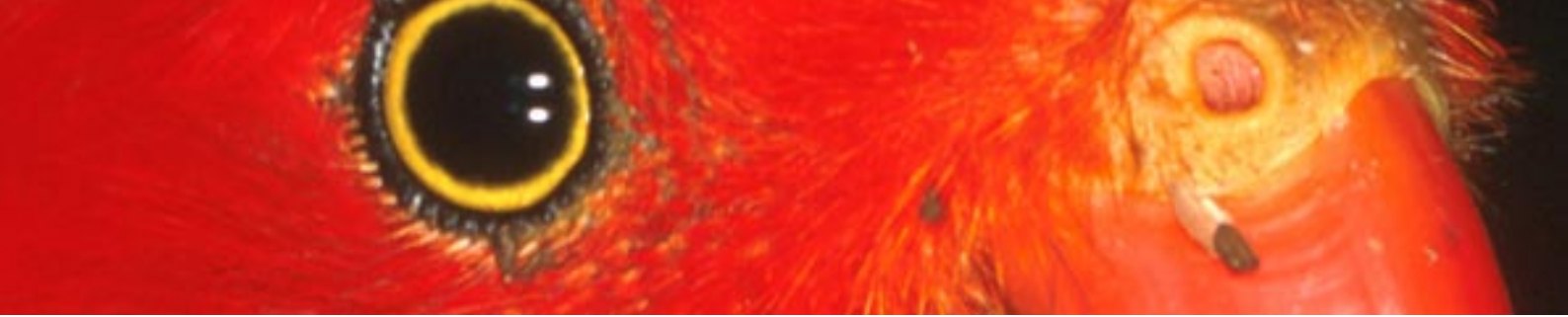
ACF aspires to strengthen the organisation through teamwork and improved working conditions for staff so that we are able to work effectively to inspire Australians to achieve a healthy environment.

Staff based in our head office have the pleasure of working in one of the most sustainable buildings in Australia. Our staff have access to reasonably flexible working hours, paid parental leave, flexible carer's leave provisions, early access to long service leave and the option to apply for paid study leave.



Alison Potter recently took maternity leave from her position as Publications Coordinator. She had this to say about her experience: "I now socialise with a number of other new mothers and I feel privileged at the standard of leave entitlements I have been awarded. ACF has broken ranks with many in the private sector and provides 12 weeks leave on full pay for primary carers. This comparatively generous allowance has allowed me to immerse myself fully in my role as a mum in those critical first few months and has reduced the financial strain that a burgeoning family can bring."

Fifteen per cent of staff are currently pursuing opportunities made possible by paid study leave and are participating in MBA and CPA programs, Masters of Social Science, Masters of Arts and a Graduate Certificate in Publishing and Editing. For these staff, the availability of paid study leave is a real benefit and tangible proof that ACF is serious about staff wellbeing and the creation of a learning culture in the organisation.



Alison Perry, who is responsible for donor liaison in our Sydney office, found that postgraduate study in environmental management gave her “a deeper understanding of the environmental issues facing Australia and the opportunity to network with fellow students from a range of backgrounds in corporate, private and government sectors.” Having access to paid study leave helped to ease some of the financial and time pressures associated with education and made possible the achievement of a work/life balance.

Suzie Brown, Sustainability Campaigner, finds study leave essential to her ongoing participation in a Masters in Environment and Planning. “Without study leave my work/life balance would be under considerable strain.” Suzie’s study effectively acts as research for the ACF GreenHome sustainable living program and increases her capacity to perform effectively in her job. Access to paid study leave makes a work/life balance more viable for our staff, strengthens the organisation and assists our work towards a society that protects, sustains and restores the environment.

Charles Berger, ACF Legal Adviser had this to say about his study leave experience: “ACF’s support through paid study leave was essential for me to obtain a key professional qualification. ACF’s flexible approach allowed me to structure my work around classes that I had to attend. The process of obtaining professional accreditation was complex enough, and having the solid support of my employer throughout took a big load of stress off me. The paid study leave and other support was a very concrete demonstration of ACF walking the talk of a sustainable workplace and professional development.”

Keynote Teams

ACF aspires to strengthen its work through teamwork across the organisation. Keynote Campaign Teams were created to focus cross-organisation efforts in specific conservation campaigns using the ACF tools of advocacy, analysis, fundraising and communications.

Our current keynote campaigns are focused on Northern Australia, Climate Change and Water. Each keynote team includes staff from a cross section of the organisation with diverse expertise in campaigning, marketing, communication and strategic planning. Our Keynote teams are still a work in progress but there has been important progress and outcomes. Keynotes have helped ACF to achieve important environment, fundraising and communications goals and, as highlighted in a recent staff evaluation, Keynotes have delivered very strongly on improving cross-organisational integration.

Staff feel more engaged in each others’ work and this has nurtured trust and respect across the organisation. Staff who haven’t previously enjoyed the benefit of working in teams feel less isolated and internal communications around program strategies have improved.

Building Stronger Links with Communities

In April 2005 almost all ACF staff participated in an Indigenous Cultural Awareness Program with a view to becoming more skilled, respectful and confident at building positive working relationships with Indigenous communities and individuals.

A Keynote Success Story

David Edwards, ACF Finance and Sustainability Reporting Manager is the convenor of the Northern Australia Keynote Team.

The Northern Australia keynote has provided a fabulous opportunity for me to be more involved in ACF’s environment programs. It has allowed me to break out of the finance box and play a more direct role in meeting ACF’s vision for a healthy Australian environment.

It’s a fantastic way for me to combine my passion for the environment and Indigenous cultures. It is great to be part of a program that strongly supports Traditional Owners to be more involved in the management of these iconic environments; Cape York, Kakadu and the Kimberley, as they have done for thousands of years.

It is energising to be part of a program that is breaking new ground for ACF and to be involved from the beginning. It has required the development of new systems and a different way of working, but these changes are giving our environmental activities much greater integration and hopefully ‘more punch’.

David Edwards

The program was designed to enhance ACF’s leadership capacity and effectiveness and reflect the key principles and protocols of the Northern Australia program. These principles include recognising, respecting and placing equal value on Indigenous and non-Indigenous cultures and world views; developing relationships of trust and respect with Indigenous and non-Indigenous peoples across the region; and developing communication partnerships that respect cultural protocols and broaden understanding about sustainability issues across the region.

The Northern Australia Program is working to up-lift the social and economic well-being of Indigenous Peoples and others across the north to ensure real sustainability; promote world-class models for the conservation of life in all its wondrous diversity; and address the underlying causes of environmental problems.

Leah Talbot, ACF’s Cape York Program Officer, felt that through participation in the program the staff of ACF have increased their awareness and general understanding of Indigenous peoples’ culture, views and knowledge about ‘country’. Talbot says, “I feel that this first stage of training has opened the way forward for the staff wanting to expand on their new learnings and confidence building of Indigenous People and culture. As an Indigenous person, I think it is invaluable for staff to continue to develop and increase their awareness of Indigenous People and their culture.



“ACF is continuing to move towards respectful and collaborative relationship building with Indigenous Australians. This type of awareness building for the staff can only continue to be a positive learning for us all.”

Promoting ideas & discussion about the environment

Habitat and the Website

ACF uses a number of avenues to reach out and inform the public regarding current environmental issues, the two most prominent being the long-running magazine *Habitat*, and the ACF website.

Habitat has been spilling the beans on the Australian environment for over 30 years and has a loyal readership based in ACF members. Printed on 100% recycled (post consumer waste) paper, *Habitat* has been continuously published through the thick and thin times for ACF. The magazine has seen a number of incarnations and it continues to evolve, reflecting the changing activities of ACF and the interests of its readers.

The true strength of both *Habitat* and the website lies in their ability to tell the raw story, drawing on the vast body of knowledge and insight within ACF and its associates, without the need to bow to many of the market forces or influences that restrict or warp the voice of other media.

The ACF website has been in operation since the late '90s and continues to advance as technology allows. The website is an integral tool in strengthening the movement and alerting the public to ACF's work. Journalists can access the latest media releases, events and actions are promoted, supporters are informed how they can protest or support government positions, and students and teachers can access a wide and detailed suite of information about environmental campaigns. Administration cost are reduced and process is streamlined – job alerts, annual reports and council information are all posted on the website.

The website's new discussion boards provide a forum for sharing views and ideas, and asking questions. It builds the community around ACF and opens the skilled staff in the organisation up for further public engagement.

A relatively new feature of the website is the Environmental Newsroom, a broadcast (radio/television/ internet) news monitoring page provided to us pro bono by media monitoring service Rehome. The service provides up-to-the-minute records of coverage of key environmental issues in Australia's broadcast media. Visitors can see, in a 'nutshell', who has been reporting what around Australia with regard to environmental news.

Emailing Supporters

A new email service has made a big difference to our ability to communicate with members. As well as eliminating printing and design costs, it means that we are able to identify and communicate with a target group – for example, inviting a particular area to participate in GreenHome programs in their suburb, or inviting

major donors to events. The new facility allows us to track which groups respond better than others, and what draws them to respond.

The GreenHome Sustainable Living Program

ACF's GreenHome program is an exciting new avenue of outreach making contact with a large number of people in NSW who care about environmental issues but are not as yet involved in the movement. The GreenHome program was launched in 2004/05 and is designed to inspire individual action.

The GreenHome program outlines simple steps for reducing waste, and energy and water usage at home that will assist in tackling the big issues like climate change and water shortages.

The program's coordinator Suzie Brown says, “ACF's GreenHome program is about empowering people to take action at home as well as in the broader community. Consumers can make a difference.”

“For example, installing a water efficient showerhead can reduce a home water bill by 20% and fixing leaking toilets can save up to 100,000 litres of water per year.”

See the Campaign Highlights section of this report for more information about the program.

Working with Indigenous Groups

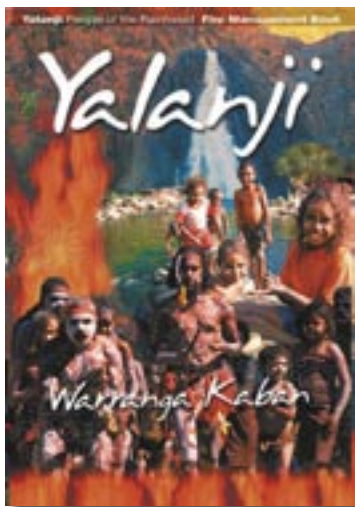
Keeping Traditional knowledge and language alive is central to ACF's Northern Australia Program and its 'two-way approach' to conservation. This approach brings together the expertise of the Indigenous peoples who have been here for millennia, with the scientific knowledge and other skills of the new settlers.

Affirming the link between Indigenous cultures and environmental protection requires respect and recognition of Indigenous peoples' roles and responsibilities. Land ownership and management are also central. ACF is now working through our membership of the Queensland Government's Cape York Tenure Resolution Implementation Group to support Yalanji



ACF's Northern Australia Program Coordinator Rosemary Hill with Kuku Yalanji man Roy Gibson at Mossman Gorge.

PHOTO: STEVE NOWAKOWSKI



People to gain more access to their traditional land and a stronger role in management, including through joint management of national parks.

Kuku-Yalanji People, the Traditional Owners of the region including the world heritage listed Daintree rainforest, were overjoyed in May this year when their beautiful book, *Yalanji Warranga Kaban*, Yalanji People of the Rainforest Fire Management Book, was

recognised by an Award for Excellence in Innovation from the National Association for Cooperative Research Centres. ACF staff Dr Rosemary Hill and Ms Leah Talbot were co-authors of the book, and the ACF's Northern Australia Program strongly supported the project.

For Yalanji People, the book is a testimony to the survival of their culture and language throughout the era since European contact. The text appears in both English and Kuku-Yalanji, and presents information about customary law, bush tucker, seasonal indicators, the *Ngujakura* (dreaming), as well as about how to burn country. The book is also a message about what Yalanji people hope for in the future – renewing the strength of their country, culture, and families.

A Community Campaign for the Murray River

To raise awareness of the plight of the Murray River in 2004 ACF and leading creative agency Clemenger Harvie Edge (CHE) produced a series of advertisements depicting disturbing images of the depleted Murray River. These were coupled with thought-provoking messages intended to raise the level of community

awareness about the shocking state of the nation's hardest working river.

The pro bono CHE advertising campaign reached new audiences for ACF. It included television and print community service announcements, newspaper advertisements, screening of the television advertisements at football games combined with text messages on the scoreboard, a *Footy Record* print ad, a cinema advertising campaign, and a postcard campaign.

Broadening and Strengthening the Environment Movement

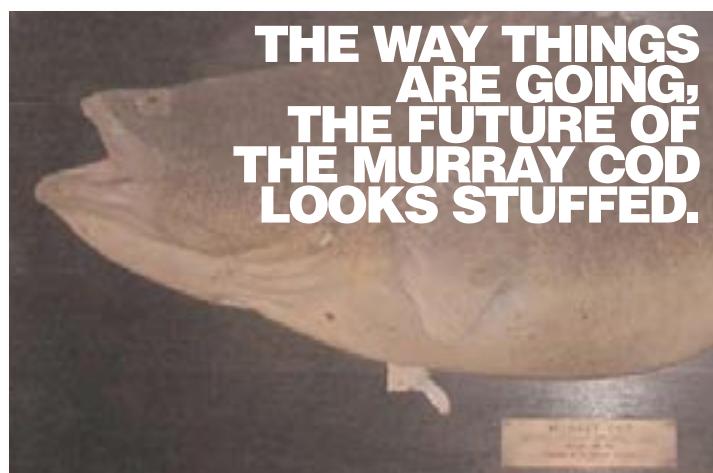
The Australian Collaboration

The Australian Collaboration brings together environment and social non-government organisations to share experience and further a just and sustainable Australia. It is chaired by ACF's patron Professor David Yencken, and includes ACF, The Australian Consumers Association, The Australian Council for International Development, The Australian Council of Social Service, The Federation of Ethnic Community Councils of Australia, the National Council of Churches in Australia and The Trust for Young Australians.

ACF is committed to encouraging a dialogue and action that recognises how environment and social issues are linked and how we can all better work together. The Australian Collaboration has produced a number of publications including "A just and sustainable Australia" and examinations of measuring progress, the Australian democracy, ethics and foreign affairs, and most recently, "The Big Fix" by our President Professor Ian Lowe.

Advisory Committees

Assisting other groups in an advisory capacity and sharing the body of expertise and knowledge held by ACF staff is an important means of fostering the growth of the environment



HELP THE ACF SAVE THE MURRAY

If the deterioration of the Murray River continues for another 10 years, this is the only place you'll see the famous Murray cod. Stuffed and mounted on a pub wall.

But it's not that surprising when you think it makes its home in a river that now struggles with less than 25% of its original flow.

These man made changes making the river both difficult for the Murray Cod to survive and a paradise for unwanted species like carp.

The simple answer is, it's only by saving the Murray River will we hope to save the Murray cod and the other native fish and animal life that is now threatened.

That is why the Australian Conservation Foundation are vigorously campaigning State and Federal Governments to agree to restore less than 2% of the water currently being diverted each year for the next 10 years.

Australia's leading scientists agree that this 2% is the minimum needed to return the Murray to a healthy state. And save the Murray cod.

If the plight of the Murray River and its fish life ever needed to be heard it is now before it is too late and this great river lost for future generations.

So mount a challenge and help ACF save the Murray by calling 1800 332 510 now to register your support or to make a donation.



movement. These activities are undertaken every day at every level of the organisation but also in a formal capacity by many high level staff.

Charles Berger, ACF Legal Advisor, sat on the judging panel for the Association of Chartered Certified Accountants Australia and New Zealand Awards for Sustainability Reporting 2004. This involved reviewing and assessing corporate sustainability reports and contributing to the final judges' report. The ACCA awards recognise superior sustainability reporting and are an important contribution to the development of improved corporate responsibility and transparency.

Mr Berger also sat on the external advisory committee for the Corporate Responsibility Index, a voluntary initiative to benchmark corporate social responsibility strategy and implementation process across the four key impact areas of community, workplace, marketplace and environment. The role of the external advisory committee is to contribute expertise and assistance in implementing the project in Australia, using a methodology developed originally by Business in the Community in the U.K.

The Mittagong Forum

Building Dialogue between Environment Groups and with Government

ACF plays the pivotal role in the administration, support for, and leadership in the Mittagong Forum, a group of Australia's leading environment organisations. The purpose of the Mittagong Forum¹ is to develop capability, generate strategic insights and

share dialogue that enhances the effectiveness of Australia's environment movement.

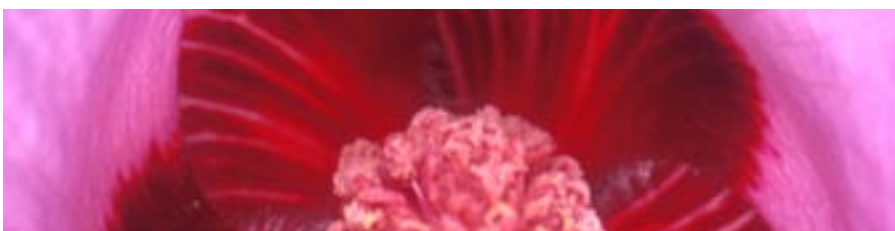
ACF contributed to the forum in financial terms, staff time and in supporting the Mittagong Forum's efforts to raise funds for ongoing programs for the whole environment movement. The Mittagong Forum Coordinator is employed by ACF and works out of the ACF Sydney office

In addition, ACF supports the role of a Secretariat to facilitate interaction between the Australian Government and environment non-government organisations. The Secretariat is situated in ACF offices and specifically provides for regular meetings with the Federal Environment Minister, departmental officials and other MPs, and organises environment representatives for government committees.

¹ Members of the Mittagong Forum include: Australian Conservation Foundation; Australian Marine Conservation Society; Cairns and Far North QLD Environment Centre/North QLD Conservation Council; Climate Action Network Australia; Conservation Council of South Australia; Conservation Council of South East Region and Canberra; Conservation Council of Western Australia; Environment Centre Northern Territory; Environment Victoria; Environment Tasmania; Environs Kimberley; Friends of the Earth Australia; Greenpeace Australia Pacific; Minerals Policy Institute; National Parks Australia Council; National Toxics Network; Nature Conservation Council of NSW; Queensland Conservation Council; Tasmanian Conservation Trust; The Wilderness Society; Total Environment Centre; World Wide Fund for Nature Australia.



ACF's ENVIRONMENTAL PERFORMANCE



Man on E-mission

"We aim to minimise the financial, environmental and social impacts of our IT infrastructure," says David McLean, ACF's Information and Communication Technology Coordinator. "Where possible, ACF plans for stable, long-lived systems and purchases software and hardware designed to last for at least five-year." Most IT equipment is sold with a much shorter (three years) projected life span.



*David McLean, ACF's
ITC Coordinator.*

PHOTO CATHY COOTE

McLean looks upstream at the practices of suppliers when purchasing equipment. "ACF tries to acquire products and services from organisations with better-than-average environmental and social policies and practices, and good internal cultures."

ACF's decommissioned equipment is preferably re-used (internally or through a community reuse group), or sent to an e-waste management company for materials recovery and safe disposal.

McLean says, "We are also watching research into the Australian e-waste industry as there is a lot of uncertainty about materials flows and environmental costs in this sector."

"It's important to not only minimise energy consumption in-house, but minimise equipment turnover because the embedded energy involved in manufacturing IT equipment is around 100 times the lifetime energy consumption."

For several years ACF has purchased LCD (liquid crystal display) monitors in preference to CRTs (cathode-ray tubes), realising energy and materials savings and better OHS outcomes.

The ACF IT department uses minimal equipment. We replaced 30 desktop computers with a Terminal Server and Thin Clients, and reused another eight old PCs as Thin Clients. The terminal server uses around the same amount of power as five desktop computers, with the same embodied energy. These measures

- save around \$15,000 per year (mostly in IT support time)
- save around 3 Mw/h per year (this would be equivalent to around 4 tonnes of CO2 saved if ACF did not run on 100% green power), and
- reduce our consumption of hi-tech manufactured materials by around 80 kilograms per year.

ACF's Environmental Performance

ACF undertakes an impressive and unique breadth of initiatives to reduce its footprint in the course of its activities and operations. These are manifest at every aspect of the organisation's being; from the recycled concrete used in the foundations of the wonderful green building in which we are head-quartered, to the use of chairs made from recycled materials and diverting used coffee to a worm farm.

Green Head Office

ACF is the main tenant in one of Australia's premier green buildings at 60 Leicester St, Carlton in Melbourne. Called 60L, the building has won numerous awards for its environmental leadership in the commercial office building sector. To create a truly green office environment, ACF researched and sourced sustainable materials and products for its fitout. The details and results of this extensive and ground-breaking process can be found on the website, www.acfonline.org.au

Green power for our offices

One hundred per cent of the electricity in ACF's head office and ACF controlled state based offices is sourced from certified new green power. This ensures that our office activities have the lightest possible footprint and encourages development of the new clean energy sources of the future. Only our sub-let interstate office spaces do not utilise green power.

Office recycling systems

The head office has a comprehensive recycling system that has a number of separate streams. Three of these streams are recycled; beverage and food containers, paper products, corks. Green (organic) waste is ground and composted and coffee grounds are diverted to a worm farm. The much-reduced resulting waste is sent to landfill.

Paper printing and copying

The organisation uses significantly less paper than the average office via a simple default setting on the head office's printer. The printer is set to print double sided (unless it is specifically programmed otherwise), cutting usual office paper use by half. In addition to this, the printer provides the option for printing on a stack of paper that has already been used on one side, thereby re-using used paper.

The printer is stocked with Evolve copy paper that is made from 100% recycled content.

According to Visy (http://www.visy.com.au/about/about_faqs.aspx), one tonne of recycled paper or cardboard saves:

- approximately 13 trees
- 2.5 barrels of oil
- 4100 KWH of electricity
- 4 cubic metres of landfill
- 31,780 litres of water



Paper stock used for published material

For a number of years now, *Habitat* and all ACF brochures have been printed on paper stock made from 100% recycled, post-consumer waste. An ACF style guide has now been produced which sets environmental standards for all the organisation's printed materials.

Electronic communication with supporters

In an effort to reduce our reliance on paper, ACF continues to expand its use of the Internet and email communications. This occurs through three main channels – ongoing enhancements to our website, our online subscription services and as a substitute for printed communications to members and supporters.

Regular visitors to ACF's website (www.acfonline.org.au) will have noticed a new look and feel to the site, and that it is now easier to navigate. The underlying structure of the site has also been changed, making it more secure and significantly easier to manage.

An ever-growing number of ACF's members and supporters have access to email. Accordingly, we now produce electronic versions of most major supporter communications and offer recipients the option to stop receiving their printed copies.

Energy efficiency in our computer technology

Environmental considerations are a priority in decision-making at ACF, and our IT infrastructure is no exception. It is designed to reduce its energy consumption and extend the working life of systems.

Staff transport modes

Long before 60L was built, ACF deliberated at length with the Green Building Partnership on what was the optimal site for such a building to exist. Anywhere, one might suggest, but because people and their activities are one of the most crucial factors in the success of a Green Building, the location was critical. To encourage the people who would work in and visit the building to catch public transport, the building needed to be near a good public transport network. The site chosen, located in the north end of Melbourne's CBD, in Carlton, offers the choice of bus, tram, bike and rail networks, with some paid car parking also in the area.

No firm figures have been collated but the majority of ACF staff use sustainable transport modes. Some walk, many cycle and most catch trams and trains. These modes often promote healthier lifestyles and have been shown to be beneficial to the work environment by reducing stress levels.

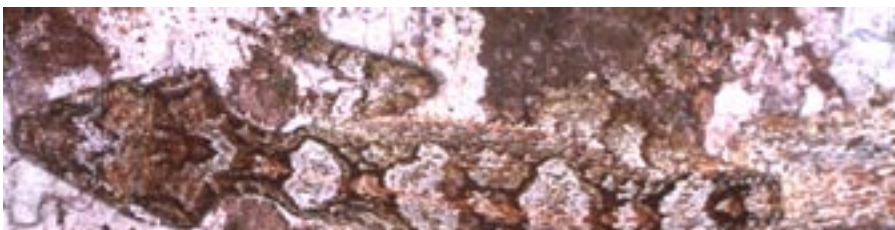
However, 60L's central location isn't the only factor that smooths the path for sustainable transport to work. There is no onsite car parking available on the grounds of 60L but the ground level has a large and secure internal bike rack which is full to capacity almost every day. In addition, each floor of the building has a dedicated shower cubicle making it a very practical transport option.

Suzanne Toumbourou, Executive Assistant, at the Green Building's cycle racks. PHOTO CATHY COOTE





ACF's FINANCIAL PERFORMANCE





ACF's Financial Performance

ACF has completed a year of financial consolidation after the strong performances in 2004.

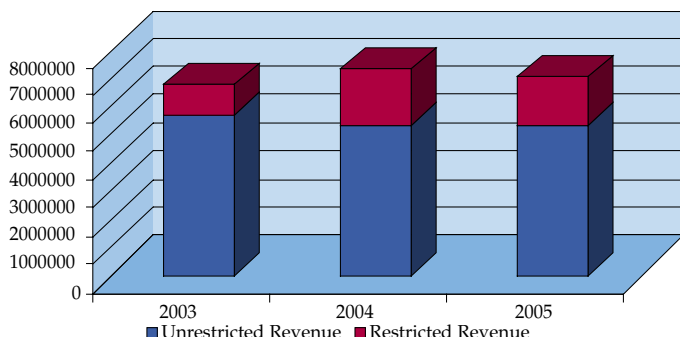
Revenue performance for the year has been mixed with income for EarthVoice, our monthly giving program up by \$646,690 to \$2,753,740 and new grant funding for GreenHome (ACF's new sustainable living program) of more than \$300,000 delivering new capacity, offset by lower bequest income of \$448,529. Overall revenue, excluding asset sales, rose slightly by \$33,397 from 2004 to \$6,732,681.

One of the most pleasing aspects of the result for 2005 was the continued growth in our expenditure on environmental programs by \$537,730, up by almost 17% from 2004. This growth has enabled the significant expansion of the Northern Australia, GreenHome, Climate Leaders and Communications Programs. Spending on new supporters remains significant at \$1,376,680, but is 11.5% lower than 2004 reflecting a tight budget framework.

The overall result for the year was a deficit of \$724,200 which was the result of a planned expenditure from ACF's restricted campaign program fund reserves of \$437,000 and endowment fund reserve to expand fundraising and climate change program capacity. The remainder of the deficit of \$79,200 is reflective of difficult fundraising conditions for domestic charitable activities following the generous giving to the tsunami appeals.

ACF's financial position remains solid with accumulated reserves of \$3,365,248. Approximately 54% of ACF's reserves are restricted to fund specific environmental campaigns over the next few years. The remaining 46% unrestricted reserves provides financial security for the organisation maintaining the Council's required minimum reserve levels equivalent to 3 months of unrestricted operating expenditure. ACF's Council Guideline on Reserves has mandated growth levels for unrestricted reserves over the coming years to ensuring the solid financial position of the organisation is maintained into the future.

Revenue



Effective from 1 July 2005 ACF will apply the Australian equivalents of International Financial Reporting Standards. The key change for ACF relates to the accounting for investments, referred to as Other Financial Assets in the financial report, which are currently valued at cost and will be recognised at market value in the future. This change will add an additional \$173,470 in investment value to the financial position of ACF, further strengthening our unrestricted reserves.

Environment programs, fundraising and administration expenditure

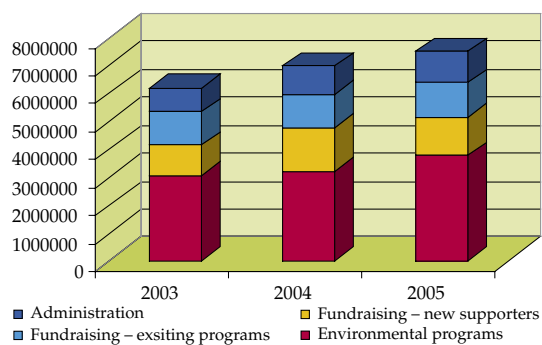
ACF has continued its efforts to improve its percentage of Environmental programs spending. It is up by almost 17% to \$3,774,390, which has added significant new capacity to the Northern Australia, climate leaders and greenhome programs.

ACF has reduced its overall spend on fundraising (both in dollar and percentage terms) in 2005. The reduced spending has not impacted on the funds raised with income, excluding asset sales, up slightly for the year by \$33,398.

The administration spend has increased slightly for the year by \$107,475, which is attributable to the inflationary cost increases and increased depreciation expenses on plant and equipment as a result of considerable capital equipment expansion and replacement program over the last few years.

NOTE: The information disclosed in these ratios has been prepared in accordance with the Australian Council for International Development's Code of Conduct, which requires members to consistently allocate expenses to the categories. This allows for comparison between member agencies. Comparisons with other non-profit organisations who may disclose this information, but do not follow the Code of Conduct compilation requirements may lead readers to draw inappropriate conclusions about their and ACF's performance.

Expenditure



Monthly pledge program delivers on its promise

In 2004/05, ACF continued to invest in a face-to-face donor recruitment program, which began in October 2002. The program has focused on recruiting donors to Earthfund, ACF's monthly pledge program, now known as EarthVoice.

New supporters are mostly recruited in shopping centres and on busy street corners by one of ACF's contracted "advocates".



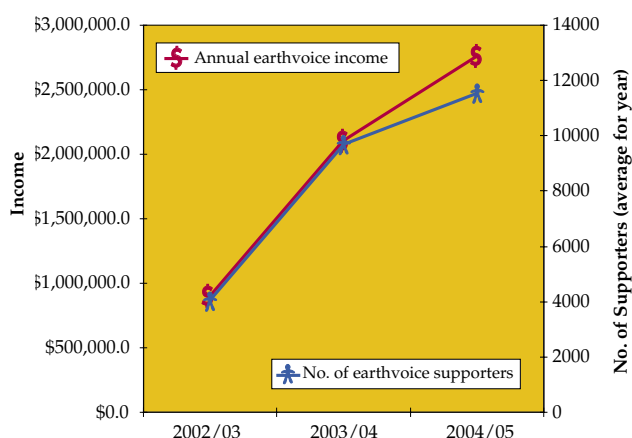
Interested supporters then commit to a regular monthly gift, which is automatically debited to their credit card or bank account. This is a very effective form of giving – being easier to administer, using less paper and allowing ACF to plan ahead with much greater certainty.

More than 11,000 supporters are now committed to ACF's EarthVoice program, contributing a total of more than \$220,000 each month. In 2002, the program had fewer than 3,000 supporters and generated less than \$50,000 per month.

What is the expected growth per dollar invested in EarthVoice?

We anticipate that \$1 invested in EarthVoice will yield between \$3 and \$4 for ACF over a five-year period, taking into account donor attrition over that period as well as all recruitment and program administration expenses. Our experience with the program so far, including solid donor retention rates, has been consistent with those projections.

EarthVoice Income & Supporters 2003–2005



Where have the funds from Bill Paine's 2004 house donation been invested?

Many ACF supporters will recall the extraordinary gift made in 2004 by ACF member Bill Paine, of his Melbourne bayside home. Mr Paine was so concerned about the degraded state of our environment and the unsustainable way in which Australians live that he decided to make both a profound statement and an exceptional gift to help find a solution. He also felt that ACF was the organisation he knew and trusted most to deliver on his goals. After the successful and widely publicised auction of Bill's house, which sold for \$610,000, ACF set about putting the proceeds to good use.

Approximately one third of Bill's gift was used to strengthen our Climate Change campaign. This included a substantial boost to our work in building more sustainable cities.

Another third of the funds was allocated to important communications initiatives, including construction of a new website, a comprehensive branding and positioning review, development of new advertising and promotional materials, and

new community engagement activities to encourage member and supporter involvement in ACF's campaign to restore the Murray River and to stop uranium mining.

The remaining third of Bill Paine's donation was allocated to strengthening ACF's long-term capacity to do more conservation work by growing our supporter base. By helping to fund additional recruitment of supporters Mr Paine has helped to ensure the value of his gift will continue growing over time.

Substantial donation in 2001 bears fruit three years on

Some ACF supporters choose to support our work with very substantial and generous gifts. While many of these gifts are dedicated to specific conservation programs, it is a testament to the high regard in which ACF is held that many donors also choose to invest their funds in strengthening the organisation.

One such gift in 2001 enabled ACF to develop a higher level of professionalism in its marketing and fundraising programs. The gift enabled ACF to review and assess its marketing operations and formulate a new marketing plan for the 2002/03 financial year. The plan fundamentally changed ACF's marketing and fundraising and, among many positive achievements, delivered a 45% increase in ACF's income by the end of 2004/05.

The fundraising strategy also helped deliver substantial growth in the conservation programs at ACF that are supported by unrestricted funds (as distinct from special purpose grants, for which the funding is tied). Unrestricted funds for conservation programs have grown from \$1.85m in 2003 to a projected \$4.85m in 2006.

Testament to their faith and loyalty towards ACF, this donor has recently committed another donation to strengthen ACF's communications work.

Specifically, this donation has funded the appointment of a new communications advisor. This will enable ACF to build and implement an ambitious communications strategy for our Keynote Campaigns (Northern Australia, Climate Change, and Water) and our new GreenHome sustainable living program.



Bill Payne's 2001 donation is still benefiting ACF.



A Precious Bequest from Ararat



*ACF Bequestor
Keith Little
from Ararat
Victoria.*

PHOTO COURTESY
OF THE
ARARAT ADVERTISER

When Keith Little decided to make a bequest to ACF, he was making a choice for the healthy future of the land.

Keith Little was in Alice Springs in 1960 when a huge dust storm appeared over the MacDonnell Ranges. "The cloud was moving quickly and I ran to my car but it beat me home," Keith explained. "It was the result of over-grazing during a long dry spell. It was my first and very dramatic introduction to environmental degradation."

During Keith's subsequent travels overseas and work with Australian Volunteers International, he developed an awareness of the impact of human activities on the local natural environment. "Whether it was the forested British Columbia coast of Canada, the semi-arid interior of Botswana in Southern Africa or the tropical forests of PNG, I became very conscious of how the local environment was often used to the detriment of its long-term health."

Now retired, Keith lives in his home town of Ararat in country Victoria. Here he enjoys the chorus of native birds visiting the garden he has replanted with indigenous tree species. Keith continues his involvement with conservation, chairing the Ararat Landcare Group.

"[This year] I will be turning 75," says Mr Little. "I have been an ACF member for 36 years and have enjoyed seeing past environmental successes."

Mr Little remains concerned about ongoing environmental degradation. He says, "I am well aware of the effects that population, rapid climate change and ongoing landclearing have on our environment. I am also aware that active environmental bodies need ongoing sources of funding to continue their invaluable educational and advocacy work."

"For this reason I have made a bequest to ACF for the future beyond me, and I encourage ACF members and supporters to consider doing the same so that our children's and grandchildren's Australia will be a more environmentally-sound nation."

For a brochure on leaving a gift to ACF in your Will contact Nola Wilmot 1800 332 510 or email n.wilmot@acfonline.org.au

This gift will also assist ACF to build contacts with the mainstream media, to enhance the impact of marketing activities and help plan and implement a program of communications activities to support ACF's 40th anniversary year in 2006.

Payroll giving program expands

ACF's workplace giving program has grown substantially over the past few years, with employees of a number of companies regularly supporting a range of ACF's environmental programs, including climate change, the Murray/Darling River and the marine programs.

Over the past year, many workplace donors have had opportunities to meet and engage with both ACF staff and the environmental programs that they support. These have included attending presentations by top wildlife filmmakers, participating in mammal surveys, whale watching trips, and fundraising evenings. These activities have proven very popular, with a recent screening of the IMAX Sharks 3D movie attracting more than 400 people.

For more information about ACF's workplace giving program please contact Julian Bentley on 03 9345 1132 or j.bentley@acfonline.org.au.

Groups that Include ACF in their Workplace Giving Programs:

Australian Tax Office
Aviva Australia
Charles Sturt University
Corrs Chambers Westgarth
Dun and Bradstreet
Origin Energy
Mallesons Stephen Jaques
Sydney Harbour Trust
Westpac

ACF's Corporate Supporters and Foundations

ACF greatly appreciates the generous assistance, financial and in-kind, from the many organisations that support ACF.

Contributing funds to ACF's ongoing conservation work

ANZ Bank, Internet customers donation program
Hunter Hall International Ltd
Nordia Foundation
Richies stores

Contributing funds to specific conservation programs

- Annamila Pty Ltd, Healthy Rivers Program
- AusAid, Asia Pacific Program
- NSW Department of Environment and Conservation, support for GreenHome, Sydney office and NSW Inland Rivers Network



- Poola Foundation, Northern Australia Program
- The Myer Foundation, Land and Water Program
- Southcorp, Sustainable Agriculture Program
- CAF Community Fund, GreenHome

Contributing goods and/or services on a pro bono basis

Arnold Bloch Leibler, legal advice
Barrister Chris McGrath, legal advice
Barrister Marita Foley, legal advice
Barrister Mark Dreyfus QC, legal advice
Clemenger Harvie Edge, branding advice
CPR Communications and Public Relations
Learning Dimensions, leadership development program
Rehame, media monitoring service

Legacies living on through ACF's work

ACF has been fortunate to be the recipient of the goodwill and generosity of the following people who have left a gift to ACF through their Wills. We would like to express our appreciation to their family, friends and colleagues for their inspiring action in

supporting ACF's ongoing campaign work through a donation from their Estates. Their support in this way greatly assists ACF in being a vital and strong voice for all those wanting positive action on environmental issues.

Mrs Edna Armstrong, VIC
Ms Adele Glovasky, NSW
Ms Hilda Hungerford, NSW
Mr Geoffrey Jones, VIC
Mrs Constance Levett, NSW
Mr Brian Mulvany, VIC
Ms Joan Pearson-Gow, VIC
Mrs Eugenie Rosewarne, NSW
Mrs Irene Rush, NSW

An In-memory Donation

A significant gift was received from Mrs Marjorie White in memory of her late husband, Professor David White. Prof White was an ACF Life Member and Chair Microbiology, Melbourne University until his retirement in 1994. Mrs White's gift will support ACF's Climate Change Program which includes research into the impact of climate change on human health.



ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2005





ACF governance

ACF is a democratic, membership-based organisation with individual members from all states and territories of Australia. It is incorporated in the Australian Capital Territory. ACF members elect the Council on a tri-annual basis (the current Council was elected in November 2003). Members also contribute to ACF via branches, input to changes in policy (members are given an opportunity to comment on all new policies and policy revisions) and of course with their financial support and personal actions for the environment.

The governing authority of the Australian Conservation Foundation is its Council, which is made up of:

- Five members for each of the six states;
- Two members for the Australian Capital Territory; and
- Three members for the Northern Territory.

Organisation chart



Council meets over a weekend at least three times each year. Councillors appoint both a Treasurer and President who are usually chosen as 'specialists' for these roles: they become Councillors (if they are not already) upon their election. Council also appoints an Honorary Secretary, who while not a Councillor, has specific responsibilities and acts in advisory role to the President, Executive and Council.

Council sets ACF's strategy and policies, determines campaign priorities and directions, and ensures that there is an effective Executive appointed to oversee the administration of ACF. Council also appoints and evaluates the performance of the Executive Director who is delegated responsibility for delivering Councils plans.

The Executive consists of the President, the Treasurer, two Vice-presidents and four other councillors who are elected by the Council on an 18-month term. There are at least six meetings of the Executive each year. The key role of the Executive is to ensure ACF is run efficiently and effectively, that budgets are responsibly prepared and observed, that good financial and staff management is provided and that plans, policies and strategies established by the Council are followed and implemented.

Council reviews and updates the strategic plan encompassing ACF's vision, mission, values, philosophy and objectives and strategies. Each year the Council approves ACF's budget and annual plan, which set out ACF's core activities, plans and performance measures for the coming year. At the end of the financial year Council ensures the preparation of the annual financial report outlining the performance, position and cash flows for the financial year.

ACF Councillors and Honorary Secretary

At 30 June 2005

* Indicates that a Councillor was also a member of the ACF Executive during the year.

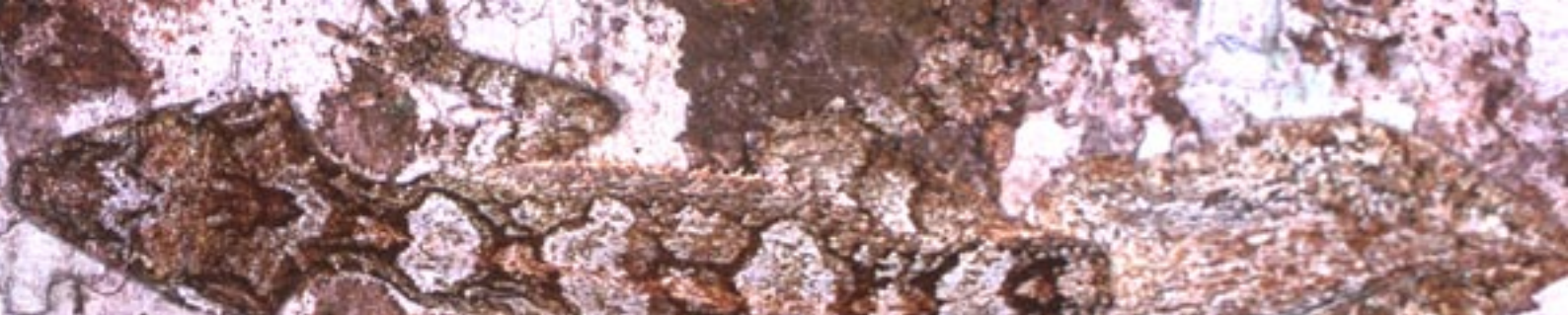
President

*Professor Ian Lowe** AO

Professor Ian Lowe AO is emeritus professor of science, technology and society at Griffith University in Brisbane, an adjunct professor at Sunshine Coast University and QUT, an honorary research fellow at the University of Adelaide and a consultant to the CSIRO Division of Sustainable Ecosystems.

Professor Lowe was made an Officer of the Order of Australia in 2001 for services to science and technology, especially in the area of environmental studies. In 2002 he was awarded a Centenary Medal for contributions to environmental science and won the Eureka Prize for promotion of science. His contributions have also been recognised by the Prime Minister's Environment Award for Outstanding Individual Achievement, the Queensland Premier's Millennium Award for Excellence in Science and the University of NSW Alumni Award for achievement in science. Professor Lowe was named Humanist of the Year in 1988.

Professor Lowe studied engineering and science at the University of NSW and earned his doctorate in physics from the University of York.



From 1983 to 1989 Professor Lowe was a member of the National Energy Research, Development and Demonstration Council, chairing its standing committee on social, economic and environmental issues. He was Director of the Commission for the Future in 1988, and chaired the advisory council that produced the first independent national report on the state of the environment in 1996. He is a member of the Environmental Health Council and the Radiation Health and Safety Advisory Council. He is a member of the Sydney Olympic Park advisory committee and chairs the Queensland Government task force implementing the reform of science education. He is deputy chair of the Queensland Sustainable Energy Innovation Group, which advises the State government on energy innovations. He has conducted consultancies for all three levels of government as well as companies and peak organisations in the private sector.

Professor Lowe has been a referee for the Inter-Governmental Panel on Climate Change, attended the Geneva and Kyoto conferences of the parties to the Framework Convention on Climate Change and was a member of the Australian delegation to the 1999 UNESCO World Conference on Science. He was on the steering group for the UNEP project Global Environmental Outlook, an invited participant in the 2000 workshop on Sustainability Science and a referee for the International Geosphere-Biosphere Program's 2004 book on planetary science.

Treasurer

Mr Kester Brown*

Kester has been involved with ACF in the position of Treasurer since November 2002. He is a Partner at Ernst & Young and works in the areas of audit, acquisition, due diligence and capital raisings. Kester chairs ACF's Finance and Audit Committee and has an interest in building the internal controls and financial strength of ACF.

Honorary Secretary

Gavin Wigginton

Gavin Wigginton has worked as a volunteer, advising ACF on governance systems, since 2001. He was appointed as Honorary Secretary in November 2004. Gavin is currently a management consultant, having previously worked in senior management positions in both the private and not for profit sectors. Gavin is a member of ACF's Finance and Audit and Governance Committees.

Barker, Peter NT

Peter Barker has a long history working in the environment movement. Before moving to Alice Springs Peter worked with Friends of the Earth Melbourne, the Victorian National Parks Association and the EcoCentre (St Kilda) on a range of campaigns and projects. Currently, Peter is working for Greening Australia NT, working with pastoralists and Indigenous Peoples on wetland management issues. Peter has been active with local environmental and social justice campaigns in Alice Springs, particularly with regard to the proposed nuclear waste dump, proposed new uranium mines in the territory and the protests against the US spy station Pine Gap.

Beach, Georgina VIC

Georgina's main focus is wildlife research and preservation, in addition to river health and environmentally sustainable agriculture. She has involvement with a variety of other wildlife conservation and rescue organisations. She also maintains a property in Victoria's Central Highlands, which incorporates expansive habitat reserves, wetlands and wildlife corridors. This is Georgina's first term as an ACF Councillor.

Brown, Doug TAS

Doug is in his third term on ACF Council and is a member of the Protect policy committee. Over the last year, Doug's main goals have been to secure protection for the Tarkine and other high-conservation-value forests in Tasmania. At present, Doug is formulating a Pre-draft Coastal Zone Management Policy for ACF. In Tasmania, Doug is Vice President of the Launceston Environment Centre. Doug represents the LEC on the Environment Tasmania Council, and also the Northern Tasmanian NRM Association.

Cattalini, Irina* WA

Irina Cattalini is a Senior Policy Officer working on the Consumer Utilities Project with the Western Australian Council of Social Service. Irina is passionately committed to developing a sustainable energy future for Australia, and is keen to strengthen alliances between Australia's social and environment sectors. Prior to joining WACOSS in March 2005, she spent three years working at the Conservation Council of Western Australia, on various energy and greenhouse related policy and projects.

Christoff, Peter* VIC

Peter is a Vice President of ACF. He is the Coordinator of Environmental Studies in the School of Anthropology, Geography and Environmental Studies, at the University of Melbourne. He has been a member of ACF since 1983 and has served on ACF Council and its Executive since 2000. In 1986, as Assistant to the Victorian Commissioner for the Environment, he established Victoria's State of the Environment (SoE) reporting program, and in the early 1990s contributed to the establishment of the national SoE program. He has campaigned on forest preservation, hazardous waste management, and climate change, and has been active in Environment Victoria and the Victorian National Parks Association, and is a former director of Greenpeace (Australia Pacific).

Cornell, Sandy VIC

Sandy describes herself as a mother and a wife and a vet. Her love of nature was born of time spent in it, walking climbing and mountaineering. Her experience as a vet has exposed her to both city and rural perspectives on the environment, bringing valuable insight to Council. Sandy's major areas of concern are water quality, river health and dry land salinity, which fuelled her voluntary work on ACF's rivers campaign. This is Sandy's first term on ACF Council.

Coulter, John SA

John Coulter returns to ACF Council after he served 17 years from 1973–1990. John was a Democrat Senator until



the mid 1990s, in which capacity he made several federal inroads to greenhouse research and ozone and threatened species legislation. John went on to lecturing (Australia and internationally) and conference organisation. His passion lies in finding ways to combat the cause of environmental degradation, (unbridled 'growth'), rather than just the symptoms.

Dallywater, Nahrel WA

Nahrel is the Director of Naiad Pty Ltd (trading as Dallywater Consulting), an independent Environmental/Marketing/Training Consultancy. Nahrel won the WA and National Young Australian of the Year Award for the Environment in 1999 and the WA Livewire Business Award for her business in 2001. This is Nahrel's third term on Council and she brings with her a diverse knowledge base of Australia's many environments and people. During the past year, Nahrel has continued work on the drafting of ACF policy and raising awareness of ACF via participation in WA interest groups and attendance at public forums.

Divecha, Simon SA

Simon is in his first Council term. He is a director of Green Matters Group, which focuses on environment and ecological footprint work with businesses, in collaboration with California-based Global Footprint Network (www.footprintnetwork.org) and others of its Australian partners. Formerly the CEO of the Conservation Council of South Australia, Simon has worked extensively across environmental and social issues, internationally, as well as at national and local grassroots levels. This includes leading campaigns across Asia Pacific region with Greenpeace and the Mineral Policy Institute.

Flaherty, Tony SA

Tony Flaherty has worked for the Marine and Coastal Community Network since 1994 and has an extensive background in marine conservation issues. He gained extensive experience of the world's oceans and its wildlife whilst working aboard a square-rigged sail training ship in the 1980s. He also has a diverse background in wildlife management and biological fieldwork in remote areas of Australia, the Americas and Antarctica and environmental education and community development programs abroad. Tony has an interest in environmental policy and law reform and has been on the management committee for the Environmental Defender's Office in SA for many years.

Fowler, Robert SA

Rob is a Professor of Environmental Law at the University of South Australia, where his role in recent years has been to deliver training courses in environmental law and enforcement to staff of State government agencies and also to Indonesian judges, prosecutors, EPA staff and NGO's under a series of AUSAID contracts since 1999. He is serving his third term on ACF Council, and states his main environmental concerns as sustainability, climate change, water issues and land clearance. Rob is also the Chair of the SA Environment Defender's Office.

Gee, Helen TAS

Living on a grazing property on Tasmania's east coast, Helen manages her native bush, grassland and pasture for long term sustainability. She is a founding member of The Wilderness Society, and has produced/edited environment books of significant influence (the sales from one of which funded an ACF project officer to campaign against the damming of the Franklin). She is the current convenor of the South East (TAS) Forest Protection Group; National Convenor, Lake Pedder Restoration Committee; 12th defendant in the Gunns20 case and works on Landcare and other land restoration projects in Tasmania. This is Helen's second Council term.

Harding, Elaine* QLD

Elaine is a conservation biologist, now lecturing in the School of Tropical Environment Studies and Geography at James Cook University. Her career has included ecology work for the US Government and private consulting firms. She has a keen interest in translating scientific data to publicly accessible messages which change social behaviour towards the environment. This is Elaine's first term as an ACF Councillor.

Higham, Andrew* WA

Andrew currently works as a senior environmental adviser to the WA government, the UN and other national and international bodies. He is currently in his fourth ACF Council term, previously serving as Vice President. Andrew has an interest in transforming the economy as an essential requirement for sustainability. He was a primary author of the State of the Environment Report for WA (1998) and the Western Australian State Sustainability Strategy.

Hopkins, Angus WA

Angas is now in his fourth term as an ACF Councillor. He is committed to building capacity in the environment movement of Western Australia, and to working with other Western Australian Councillors to achieve this. His priorities for State activities are continuation of the Greenhouse/Climate Change campaign, protection of Barrow Island and the Burrup Peninsula, environmental law reform and the northern Australian campaign in the Kimberleys. Natural Resource Management (NRM) issues through the State, which include biodiversity conservation, are also high on the agenda.

Hopkins, Anna TAS

Anna is a PhD student looking at fungal ecology and biodiversity conservation in Tasmania. Still relatively new to ACF Council, she's also involved with refugee activist groups and is a contributor to the Tasmanian Greens. Her environmental interests are broad, and she will draw on her past experiences in environmental and social justice groups to strengthen Council.

Keane, Kristin QLD

Kristin lives in Cairns, works as an environment officer for government, holds a science degree and is undertaking her law degree. Kristin has been involved with the environmental



conservation movement for approximately 13 years and in recent years, apart from being an ACF councillor, has been on the management committee for the Cairns and Far North Environment Centre and involved with various regional, State and national issues such as Hinchinbrook Island, Cape York, the Great Barrier Reef and Wet Tropics.

Le Couteur, Caroline ACT

Caroline is a director of Australian Ethical Investment Ltd, and has served four previous terms on ACF Council, this being her fifth. She has a keen interest in urban sustainability issues: lifestyle, building, transport, urban planning and energy. Having previously worked at the Australian Greenhouse Office on renewable energy, Caroline is now walking the talk by retrofitting an ex-government house to be solar passive. Her understanding of energy issues and the links to everyday life bring valuable insight to Council.

McManus, Phil NSW

Phil is serving his second term as an ACF Councillor. //He is a former Convenor of the ACF Sydney branch. Phil is a Senior Lecturer in Geography at the University of Sydney, has a particular focus on urban sustainability and is the author of *Vortex Cities to Sustainable Cities: Australia's Urban Challenge* (UNSW Press, 2005).

Michaels, Karyl TAS

Karyl is in her first term of Council. Inspired by her own experiences of Australia's natural wonders she wants to preserve them for future generations. A passionate ecologist, she did a PhD in beetle conservation on indicator species and the impacts of clearfelling. As coordinator of the WWF frogs program, she helped make people aware of the conservation needs of Tasmanian frogs, indicators of the health of our land and waterways. She is presently involved in setting benchmarks to assess native vegetation condition. She's looking for input from Tasmanian ACF members.

Mosley, Geoff VIC

Working for ACF since 1966, Geoff has spent most of this time protecting the environment from the ever growing demands of society. For many years he has believed that the most important thing the Foundation can do is to show how we can live more harmoniously by changing our basic value systems. Having succeeded in persuading ACF Council to expand the Foundation's role to include working for social change, Geoff is now developing a model for a steady state society and an action plan for its achievement. He believes ACF members have a crucial role to play.

Nicholls, Warren* ACT

An environmental consultant, Warren has a 25 year history of work for the Commonwealth Environment Department. Since leaving the public service he has provided environmental services in Australia, South Africa, and South America, as well as a year as ACF's National Liaison Officer. Biodiversity, climate change, salinity and forest conservation are Warren's priorities for this, his debut term on ACF Council.

O'Leary, Paddy NT

Patrick is currently working with the CSIRO in Darwin as a researcher, and for three years was previously Marine and Coastal Policy Officer for the Northern Land Council, NT. Previous to this he was the NT Regional Coordinator for the marine and Coastal Community Network. He has a broad grounding in marine and coastal issues, and has experience of Indigenous land management issues. He holds an Honours degree majoring in ecological science and has worked on river conservation and forestry and woodchipping issues, as well as contributing as a committee member of the Environment Centre of the Northern Territory. He has provided training on community-based marine protected areas to some of ACF's overseas project partners in East Timor, in partnership with ACF's Asia Pacific Unit. This is Patrick's second term on ACF Council.

Parker, Nikki QLD

Nikki Parker has a degree in botany and ecology from the University of Queensland and works as an environmental consultant to the manufacturing industry and a php programmer, merging these roles where possible. Nikki played a key role in the Victorian Otway campaign before moving back to Queensland, where she recently spearheaded a successful campaign that has protected an area of ecologically important bushland, known as Pooh Corner, in the suburbs of Brisbane. Nikki has worked in the Solomon Islands, where she produced a national research strategy with the Forestry Department. Nikki is an exhibited artist (photography), a website developer, and mother of three boys.

Pedder, Adele NT

Adele Pedder is a newcomer to ACF council and hopes to learn a great deal while bringing an understanding of the unique nature of the Northern Territory's social, natural, cultural and economic situation and how this is positioned within the northern Australia and national context. Adele has been a participant in the Australian environment movement for many years, mostly in QLD and the NT. Currently, Adele is working full time with the Australian Marine Conservation Society (AMCS) in Darwin and works closely with the Environment Centre of the Northern Territory.

Richardson, Jeff WA

Jeff works for the Western Australian Department of Conservation and Land Management, working on diverse biodiversity related projects including biodiversity monitoring plans, biodiversity assessment and recovery of threatened fauna. Trained in botanical and vertebrate ecology, Jeff has a keen understanding of the need for an active and aware conservation community across Australia. He has been very involved in the establishment and support of Environment House (ACF's WA base).

Risstrom, David VIC

David is a barrister who served for five years as Melbourne City's Green Councillor and Vice President of the International Council for Local Environmental Initiatives, before standing as a Senate candidate in 2004. While at Melbourne City Council,



David implemented over 100 achievements in green building, planning, reporting and funding, which he encourages others to use locally by visiting www.davidrisstrom.org. David worked with the VNPA for the creation of Victoria's Alpine National Park and the legal recognition of wilderness, as well as working for the Commonwealth EPA, Australian Centre for Environmental Law and the Senate. This is David's second term with ACF Council.

Selvey, Linda QLD

Linda Selvey is a medical doctor with a PhD in immunology who specialises in Public Health. She has had a long history of involvement in the environment movement in a range of organisations. She's been a member of ACF since 1981. She is currently chair of the Queensland Conservation Council, a position she has held for the past four years. She has special interest in climate change and sustainability, and, through her work, in social justice and achieving behavioural change.

Sinclair, John NSW

John served as an ACF Councillor for 14 years between 1975 and 1989, and as Vice President for 10 of those. He has led the campaign to have Fraser Island World Heritage listed and better protected since 1971. He has also held leading roles in several other environment organisations and campaigns. He leads ecotour safaris, specialising in Australian World Heritage sites. His work for the environment has been recognised with the Goldman Environmental Prize (1993) and the UNEP's Global 500.

Tzannes, Ross NSW

Ross is both a solicitor and National Convenor of the environment network of the peak national body representing ethnic communities. He has a particular interest in involving ethnic communities in conservation and has been involved in a number of environmental awareness programs targeting those communities. Ross is currently serving his third term as an ACF Councillor. He currently chairs ACF's Governance Committee and is a member of the finance committee.

Wallace, Lyn QLD

Lyn is a senior environmental planner with the Queensland Environmental Protection Agency. In previous lives, she has been coordinator and (later) president of the Cairns and Far North Environment Centre, lecturer and researcher at James

Cook University and ecotourism guide in north Queensland and Tasmania. She brings to Council her expertise in environmental policy and decision making, Indigenous land management, protected area management and private land conservation.

Watts, Colleen NSW

Colleen is now in her second term on ACF Council. She is a sustainable farmer and manager of a solo rural medical practice in the central Tablelands of NSW. Colleen has extensive academic and practical experience in rural water issues, revegetation, dry land salinity and waste. She is involved in Landcare on both a regional and property level. She currently serves on the Board of the NSW Environment Protection Authority and has a catholic interest in all environmental issues, especially sustainability and natural resource management.

Wells, Katherine* SA

Katherine is a Vice President of ACF. She has been a member of ACF Council since 2001 and of ACF Executive since 2002. Katherine is an environmental law and policy consultant, and has worked for both the environment movement and industry, in Victoria, NSW, South Australia and nationally. She has spent much of her career advising environment groups and lobbying governments on a wide range of environmental reform issues. Her particular interests at present are climate change, and the emerging biodiversity crisis. She is Deputy Chair of the South Australian Premier's Round Table on Sustainability, a member of the Executive Steering Group for the development of South Australia's Greenhouse Strategy, and a member of the Board of Zero Waste SA.

Williams, Carol TAS

Carol has a history as a Waterwatch Facilitator in Tasmania. She's been involved in the global campaign, the Gondwana Forest Sanctuary, and has worked hard over her previous term to keep the Tarkine on the ACF Council agenda – an issue she vows to keep pushing in the coming term. Carol is also coordinating a working group that has as its goal a second renomination for an extended World Heritage Area in Tasmania, and has presently become active in the nuclear campaign and Indigenous issues.

At 30 June 2005 there was one vacant Councillor position in NSW.

ACF FINANCIAL REPORT

AUSTRALIAN CONSERVATION FOUNDATION INC. COUNCILLORS' REPORT FOR THE YEAR ENDED 30 JUNE 2005

The undersigned Council members submit the financial report of the Australian Conservation Foundation Inc. for the financial year ended 30 June 2005.

COUNCIL MEMBERS

The names of Council members throughout the year and at the date of this report (current members are indicated by * and the Executive by #) are:

President	Prof Ian Lowe*#	
Treasurer	Mr Kester Brown*#	
Mr Peter Barker*	Dr Elaine Harding*#	Mr Jeff Richardson*#
Ms Georgina Beach*	Mr Andrew Higham	Mr David Risstrom*
Mr Douglas Brown*	Mr Angus Hopkins*	Ms Linda Selvey*
Ms Irina Cattalini*#	Ms Anna Hopkins*	Mr John Sinclair*
Dr Peter Christoff*#	Ms Kristin Keane*	Mr Mark Snell*
Dr Sandy Cornell*	Ms Caroline Le Couteur*	Mr Ross Tzannes*
Dr John Coulter*	Dr Phil McManus*	Mr Mark Wakeham
Ms Nahrel Dallywater*	Dr Karyl Michaels*	Ms Lyn Wallace*
Mr Simon Divecha*	Dr Geoff Mosley*	Dr Colleen Watts*
Mr Tony Flaherty*	Mr Warren Nicholls*#	Ms Katherine Wells*#
Ms Penny Figgis	Mr Patrick O'Leary*	Ms Carol Williams*
Dr Robert Fowler*	Ms Nikki Parker*	
Ms Helen Gee*	Ms Adele Pedder*	

PRINCIPAL ACTIVITIES

The principal activities of the Foundation during the year were -

- seeking to protect, restore and sustain the environment;
- raising awareness and understanding of environmental issues;
- support collaboration amongst persons, trusts, corporations, associations, institutions, governments, and other bodies concerned with conservation; and
- carrying out research on a broad range of current and future environmental issues.

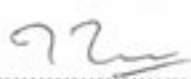

SIGNIFICANT CHANGES

No significant change in the nature of these activities occurred during the year.

OPERATING RESULT

The deficit from ordinary activities amounted to \$724,200 (2004 deficit \$264,382).

Signed on behalf of ACF in accordance with a resolution of the Executive of Council.


.....
President - Prof Ian Lowe
18 September 2005
.....
Treasurer - Kester Brown

**AUSTRALIAN CONSERVATION FOUNDATION INC.
STATEMENT BY THE EXECUTIVE OF COUNCIL
FOR THE YEAR ENDED 30 JUNE 2005 .**

In the opinion of the Executive of Council,

- (a) the financial report set out on pages 1 to 19 presents a true and fair view of the financial position of the Australian Conservation Foundation Inc. as at 30 June 2005 and of its performance for the year ended on that date in accordance with Australian Accounting Standards, mandatory professional reporting requirements, other authoritative pronouncements of the Australian Accounting Standards Board.
- (b) at the date of this statement there are reasonable grounds to believe that the Australian Conservation Foundation Inc. will be able to pay its debts as and when they fall due.

Signed on behalf of ACF in accordance with a resolution of the Executive of Council



.....
President - Prof Ian Lowe
18 September 2005



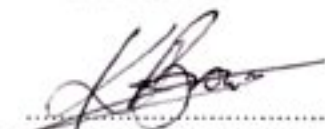
.....
Treasurer - Kester Brown

AUSTRALIAN CONSERVATION FOUNDATION INC.
TREASURER'S DECLARATION
FOR THE YEAR ENDED 30 JUNE 2005

Declaration to be furnished under the NSW Charitable Fundraising Act 1991. This declaration is made in accordance with Authority Conditions 7 (4) issued by the Minister under Section 19 of the Charitable Fundraising Act 1991.

I, Kester Brown, Treasurer of the Australian Conservation Foundation Inc. declare that in my opinion:

- (a) the Statement of Financial Performance gives a true and fair view of all income and expenditure of the Australian Conservation Foundation Inc. with respect to fundraising activities;
- (b) the Statement of Financial Position gives a true and fair view of the state of affairs with respect to fundraising activities;
- (c) the provisions of the Charitable Fundraising Act 1991, the Regulations under the Act and the conditions attached to the authority have been complied with; and
- (d) the internal controls exercised by the Australian Conservation Foundation Inc. are appropriate and effective in accounting for income received and applied by the Australian Conservation Foundation Inc. from its fundraising activities.



Treasurer - Kester Brown
 18 September 2005

We certify the declaration by the Treasurer.



Executive Director - Don Henry



Finance & Sustainability Reporting Manager - David Edwards

INDEPENDENT REVIEW REPORT TO THE MEMBERS OF AUSTRALIAN CONSERVATION FOUNDATION INC.

Scope

The Financial Report and Councillors' Responsibility

The financial report of the Australian Conservation Foundation Inc, comprises the Statement by the Council, Statement of Financial Performance, Statement of Financial Position, Statement of Cashflows and notes to and forming part of the financial report, for the year ended 30 June 2005.

The Council of the Australian Conservation Foundation Inc. is responsible for the preparation and true and fair presentation of the financial report in accordance with the Associations Incorporations Act (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 have conducted an independent audit of the financial report in order to express an opinion on it to the members. Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance 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 in order to form an opinion whether, in all material respects, the financial report is presented fairly in accordance with Australian Accounting Standards, the Associations Incorporations Act (ACT) 1991 and other mandatory professional reporting requirements so as to present a view which is consistent with our understanding of the Foundation's financial position and 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

- examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report,
- the evaluation of accounting policies and significant accounting estimates.

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.

Independence

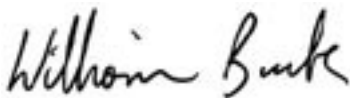
In conducting our audit, we followed applicable independence requirements of Australian accounting ethical pronouncements.

Qualification

As is common for organisations of this type, it is not practicable for the Australian Conservation Foundation Inc. to maintain an effective system of internal control over certain fund raising activities until their initial entry in the accounting records. Accordingly, our audit in relation to certain areas of fund raising was limited to amounts recorded.

Qualified Audit Opinion

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had the limitation discussed in the qualification paragraph not existed, the financial report of the Australian Conservation Foundation Inc presents fairly in accordance with Australian Accounting Standards, the Associations Incorporations Act (ACT) 1991 and other mandatory professional reporting requirements the financial position of the Australian Conservation Foundation Inc. as at 30 June 2005, and results of its operations and cashflows for the year then ended.



William Buck
Chartered Accountants



Simon Hourigan
Partner

Dated this 18th day of September 2005.

Melbourne, Australia

AUSTRALIAN CONSERVATION FOUNDATION INC.
**STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2005**

	NOTES	2005 \$	2004 \$
Revenue from ordinary activities	2	7,042,681	7,309,284
Environmental programs expenses		3,774,390	3,236,660
Fundraising expenses – recruitment of new supporters		1,376,680	1,556,915
Fundraising expenses – service and communication		1,233,069	1,178,004
Administration expenses – disposal of non current assets		274,135	600,956
Administration expenses – operational support		1,108,607	1,001,131
Expenses from ordinary activities	2	7,766,881	7,573,666
SURPLUS/(DEFICIT) FROM ORDINARY ACTIVITIES	2	(724,200)	(264,382)
TOTAL CHANGES IN EQUITY		(724,200)	(264,382)

AUSTRALIAN CONSERVATION FOUNDATION INC
**STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2005**

	NOTES	2005 \$	2004 \$
CURRENT ASSETS			
Cash assets	3	1,653,309	569,848
Receivables	4	28,737	584,011
Other financial assets	5	610,000	660,000
Other	6	166,687	113,696
TOTAL CURRENT ASSETS		2,458,733	1,927,555
NON-CURRENT ASSETS			
Other financial assets	5	1,493,504	2,919,807
Property, plant and equipment	7	636,075	612,529
TOTAL NON-CURRENT ASSETS		2,129,579	3,532,336
TOTAL ASSETS		4,588,312	5,459,891
CURRENT LIABILITIES			
Payables	8	693,502	955,028
Interest bearing liabilities	9	16,290	–
Provisions	10	289,204	251,821
TOTAL CURRENT LIABILITIES		998,996	1,206,849
NON-CURRENT LIABILITIES			
Interest bearing liabilities	9	26,618	–
Provisions	10	197,450	163,594
TOTAL NON-CURRENT LIABILITIES		224,068	163,594
TOTAL LIABILITIES		1,223,064	1,370,443
NET ASSETS		3,365,248	4,089,448
EQUITY			
Reserves	11	3,418,400	4,063,400
Retained surplus / (deficit)	12	(53,152)	26,048
TOTAL EQUITY		3,365,248	4,089,448

The accompanying notes form part of this financial report

AUSTRALIAN CONSERVATION FOUNDATION INC

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2005

	NOTE	2005 \$	2004 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from members, supporters, subscribers and customers		6,210,196	5,691,199
Receipts from grants		749,236	785,970
Receipts from bequests		199,160	377,689
Borrowing costs paid		(74,557)	(70,949)
Payments to suppliers, contractors and employees		(7,999,074)	(7,836,641)
Interest received		125,120	176,526
Other investment income received		26,747	66,860
NET CASH USED BY OPERATING ACTIVITIES	16	(763,172)	(809,346)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds on sale of property, plant & equipment		–	150
Payment for property, plant & equipment		(261,578)	(177,401)
Proceeds on sale of other financial assets		2,099,000	771,000
Payment for other financial assets		(33,697)	(789,838)
NET CASH USED BY INVESTING ACTIVITIES		1,803,725	(196,089)
NET CASH USED IN FINANCING ACTIVITIES			
Proceeds from Borrowings		53,235	–
Repayment of Borrowings		(10,327)	–
NET CASH FROM FINANCING ACTIVITIES		42,908	–
Net increase/(decrease) in cash held		1,083,461	(1,005,435)
Cash at the beginning of the financial year	16	569,848	1,575,283
Cash at the end of the financial year	16	1,653,309	569,848

The accompanying notes form part of this financial report

AUSTRALIAN CONSERVATION FOUNDATION INC

NOTES TO THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2005

1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

This financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Urgent Issues Group Consensus Views and other authoritative pronouncements of the Australian Accounting Standards Board.

The financial report has been prepared on an accruals basis and is based on historical costs and does not take into account changing money values or, except where stated, current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

The following is a summary of the material accounting policies adopted by the Foundation in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

Consolidation

The financial report includes the Australian Conservation Foundation Inc., its state offices, its unincorporated branches and its wholly owned subsidiary ACF Enterprises Pty Ltd as a consolidated entity. Separate disclosure is not made of the Foundation's separate financial performance and position, as ACF Enterprises ceased trading activities during the 1996/97 financial year. Therefore the financial performance and position of the Foundation is comparable to the consolidated results of the Foundation and its subsidiary. Australian Conservation Foundation Inc. is an association incorporated in the Australian Capital Territory under the Associations Incorporation Act 1991.

Comparative Figures

Where required by Accounting Standards, comparative figures have been adjusted to confirm with changes in presentation for the current financial year.

Revenue

Membership income is recorded on a proportional basis taking into account the prepaid component of the membership. All grants are recognised as revenue on receipt from grant providers. Legacy and bequest income is recognised as revenue on receipt from executors. Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets. Dividend revenue is recognised when the association has established that it has a right to receive a dividend. Revenue from the sale of goods or services is recognised upon the delivery of goods or services to customers. All revenue is stated net of the amount of goods and services tax (GST).

Taxes

Income Taxes – The Foundation, as a charitable organisation is exempt from income tax under Section 50-5, Income Tax Assessment Act 1997. Under the New Tax System the Foundation was endorsed on the 8 June 2000 by the ATO as an income tax exempt charity from 1 July 2000.

Fringe Benefits Tax – The Foundation, as a charitable organisation is not exempt from Fringe Benefits Tax, although a rebate of up to 48% of the notional fringe benefits tax payable, for individual employees with less than \$30,000 in grossed up fringe benefits. Where applicable, the grossed up value of specified fringe benefits to individual employees in-excess of \$1,000 are included on each employees' payment summary.

Capital Gains Tax – The Foundation, as a charitable organisation is exempt from capital gains tax under Section 50-5, Income Tax Assessment Act 1997.

Payroll Tax, Land Tax and Stamp Duties – The Foundation is exempt from Payroll Tax, Land Tax and Stamp Duties in NSW, ACT, WA, QLD and Victoria. Exemptions from Payroll Tax, Land Tax and Stamp Duties are not available in South Australia.

GST – Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of the cost of the item. Receivable and payables which are recognised inclusive of GST. The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables.

Other Financial Assets

Other financial assets incorporate investments in mortgages, property and equity trusts, equities and property. Other financial

AUSTRALIAN CONSERVATION FOUNDATION INC

NOTES TO THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2005

1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES CONT.

Property, plant and equipment

Each class of property, plant and equipment is carried at cost or fair value, less where applicable any accumulated depreciation. Plant and equipment is recorded on a cost basis.

The depreciable amounts of all fixed assets, excluding land, are depreciated on a straight line basis over the useful lives of the assets to the Foundation commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable asset are:

Class of fixed asset	Depreciation rate
Office furniture and fittings	10–50%
Computer software and equipment	10–50%
Office equipment	10–50%
Leasehold improvements	20–25%
Motor vehicles and accessories	20%

Recoverable amount

The carrying amounts of non-current assets are reviewed annually by the Council to ensure they are not in excess

of the recoverable amount from those assets. The recoverable amount is assessed on the basis of the expected net cash flows, which will be received from the assets' employment and subsequent disposal. The expected net cash flows have not been discounted to present values in determining recoverable amounts.

Leases

Lease payments under operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

Employee benefits

Provision is made for the Foundation's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits expected to be settled within one year together with benefits arising from wages and salaries, annual leave and long service leave which will be settled after one year, have been measured at their nominal amount and classified as current liabilities. Other employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits and classified as non-current liabilities.

Contributions are made by the Foundation to an employee superannuation fund and are charged as expenses when incurred.

Restricted / Unrestricted Funds

Restricted funds are funds received or reserves held that must be spent on the purpose for which they were received or are held. They comprise:

- Grant funding and related interest that must be spent in accordance with the terms of the funding agreement; and
- Significant donations and bequests where the donor indicates a preference for how the funds should be spent.

All other funds are unrestricted in that the Councillors' have the discretion to spend them on purposes for which the Foundation was established.

Fundraising Activities

NSW Charitable Fundraising Act 1991: this Act and supporting Charitable Fundraising Regulation prescribe the manner in which fundraising activities are conducted, controlled and reported in NSW. The amounts shown in Note 20 on page 17 are in accordance with Section 23 (3) of the Act and Part 2 Sections 5,7 and 8 of the Regulations, unless otherwise indicated.

Donations and Bequests: are returned as income as and only when received at the Foundation's head office. As specified in the Act, unsolicited donations are not treated as fundraising income when determining information required under the Act. They are treated as gifts under the tax legislation.

AUSTRALIAN CONSERVATION FOUNDATION INC

NOTES TO THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2005

1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES CONT.

Fundraising Activities Cont.

Fundraising Activities Income: as prescribed in the Charitable Fundraising Act, fundraising activities income excludes bequests, unsolicited donations and membership subscriptions from existing members (but not new members). While existing member donations to fundraising appeals have been included in fundraising income, it has not been possible for ACF to accurately separate all income from new and existing members and therefore the fundraising activities income does not include fundraising appeal or membership subscription income from new members. The effect of these omissions may have a material effect on the information reported in Note 20.

Cost of Fundraising: costs used in Note 20 include all direct fundraising costs in accordance with the Act. The inclusion of indirect costs is discretionary. Indirect costs excluded, include overheads such as the time spent by accounting or office staff administering fundraising activities, cost apportionment of rent, light and power and insurance. Exclusion of the indirect costs decreases the cost of fundraising and increases the margins from fundraising shown in Note 20.

Education cost allocation: Education cost allocation: all fundraising activities are structured for the dual purposes of raising funds for expenditure on various services and to educate target groups about environmental issues, ACF and the services it provides. The Foundation is a signatory to the Australian Council for International Development Code of Conduct, which require that the costs of each fundraising activity are predominantly allocated to fundraising costs, rather than allocated proportionally between fundraising and education as is common within the charity sector. In line with the Code of Conduct the costs of each fundraising activity are fully allocated to fundraising costs with the exception of ACF's Supporter Newsletter (which has more than 90% of it's cost allocated to environmental programs). Exclusion of education cost allocations increases the costs of fundraising and decreases the margins from fundraising shown in Note 20.

International Aid and Development Programs

As a member of the Australian Council for International Development (ACFID) the financial report has been prepared in accordance with the ACFID Code of Conduct.

Detailed disclosures and information is outlined in Note 16. No single appeal or other form of fundraising for a international aid and development program designated purpose generated 10% or more of total income for the year under review. Gifts in kind of goods and services have been valued and included in the statement of financial performance of the program for the year as allowed by the Code of Conduct.

AUSTRALIAN CONSERVATION FOUNDATION INC

NOTES TO THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2005

2 OPERATING SURPLUS / (DEFICIT)

	2005	2004
	\$	\$
Surplus / (deficit) from ordinary activities has been determined after:		
(a) Revenue		
<i>Operating activities</i>		
Donations	4,450,552	4,386,611
Legacies and bequests	199,160	647,689
Subscriptions	686,775	582,785
Grants	749,236	664,970
Merchandise and licensing	312,832	97,598
Other income	98,236	69,098
	6,496,791	6,448,751
<i>Non-operating activities</i>		
Investment income	235,631	250,383
Proceeds on disposal of property, plant and equipment	259	150
Proceeds on disposal of other financial assets	310,000	610,000
	545,890	860,533
	7,042,681	7,309,284
(b) Expenses		
Cost of sales	38,687	58,320
Depreciation of property, plant and equipment	172,590	138,407
Net loss on disposal of property, plant and equipment	6,863	805
Doubtful debts expense (write back)	(72)	6,071
Remuneration of auditor		
– audit or review services	25,655	26,200
– other services	–	–
Total remuneration	25,655	26,200
Rental expenses		
– minimum lease payments on operating leases	38,924	26,989
– other rental expenses	241,427	224,483
Total rental expenses	280,351	251,472

3 CURRENT CASH ASSETS

Cash on hand	1,100	600
Cash at bank	302,741	378,673
Cash on deposit	1,349,468	190,575
	1,653,309	569,848

AUSTRALIAN CONSERVATION FOUNDATION INC

NOTES TO THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2005

	2005 \$	2004 \$
4 CURRENT RECEIVABLES		
Debtors – trade	34,535	42,292
Provision for doubtful debts	(12,038)	(12,110)
Debtors – non-trade	6,240	553,829
	28,737	584,011
5 OTHER FINANCIAL ASSETS		
CURRENT		
Direct mortgages – at cost	420,000	660,000
Property held for investment purposes – at cost	190,000	–
	610,000	660,000
NON-CURRENT		
Direct mortgage – at cost	258,000	258,000
Mortgage backed security – at cost	–	1,000,000
Equity trusts – at cost	546,731	523,078
Property trusts – at cost	218,773	208,729
Property held for investment purposes – at cost	470,000	930,000
	1,493,504	2,919,807
	2,103,504	3,579,807
Market value of other financial assets	2,229,974	3,662,187
6 CURRENT OTHER		
Prepayments	97,871	88,493
Accrued investment income	68,816	25,203
	166,687	113,696

AUSTRALIAN CONSERVATION FOUNDATION INC

NOTES TO THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2005

	2005 \$	2004 \$
7 PROPERTY, PLANT & EQUIPMENT		
NON-CURRENT		
Office furniture and fittings – at cost	167,779	154,360
Accumulated depreciation	(60,075)	(47,523)
	107,704	106,837
Office equipment – at cost	98,372	103,720
Accumulated depreciation	(58,094)	(52,669)
	40,278	51,051
Computer software and equipment – at cost	663,066	501,479
Accumulated depreciation	(299,643)	(213,090)
	363,423	288,389
Leasehold improvements – at cost	165,482	167,530
Accumulated depreciation	(89,597)	(50,032)
	75,885	117,498
Motor vehicles and accessories – at cost	60,732	48,754
Accumulated depreciation	(11,947)	–
	48,785	48,754
	636,075	612,529

Movements in carrying amounts

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year are as follows:

	Balance 7/1/04	Additions	Disposals / Adjustments	Depreciation expenses	Balance 6/30/05
	\$	\$	\$	\$	\$
Office furniture and fittings	106,837	15,062	(226)	(13,969)	107,704
Office equipment	51,051	5,669	(1,719)	(14,723)	40,278
Computer software and equipment	288,389	168,030	(2,190)	(90,806)	363,423
Leasehold improvements	117,498	2,260	(2,728)	(41,145)	75,885
Motor vehicles and accessories	48,754	11,978	–	(11,947)	48,785
	612,529	202,999	(6,863)	(172,590)	636,075

8 CURRENT PAYABLES

Trade creditors and accruals	297,686	488,778
Deferred membership income	394,556	466,250
Deferred investment income	1,260	–
	693,502	955,028

AUSTRALIAN CONSERVATION FOUNDATION INC

NOTES TO THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2005

	2005 \$	2004 \$
9 INTEREST BEARING LIABILITIES		
CURRENT		
Hire purchase liability	16,290	–
NON-CURRENT		
Hire purchase liability	26,618	–
	42,908	–
Hire purchase commitments for the Northern Australia vehicle. Payable within 1 year	16,290	–
Payable later than 1 but within 2 years	26,618	–
Payable later than 2 years but within 5 years	–	–
	42,908	–

The hire purchase for the Northern Australia vehicle is a non-cancellable hire purchase with a two year term, with charges payable monthly.

10 PROVISIONS

CURRENT		
Provision for employee benefits	289,204	251,821
NON-CURRENT		
Provision for employee benefits	197,450	163,594
	486,654	415,415
Number of employees at year end – full time equivalent	55	53

	Balance 7/1/04 \$	Transfers to / (from) reserves \$	Balance 6/30/05 \$
11 RESERVES			
Restricted			
Campaign program fund	2,263,400	(437,000)	1,826,400
	2,263,400	(437,000)	1,826,400
Unrestricted			
Endowment fund	1,300,000	(208,000)	1,092,000
Operational reserve	500,000	–	500,000
	1,800,000	(208,000)	1,592,000
	4,063,400	(645,000)	3,418,400

Purposes of Reserves

Campaign program fund – represents grants and donations received to fund specific conservation projects.

Endowment fund – represents a proportion of bequests and accumulated surplus allocated to fund the future needs of ACF.

Operational reserve – representing funds set aside as a buffer against unexpected shortfalls in income.

AUSTRALIAN CONSERVATION FOUNDATION INC

NOTES TO THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2005

	2005 \$	2004 \$
12 RETAINED SURPLUS / (DEFICIT)		
Retained surplus at beginning of the year	26,048	465,163
Reserve transfers for the year	645,000	(174,733)
Surplus/(deficit) for the year	(724,200)	(264,382)
Retained surplus / (deficit) at end of the year	(53,152)	26,048

13 CONTINGENCIES & COMMITMENTS

In 2001 ACF entered into an agreement to lease space at 60–66 Leicester Street, Carlton. The annual rental of \$143,700 plus outgoings commenced from October 2002. The property lease will be non-cancellable with a five year term with an option to buy on completion. ACF moved into the building in November 2002. Occupancy has been on the terms of the agreement, but the lease is yet to be formally executed.

14 LEASE COMMITMENTS

Operating lease commitments for rent of the Sydney, Cairns and Canberra offices.

Payable within 1 year	40,261	4,027
Payable later than 1 but within 2 years	20,020	506
Payable later than 2 years but within 5 years	1,008	–
	61,289	4,533

The lease for the Sydney property is a non-cancellable lease with a two year term, with rent payable monthly in advance. The lease for the Cairns property is a non-cancellable lease with a three year term, with rent payable monthly in advance. An option exists to renew the Cairns lease at the end of the three-year term for an additional term of three years. The lease for the Canberra property is a non-cancellable lease with a three year term, with rent payable monthly in advance. An option exists to renew the Cairns lease at the end of the three-year term for an additional term of two years.

15 ASSOCIATION INFORMATION

Registered name	Australian Conservation Foundation Inc.
Registered number	A107
Registered office	Unit 5, Floor 1, Bailey's Corner, 143 London Circuit, Canberra, A.C.T., 2601.
Principal place of business	Floor 1, 60 Leicester Street Carlton, Vic., 3053.

AUSTRALIAN CONSERVATION FOUNDATION INC

NOTES TO THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2005

	2005 \$	2004 \$
16 NOTES TO STATEMENT OF CASH FLOWS		
(a) Reconciliation of Cash		
For the purposes of the statement of cash flow, cash includes cash on hand, cash at bank and cash on deposit.		
Cash at the end is represented by:		
Cash on hand	1,100	600
Cash at bank	302,741	378,673
Cash on deposit	1,349,468	190,575
	1,653,309	569,848
(b) Reconciliation of net cash provided by operating activities to surplus from ordinary activities		
Surplus / (deficit) from ordinary activities	(724,200)	(264,382)
<i>Non-cash flows from ordinary activities</i>		
Depreciation	172,590	138,407
Provision for doubtful debts	(72)	6,071
Net loss on disposal of property, plant and equipment	6,863	805
Net profit on disposal other financial assets	(40,000)	(10,000)
In-kind donation of other financial assets	–	(600,000)
In-kind bequest of other financial assets	–	(270,000)
<i>Changes in assets and liabilities</i>		
(Increase) / decrease in receivables	6,346	193,126
(Increase) / decrease in other assets	(52,991)	(51,248)
Increase / (decrease) in payables	(202,947)	(43,158)
Increase / (decrease) in provisions	71,239	91,033
NET CASH PROVIDED BY OPERATING ACTIVITIES	(763,172)	(809,346)
(c) The foundation has no credit stand-by or financing facilities in place.		
(d) There were the following non-cash financing or investing activities during the period.		
– Reduction of acquisitions in payables of property, plant and equipment of \$58,579		
17 INTERNATIONAL AID AND DEVELOPMENT ACTIVITIES		
Revenue		
Donated funds	20,232	15,649
Grants	53,526	77,622
Other income	28,309	2,245
Total revenue	102,067	95,516
Disbursements		
Overseas domestic projects	153,237	156,404
Community education	18,961	15,976
Fundraising	2,465	–
Administration	11,470	6,207
Total disbursements	186,133	178,587
Excess of disbursements over revenue	(84,066)	(83,071)
In-kind volunteer services contribution	14,782	15,649

AUSTRALIAN CONSERVATION FOUNDATION INC

NOTES TO THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2005

	2005	2004
	\$	\$
18 RELATED PARTIES		
The names of councillors who have held office during the financial year are listed on page 1 of this report. Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated. Details of transactions between the Foundation and Councillors and their related entities are as follows:		
(a) Penny Figgis provided consulting services for a submission on the National Reserve Systems Directions Paper 2005	–	500
	–	500

19 SEGMENT INFORMATION

The Australian Conservation Foundation Inc. operates predominantly in one business and geographical segment to protect, restore and sustain the environment within Australia.

20 FINANCIAL INSTRUMENTS

(a) Interest risk

The Foundation's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on those financial assets and financial liabilities, is as follows:

2004/2005	Weighted ave. int. rate	Floating interest rate \$	Fixed < 1 year \$	Fixed > 1 year \$	Non-int bearing \$	Totals \$
<u>Financial assets</u>						
Cash on hand or at bank	4.00%	302,741	–	–	1,100	303,841
Cash on deposit	5.25%	1,349,468	–	–	–	1,349,468
Receivables	–	–	–	–	28,737	28,737
Other financial assets	8.08%	1,425,504	420,000	258,000	–	2,103,504
Total financial assets		3,077,713	420,000	258,000	29,837	3,785,550
<u>Financial liabilities</u>						
Payables	–	–	–	–	693,502	693,502
Interest bearing liabilities	7.55%	–	16,290	26,618	–	42,908
Total financial liabilities		–	16,290	26,618	693,502	736,410

2003/2004

<u>Financial assets</u>						
Cash on hand or at bank	3.55%	378,673	–	–	600	379,273
Cash on deposit	4.44%	190,575	–	–	–	190,575
Receivables	–	–	–	–	584,011	584,011
Other financial assets	8.22%	1,661,957	1,659,850	258,000	–	3,579,807
Total financial assets		2,231,205	1,659,850	258,000	584,611	4,733,666
<u>Financial liabilities</u>						
Payables	–	–	–	–	955,028	955,028
Total financial liabilities		–	–	–	955,028	955,028

(b) Credit risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets is the carrying amount, net of any provisions for doubtful debts, as disclosed in the statement of financial position and notes to the financial statements.

(c) Net fair values

The net fair value of financial assets and financial liabilities approximates their carrying value. No financial assets and financial liabilities are readily traded on organised markets in standardised form. The aggregate net fair values and carrying amounts of financial assets and financial liabilities are disclosed in the statement of financial position and in the notes to the financial statements.

AUSTRALIAN CONSERVATION FOUNDATION INC

NOTES TO THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2005

	2005 \$	2004 \$
21 FUNDRAISING		
Details of total income and expenditure from fundraising activities		
Total income from fundraising activities	4,549,134	4,326,438
Less total expenditure on fundraising activities	2,146,414	2,221,775
Net surplus from fundraising activities	2,402,720	2,104,663

Information on material matters

All fundraising activities achieved the targeted returns under the Charitable Fundraising Act, with the exception of the calendar and diary program and the November Appeal. The calendar and diary program operated at a small deficit for the year, while delivering significant promotional and educative benefits. November appeal generated a significant surplus of almost \$50,000 and only just failed to meet the targeted returns in the Charitable Fundraising Act, while the combined performance of all appeals successfully achieved targeted returns.

For more information on revenue and costs of fundraising see the Statement of Financial Performance on page 6 and the significant accounting policies in Note 1 on pages 9–11.

Application of funds for charitable purposes

During the year the Foundation achieved a net surplus of \$2,402,720 (2004 \$2,104,663) from fundraising activities defined under the Charitable Fundraising Act. Of this surplus \$2,130,041 (2004 \$1,868,015) was used to fund environmental programs, \$nil (2004 \$48,533) was allocated to the campaign program fund reserve for spending on future environmental programs and \$272,679 (2004 \$188,115) was allocated to organisational support.

Fundraising conducted jointly with external service providers

ACF engages external service providers to assist in the face to face recruitment of new donors for our Earthfund monthly giving program, to assist in the development of our direct mail appeals, to support the art program and to develop and market the calendar and diary program. The gross contribution from these programs does not include future income to be received from donors under the Earthfund monthly giving program and proceeds from the sales of artwork under the art program.

Gross income from fundraising activities involving external service providers	3,343,769	2,664,518
Gross expenditure on fundraising activities involving external service providers	1,704,909	1,815,217
Gross Contribution	1,638,860	849,301

Fundraising activities as classified by the Charitable Fundraising Act conducted during the financial year

Diary and calendar program
Art program
Earthfund monthly giving program
Mail appeals – September, November, February and May
Major donor program
Corporate partnerships program

Fundraising performance comparisons	A \$	B \$	2005 %	2004 %
<i>A divided by B</i>				
Total cost fundraising/Gross proceeds of fundraising	2,146,414	4,549,134	47.2%	51.4%
Net surplus from fundraising/Gross proceeds of Fundraising	2,402,720	4,549,134	52.8%	48.6%
Environmental programs expenditure/Expenditure	3,774,390	7,766,881	48.6%	42.7%
Environmental programs expenditure/Income	3,774,390	7,042,681	53.6%	44.3%

As noted above ACF has made a significant investment in the Earthfund monthly giving program over the last three years. The return on this investment, as is usual for this type of program, is made over a number of years. ACF's fundraising income has significantly increased in 2005 and this trend is expected to continue in the coming years.

AUSTRALIAN CONSERVATION FOUNDATION INC

NOTES TO THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2005

22 IMPACT OF ADOPTION OF AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Foundation is preparing and managing the transition to Australian Equivalents to International Financial Reporting Standards (AIFRS) effective for the financial years commencing 1 January 2005. The adoption of AIFRS will be reflected in the Foundation's financial statements for the year ending 30 June 2006. On first time adoption of AIFRS, comparatives for the financial year ended 30 June 2005 are required to be restated. The majority of the AIFRS transitional adjustments will be made retrospectively against retained earnings at 1 July 2004.

The Foundation's management, along with its auditors, have assessed the significance of the expected changes and are preparing for their implementation. ACF's Council and Finance and Audit Committee are overseeing the Foundation's transition to AIFRS. The impact of the alternative treatments and elections under AASB 1: First Time Adoption of Australian Equivalents to International Financial Reporting Standards has been considered where applicable.

The key material differences in the Foundation's accounting policies on conversion to AIFRS and the financial effect of these differences, where known, are as follows. Users of the financial statements should note, however, that the amounts disclosed could change if there are any amendments by standard-setters to the current AIFRS, or interpretation of the AIFRS requirements changes due to the continuing work of the Foundation's Council and Finance and Audit Committee.

Non-current Investments

Under AASB 139: Financial Instruments: Recognition and Measurement, financial assets are required to be classified into four categories, which determines the accounting treatment of the respective item. The categories and various treatments are:

- held to maturity, measured at amortised cost;
- held for trading or upon recognition entity designated, measured at fair value with unrealised gains or losses charged to the profit and loss;
- loans and receivables, measured at amortised cost; and
- available for sale instruments, measured at fair value with unrealised gains or losses taken to equity.

The Foundation's other financial assets, encompassing equity and property trusts, property and the art collection, have been designated for valuation at fair value with unrealised gains or losses charged to the profit and loss, which differs to the Foundations current accounting policy in which non-current investments are valued at cost with an annual review by committee members to ensure the carrying amounts are not in excess of the recoverable value. The impact of the change is estimated to be \$173,470, being an increase the value of non-current other financial assets. The resulting adjustment to retained earnings at 30 June 2004 of \$99,380 and an adjustment to retained earnings at 30 June 2005 of \$74,090. The adjustment to non-current other financial assets reflects the unrealised gains as a result of market movements in our investments since the date of purchase.

Capitalised Software

Under AASB 138: Intangible Assets all software assets are to be disclosed as part of the Foundation's intangible assets, which differs from the current accounting policy of incorporating software assets with computer equipment as part of Property, Plant and Equipment. The impact of the change is estimated to be \$222,750 being an increase to intangible assets and a corresponding decrease to computer equipment assets in Property, Plant and Equipment.

Impairment of Assets

Under AASB 136: Impairment of Assets, the recoverable amount of an asset is determined as the higher of fair value less costs to sell, and value in use. In determining value in use, projected future cash flows are discounted using a risk adjusted pre-tax discount rate and impairment is assessed for the individual asset or at the 'cash generating unit' level. A 'cash generating unit' is determined as the smallest group of assets that generates cash flows that are largely independent of the cash inflows from other assets or groups of assets. The current policy is to determine the recoverable amount of an asset on the basis of undiscounted net cash flows that will be received from the asset's use and subsequent disposal. It is likely that this change in accounting policy will lead to impairments being recognised more often.

The Foundation has reassessed its impairment testing policy and tested all assets for impairment as at 1 July 2005. The impact of the change is estimated to be nil, as assets were discovered not to be impaired.

	2005
	\$
<i>Reconciliation of Net Profit</i>	
Net profit reported under Australian Accounting Standards	(724,200)
Key transitional adjustments:	
Recognition of movement in unrealised gains in Other Financial Assets	74,090
Net profit under AIFRS	(650,110)
<i>Reconciliation of Equity</i>	
Total equity reported under Australian Accounting Standards	3,365,248
Retrospective adjustments to equity at 1 July 2004:	
Recognition of movement in unrealised gains in Other Financial Assets	99,380
Retrospective adjustments to equity at 1 July 2005:	
Recognition of movement in unrealised gains in Other Financial Assets	74,090
Total equity under AIFRS	3,538,718