



AUSTRALIAN
CONSERVATION
FOUNDATION

ANNUAL REPORT 2005 - 06



1 OUR VISION

40 years of action

A plan for the future

2 LETTER FROM IAN LOWE

3 ENVIRONMENT REPORT

Climate change

GreenHome

Hazelwood

Great Artesian Basin

Nuclear free

Land hand-back in Cape York

Saving the Murray

Asia-Pacific program

9 ACF SUPPORTERS

11 ACF'S SOCIAL & ENVIRONMENTAL IMPACT

The Ten-Year Strategy

Improved parental conditions

Carbon offsetting

GreenHome: inspiring people to make a difference

Green Clinic

GreenHome Volunteer Train the Trainer

Embracing web-based communication

Ecotrust Visit To Canada

ACF's green office

Recycling at work

Printed material

14 ACF FINANCIAL REPORT

ACF Financial Performance reached new highs in 2006

Environment programs, fundraising and administration

Introduction of new accounting standards

Ethical investments deliver super performance

May Appeal challenge gift success

EarthVoice giving provide new environmental program capacity

ACF Governance

Organisational Chart

ACF Council at 30 June 2006

ACF Council biographies at 30 June 2006

ACF Financial report

The Australian Conservation Foundation is committed to inspiring people to achieve a healthy environment for all Australians.

For 40 years we have been a strong voice for the environment, promoting solutions through research, consultation, education and partnerships. We work with the community, business and government to protect, restore and sustain our environment.

40 YEARS OF ACTION

For over 40 years, ACF has played a pivotal role in protecting Australia's environment – including iconic places like the Great Barrier Reef, the Franklin, and Kakadu. ACF focuses on the most important and urgent environmental problems, promoting solutions through research, consultation, education and partnerships. Now there is a need, as never before, for ACF to focus on the big issues facing Australia.

A PLAN FOR THE FUTURE

During this year ACF analysed the growing threats to our great continent to inform a 10 Year Strategy that will steer the organisation on a new course to achieve sustainability within a generation. In ten year's time ACF wants to see Australians acting together to:

- Avoid dangerous climate change,
- Create an ecologically sustainable Australia
- Protect and manage the natural environment
- Care for Country in Northern Australia and Asia-Pacific

We have a responsibility, not just to our own descendants, but to humanity and the rich natural world of which we are an integral part, to redirect our efforts toward an environmentally sustainable future.

The next decade is absolutely crucial if we are to avoid wide-reaching impacts on our environment, our society and our economy. ACF's 10 Year Strategy commits the organisation to work with renewed purpose and energy to protect our cherished environment and way of life.



Dear ACF Supporter,

Over the course of the last year I have been fortunate to be able to travel around Australia speaking on the issues that I feel passionately about: the threats posed by climate change, the opportunities to work with Indigenous communities to care for country, the need to restore Australia's rich biodiversity and for us all to work together towards a sustainable future.

I was honoured to represent ACF at the National Press Club in October. The focus of my address was climate change and why we must oppose nuclear power whenever it is proposed as a "solution" to global warming. Nuclear is just too expensive, too risky, too slow and makes too little difference. I've also spoken at events across Australia, from the Sustainable Living Festival in Melbourne to an appropriate economies forum on Cape York.

In April this year ACF met some of Australia's foremost business leaders, through the Australian Business Roundtable on Climate Change. It is heartening that there are business leaders that understand that climate change is real and poses a major business risk. These leaders are committed to persuading business and governments to work together to ensure that Australia has an economically and environmentally effective national response to dangerous climate change.

ACF has received some wonderful and far-sighted support from philanthropic organisations. The support of the Pratt Foundation assisted by Perpetual Trustees was critical in helping ACF to get the business roundtable off the ground. Our Northern Australia Program is dependent on the very generous support of the Poola Foundation Tom Kantor fund. This visionary investment in ACF's work is delivering huge returns for the environment.

Along with Don Henry, I met with senior management at BHP Billiton and Premier Rann in South Australia to put a case against

the proposed massive expansion of water taken from the Great Artesian Basin for the Roxby Downs copper and uranium mine. In both cases I can report that the thousands of postcards sent by ACF's supporters played an important part in convincing the decision makers not to further exploit this ancient water source.

Of course, much more needs to be done to convince our governments to act on matters like funding for research and development for renewable energy, not to expand uranium mining or advocate nuclear reactors as a solution to climate change, and to create policies that encourage a less wasteful society.

My work for ACF during the year and the opportunities this provided for meeting you, our members and supporters, confirmed something I knew to be true: that none of ACF's many achievements over the past 40 years would have been possible without your genuine concern and robust support.

You have made it possible for ACF to continue to do wonderful work to conserve Australia's unique biodiversity and natural ecological systems, make major advances in our work with Indigenous people to protect Northern Australia, build pressure for a response to global climate change and draw attention to unsustainable consumption levels.

So on behalf of ACF I'd like to say a sincere thank you for your past support and urge you to continue your efforts. There is still much to do!

*Ian Lowe AO
ACF President*

COVER: *Alpine Water Skink*
PHOTO: *Julian Bentley*

With forty years of hard-won struggles and wonderful achievements to look back on, the Australian Conservation Foundation (ACF) is looking to a future that is just as positive.

In the past 12 months, ACF's campaign work has covered a wide variety of environmental issues. In all cases there has been the unwavering determination that, no matter how long the battle, the hoped-for result is always worth fighting for. With the forthcoming launch of ACF's 10-year vision, we trust our loyal supporters will continue to work with us as we re-focus our efforts on the most critical environmental challenges. We need to keep advocating for and keep believing in what we know needs to be done and, if ACF's impressive 40-year history is anything to go by, we really will make a difference.

CLIMATE CHANGE

The issue of climate change – described by many as the most critical issue facing the planet – has continued to be a key topic in this past year. While the success of ACF's GreenHome program shows many people are enthusiastic to play their small part in addressing this enormous problem, ACF has also been at the forefront of larger climate change-related campaigns.

In October 2005, ACF held events in Sydney and Melbourne for ACF supporters from the medical profession, to inform them about the report – *Climate Change Health Impacts in Australia: Effects of dramatic CO₂ emission reductions* – put out by ACF and the Australian Medical Association (AMA) on the public health effects of climate change. Speakers at the event were Don Henry, ACF Executive Director, paediatrician Dr Sian Hughes and Dr Rosalie Woodruff, ANU National Centre for Epidemiology and Population Health – a co-author of the report.

According to the report, if we do nothing to reduce greenhouse gas pollution, heat-related illnesses could kill thousands of people by the end of the century and the climate in Brisbane and Sydney could become suitable for the transmission of diseases such as Dengue Fever.

In contrast, the report shows that early and significant action to reduce greenhouse pollution would have major health benefits.



The Business Leaders Roundtable on Climate Change attracted significant media interest

PHOTO: Matthew Vasilescu

The figure for projected premature heat-related deaths to 2100 could be halved, and while the zone for potential Dengue transmission is likely to move south to Rockhampton or Gympie, it would stay north of more heavily populated south-east Queensland, coastal NSW and metropolitan Sydney.

In November, 2005, ACF used a Australian Building Codes board meeting to push for nation-wide 5-star energy-efficiency standards as a vital element in reducing the nation's wasteful use of energy. Unfortunately, while many builders have got on with the job of building better, energy efficient homes that are cooler in summer and warmer in winter, some industry groups still have their heads in the sand when it comes to climate change. The lack of a coordinated approach by state and federal governments isn't fair for those in the industry who are concerned about climate change and those who purchase and live in inefficient houses.

In 2006, the Australian Business Roundtable on Climate Change released a report – *The Business Case For Early Action* – that showed significant reductions in greenhouse emissions could be achieved at an affordable cost to the country.

The Roundtable – which included CEOs from BP Australia, Insurance Australia Group, Origin Energy, Swiss Re, Visy Industries, Westpac and the Australian Conservation Foundation – commissioned CSIRO to determine climate impacts on Australia and model the economic effects of a 60% reduction in emissions by 2050 and supported the call to act, and act early, on the important issue of climate change.

Following the Roundtable initiative, ACF's website discussion boards were crammed with comments from members and supporters congratulating ACF on their positive attitude to working, together with business, to identify the solutions and how Australia should tackle them.

The Roundtable called for Australian Governments to work with business and the community to develop a policy framework that allows industry to respond effectively.

The devastation caused when Cyclone Larry hit far north



Queensland on 20 March 2006 left many people wondering if climate change was to blame and if we are likely to see more such storms in future as sea temperatures rise.

ACF President Professor Ian Lowe addressed the issue of cyclones and climate change in his keynote speech to a Greening Australia conference on 22 March 2006. Prof Lowe told the conference:

"We have now had two category five cyclones hit north Queensland in twelve months. While no one event like Cyclone Larry can be sheeted home to global warming, the late Professor Stark of James Cook University warned nearly twenty years ago that increasing sea surface temperatures would inevitably mean more severe cyclones.

"The cost to banana and sugar producers alone of Cyclone Larry is being estimated at around \$500 million dollars. The Federal Government has justified its failure to develop a concerted response to climate change by saying that it would be too expensive. I say doing nothing and living with the consequences of climate change is too expensive. And subsidising aluminium smelters while they drive climate change is an absurd misuse of public money."

GREENHOME

One of ACF's biggest success stories of the past financial year is the heightened awareness of ACF's GreenHome program – launched in early 2005. The idea behind GreenHome, according to GreenHome coordinator Suzie Brown, was to allow ACF to reach a new audience of people who had concerns about the state of the environment but weren't sure how to take positive action.

"We offer people practical things they can do to help the environment from home. The main ways we deliver the program are through community workshops," Ms Brown said. "In the workshops about 80-120 people come together six times over six months and we take them through the topics of energy-saving, water-saving, waste-reduction, active transport, food and gardens, green shopping and household chemicals. Participants do a lot of actions over the six months and we survey them at the end to find out what they did and then add up all the water, greenhouse gas and waste savings they have made. We also do a renovator's workshop, which is for people who want to do bigger things to their home to make it sustainable. And we also have a 'train the trainer' program where we teach others to form small groups in their community and teach them the six workshops."

In January, 2006, ACF revealed the results of a workshop series undertaken by the residents of 65 households in Sydney's Parramatta. Using knowledge gleaned from the ACF workshops, residents made changes that resulted in saving almost 11 million litres of water, 380 tonnes of greenhouse pollution and 70,000 litres of landfill waste each year.

Parramatta resident Susan Young was found to be saving 91,195 litres of water a year, 3,351 kg of greenhouse pollution a year and reducing her contribution to landfill by 60 litres a week – simply by making small changes around her house. These included installing a water-efficient showerhead and dual-flush toilet, doing fewer dishwashing and laundry loads a week, turning lights off more often, using energy-efficient light globes and driving her car less.

"It wasn't difficult to reduce my pollution, waste and water use," Ms Young said. "Every time I turn off a light, or leave the car at home, I know I am making a difference."

There were similar results when 200 Bankstown (Sydney) residents utilised ACF's advice through the GreenHome program to reduce their own ecological footprints. Results released by ACF in August 2005 showed the group of householders made total annual savings of 12.75 million litres of water, 650 tonnes of greenhouse pollution and reduced waste to landfill by 30%.

ACF's GreenHome Coordinator, Suzie Brown, congratulated the Bankstown householders on their achievements.

"The savings we've measured prove that every little bit we do as individuals does make a difference."
ACF's GreenHome Coordinator, Suzie Brown.



LEFT: You can join ACF's GreenHome Challenge at www.acfonline.org.au/greenhome



ACF has been working to reduce the use of coal in Victoria's energy generation

PHOTO: Australian Greenhouse Office

HAZELWOOD

The fight against the proposed extension to the life of Victoria's Hazelwood power station – Australia's worst polluting power station – has not had a happy resolution for ACF or the environment.

In late 2005, after two years of legal wrangling and negotiations, the Victorian Government approved Hazelwood's plan to continue operating for at least another 25 years, resulting in nearly 445 million tonnes of greenhouse pollution. While Hazelwood's emissions are in theory capped, the cap is qualified and set so high that it will not practically require meaningful reductions in pollution for many years to come.

The Government made the decision despite widespread community opposition, which included nearly 1,500 formal objections filed on behalf of ACF members and supporters and others.

While Hazelwood remains a black spot on Victoria's environmental record, successful court action taken by ACF and other groups in 2004 forced the consideration of greenhouse emissions in the planning process, and stands as a precedent for future planning decisions.

GREAT ARTESIAN BASIN

A great example of the way in which ACF supporters made a real difference in the past 12 months was the 17 February 2006 announcement by South Australian Premier Mike Rann – stating that an agreement between the South Australian government and BHP Billiton would mean that no additional water would be used to service the planned Roxby Downs mine expansion. It was great news for the Great Artesian Basin and a win that all ACF members and supporters should feel proud about.

ACF chose World Wetlands Day – 2 February 2006 – to deliver thousands of postcards to BHP Billiton's head office in Melbourne. The postcards, from ACF members and supporters, expressed concern that the company's plans to expand the Roxby Downs uranium mine in outback South Australia could have a devastating impact on the Great Artesian Basin's fragile desert wetland springs.



ACF delivered thousands of postcards from supporters to Melbourne headquarters of BHP Billiton

PHOTO: Josh Meadows

With Premier Mike Rann quoted in media reports as saying the very strong lobby from the environmental movement, combined with "the most effective lobbying campaign ever by Don Henry, of the Australian Conservation Foundation" was a strong influence on his decision, it was yet another example of how important the help of ACF members and supporters is in seeing campaign struggles become victories.

NUCLEAR FREE

ACF's nuclear-free campaign has had to go up a notch with the Federal Government talking about opening more uranium mines, selling uranium to China and India, and even launching an inquiry into the viability of nuclear power in Australia. ACF remains rock solid in its opposition to every aspect of the dangerous and dirty nuclear cycle – from uranium mining, to enrichment, to nuclear power and its inevitable by-product: highly toxic long-lived radioactive waste. ACF will never give up on this fight.

"The twentieth anniversary of the Chernobyl disaster reminds us we will risk more nuclear contamination if we mine uranium. It makes no sense environmentally and is very dubious economically," wrote ACF President, Professor Ian Lowe in Brisbane's *Courier Mail* newspaper in February, 2006.

ACF has been on the front foot explaining why nuclear power is no solution to climate change.



Don Henry at a memorial to the Chernobyl victims in Ukraine, 2003.

PHOTO: Don Henry

“Embracing nuclear is really getting out of the greenhouse frying pan and into the nuclear fire,” Professor Lowe told ABC TV’s *Lateline* on 23 May. “Nuclear power is too expensive, too slow and makes too little difference and is too dangerous. Wind and solar could be delivering energy next year. Efficiency could be producing gains next week. These are cost-effective solutions that are much better, in terms of timing, than the hope that nuclear might be the answer.”

“Who’s going to pay for the increased security, the decommissioning of reactors, building up government departments and training people in an industry that has no history here?” ACF’s Energy Program Manager, Erwin Jackson, asked in the *Australian Financial Review* on 23 May.

ACF believes Australia needs a clean, safe and credible energy future – not a quick grab for short-term profits and a dangerous, long-term radioactive legacy. As Don Henry told ABC radio on 25 May: “We need to start dramatically cutting greenhouse pollution in Australia today. We can do it today with our existing suite of technologies, with a much stronger use of renewable power, with much greater use of energy efficiency and more use of biofuels and gas, we can cut Australia’s emissions by 60 per cent by 2050. So in some ways this nuclear debate’s a smokescreen for not acting on climate change today”

LAND HAND-BACK IN CAPE YORK

Anyone who has visited Cape York Peninsula will understand that strong sense of being in a landscape quite unlike anything else in Australia. Its striking physical landmarks have strong spiritual significance for the Indigenous people of the region – a cultural distinctiveness that a defining report, launched by ACF President Professor Ian Lowe early in 2005, identified as a central element in



ACF Executive Director Don Henry (left) and colleagues inside the control room of Chernobyl Reactor no 3, adjacent to Reactor 4 that exploded with tragic consequences in 1986.

PHOTO: Don Henry

developing an appropriate regional economy for the Peninsula.

With the ongoing support of members and supporters, ACF’s interest in the region continued into the most recent financial year and will continue in the years to come – ensuring protection for this environmentally valuable asset.

In December 2005, ACF, along with other environmental groups, endorsed an important agreement signed between the Queensland Government and Indigenous Traditional Owners to manage and protect a former pastoral property on south-eastern Cape York Peninsula.

After more than a decade of negotiations and controversy, the future of Kalpowar Station (around 200 kilometres from Cooktown) was finalised at a special ceremony in Cooktown. The Kalpowar agreement will form part of a massive new 200,000 hectare national park, as well as return an additional 200,000 hectares of land to Traditional Owners of the area.

Kalpowar, near Princess Charlotte Bay, contains important areas of rainforest, wetlands, mangroves, tropical river systems, rare plant and endangered animal species. The new national park will link with the existing Cape Melville and Lakefield National Parks to create one of Queensland’s and Australia’s largest protected areas – around 15 times larger than Daintree National Park.

ACF’s Executive Director, Don Henry, described the land hand-back as a “great decision to protect this internationally significant region and to recognise the ownership of Aboriginal Australians”.

“ACF encourages the strong involvement of the Indigenous Traditional Owners in the management of all of these lands and we warmly congratulate them, their representative bodies, and the Queensland Government on this outstanding result for conservation and Aboriginal people,” he said.



NSW's purchase of water rights was a watershed moment for the Murray River – and for ACF's members and supporters
PHOTO: Auscape



SAVING THE MURRAY

The ongoing campaign to save the Murray River was a campaign that ACF members and supporters really took to heart in the past year and the steps that have so far been taken to restore the river to full health are due, in part, to this support.

On 9 May 2006, \$500 million of the Federal Budget was allocated for the troubled river's health but ACF's Healthy Rivers Campaigner, Dr Arlene Buchan, pointed out that, while the news was welcome, it was just the first step.

"The River Murray has many problems – some related to environmental flows, others unrelated to flows – and they all need attention," she said. "The new money looks like it will mostly be invested in non-flow related problems like restoration of fish habitat and overcoming barriers to fish migration. These are worthwhile projects and we acknowledge the leadership and commitment the Federal Government has shown here, especially in making the Hume-to-sea fishway financially viable and intensifying efforts to address salinity and other water quality problems. It's important to understand, however, that the new \$500 million will not deliver any new water to the Murray. The commitment to water recovery remains at 500 billion litres of water – one third of the amount scientists say is the minimum needed to return the Murray to health."

After a strong campaign by ACF, the NSW Government decided in May 2006 to purchase water from willing sellers and return it to the thirsty Murray – great news for the troubled river. "New South Wales' planned purchase of 80 to 125 gigalitres of water entitlements will make a significant contribution to the

existing target to return 500 gigalitres of water to the Murray by 2009," said Dr Buchan. "Buying water is an effective way to bring life back to the Murray because market mechanisms allow river managers to return water when and where it is needed and they are cost-effective, ensuring maximum bang-for-taxpayer-bucks." However, Dr Buchan pointed out that the size of the task ahead should not be underestimated.

"A CSIRO report tabled at the meeting shows the river may in fact need as much as five times the amount of water it will receive under the Living Murray 'First Step', simply to maintain its current poor state of health," she said. "The best available science is now telling us that those targets are still only a fraction of what the river needs. An important aspect of the water purchasing announcement is that NSW will buy entitlements that have quite a high level of security; in other words, the water allocation will be less dependent on high-rainfall years and less vulnerable to drought and long-term climate change."

ASIA-PACIFIC PROGRAM

ACF's Asia-Pacific program works in partnership with local groups in Papua New Guinea and Timor Leste (East Timor) and receives support from the Australian Agency for International Development (AusAID).

PAPUA NEW GUINEA

Centre for Environmental Law and Community Rights

The Centre for Environmental Law and Community Rights (CELCOR) is a community legal service and advocacy organisation based in Port Moresby. ACF is supporting CELCOR to conduct environmental impact assessments of projects likely to have significant impacts on people and the environment, in particular those relating to large-scale oil palm plantations, and to advocate for improved environmental health and sustainable development.

Alotau Environment Limited

In the remote East Cape peninsular and surrounding islands of the Milne Bay Province, ACF has been working with Alotau Environment Limited on a project to promote conservation, food security and sustainable livelihoods. ACF has assisted with the development and delivery of a community education and outreach program on environmental health, nutrition and food biodiversity. These activities have been fully integrated in a larger plan of ecologically sustainable resource management with an emphasis on community self-reliance.

Bismarck Ramu Group

In the province of Madang, ACF works as equal partners with the Bismarck Ramu Group enriching each other's work through regular exchanges of knowledge, skills and information. This has expanded to include training in simple food processing techniques and micro-credit support for surrounding villages to establish small-scale income generating activities as an alternative to largescale exploitation of their natural resources.

TIMOR LESTE

Fundacao Haburas

Fundacao Haburas is Timor Leste's leading national environment group. ACF is supporting Haburas in its endeavours to operate as a strong and independent voice for environmental justice in Timor Leste and facilitated a team of experts to conduct an assessment of a proposed hydropower scheme in the east of the country to support their advocacy efforts.

Roman Luan

Although it appears to be an 'island paradise' to the tourists who visit each year, Atauro Island, located just off the coast of Dili, is facing various threats from large-scale tourism and the risk of environmental degradation as the population grows. ACF have supported Roman Luan, a community based NGO on Atauro, to design and build waste and sanitation infrastructure to cope with human and solid waste generated by both tourists and local people and to conduct an education program on environmental health and sanitation.



ACF SUPPORTERS



Merinda Gallagher was inspired to become one of ACF's Earthvoice supporters by the philosophy of ethicist Peter Singer, who believes individuals should support charities with regular donations. "If everyone did that, imagine what we could achieve!" she says

PHOTO: Courtesy of Merinda Gallagher



Barbara Wall has been an ACF member for 40 years. She believes that "everyone who tries to help does make a difference."

PHOTO: Courtesy of Barbara Wall

Both ACF's Key Supporter Programs Coordinator, Nola Wilmot, and ACF's Marketing Manager, Jock Beveridge, said the 2005/2006 financial year had been a great one for the support and financial generosity that is so typical of ACF supporters.

"We would like to say a 'thank you' to our members and donors for their support and hope that they will continue to work with us to assist in expanding and strengthening our important conservation work," Ms Wilmot said.

ACF's 30,000 members and supporters have again played a critical role in our campaign work this year, with individual supporters providing more than 90% of the funds ACF relies on for its essential conservation work – most coming from membership fees and donations. From profound statements of support like bequests, to concessional members paying \$39 a year, everyone has contributed to making ACF a strong and vibrant organisation over the last year.

"Members and supporters also provide essential lobbying power," Mr Beveridge said. "Through their sheer force of numbers and through their personal involvement in ACF's campaigns, supporters have made a difference on a number of important issues this year."

Of particular note were the thousands of postcards sent to SA Premier Mike Rann and the Chairman of BHP Billiton, Don Argus in November and December 2005, urging them to stop BHP Billiton's proposal to extract an additional 150 million litres of water a day from the precious supplies of the Great Artesian Basin.

In February, ACF supporters lobbied to stop the Murray 'drowning in red tape' and to urge our governments to purchase some water for the environment. The NSW government has since announced plans to do just that.

ACF's EarthVoice program continues to attract many new supporters, with more than 13,000 people now involved in this monthly donation program.

"EarthVoicers provide a strong financial platform of support for ACF, allowing us to plan ahead with more confidence and reduce

administration costs and paper usage," Mr Beveridge said. "From July 2006, EarthVoicers are also eligible for full ACF membership, increasing the value of their support even more."

ACF recruited more than 10,000 new monthly donors over the last four years.

"The website has certainly played a much more significant role in our communications – with over 14,000 unique visitors per month, up from only a few thousand five years ago. The introduction of discussion boards, e-newsletters, regular polls and the online GreenHome program have all helped to engage supporters in our conservation work."

The regular sending of email alerts to supporters – highlighting important campaign developments or opportunities that they can get involved in – has proven successful in the past year and is something ACF will continue in the future.

In the past year, ACF was very happy to announce an extremely generous offer of \$200,000 from long-time supporter Bill Paine. Having already donated his house to ACF back in 2004, Mr Paine decided to let his latest act of generosity encourage others and announced he would use \$100,000 of the money to match, dollar for dollar, any donations given to ACF during its May Climate Change appeal.

It was a wonderful initiative by Mr Paine that inspired many of our loyal supporters to increase their own financial commitment to ACF. Executive Director Don Henry said it was an extremely generous offer and put Bill's actions down to the fact that, due to climate change and the vast environmental problems facing our planet, "the situation is critical and demands extraordinary action".

"For 40 years ACF has been actively working to protect our unique natural heritage and create a sustainable future," Mr Henry said. "Now we need your support to meet the greatest challenge of our time. Together we will make a real difference."

ACF'S CORPORATE SUPPORTERS AND FOUNDATIONS

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

Groups that include ACF in their Workplace Giving Programs:

Allens Arthur Robinson
Australian Tax Office
Aviva Australia
Building Commission, Vic
Charles Sturt University
Deloitte Touche Tohmatsu
Ernst & Young
Gold Coast City Council
KBR G & I
Macquarie Bank
Origin Energy
Sydney Harbour Trust

Australian Ethical Investor
Australian Charities Fund
BP Australia
Charities Aid Foundation
Corrs Chambers Westgarth
Dunn & Bradstreet
Fosters Group Ltd
HOK Sport
Lion Nathan
Mallesons Stephen Jaques
Reserve Bank of Australia
Sydney Water Corporation



Groups contributing funds to ACF's ongoing conservation work:

ANZ Bank: internet donation program
AusAid: grant – Asia Pacific Program
Australian Ethical Investments: donation
Bardas Foundation: donation
Count Charitable Trust: donation
Darinka Pty Ltd: donation – ACF's legal work
Dept. of Communities, QLD: grant – Cape York consultation process
Dept of Environment & Conservation, NSW: grant – ACF's work in NSW, GreenHome, and the NSW Inland Rivers Network
Design and Construct: donation
Enviro Art 2006: donation
Hawkins Financial Planning Service: donation
Koreen Conservation Ltd: donation
Hunter Hall International Ltd: donation – Climate Change program
Land & Water Australia: grant – Northern Australia Ecotrust project
Intrepid Foundation: donation – Asia Pacific program
Nordia Foundation: grant – Green Clinic program
One Little Indian Enterprises: donation
NSW Environmental Trust: ACF's work in NSW
Poola Foundation (Tom Kantor Fund): donation – Northern Australia program
Perpetual Trustees: grant – AMA / ACF project; the public health impacts of climate change
Reichstein Foundation: grant – ACF's legal work
Pro Dive: donation – Marine program
Sustainable Impact Pty Ltd: donation – Climate Change program
Ritchie's Supermarkets: community donation program
The George Lewin Foundation: donation
The Christensen Fund: grant – Northern Australia program
View Films Pty Ltd: donation

Groups contributing goods and/or services on a pro bono basis

Arnold Bloch Leibler, Strategic legal advice
Malleons Stephen Jaques: strategic legal advice
Clemenger Harvie Edge, Strategic communications advice
Learning Dimensions, leadership advice
Rehame, electronic media monitoring
NRMjobs: recruitment support
Palace Cinemas: ACF supporter events
IMAX/Melbourne Museum: ACF supporter events
RSIGuard: ergonomic software
Origin Energy: sustainable education supplements in The Age

Legacies living on through ACF's work

ACF and conservation have benefited from the thoughtful gestures of the following people who left a bequest to ACF in their will.

Mrs Margaret M Anderson, VIC	Mr John M Brooks, VIC
Miss Margaret R Fryer, VIC	Miss B Hotchin, VIC
Mrs Doreen L Jones, NSW	Mr Geoffrey A Kruse, NSW
Mr Robert J Turner, VIC	Miss Betty Westwood, SA

ACF's ability to commit to long-term campaigning on difficult conservation issues is strengthened by the generosity and commitment by those supporters who plan a gift in their will. Their gifts in the form of a bequest are a wonderful statement of the care and concern they have for the environment and the ability of future generations to enjoy it. ACF acknowledges this generosity and offers condolences to their family, friends and colleagues.

To find out how you can support ACF in your will, please contact John Free on 1800 332 510 or email bequests@acfonline.org.au and ask for a copy of our "Living Legacy" booklet.

ACF would like to warmly thank the Poola Foundation (Tom Kantor Fund) for the very generous support that they provide for ACF's conservation work. Currently the Poola Foundation (Tom Kantor Fund) provides multi-year funding for ACF's Northern Australia program that enables us to plan for and deliver effective environmental and social outcomes. Poola's support was also critical in ACF's successful efforts to halt the massive landclearing of woodlands in Queensland and to better protect our old-growth forests.





At the ACF offices, it has been a year during which we continued our commitment to 'walk the talk', taking a leadership role and setting new standards for more ethical social and environmental performance.

THE TEN-YEAR STRATEGY

"ACF has long been a visionary organisation," says ACF General Manager Michael Fogarty. During 2005/2006, this vision was enhanced when ACF put in, Fogarty says, "a serious intellectual effort to identify how, over the next decade, we could inspire all Australians to protect our environment and achieve sustainability."

"ACF Council sought the advice of staff, supporters, community and business leaders, and a range of experts, to analyse environmental and social trends to inform and develop an ambitious ten-year plan that articulates the difference we want to make over the next decade," Fogarty says.

"Our ten-year strategy to achieve sustainability within a generation will require ACF to be an inspiring and influential Australian leader focused on the critical issues; a catalyst for positive change; deeply engaged with the community; and highly effective."

ACF's ambitions for the decade ahead include: avoiding dangerous climate change; creating a sustainable Australia; protecting the natural environment, and caring for country in Northern Australia, PNG and East Timor.

In this year of ACF's 40th anniversary, 2006 has been a turning point on a journey towards what we all hope will be a brighter future.

"We want it to be remembered as the year we determined that all Australians should work more effectively together over the next decade to produce a sustainable way of life that will inspire and nurture future generations," Fogarty says.

ACF sincerely thanks all its members and supporters of this vision. It is your support that enables ACF to act effectively on behalf of the environment and future generations.

IMPROVED PARENTAL CONDITIONS

ACF's new Enterprise Agreement, negotiated between the organisation and staff with a high degree of mutual respect and certified in January 2006, includes improved parental leave conditions.

ACF sustainability is dependent on attracting and retaining highly skilled, motivated and resilient staff. Access to flexible working conditions and a work/life balance are important for many of our staff. By providing 12 weeks paid parental leave and up to 52 weeks leave in total to primary care givers, ACF demonstrates that it values and supports the significant personal commitments of staff and, equally as important for the ongoing health of the organisation, keeps these people on board, either as staff members or life-long ambassadors. ACF's parental leave is an investment in people that reaps considerable returns for ACF and the environment.

MUNGO'S STORY

"At the end of January 2006 my son Mungo was born," says ACF Nuclear Free Campaigner, Dave Sweeney. "He is a happy, healthy and most welcome addition to our anti-nuclear family. I combined my 12 weeks paid parental leave with eight weeks unpaid leave and was able to be a constant presence in the first five months of my son's life."

"Interrupted nights, incessant washing and constant chores are far less stressful when you don't have to be performing in the office on the next day. This precious time can never be replicated and is something that all parents should have the option of having. During this time I was well aware of the erosion of many people's working conditions and felt lucky, privileged and protective of the industrial rights hard won by previous working people and grateful to ACF for actively embodying these."

"It makes sense that an organisation that talks a lot about sustainability should have sustainable practices - but lots of things that make sense never see the light of day. I treasure and would never trade the time I had with Mungo from the start."

CARBON OFFSETTING

As well as only purchasing green electricity and having a policy of using public transport as the preferred form of transport, ACF offsets greenhouse from travel in planes and vehicles.

ACF uses the services of Climate Friendly, a company that enables individuals and organisations to neutralise the greenhouse emissions from their home, office, car and air travel by purchasing renewable energy certificates and efficiency savings.

In this way we hope to not only minimize our own environmental footprint but to encourage and inspire ACF members, supporters, staff and external organisations to consider such actions. We are still learning too but by being willing to act promptly to and lead by example we can help others realise that we can all make a difference.

GREENHOME: INSPIRING PEOPLE TO MAKE A DIFFERENCE

In 2005/06 ACF's GreenHome program continued to reach hundreds of residents around NSW through our sustainable living workshop series and the GreenHome Renovator workshops. Six month workshop series were held in Parramatta and Baulkham Hills, while Renovator workshops were held in the St George area of Sydney and at Gosford on the Central Coast.

And what a difference it made! The Paramatta group of 100 residents saved 11 million litres of water, 380 tonnes of greenhouse pollution and 70,000 litres of landfill waste measured over a year. The Baulkham Hills group of 70 residents saved eight million litres of water, 385 tonnes of greenhouse pollution and 120,000 litres of waste annually.



GREEN CLINIC

Although in its infancy, the Green Clinic program – an extension of ACF's very successful GreenHome program – already has big plans. The aim is to reach out to traditional community leaders, such as doctors, to promote sustainability and a pilot has already been run in Victoria – made possible through a generous grant from the Nordia Foundation.

Green Clinic, says ACF's GreenHome media advisor, Carly Hammond, "assists doctors and medical practice managers to identify simple changes that they can make in their clinics to save both energy and water, reduce waste, and help their patients and communities to live more sustainable and healthy lives."

For more information about this program visit www.acfonline.org.au/greenhome or contact Elle Morrell at e.morrell@acfonline.org.au or (03) 9345 3411.

GREENHOME VOLUNTEER TRAIN THE TRAINER

In the three months since March this year, ACF's GreenHome Facilitators' program – known as Train the Trainer – has trained four enthusiastic participants, with 25 more due to start training in December.

Of the four who have already completed the program, GreenHome media advisor, Carly Hammond says that two were environment NGO employees, one was an employee of an environmental products company and one a nurse with a Masters degree in Environmental Management.

"After having being trained, the four facilitators have started to deliver a series of GreenHome workshops to their local community groups in Balmain, Blue Mountains and Albury (NSW)," Hammond says.

The success of the program is on many levels.

"The pilot program has successfully given four people the tools and skills required to deliver GreenHome workshops in their communities. It has also provided ACF with some insight into how to develop the program for 2007," she says.

GreenHome Facilitators attend three training sessions, covering: facilitation and presentation skills; recruiting a group and advertising; and practice presentations.

"They also attend a GreenHome workshop or two where they can practice activities with small groups," Hammond says.

The workshops require a time commitment of 62 hours over a period of six months and ACF expects GreenHome facilitators to deliver four to six workshops in that time.

With 35 expressions of interest for the GreenHome Facilitators' program for 2007 and the firm intention to train at least 12 of these people, Hammond believes that it is a success that is set to continue and grow in the years to come.

The program is off to a positive start and will build up over the coming year.

For more information about this program visit www.acfonline.org.au/greenhome or contact Elle Morrell at e.morrell@acfonline.org.au or (03) 9345 3411.

EMBRACING WEB-BASED COMMUNICATION

This year has seen ACF utilise new technologies and communicate with and engage its members and supporters in ways that are more environmentally sustainable than traditional paper-based communication.

As the amount of visitors to the ACF website grew – the number of users in May 2006 was double that of January 2006 – an increasing number of supporters logged onto the website for the latest news, analysis and opinion. The ACF discussion boards became the place for supporters to express their ideas, ask questions, and comment on a wide range of issues.

The ACF website also became a key campaigning tool. Using the latest e-technology, supporters were able to send e-cards to politicians, demanding action on climate change and to cut the red tape on saving the Murray River. Rapid response emailing technologies allowed ACF to notify supporters of issues as they happened and to put out the call to action.

The number of people participating in the online GreenHome challenge steadily increased, with the GreenHome pages and the Eco-Calculator consistently being in top viewed pages.

ACF is at the forefront of new technology and has reaffirmed for the year ahead its commitment to invest in technology that will most effectively promote change without compromising its ecological footprint.

If you aren't receiving ACF's email alerts please visit www.acfonline.org.au and sign up or call 1800 223 669.

ECOTRUST VISIT TO CANADA

In May 2006, ACF's former Northern Australia Program Coordinator Dr Rosemary Hill led a small delegation to Vancouver, Canada, to meet with staff of Ecotrust Canada.

Ecotrust Canada is a sister organisation to Ecotrust based in Portland, Oregon and both organisations have as their mission statement "Building the Conservation Economy".

Ecotrust Canada works with communities along the British Columbia coast and supports efforts to gather and understand information about local resources, create conservation-based development plans, and initiate community economic development. First Nations (Aboriginal) communities are an important focus area for their work.

Ecotrust Canada believes our current economy creates major conflicts between work, nature, and community. Their challenge is how to create an economy which provides an improved quality of life while regenerating natural systems.

ACF's Northern Australia Program has a vision of protecting the pristine natural values of northern Australia whilst creating meaningful jobs and industries for Indigenous people. Through our Appropriate Economies Roundtable work, ACF has identified protected areas, land management, ecosystem services, and ecotourism as industries compatible with the challenge of protecting the environment and building sustainable communities. The similarities between the Northern Australia Program and Ecotrust Canada is a major factor in our collaboration.



The May 2006 visit to Canada followed the first meeting of the Ecotrust Study Steering Committee in Darwin – a group brought together by ACF to study the Ecotrust Canada concept. The objective of the trip, says ACF's Northern Australia community outreach officer, Justin McCaul, was part of the feasibility study into establishing an 'Ecotrust-type' body for northern Australia.

"Meeting with the staff and Board of Ecotrust Canada allowed for a better understanding of the role of philanthropic organisations, and the banking sector, in funding such an initiative," says McCaul.

The group's visits to a number of successful, Indigenous, community-based businesses that had been established with the support of Ecotrust Canada offered a valuable insight into how such a project should be managed.

"All businesses must meet three key criteria for funding: provide meaningful work and good livelihoods; support vibrant communities and the recognition of Aboriginal rights and title; and conserve and restore the environment," McCaul says.

The success of the trip, which follows on from a visit in October 2005 to Australia by Ecotrust Canada President, Mr Ian Gill and Board Member and Tsleil-Wauthuth First Nations Chief, Ms Leah George-Wilson, was immediately apparent in the exchange of information and insights into how Ecotrust Canada is supporting independent and strong economies for Indigenous peoples, such as financial loans, business advice and cultural mapping according to McCaul.

This information will be extremely beneficial in the planning for an Australian Ecotrust.

Land and Water Australia are funding the Ecotrust study with the following objectives:

- to prove the relevance of the concept of Ecotrust Canada's 'conservation economy' model for Indigenous and rural sustainable community development in Australia – particularly northern Australia
- to examine the opportunities and limitations within the current Australian institutional settings, particularly of northern Australia, that would affect the application of the principles and components of Ecotrust Canada's model

The partners in the study are:

- ACF
- Kimberley Land Council
- Balkanau Cape York Development Corporation
- Gundjeihmi Aboriginal Corporation
- Australian Tropical Forest Institute
- The Wilderness Society
- Arnold Bloch Leibler
- Bendigo Bank
- Poola Foundation (Tom Kantor Fund)
- The Christensen Fund

ACF'S GREEN OFFICE

ACF's head office is situated in the 60L Green Building in Carlton, Victoria. The building has won many awards for its environmental leadership and stands as a functioning example to building developers, architects and tenants all over Australia. In fitting out the office, ACF researched and sourced sustainable materials and products. Read more about this incredible building at www.acfonline.org.au

RECYCLING AT WORK

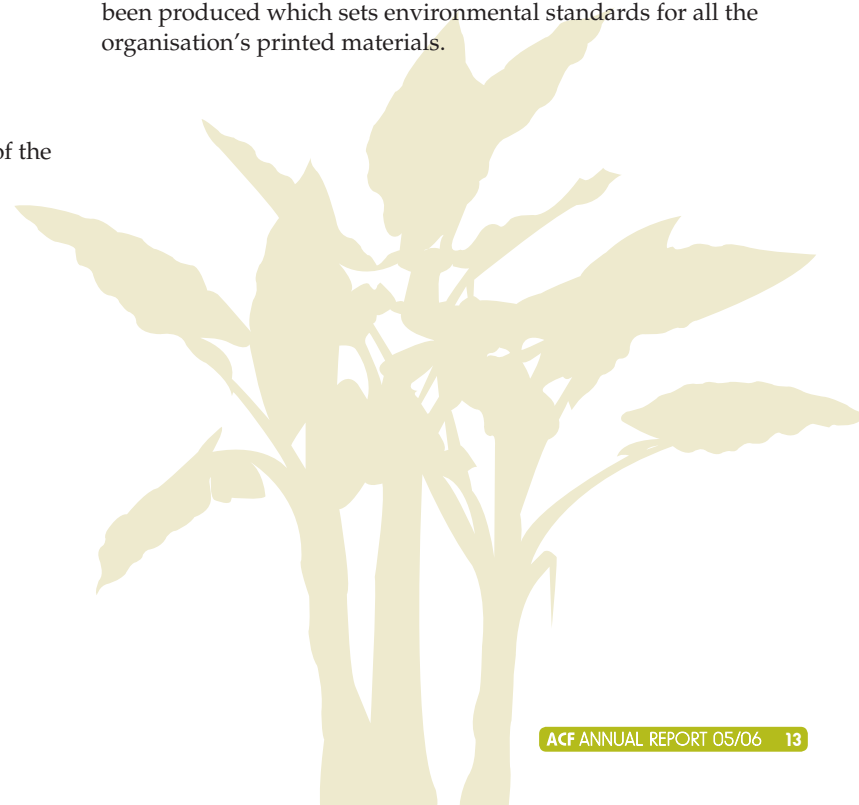
ACF has an extensive recycling system in its office including provisions for recycling beverage and food containers, paper products and even corks. Green waste is composted and the small amount of residual waste is sent to landfill.

ONE PRINTER, BIG CHANGES

ACF is able to use significantly less paper than the average office thanks to a simple default setting on the main office's printer. The printer is set to print double sided, instantly cutting paper use by half. In addition to this, the printer provides the option for printing on paper that has already been used on one side, thereby re-using used paper. The printer is stocked with 100 per cent recycled paper.

PRINTED MATERIAL

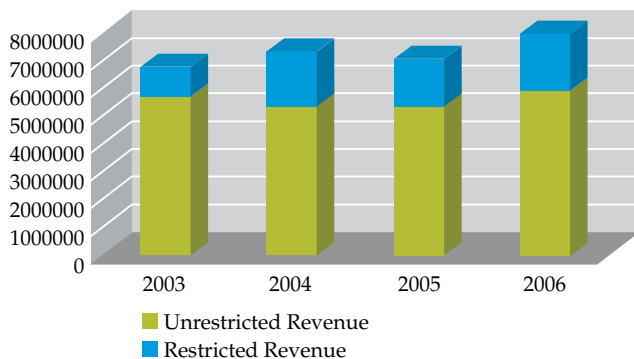
In another example of organisational leadership *Habitat* magazine and all ACF brochures are printed on paper stock made from 100% recycled, postconsumer waste. An ACF style guide has now been produced which sets environmental standards for all the organisation's printed materials.



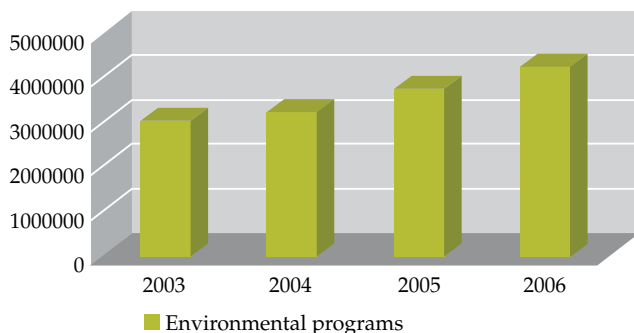
ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2006

ACF FINANCIAL PERFORMANCE REACHED NEW HIGHS IN 2005-06

Revenue



Environmental Programs Expenditure



ACF Revenue jumped 16% or \$1,122,968 in 2006 to be just short of \$8M setting a new record. Growth was consistent across the key revenue streams, with thanks to increased generous support from EarthVoice regular donors (\$393,579), individual donors (over \$250,000) and government, corporate and philanthropic supporters (\$118,639). Thanks to the passionate commitment from a number of ACF supporters who left a gift in their wills ACF was also fortunate to receive additional bequests income (\$328,694).

The strength in revenue growth provided new capacity to expand our environmental program expenditure, which broke through \$4M for the first time to \$4,252,967, up by \$478,577 or 13% on 2005. This fantastic result allowed ACF to complete a number of ground-breaking new programs including the Australian Business Roundtable on Climate Change and the Kimberley Appropriate Economics Roundtable. It also provided for the strengthening of our GreenHome and Asia Pacific programs.

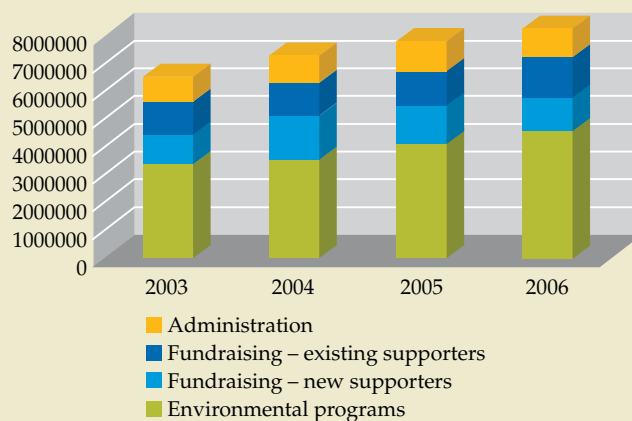
Spending on fundraising and administration was slightly lower for 2006 down by \$43,626 or 1% as ACF sought to maintain tight control over these costs.

The combination of income growth and expenditure control saw ACF generate a small surplus of \$41,783, a significant turnaround from the prior year.

ACF's unrestricted reserves (\$2,178,601) increased by a pleasing 42% or \$639,753 thanks to reserve growth strategy (\$400,000), prior year unrealised gains on investments (\$173,470) under the new international financial reporting standards and positive trading conditions during the financial year. This growth strengthens ACF's financial position with accumulated reserves in 2006 of \$3,580,501. The remainder of ACF's reserves of \$1,401,900 are restricted to funding specific environmental campaigns over the next few years.

ENVIRONMENT PROGRAMS, FUNDRAISING AND ADMINISTRATION

**Environmental Programs, Fundraising
and Administration**



ACF's Environmental program spending increased to a record high of \$4,252,967, an increase of 13% on 2005. As a percentage of total expenditure, Environmental programs also increased by 8% in 2006 to 54% of overall expenditure. Key programs with significantly increased resources were Northern Australia, Climate Change, GreenHome and Asia Pacific.

ACF's expenditure on fundraising increased only slightly in 2005 by 2% or \$43,566. The additional spend is due to inflationary cost increases and minor changes to expense allocations. It is pleasing to note that our fundraising return on investment increased by more than 11% as a result of the investment the organisation has made over the past few years.

Administration expenditure reduced slightly for the year by \$87,192 or 8%, which is attributable to productivity improvements and more accurate expense allocations.

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. Care should be taken when drawing comparisons with other non-profit organisations who may disclose this information, but do not follow the Code of Conduct compilation requirements.



INTRODUCTION OF NEW ACCOUNTING STANDARDS

This financial report represents the first under the Australian equivalent of International Financial Reporting Standards. The new standards required a number of changes to be made to ACF's accounting policies with the key change effecting the valuation of our (ethical) investments portfolio. The impact for ACF relates to the accounting for unrealised gains on investments, referred to as Other Financial Assets in the financial report, which were previously valued at cost, but are now recognised at market value. This change added an additional \$237,729 in investment value to the financial position of ACF, strengthening our unrestricted reserves.

A detailed analysis of the impacts on ACF's financial position and performance is disclosed in Note 20 of the Financial Report.

ETHICAL INVESTMENTS DELIVER SUPER PERFORMANCE

ACFs diversified ethical investment portfolio of cash, fixed interest, property and equity investments has again performed extremely well. The returns in the current year were very positive generating a gross income of \$303,683.

All key classes of investments achieved our internal benchmark performance, with the exception of Australian equities, which slightly underperformed for the year (although still managed to deliver a 19% return). With Australian equity returns being strongly driven by the resources sector in 2006, it is not surprising that ACF's equities performance did not quite achieve its benchmark.

Current major holdings include Australian Ethical Investment Large Companies Trust, Hunter Hall Australian Value Trust and Global Value, Macquarie Office Trust, ING Office Trust, Australian Securities Mortgage, Adelaide Managed Funds Cash Management Account and Direct Property.

MAY APPEAL CHALLENGE GIFT SUCCESS

ACF's May Appeal was one of our most successful to date. A key driver of the success for the appeal was the extremely generous support of Bill Paine, who provided a unique opportunity for ACF supporters to have their gifts matched dollar for dollar.

Bill's commitment to the environment previously saw him donate his home to ACF and this latest inspirational gift only reinforces his commitment to ACF and his desire to see a healthy and sustainable environment for all Australians.

EARTHVOICE GIVING PROVIDES NEW ENVIRONMENTAL PROGRAM CAPACITY

ACF EarthVoice regular giving program continued to climb new heights in 2006. Thanks to our dedicated supporters who now total more than 12,000, total income from the program was up 14% to \$3,147,570.

This growth has required a significant investment by ACF in fundraising expenditure to recruit new donors to the program. It's fantastic to be able to clearly see the payback of this work in the results that are now being generated in this program.

ACF is truly thankful for the ongoing support of the passionate supporters who have made the success of this program so impressive. The growth in the program has been vital contributor to ACF's new environmental programs capacity. Some of the key programs to benefit from this new capacity include our climate change, natural environment and Asia Pacific programs.

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. Members 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.

ACF members elect the ACF Council on a tri-annual basis (the current Council was elected in October 2006). The Council 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.

Just after the end of the 2005-06 financial year ACF members voted to approve changes to the constitution that provides a modern and effective system of governance which enhances accountability while retaining the organisation's strong democratic traditions. The new constitution gives the Council the responsibility to appoint the Board, ACF's long-term strategy and its environmental policies.

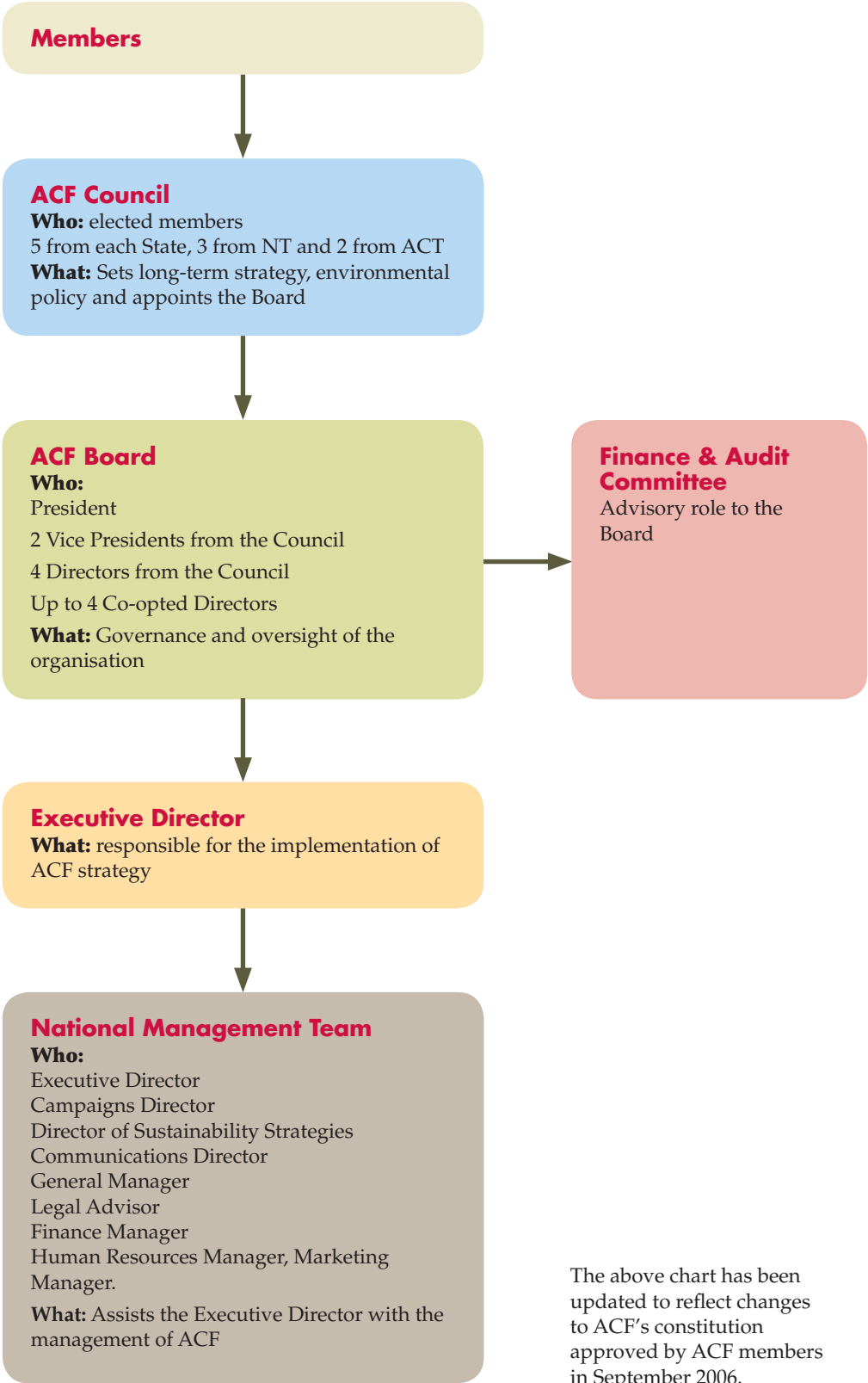
The governing authority of ACF is the Board. The Board is selected by the Council and consists of the President, two Vice-presidents, four directors from the Council and up to four co-opted directors.

The Board meets at least six times each year. The role of the Board is to ensure that ACF is run efficiently and effectively, that budgets are responsibly prepared and observed, that good financial and staff management is provided and that policies and strategies established by the Council are followed and implemented. The Board also appoints and evaluates the performance of the Executive Director who is delegated responsibility for delivering Board plans.

Each year the Board approves ACF's budget and annual plan, which set out ACF's goals for the next one and three years. At the end of the financial year the Board ensures ACF prepares this annual financial report outlining the performance, position and cash flows for the financial year.



ORGANISATIONAL CHART

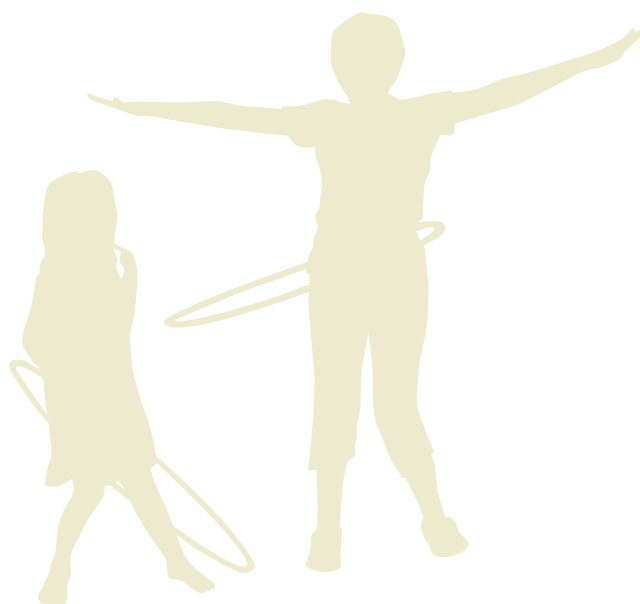


The above chart has been updated to reflect changes to ACF’s constitution approved by ACF members in September 2006.



ACF COUNCIL AT 30 JUNE 2006

Title	Surname	First Name	Suffix	State	Position
Mr	Barker	Peter		NT	Council Member
Ms	Beach	Georgina		VIC	Council Member
Mr	Brown	Douglas		TAS	Council Member
Mr	Brown	Kester		VIC	Treasurer
Ms	Cattalini	Irina		WA	Executive Member
Dr	Christoff	Peter		VIC	Vice President
Dr	Cornell	Sandy		VIC	Council Member
Dr	Coulter	John		SA	Council Member
Ms	Dallywater	Nahrel		WA	Council Member
Mr	Divecha	Simon		SA	Council Member
Mr	Fowler	Robert		SA	Council Member
Ms	Gee	Helen		TAS	Council Member
Dr	Harding	Elaine		QLD	Executive Member
Mr	Higham	Andrew		WA	Executive Member
Mr	Hopkins	Angas		WA	Council Member
Ms	Hopkins	Anna		TAS	Council Member
Ms	Keane	Kristin		QLD	Council Member
Ms	Le Couteur	Caroline		ACT	Council Member
Prof	Lowe	Ian	AO	QLD	President
Dr	McManus	Phil		NSW	Council Member
Dr	Michaels	Karyl		TAS	Council Member
Dr	Mosley	Geoff	AM	VIC	Council Member
Mr	Nicholls	Warren		ACT	Executive Member
Mr	O'Leary	Paddy		NT	Council Member
Ms	Parker	Nikki		QLD	Council Member
Ms	Pedder	Adele		NT	Council Member
Mr	Richardson	Jeff		WA	Council Member
Mr	Risstrom	David		VIC	Council Member
Dr	Selvey	Linda		QLD	Council Member
Mr	Snell	Mark		NSW	Council Member
Mr	Tzannes	Ross	AM	NSW	Council Member
Ms	Wallace	Lyn		QLD	Council Member
Dr	Watts	Colleen	OAM	NSW	Council Member
Ms	Wells	Katherine		SA	Vice President
Ms	Williams	Carol		TAS	Council Member





ACF COUNCIL BIOGRAPHIES AT 30 JUNE 2006

Prof Ian Lowe AO

President

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.

Mr Kester Brown

Treasurer

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 external audit, acquisition due diligence and capital raisings. Kester has an interest in building the internal controls and financial strength of ACF.

ACT

Ms Caroline Le Couteur

Caroline is a director of Australian Ethical Investment Ltd, and has served four previous terms on ACF Council, this being her fifth. She is also convenor of the ACT branch of ACF. 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.

Mr Warren Nicholls

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.

NSW

Dr Phil McManus

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).

Mr Mark Snell

Mark Snell chairs the non-profit eco-village group Equilibrium Community Ecology Inc. In this role, he has prepared submissions on urban design and affordable housing for consideration by State and local government. Mark is an active member of two bushcare groups and convenor of an associated umbrella group, developing a district bushland management policy. He is founder and honorary editor of his fortnightly local newspaper, Peninsula News. He has published on the internet a photographic floral survey of more than 150 species in his local National Park.

Mr Ross Tzannes AM

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.

Dr Colleen Watts OAM

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 has served on the Board of the NSW Environment Protection Authority and has a catholic interest in all environmental issues, especially sustainability and natural resource management.

NT

Mr Peter Barker

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.

Ms Adele Pedder

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.



Paddy O'Leary

Patrick has worked with the CSIRO in Darwin as a researcher, and 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 third term on ACF Council.

QLD

Dr Linda Selvey

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.

Dr Elaine Harding

Elaine is a conservation biologist, currently working as an environmental consultant and an adjunct lecturer in the School of Earth and Environmental Science at James Cook University. Her career has included ecology work for the US government and private consulting firms. She has a keen interest in connecting people with the environment. This is Elaine's second term as an ACF Councillor.

Ms Kristin Keane

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.

Ms Nikki Parker

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 spearheaded a successful campaign that has protected an area of ecologically important bushland, known as Pooh Corner, in the suburbs of Brisbane. She is interested in the use of new technologies in environmental debates; and is currently developing web-based tools for a community group in South East Queensland. 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.

Ms Lynda Wallace

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, coastal management, protected area management and private land conservation.

SA

Dr John Coulter

John Coulter returns to ACF Council after he served 17 years Council Member 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.

Mr Simon Divecha

Simon is currently the Director of GreenMode, an environmental Council Member consultancy that is part of the recently successful Adelaide Solar City bid. This will now see some \$80 million of solar, energy efficiency and other power solutions, installed across northern Adelaide. GreenMode's focus is on growing these alternatives. To enable this growth Simon concentrate on integrating the cultural, emotional, and subjective environmental drivers with our everyday approaches to these topics that are often centred on what we can objectively measure – economically, environmentally and socially. Immediately prior to starting GreenMode, Simon was the CEO of the Conservation Council of South Australia.



Mr Robert Fowler

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 also serves as a Research Program Leader in a Cooperative Research Centre dealing with contaminated sites. 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 also is the Chair of the SA Environment Defender's Office.

Ms Katherine Wells

Vice President

Katherine has been a member of ACF Council since 2001, and of the ACF's Board since 2002. Katherine has worked extensively in environmental law and policy for both the environment movement and industry, in Victoria, NSW, South Australia and nationally. She is currently a climate change consultant to Finlaysons Lawyers in Adelaide. Katherine is also Chair of the South Australian Premier's Round Table on Sustainability, and a member of the Board of Zero Waste SA. She is currently focused on climate change, the emerging biodiversity crisis, and sustainable consumption.

TAS

Williams, Carol

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.

Mr Douglas Brown

Doug has been on Council for nine years. He has been a member of the Protect/Biodiversity Policy Committee. Major Tasmanian issues he has campaigned for are forests, extensions to the Tasmanian Wilderness World Heritage Area, and secure protection for the Tarkine. Doug is currently vice-chairperson of the Launceston Environment Centre. He represents the LEC on the Northern Region Coastal and Marine Reference Group, Tamar NRM Management Committee, and also the NRM North Association. Currently, his main focus is the pulp mill proposed by Gunns Ltd. Academic qualifications include: a Bachelor of Arts (General Studies), including a geography major, a Bachelor of Applied Science (Environmental Science), and a Graduate Certificate in Ornithology.

Ms Anna Hopkins

Anna is a PhD student looking at fungal ecology and biodiversity conservation in Tasmania. 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.

Ms Helen Gee

Helen is a writer and environmental activist who focuses on the Tasmanian forest campaign. On an operational level she manages native bush, grassland and pasture for long term sustainability. A founding member of The Wilderness Society, she 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 current convenor of the South East (TAS) Forest Protection Group; National Convenor, Lake Pedder Restoration Committee; 12th defendant in the Gunns20 case (Gunns have dropped charges (17th Oct 06)). Helen is the Public Officer of the Environment Tasmania Inc., the new conservation council for Tasmania. This is Helen's second Council term.

Dr Karyl Michaels

Karyl is in her second 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 Ph.D. in beetle conservation on indicator species, and the impacts of clearfelling. She helped make people aware of the conservation needs of Tasmanian frogs, indicators of the health of our land and waterways as Tasmanian coordinator of the WWF Frogs program. She is presently involved in using benchmarks to assess native vegetation condition. She's looking for input from Tasmanian ACF members.

VIC

Georgina Beach

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 second term as an ACF Councillor.



Dr Peter Christoff

Vice President

Peter is the Coordinator of Environmental Studies in the School of Social and Environmental Enquiry, 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).

Ms Sandy Cornell

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 second term on ACF Council.

Dr Geoff Mosley AM

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.

Mr David Risstrom

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 third term with ACF Council.

WA

Ms Irina Cattalini

Irina Cattalini is the Director of Social Policy 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.

Ms Nahrel Dallywater

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 fourth 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.

Mr Andrew Higham

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.

Mr Angus Hopkins

Angus 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.

Mr Jeffrey Richardson

Jeff is trained in botanical and vertebrate ecology, and has worked across the country in a range of biological and conservation related fields. Because of this Jeff realises the need for an active and aware conservation community across Australia. Now happily living in Western Australia, Jeff works for the Western Australian Department of Environment and Conservation and Land Management developing a biodiversity baseline of the Avon Catchment Region in south-west Western Australia.

**AUSTRALIAN CONSERVATION FOUNDATION INC.
BOARD REPORT
FOR THE YEAR ENDED 30 JUNE 2006**



The undersigned Board members submit the financial report of the Australian Conservation Foundation Inc. for the financial year ended 30 June 2006.

COUNCIL AND BOARD MEMBERS

During the entire financial year ended 30 June 2006, ACF's legal governing authority was the ACF Council, a 37-member body elected by ACF's membership. Due to amendments to ACF's Constitution that took effect on 6 September 2006, ACF's legal governing authority is now the ACF Board, a body with between 8 and 12 members selected by the ACF Council.

The names of Council members throughout the year are set out below, with the members of the current Board indicated by an asterisk.

President Prof Ian Lowe*

Treasurer Mr Kester Brown*

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

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 surplus from ordinary activities amounted to \$41,783 (2005 deficit \$650,110).

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

A handwritten signature in black ink, appearing to read "Ian Lowe".

President - Prof Ian Lowe
18 September 2006

A handwritten signature in black ink, appearing to read "Kester Brown".

Treasurer - Kester Brown

**AUSTRALIAN CONSERVATION FOUNDATION INC.
STATEMENT BY THE BOARD
FOR THE YEAR ENDED 30 JUNE 2006**



In the opinion of the Board,

- (a) the financial report set out on pages 1 to 23 presents a true and fair view of the financial position of the Australian Conservation Foundation Inc. as at 30 June 2006 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 Board.

A handwritten signature in black ink, appearing to read "I Lowe", written over a dotted line.

President - Prof Ian Lowe
18 September 2006

A handwritten signature in black ink, appearing to read "Kester Brown", written over a dotted line.

Treasurer - Kester Brown

**AUSTRALIAN CONSERVATION FOUNDATION INC.
TREASURER'S DECLARATION
FOR THE YEAR ENDED 30 JUNE 2006**



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 Income Statement gives a true and fair view of all income and expenditure of the Australian Conservation Foundation Inc. with respect to fundraising activities;
- (b) the Balance Sheet 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.

A handwritten signature in black ink, appearing to read "K. Brown", written over a dotted line.

Treasurer - Kester Brown
18 September 2006

We certify the declaration by the Treasurer.

A handwritten signature in black ink, appearing to read "Don Henry", written over a dotted line.

Executive Director - Don Henry

A handwritten signature in black ink, appearing to read "David Edwards", written over a dotted line.

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, Income Statement, Balance Sheet, Statement of Changes in Equity, Cashflow Statement and notes to and forming part of the financial report, for the year ended 30 June 2006.

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.

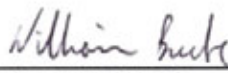
(1 of 2)

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 2006, and results of its operations and cashflows for the year then ended.



WILLIAM BUCK
Chartered Accountants

Melbourne

Dated this 18 day of September 2006.



Simon Hourigan
Partner

AUSTRALIAN CONSERVATION FOUNDATION INC.**INCOME STATEMENT****FOR THE YEAR ENDED 30 JUNE 2006**

	NOTES	2006 \$	2005 \$
Revenue from operating activities	2, 20	7,969,480	6,846,512
Environmental programs expenses		4,252,967	3,774,390
Fundraising expenses - recruitment of new supporters		1,246,304	1,376,680
Fundraising expenses - service and communication		1,407,011	1,233,069
Administration expenses		1,021,415	1,112,483
Expenses from operating activities	2, 20	7,927,697	7,496,622
SURPLUS/(DEFICIT) FROM OPERATING ACTIVITIES	2, 20	41,783	(650,110)

The accompanying notes form part of this financial report.

AUSTRALIAN CONSERVATION FOUNDATION INC.

BALANCE SHEET

AS AT 30 JUNE 2006



	NOTES	2006 \$	2005 \$
CURRENT ASSETS			
Cash and cash equivalents	3	2,254,089	1,653,309
Trade and other receivables	4	117,980	28,737
Financial assets	5	300,000	610,000
Other assets	6	125,956	166,687
TOTAL CURRENT ASSETS		2,798,025	2,458,733
NON-CURRENT ASSETS			
Financial assets	5	1,547,165	1,669,975
Property, plant and equipment	7	338,778	410,323
Intangible assets	8	233,911	222,751
TOTAL NON-CURRENT ASSETS		2,119,854	2,303,049
TOTAL ASSETS		4,917,879	4,761,782
CURRENT LIABILITIES			
Trade and other payables	9	723,792	693,502
Financial liabilities	10	26,618	16,290
Provisions	11	267,794	244,664
TOTAL CURRENT LIABILITIES		1,018,204	954,456
NON-CURRENT LIABILITIES			
Financial liabilities	10	-	26,618
Provisions	11	319,174	241,990
TOTAL NON-CURRENT LIABILITIES		319,174	268,608
TOTAL LIABILITIES		1,337,378	1,223,064
NET ASSETS		3,580,501	3,538,718
EQUITY			
Reserves		3,393,900	3,418,400
Retained surplus / (deficit)		186,601	120,318
TOTAL EQUITY		3,580,501	3,538,718

The accompanying notes form part of this financial report.

AUSTRALIAN CONSERVATION FOUNDATION INC.
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2006



	Restricted Campaign Program Fund Reserve \$	Endowment Fund Reserve \$	Unrestricted Operating Reserve \$	Retained Surplus (Deficit) \$	Total \$
Balance 1 July 2004	2,263,400	1,300,000	500,000	26,048	4,089,448
Retrospective adjustment to equity due to the introduction of AIFRS relating to market movements in financial assets	-	-	-	99,380	99,380
Transfers from reserves	(437,000)	(208,000)	-	645,000	-
Surplus / (deficit)	-	-	-	(650,110)	(650,110)
Balance 30 June 2005	1,826,400	1,092,000	500,000	120,318	3,538,718
Transfers from reserves	(424,500)	-	-	424,500	-
Transfers to reserves	-	250,000	150,000	(400,000)	-
Surplus / (deficit)	-	-	-	41,783	41,783
Balance 30 June 2006	1,401,900	1,342,000	650,000	186,601	3,580,501

Purposes of Reserves

Campaign program fund reserve - represents unexpended grants, sponsorships, memberships and donations received to fund specific environmental programs.

Endowment fund reserve - represents reserves set aside to fund the future growth and development needs of ACF.

Operational reserve - represents reserves set aside to provide the working capital needed to met the cash flow requirements of ACF.

The accompanying notes form part of this financial report.

AUSTRALIAN CONSERVATION FOUNDATION INC.

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2006



	NOTE	2006 \$	2005 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from members, supporters and customers		6,591,490	6,210,196
Receipts from grants		844,157	749,236
Receipts from bequests		519,692	199,160
Borrowing costs paid		(80,767)	(74,557)
Payments to suppliers, contractors and employees		(7,843,505)	(7,999,074)
Interest received		130,686	125,120
Other investment income received		90,107	26,747
NET CASH USED BY OPERATING ACTIVITIES	13	251,860	(763,172)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds on sale of property, plant & equipment		200	-
Payment for property, plant & equipment		(68,672)	(162,435)
Payment for intangible assets		(76,721)	(99,143)
Proceeds on sale of financial assets		881,333	2,099,000
Payment for financial assets		(370,930)	(33,697)
NET CASH USED BY INVESTING ACTIVITIES		365,210	1,803,725
NET CASH USED IN FINANCING ACTIVITIES			
Proceeds from borrowings		-	53,235
Repayment of borrowings		(16,290)	(10,327)
NET CASH FROM FINANCING ACTIVITIES		(16,290)	42,908
Net increase/(decrease) in cash held		600,780	1,083,461
Cash at the beginning of the financial year	13	1,653,309	569,848
CASH AT THE END OF THE FINANCIAL YEAR	13	2,254,089	1,653,309

The accompanying notes form part of this financial report.

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 Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the requirements of the Associations Incorporation Act 1991.

The financial report covers 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.

The financial report of the Australian Conservation Foundation Inc. as an consolidated entity complies with all Australian equivalents to International Financial Reporting Standards (AIFRS) in their entirety.

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.

Basis of preparation

First-time adoption of Australian Equivalents to International Financial Reporting Standards

The Australian Conservation Foundation Inc. has prepared financial statements in accordance with the Australian equivalents to International Financial Reporting Standards (AIFRS) from 1 July 2005. In accordance with the requirements of AASB 1: First-time Adoption of Australian Equivalents to International Financial Reporting Standards, adjustments to the accounts resulting from the introduction of AIFRS have been applied retrospectively to 2005 comparative figures.

These accounts are the first financial statements of the Australian Conservation Foundation Inc. to be prepared in accordance with AIFRS. The accounting policies set out below have been consistently applied to all years presented. Reconciliations of the transition from previous Australian GAAP to AIFRS have been included in Note 21 - First-time Adoption to AIFRS to this report.

Reporting Basis and Conventions

The financial report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, and financial assets and financial liabilities for which the fair value basis of accounting has been applied. Cost is based on the fair values of the consideration given in exchange for assets.

Accounting Policies

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. Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES CON'T.

Property, plant and equipment

Each class of property, plant and equipment is carried at cost or fair value, less where applicable any accumulated depreciation and impairment losses.

Plant and equipment

Plant and equipment is measured on a cost basis less depreciation and impairment losses. The carrying amount of plant and equipment is reviewed annually by Council Executive members to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets' employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Foundation and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation

The depreciable amounts of all plant and equipment, 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%
Communications and information technology equipment	10 - 50%
Leasehold improvements	20-25%
Motor vehicles and accessories	20%

The assets' residual values and useful lives are reviewed and adjusted, if appropriate, at each balance date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the income statement. When revalued assets are sold, amounts included in the revaluation relating to that asset are transferred to retained earnings.

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. Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

Intangible Assets

Computer Software

Computer software costs are capitalised only when the application delivers future economic benefits and these benefits can be measured reliably. Computer software costs have a finite life and are amortised on a systematic basis matched to the future economic benefits over the useful life of the application.

1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES CON'T.

Financial Instruments

Recognition

Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

Financial assets at fair value through profit and loss

Financial assets held for trading incorporate investments in mortgages, property and equity trusts, equities, property and artwork. Realised and unrealised gains and losses arising from changes in the fair value of these assets are included in the income statement in the period in which they arise.

Financial liabilities

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

Impairment

At each reporting date, the group assess whether there is objective evidence that a financial instrument has been impaired. Impairment losses are recognised in the income statement.

Impairment of Assets

At each reporting date, the Foundation reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value-in-use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement.

Where it is not possible to estimate the recoverable amount of an individual asset, the Foundation estimates the recoverable amount of the cash-generating unit to which the asset belongs.

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.

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at-call with banks, other short-term highly liquid investments with original maturities of three months or less.

Comparative Figures

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

Critical Accounting Estimates and Judgments

The Council Executive members evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Foundation.

Key Estimates — Impairment

The Foundation assesses impairment at each reporting date by evaluating conditions specific to the group that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES CONT.

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, sponsorships, memberships and bequests where the supporter 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.

Revenue

Membership income is recorded on a proportional basis taking into account the prepaid component of the membership. All grants are recognised as revenue when the Foundation has established that it has a right to receive a grant. 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 Foundation 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).

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 20 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.

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 requires 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 its 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 15. Total aid and development income was not greater than \$250,000 or 20% of total ACF revenue for the year under review. Gifts in kind of goods and services have been valued and included in the income statement 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 2006



	2006 \$	2005 \$
2 OPERATING SURPLUS / (DEFICIT)		
Surplus / (deficit) from ordinary activities has been determined after:		
(a) Revenue		
<i>Operating activities</i>		
Donations	5,244,122	4,450,552
Legacies and bequests	527,853	199,160
Subscriptions	693,904	686,775
Grants	854,157	749,236
Merchandise and licensing	268,437	312,832
Other income	72,152	98,236
	7,660,625	6,496,791
<i>Non-operating activities</i>		
Investment income	239,423	235,631
Unrealised gains on financial assets	64,260	74,090
Net profit on disposal of financial assets	5,172	40,000
	308,855	349,721
	7,969,480	6,846,512

(b) Expenses		
Cost of sales	31,381	38,687
Finance costs - banking transaction expenses	80,767	74,557
Depreciation of property, plant and equipment	125,805	127,328
Amortisation of intangible assets	65,442	45,262
Net loss on disposal of property, plant and equipment	8,933	9,392
Net loss on disposal of intangible assets	119	-
Doubtful debts expense (write back)	(2,426)	(72)
Remuneration of auditor		
- audit or review services	27,560	25,655
- other services	-	-
Total remuneration	27,560	25,655
Rental expenses		
- minimum lease payments on operating leases	53,305	38,924
- other rental expenses	227,389	241,427
Total rental expenses	280,694	280,351
Investment Property		
Rental income from investment property - included investment income note 2(a)	22,751	62,904
Net increase / (decrease) in fair value of investment property	-	20,000
Direct operating expenses from investment property	17,911	17,555
Net surplus / (deficit) on investment property	4,840	65,349

3 CURRENT CASH AND CASH EQUIVALENTS

Cash on hand	2,500	1,100
Cash at bank	347,563	302,741
Cash on deposit	1,904,026	1,349,468
	2,254,089	1,653,309

The effective interest rate on short-term bank deposits was 5.45% (2005: 4.05%); these deposits are currently available at call. The Commonwealth Bank of Australia holds a letter of set off over the Foundation's cash deposit account to the value of \$200,000 as security for the Foundation's direct credit facility.

4 CURRENT TRADE AND OTHER RECEIVABLES

Debtors - trade	109,131	34,535
Provision for doubtful debts	(9,612)	(12,038)
Debtors - non-trade	18,461	6,240
	117,980	28,737

AUSTRALIAN CONSERVATION FOUNDATION INC.

NOTES TO THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2006



	2006 \$	2005 \$
5 FINANCIAL ASSETS		
CURRENT		
Direct mortgage - at market value	300,000	420,000
Property held for investment purposes - at market value	-	190,000
	300,000	610,000
NON-CURRENT		
Direct mortgage - at market value	-	258,000
Equity trusts - at market value	686,698	588,709
Property trusts - at market value	280,467	243,266
Property held for investment purposes - at market value	530,000	530,000
Artwork held for investment purposes - at market value	50,000	50,000
	1,547,165	1,669,975
	1,847,165	2,279,975

6 CURRENT OTHER ASSETS		
Prepayments	48,491	97,871
Accrued investment income	77,465	68,816
	125,956	166,687

7 PROPERTY, PLANT & EQUIPMENT

NON-CURRENT		
Office furniture and fittings - at cost	168,030	164,779
Accumulated depreciation	(70,417)	(60,075)
	97,613	104,704
Communications & information technology equipment - at cost	347,078	402,147
Accumulated depreciation	(177,180)	(221,198)
	169,898	180,949
Leasehold improvements - at cost	165,482	165,482
Accumulated depreciation	(130,854)	(89,597)
	34,628	75,885
Motor vehicles and accessories - at cost	60,732	60,732
Accumulated depreciation	(24,093)	(11,947)
	36,639	48,785
	338,778	410,323

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 1/7/05	Additions	Disposals / Adjustments	Depreciation expenses	Balance 30/6/06
	\$	\$	\$	\$	\$
Office furniture and fittings	104,704	7,267	-	(14,358)	97,613
Comm. & information technology	180,949	56,126	(9,133)	(58,044)	169,898
Leasehold improvements	75,885	-	-	(41,257)	34,628
Motor vehicles and accessories	48,785	-	-	(12,146)	36,639
	410,323	63,393	(9,133)	(125,805)	338,778

8 INTANGIBLE ASSETS

NON-CURRENT		
Computer software - at cost	415,813	359,291
Accumulated amortisation	(181,902)	(136,540)
	233,911	222,751

AUSTRALIAN CONSERVATION FOUNDATION INC.
NOTES TO THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2006



2006
\$

2005
\$

8 INTANGIBLE ASSETS

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 1/7/05	Additions	Disposals / Adjustments	Amortisation expenses	Balance 30/6/06
	\$	\$	\$	\$	\$
Computer software	222,751	76,721	(119)	(65,442)	233,911
	222,751	76,721	(119)	(65,442)	233,911

9 CURRENT TRADE AND OTHER PAYABLES

Trade creditors and accruals	328,561	297,686
Deferred membership income	395,231	394,556
Deferred investment income	-	1,260
	723,792	693,502

10 FINANCIAL LIABILITIES

CURRENT

Hire purchase liability	26,618	16,290
-------------------------	--------	--------

NON-CURRENT

Hire purchase liability	-	26,618
	26,618	42,908

Hire purchase commitments for the Northern Australia vehicle.

Payable within 1 year	26,618	16,290
Payable later than 1 but within 2 years	-	26,618
Payable later than 2 years but within 5 years	-	-
	26,618	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.

11 PROVISIONS

CURRENT

Provision for employee benefits	267,794	244,664
---------------------------------	---------	---------

NON-CURRENT

Provision for employee benefits	319,174	241,990
	586,968	486,654

Number of employees at year end - full time equivalent	61	55
--	----	----

Movements in carrying amounts

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

	Balance 1/7/05	Additional Provisions	Provisions Used	Balance 30/6/06
	\$	\$	\$	\$
Provision for employee benefits	486,654	344,226	(243,912)	586,968
	486,654	344,226	(243,912)	586,968

Provision for Long-term Employee Benefits

A provision has been recognised for employee benefits relating to accrued salaries, annual leave and long service leave for employees. In calculating the present value of future cash flows in respect of long service leave and long term annual leave, the probability of leave being taken is based upon historical data. The measurement and recognition criteria for employee benefits has been included in Note 1.

12 LEASE COMMITMENTS

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

Payable within 1 year	189,309	183,961
Payable later than 1 but within 2 years	86,431	163,719
Payable later than 2 years but within 5 years	13,140	54,896
	288,879	402,576

2006 2005
\$ \$

12 LEASE COMMITMENTS

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

13 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 as per Note 3.

(b) Reconciliation of net cash provided by operating activities to surplus from ordinary activities

Surplus / (deficit) from ordinary activities	41,783	(650,110)
<i>Non-cash flows from ordinary activities</i>		
Depreciation of property, plant and equipment	125,805	127,328
Amortisation of intangible assets	65,442	45,262
Provision for doubtful debts	(2,426)	(72)
Net loss on disposal of property, plant and equipment	8,932	6,863
Net loss on disposal of intangible assets	119	-
Net profit on disposal financial assets	(5,172)	(40,000)
Unrealised capital gains on financial assets	(64,260)	(74,090)
In-kind bequest of financial assets	(8,161)	-
<i>Changes in assets and liabilities</i>		
(Increase) / decrease in receivables	(81,537)	6,346
(Increase) / decrease in other assets	40,731	(52,991)
Increase / (decrease) in payables	30,290	(202,947)
Increase / (decrease) in provisions	100,314	71,239
NET CASH PROVIDED BY OPERATING ACTIVITIES	251,860	(763,172)

(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.

14 INTERNATIONAL AID AND DEVELOPMENT ACTIVITIES

Revenue

Donated funds	85,383	20,232
Grants	92,462	53,526
Other income	46,597	28,309
Total revenue	224,442	102,067

Disbursements

Overseas domestic projects	234,430	153,237
Community education	17,535	18,961
Fundraising	3,913	2,465
Administration	17,220	11,470
Total disbursements	273,098	186,133

Excess of disbursements over revenue	(48,656)	(84,066)
---	-----------------	-----------------

In-kind volunteer services contribution	25,753	14,782
--	---------------	---------------

AUSTRALIAN CONSERVATION FOUNDATION INC.
NOTES TO THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2006



2006 2005
 \$ \$

15 RELATED PARTIES

Councillors

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) Elaine Harding provided consultancy services to our Northern Australia program	10,525	-
	10,525	-

Key Management Personnel

Key management personnel are made up of ACF's National Management Team (NMT) who are responsible for planning, directing and controlling ACF activities. Current members of NMT and their positions are:

Don Henry	Executive Director	
Michael Fogarty	General Manager	
Lucy Farmer	Communications Director	
Denise Boyd	Campaigns Director	Appointed 20 February 2006
John Connor	Campaigns Director	Resigned 8 July 2005
Alex Gordon	Director of Sustainability Strategies	Appointed 10 July 2006
Mike Krockenberger	Director of Sustainability Strategies	Resigned 31 January 2006
Andrew Higham	Director of Sustainability Strategies	Resigned 10 February 2006
Anna Molan	Human Resources Manager	
David Edwards	Finance and Sustainability Reporting Manager	
Charles Berger	Legal Advisor	
Jock Beveridge	Marketing Manager	

Salary & fees	542,016	541,564
Superannuation	87,631	88,573
Bonus	-	2,000
Short-term benefits	629,647	632,137
Other long-term benefits - long service leave	(846)	21,237
Total Compensation	628,801	653,374

Details of transactions between the Foundation and key management personnel and their related entities are as follows:

(a) Anna Molan provided copywriting services to our supporter communications program	225	755
	225	755

16 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.

17 SEGMENT INFORMATION

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

AUSTRALIAN CONSERVATION FOUNDATION INC.
NOTES TO THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2006



18 FINANCIAL INSTRUMENTS

(a) Financial risk management

The Foundation's financial instruments consist of deposits with banks, local money market instruments, investments, accounts receivable and payable. The Foundation does not have any derivative instruments at 30 June 2006.

i. Treasury Risk Management

A finance committee consisting of senior Council members and external experts meet on a regular basis to analyse and advise the Council on currency and interest rate exposure and to evaluate treasury management strategies in the context of the most recent economic conditions and forecasts.

ii. Financial Risks

The main risks the Foundation is exposed to through its financial instruments are interest rate risk, liquidity risk and credit risk.

Interest rate risk- Interest rate risk is managed through minimising the use of debt financing.

Foreign currency risk - The Foundation is not exposed to fluctuations in foreign currencies.

Liquidity risk - The Foundation manages liquidity risk by monitoring forecast cash flows and ensuring that adequate at call funds are maintained.

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 impairment of those assets, as disclosed in the balance sheet and notes to the financial statements. The Foundation does not have any material credit risk exposure to any single receivable or group of receivables under financial instruments entered into by the Foundation.

Price risk- The Foundation is not exposed to any material commodity price risk.

(b) 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:

	Weighted ave. int. rate	Floating interest rate \$	Fixed < 1 year \$	Fixed > 1 year \$	Non-int bearing \$	Totals \$
2005/2006						
<u>Financial assets</u>						
Cash on hand or at bank	3.77%	347,563	-	-	2,500	350,063
Cash on deposit	5.75%	1,904,026	-	-	-	1,904,026
Receivables	-	-	-	-	117,980	117,980
Financial assets	12.14%	1,547,165	300,000	-	-	1,847,165
Total financial assets		3,798,754	300,000	-	120,480	4,219,234
<u>Financial liabilities</u>						
Payables	-	-	-	-	723,792	723,792
Interest bearing liabilities	7.55%	-	26,618	-	-	26,618
Total financial liabilities		-	26,618	-	723,792	750,410
2004/2005						
<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
Financial assets	8.08%	1,601,975	678,000	-	-	2,279,975
Total financial assets		3,254,184	678,000	-	29,837	3,962,021
<u>Financial liabilities</u>						
Payables	-	-	-	-	982,706	982,706
Interest bearing liabilities	7.55%	-	16,290	26,618	-	42,908
Total financial liabilities		-	16,290	26,618	982,706	1,025,614

AUSTRALIAN CONSERVATION FOUNDATION INC.
NOTES TO THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2006



	2006	2005
	\$	\$
18 FINANCIAL INSTRUMENTS		
(c) Net fair values		

The net fair values of listed investments have been valued at the quoted market bid price at balance date. For other assets and other liabilities the net fair value approximates their carrying value. No financial assets and financial liabilities are readily traded on organised markets in standardised form other than listed investments. Financial assets where the carrying amount exceeds net fair values have not been written down as the economic entity intends to hold these assets to maturity.

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.

19 FUNDRAISING

Details of total income and expenditure from fundraising activities

Total income from fundraising activities	5,233,122	4,549,134
Less total expenditure on fundraising activities	2,156,553	2,146,414
Net surplus from fundraising activities	3,076,569	2,402,720

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. The calendar and diary program operated at a small surplus for the year, while delivering significant promotional and educative benefits.

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 10-13.

Application of funds for charitable purposes

During the year the Foundation achieved a net surplus of \$3,076,569 (2005 \$2,402,720) from fundraising activities defined under the Charitable Fundraising Act. Of this surplus \$2,118,462 (2005 \$2,130,041) was used to fund environmental programs, \$400,000 (2005 Nil) was allocated to the endowment fund and operating reserves for future development and cash flow needs and \$558,107 (2005 \$272,679) 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 EarthVoice monthly giving program, to assist in the development of our direct mail appeals 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 EarthVoice monthly giving program.

Gross income from fundraising activities involving external service providers	3,760,195	3,343,769
Gross expenditure on fundraising activities involving external service providers	1,531,470	1,704,909
Gross Contribution	2,228,725	1,638,860

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

Diary and calendar program
EarthVoice monthly giving program
Mail appeals - September, November, February and May
Major donor program
Corporate partnerships program

Fundraising performance comparisons	A	B	2006	2005
<i>A divided by B</i>	\$	\$	%	%
Total cost fundraising/Gross proceeds of fundraising	2,156,553	5,233,122	41.2%	47.2%
Net surplus from fundraising/Gross proceeds of fundraising	3,076,569	5,233,122	58.8%	52.8%
Environmental programs expenditure/Expenditure	4,252,967	7,927,697	53.6%	48.6%
Environmental programs expenditure/Income	4,252,967	7,969,480	53.4%	53.6%

As noted above ACF has made a significant investment in the EarthVoice monthly giving program. 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 2006 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 2006



20 FIRST-TIME ADOPTION OF AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS

	Notes	Previous GAAP at 1 July 2004	Effect of transition to AIFRS	AIFRS at 1 July 2004
Reconciliation of Equity at 1 July 2004				
CURRENT ASSETS		\$	\$	\$
Cash and cash equivalents		569,848	-	569,848
Trade and other receivables		584,011	-	584,011
Financial assets		660,000	-	660,000
Other assets		113,696	-	113,696
TOTAL CURRENT ASSETS		1,927,555	-	1,927,555
NON-CURRENT ASSETS				
Financial assets	2b	2,919,807	99,380	3,019,187
Property, plant and equipment		612,529	-	612,529
TOTAL NON-CURRENT ASSETS		3,532,336	99,380	3,631,716
TOTAL ASSETS		5,459,891	99,380	5,559,271
CURRENT LIABILITIES				
Trade and other payables		1,206,849	-	1,206,849
TOTAL CURRENT LIABILITIES		1,206,849	-	1,206,849
NON-CURRENT LIABILITIES				
Provisions		163,594	-	163,594
TOTAL NON-CURRENT LIABILITIES		163,594	-	163,594
TOTAL LIABILITIES		1,370,443	-	1,370,443
NET ASSETS		4,089,448	99,380	4,188,828
EQUITY				
Reserves		4,063,400	-	4,063,400
Retained surplus / (deficit)	2c	26,048	99,380	125,428
TOTAL EQUITY		4,089,448	99,380	4,188,828
Reconciliation of Equity at 30 June 2005				
		30 June 2005		30 June 2005
CURRENT ASSETS				
Cash and cash equivalents		1,653,309	-	1,653,309
Trade and other receivables		28,737	-	28,737
Financial assets		610,000	-	610,000
Other assets		166,687	-	166,687
TOTAL CURRENT ASSETS		2,458,733	-	2,458,733
NON-CURRENT ASSETS				
Financial assets	2b	1,493,504	176,470	1,669,974
Property, plant and equipment	2d	636,075	(225,751)	410,324
Intangible assets	2e	-	222,751	222,751
TOTAL NON-CURRENT ASSETS		2,129,579	173,470	2,303,049
TOTAL ASSETS		4,588,312	173,470	4,761,782
CURRENT LIABILITIES				
Trade and other payables		693,502	-	693,502
Interest bearing liabilities		16,290	-	16,290
Provisions		289,204	-	289,204
TOTAL CURRENT LIABILITIES		998,996	-	998,996
NON-CURRENT LIABILITIES				
Interest bearing liabilities		26,618	-	26,618
Provisions		197,450	-	197,450
TOTAL NON-CURRENT LIABILITIES		224,068	-	224,068
TOTAL LIABILITIES		1,223,064	-	1,223,064
NET ASSETS		3,365,248	173,470	3,538,718
EQUITY				
Reserves		3,418,400	-	3,418,400
Retained surplus / (deficit)	2c	(53,152)	173,470	120,318
TOTAL EQUITY		3,365,248	173,470	3,538,718

AUSTRALIAN CONSERVATION FOUNDATION INC.
NOTES TO THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2006



20 FIRST-TIME ADOPTION OF AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS

	Notes	Previous GAAP at 30 June 2005	Effect of transition to AIFRS	AIFRS at 30 June 2005
Reconciliation of Surplus / (Deficit) for 2005		\$	\$	\$
Revenue from operating activities	2a & 2f	7,042,681	(196,169)	6,846,512
Environmental programs expenses		3,774,390	-	3,774,390
Fundraising expenses - recruitment of supporters		1,376,680	-	1,376,680
Fundraising expenses - service and communication		1,233,069	-	1,233,069
Administration expenses - disposal of assets	2f	274,135	(274,135)	-
Administration expenses - operational support	2f	1,108,607	3,876	1,112,483
Expenses from operating activities		7,766,881	(270,259)	7,496,622
SURPLUS/(DEFICIT) FROM OPERATING ACTIVITIES		(724,200)	74,090	(650,110)

	30 June 2005 \$	1 July 2004 \$
2a Unrealised gains on financial assets amounting to \$173,470 have been recognised under the Australian equivalents to IFRS, which have been valued at their market value. This has been recognised via a retrospective adjustment to retained earnings for 2004 of \$99,380 and additional income of \$74,090 has been included in the income statement for the year ended 30 June 2005.		
2b Financial assets comprise:		
Financial assets unrealised gains recognised at market value	173,470	99,380
Financial assets reallocated from property, plant and equipment	3,000	-
	<u>176,470</u>	<u>99,380</u>
2c Retained surplus / (deficit) comprise:		
Unrealised gains recognised at market value	173,470	99,380
	<u>173,470</u>	<u>99,380</u>
2d Property, plant and equipment comprise:		
Property, plant and equipment reallocated to financial assets	(3,000)	-
Property, plant and equipment reallocated to intangible assets	(222,751)	-
	<u>(225,751)</u>	<u>-</u>
2e Intangible assets comprise:		
Intangible assets reallocated from property, plant and equipment	222,751	-
	<u>222,751</u>	<u>-</u>
2f Reclassifications have been made to the income statement for the year ended 30 June 2005 because under Australian equivalents to IFRS, the sale of non-current assets must be reflected as a gain or loss on sale and not separately split between proceeds and costs of disposal. This reclassification has no effect on the deficit for the 2005 financial year.		

21 CHANGE IN ACCOUNTING POLICIES

a. The Foundation has adopted the following Accounting Standards for application on or after 1 January 2005:

- AASB 132: Financial Instruments: Disclosure and Presentation
- AASB 139: Financial Instruments: Recognition and Measurement

The changes resulting from the adoption of AASB 132 relate primarily to increased disclosures required under the standard and do not affect the value of amounts reported in the financial statements.

The adoption of AASB 139 has resulted in material differences in the recognition and measurement of the Foundation's financial instruments. The Foundation has elected to adjust comparative information resulting from the introduction of AASB 139 as permitted under the transitional provisions of this Standard. A summary of the main adjustments as a result of the introduction of AASB 139 and applied retrospectively is included on the following page.

21 CHANGE IN ACCOUNTING POLICIES

Held for trading financial assets

Under AASB 139, held for trading financial assets are revalued to fair value at reporting date. All adjustments resulting from changes in fair value are taken directly to the income statement. The effects of the retrospective application of AASB 139 are detailed in Note 21 - First time adoption of Australian equivalents of International Financial Reporting Standards.

- b. A number of Australian Accounting Standards issued or amended are applicable to the Foundation, but are not yet effective and therefore have not been adopted in preparation of the financial statements at reporting date. These changes have been reviewed and it is not anticipated that they will have any significant impact on the presentation of the financial statements.