

**AUSTRALIA-JAPAN
FOUNDATION
(AJF)**

AUSTRALIA-JAPAN FOUNDATION

Section 1: Overview, appropriations and budget measures summary

AGENCY OVERVIEW

The Australia-Japan Foundation is a Commonwealth Statutory Authority and Financial Management and Accountability Act Agency established by the *Australia-Japan Foundation Act 1976* with the role of encouraging a closer relationship between the peoples of Australia and Japan.

The Foundation supports portfolio objectives by initiating and facilitating interaction between the two countries to expand and promote the relationship. The Foundation seeks to enhance Japanese perceptions of Australia and the bilateral relationship. Major current projects include *Experience Australia* (a resource kit for Japanese primary schools), *Discovering Australia* (a teachers' kit for Japanese high schools) and *The Australia Web* (an Internet project in Japanese). The promotion of Australian skills in teaching English as a second or foreign language is also a key activity. The Australia-Japan Foundation library, located in the Australian Embassy in Tokyo, provides a significant information service to Japanese schools, business and institutions. Under its strategic alliance objective, the Foundation facilitates professional interaction among academics, teachers, teacher trainers, arts managers, bureaucrats, young leaders, debaters and others.

The Foundation's priority in 2003-04 will be the expansion of material available in Japanese about Australia. A major focus will include the digitalisation of information and development of online-learning tools for schools. Ongoing rollout of teacher training programmes will encourage the use of materials in schools and further build strategic networks among educators. The Foundation will continue to facilitate and encourage interaction between Australian and Japanese organisations, especially among professional bodies, in order to build alliances for the future.

The Foundation consists of a Chairman/Chief Executive and members, appointed by the Minister for Foreign Affairs, who bring a diverse range of knowledge and experience of Japan to the Foundation's work. It has a proactive and targeted approach to its activities. The Foundation has secretariat offices in Tokyo and Canberra. The Director (Canberra) and Executive Officer (Canberra) are DFAT employees provided as resources free of charge.

APPROPRIATIONS AND RESOURCING

The total appropriation for the AJF in the 2003-04 Budget is \$2.542 million.

Table 1.1 shows the total appropriations for the Foundation's departmental appropriation, including funding for the Australia-Japan Reserve, for which it is responsible. It receives some revenue from other sources through investment, bank interest and sponsorship of projects (where appropriate).

The Department of Foreign Affairs and Trade provides two staff and office space for the Foundation's Canberra secretariat as resources free of charge. One DFAT staff member is also assigned to the Australian Resource Centre in the Australian Embassy Tokyo. These are reflected in the Budgeted Statement of Financial Performance at Table 3.1.

The Foundation does not receive any administered appropriations.

Australia-Japan Foundation — appropriations 2003-04

Table 1.1: Appropriations and other revenue ('000)

Outcome	Departmental (price of outputs) (\$'000)					Administered (\$'000)			Total appropriations (\$'000)		
	Revenue from Government (appropriations)		Revenue from other sources ⁽⁴⁾	Price of outputs ⁽³⁾	Annual appropriations (\$'000)	Special appropriations ⁽⁵⁾	Total administered appropriations	Total appropriations			
	Bill No. 1	Special approps ⁽⁶⁾	Total		Bill No. 1	Bill No. 2 (SPPs & NAOs) ⁽²⁾					
	(A)	(B)	(C = A+B) (C1) ⁽¹⁾	(D)	(E = C+D) (E1) ⁽¹⁾	(F)	(G)	(H)	(I = F+G+H) (I1) ⁽¹⁾	(J=C+I)	
Outcome	2,542		2,542	366	2,908					2,542	
Enhanced Japanese perceptions of Australia and strengthened bilateral relationships to advance Australia's national interests											
Total	2,542		2,542	366	2,908				(K2) ⁽¹⁾	2,542	
			(K1) ⁽¹⁾						Departmental capital (equity injections and loans)	(K3) ⁽¹⁾	35
									Administered capital	(K4) ⁽¹⁾	
									Total appropriations		2,577

Notes

- Cells C1, E1 and I1 refer to information provided in Total Resources for Outcome tables. Amounts K1, K2 to Budgeted Statement of Financial Performance, and amounts K3, K4 to Capital Budget Statements.

Section 2: Outcomes and outputs information

OUTCOMES AND OUTPUTS

The Australia-Japan Foundation works to achieve a single outcome specified by Government. The following section provides an agency overview and a discussion on the outcome. The following map shows the relationship between the outcome and its contributing outputs.

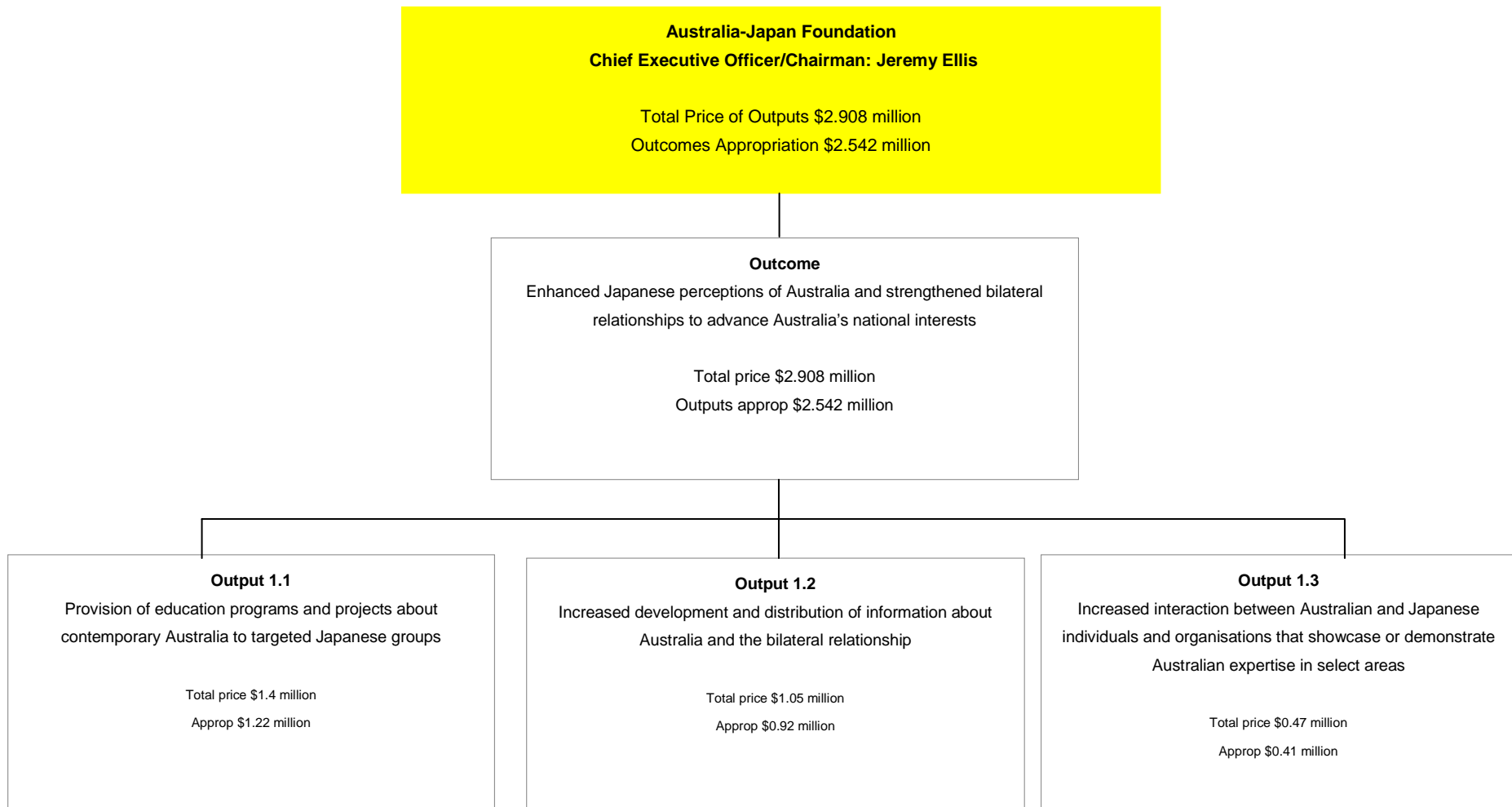
Output cost attribution

The Foundation's detailed project budgets determine the allocation of costs across outputs. Project costs include all associated purchases attributable directly to the project's, including costs for hiring staff with specific expertise and/or costs of tendered services required to execute the activity; all travel costs associated with development and implementation; and the majority of associated promotional costs of the project.

Individual projects are categorised in accordance with the Foundation's three main outputs. Aggregate output costs equate to the sum of all projects run under each output category.

General administrative costs - including the full time administrative staff costs and overheads - are allocated on a pro rata basis in accordance with the percentage of the total reserve budget expended on each of the three outputs. For example, educational projects are 48 per cent of the Foundation's budget and thus 48 per cent of administrative costs are attributed to this output.

Map 1: Outcome and outputs



CHANGES TO OUTCOMES AND OUTPUTS

The Australia-Japan Foundation has simplified its previous Outcomes and Outputs structure to streamline reporting against legislative requirements, and to align the structure to reflect better the Foundation’s focus on providing education, information, and facilitating strategic alliances in our bilateral relationship with Japan.

Changes to Outcomes

Previous Outcomes	New Outcome
<ol style="list-style-type: none"> 1. Advancement of Japanese perceptions of Australia as an internationally competitive and sophisticated society. 2. Creation of an informed constituency in Japan for Australia and the Australia-Japan relationship. 	<p>Enhanced Japanese perceptions of Australia and strengthened bilateral relationships to advance Australia’s national interests.</p>
Previous Outputs	New Outputs
<ol style="list-style-type: none"> 1. Development and management of projects endorsed by the Board in accordance with the Act and Government management practices. 2. Provision of advice to the Minister and Parliament and information to clients, allies, and stakeholders. 3. Recruiting and maintenance of contacts pertinent to the Foundation and the bilateral relationship. 4. Monitoring societal changes in Japan and Australia to identify future areas of activity. 	<ol style="list-style-type: none"> 1. Provision of education programmes and projects about contemporary Australia to targeted Japanese groups. 2. Increased development and distribution of information about Australia and the bilateral relationship. 3. Increased interaction between Australian and Japanese individuals and organisations that showcase or demonstrate Australian expertise in select areas.

SPECIAL ACCOUNTS

Table 1.5: Estimate of special account flows and balances

	Estimate - 2003-04, Heavy Figures				
	Actual - 2002-03. Light figures				
	Opening Balance	Receipts	Payments	Adjustments ⁽²⁾	Closing Balance
	2003-04 ⁽¹⁾	2003-04	2003-04	2003-04	2003-04
	2002-03 ^(1a)	2002-03	2002-03	2002-03	2002-03
	\$'000	\$'000	\$'000	\$'000	\$'000
Australia-Japan Foundation Reserve Account-s21 FMA Act (D)	785	1,446	2,231	0	0
	445	1,539	1,199	0	785
	0	0	0	0	0
Total Special Accounts	785	1,446	2,231	-	785
	445	1,539	1,199	-	1,570

D = Departmental A = Administered

Acts Glossary:

FMA Act = *Financial Management and Accountability Act, 1999*

Note 1 The Opening Balance for 2003-04 is the same as the closing balance for 2002-03

Note 2 Receipts from appropriations and other sources are further specified in the Total Resources for Outcome table - Table 2.1.1

TRENDS IN RESOURCING ACROSS OUTCOMES

The Foundation will report against a single outcome for the first time in 2003-04 after reporting against two outcomes in earlier years. An assessment of the trend in the provision of resources across outcomes is therefore no longer applicable.

OUTCOME — DESCRIPTION

Outcome – Enhanced Japanese perceptions of Australia and strengthened bilateral relationships to advance Australia’s national interests

The Foundation's goals and programme objectives derive from its functions, as prescribed under the *Australia-Japan Foundation Act, 1976*, to encourage a closer relationship between the peoples of Australia and Japan and to further the mutual knowledge and understanding of those peoples.

The Foundation delivers targeted and innovative projects through the Australia-Japan Reserve and undertakes a variety of activities, frequently in partnership with key stakeholders in Japan and Australia, which focus on increasing Australia's profile in Japan and advancing perceptions of contemporary Australia. Its current projects, with a focus on youth, seek to engage the interest of information disseminators and decision-makers of the future in Australia and deepen their understanding of Australian society and enterprise.

OUTCOME — RESOURCING

Table 2.1.1 shows how the 2003-04 Budget appropriations translate to total resources for the Foundation’s Outcome, including revenue from government (appropriation), revenue from other sources, and the total price of outputs. Cell references **C1**, **E1** and **I1** show the links back to Table 1.1 (the Appropriations and Other Revenue Table for the Foundation).

Section 2: Outcomes and outputs information

Table 2.1.1: Total resources for Outcome (\$'000)

	Estimated actual 2002-03 \$'000	Budget Estimate 2003-04 \$'000
Departmental appropriations		
Output 1.1	570	486
Payment To Australia Japan Foundation Reserve Account (s21 FMA Act)	739	734
Subtotal Output 1.1	1,309	1,220
Output 1.2	428	365
Payment To Australia Japan Foundation Reserve Account (s21 FMA Act)	554	550
Subtotal Output 1.2	982	915
Output 1.3	190	245
Payment To Australia Japan Foundation Reserve Account (s21 FMA Act)	246	162
Subtotal Output 1.3	436	407
Subtotal Outputs	2,727	2,542
from Special Accounts (estimated payments from Special Account balances)⁽²⁾		
Australia Japan Foundation Reserve Account (s21 FMA Act)	1,539	1,446
Total Special Accounts Outflows	1,539	1,446
Total revenue from government (appropriations)	2,727	2,542
Contributing to price of departmental outputs	88%	87%
Revenue from other sources		(C1)(1)
Resources received free of charge	310	312
Interest	57	38
Sales of Goods and Services*	15	16
Total revenue from other sources	382	366
Total price from departmental outputs (Total revenue from government and from other sources)	3,109	2,908
Total estimated resourcing for Outcome 1 (Total price of outputs)	3,109	(E1)(1) 2,908
	2002-03	2003-04
Average staffing level (number)	5.8	5.8

* Note: Revenue from other sources includes Resources received free of charge and Sale of goods and services excluded from 2003-04 Agency Resourcing (Budget Paper No. 4)

OUTCOME — CONTRIBUTION OF OUTPUTS

The Australia-Japan Foundation's outputs of targeted education projects, the development and distribution of information about Australia, and increased interaction between Australian and Japanese stakeholders, contribute to promoting Australia's interests in a key bilateral relationship.

Table 2.2.1 lists the performance information that the Australia-Japan Foundation will use to assess the level of its achievement of its Outcome during 2003-04. Information shown is both quantitative and qualitative.

Achievement of planned performance will be reported in the Australia-Japan Foundation's 2003-04 report.

PERFORMANCE INFORMATION FOR OUTCOME

Table 2.2.1: Performance information for Outcome

Effectiveness - Overall achievement of the Outcome - (Measures, indicators and targets used as appropriate)	
Enhanced Japanese perceptions of Australia and strengthened bilateral relationships to advance Australia's national interests.	
Performance information for outputs	
Output 1.1 - Provision of education programmes and projects about contemporary Australia to targeted Japanese groups.	Quality: Extent to which programmes engage participation from target groups Extent to which target audiences show an understanding of contemporary Australia
	Quality: Number of Japanese people involved in AJF education activities
	Price: \$1.4 million or 48% of total costs.
Output 1.2 - Increased development and distribution of information about Australia and the bilateral relationship	Quality: Relevance and demand for information distributed Extent to which the information assisted the users in understanding the bilateral relationship
	Quality: Volume and scope of information produced annually. Number of people and organisers to whom information is distributed
	Price: \$1.05 million or 36% of total costs.
Output 1.3 - Increased interaction between Australian and Japanese individuals and organisations that showcase or demonstrate Australian expertise in select areas	Quality: Extent to which projects expand relations in areas that reflect Australia's sophistication and expertise Extent to which programmes expand the range of stakeholders engaged in the bilateral relationship
	Quality: Number of events/formal interactions facilitated
	Price: \$0.47 m or 16% of total costs.

EVALUATIONS

The Foundation monitors its operations at its regular board meetings to ensure that activities are achieving outcomes against performance indicators. The Chairman, who is also the Chief Executive, visits the secretariat's Tokyo Office every 12-18 months, and the Canberra Office, once or twice a year during which he assesses operations.

The Foundation, through its Chairman and members, also conducts periodic assessments (every 12-18 months) of its directions and strategies during which it reviews activities and the opportunities emerging trends may provide for expanded interaction. The last overview of Foundation strategies took place in December 2001.

An Audit Committee consisting of three members of the Foundation, chaired by the Deputy Chairman, regularly reviews Foundation activities. The Foundation is audited on an annual basis by the Australian National Audit Office and presents an annual report to Parliament.

COMPETITIVE TENDERING AND CONTRACTING

The Foundation outsources projects requiring specialised input. These are advertised nationally, as required, and contractors selected through competitive processes. It outsources accountancy services, through limited tender.

Section 3: Budgeted financial statements

DEPARTMENTAL FINANCIAL STATEMENTS

Budgeted Departmental Statement of Financial Performance

This statement provides a picture of the expected financial results for the Foundation by identifying full accrual expenses and revenues which highlights whether the Foundation is operating at a sustainable level.

Budgeted Departmental Statement of Financial Position

This statement shows the financial position of the Foundation. It helps decision-makers to track the management of the Foundation's assets and liabilities.

Budgeted Departmental Statement of Cash Flows

Budgeted cash flows, as reflected in the statement of cash flows, provides important information on the extent and nature of cash flows by categorising them into expected cash flows from operating activities, investing activities and financing activities.

Departmental Capital Budget Statement

Shows all planned departmental capital expenditure (capital expenditure on non financial assets), whether funded through capital appropriations for additional equity or borrowings, or from funds from internal sources.

Departmental Non Financial Assets — Summary of Movement

Shows budgeted acquisitions and disposals of non-financial assets during the budget year.

Table 3.1: Budgeted Departmental Statement of Financial Performance for the period ended 30 June

	Estimated actual 2002-03 \$'000	Budget estimate 2003-04 \$'000	Forward estimate 2004-05 \$'000	Forward estimate 2005-06 \$'000	Forward estimate 2006-07 \$'000
REVENUE					
Revenues from ordinary activities					
Revenues from government	2,727	2,542	2,542	2,513	2,490
Goods and services	15	16	18	18	18
Interest	57	38	38	38	38
Other					
Resources received free of charge	310	312	315	318	315
Revenues from ordinary activities	3,109	2,908	2,913	2,887	2,861
EXPENSE					
Expenses from ordinary activities (excluding borrowing costs expense)					
Employees	1,020	954	975	993	1,006
Suppliers	1,849	1,849	1,831	1,785	1,746
Depreciation and amortisation	127	105	107	109	109
Expenses from ordinary activities (excluding borrowing costs expense)	2,996	2,908	2,913	2,887	2,861
Net surplus or deficit from ordinary activities	113	-	-	-	-
Capital Use Charge	113	-	-	-	-
Net surplus or deficit after capital use charge	-	-	-	-	-

Section 3: Budgeted financial statements

**Table 3.2: Budgeted Departmental Statement of Financial Position
as at 30 June**

	Estimated actual 2002-03 \$'000	Budget estimate 2003-04 \$'000	Forward estimate 2004-05 \$'000	Forward estimate 2005-06 \$'000	Forward estimate 2006-07 \$'000
ASSETS					
Financial assets					
Cash	568	563	685	799	918
Receivables	55	15	15	15	15
Other	10	10	10	10	10
Total financial assets	633	588	710	824	943
Non-financial assets					
Infrastructure, plant and equipment	822	799	754	697	653
Intangibles	171	119	82	55	15
Total non-financial assets	993	918	836	752	668
Total assets	1,626	1,506	1,546	1,576	1,611
LIABILITIES					
Provisions and Payables					
Employees	506	536	566	596	626
Suppliers	170	20	30	30	35
Total liabilities	676	556	596	626	661
EQUITY					
Reserves	406	406	406	406	406
Retained surpluses or accumulated deficits	544	544	544	544	544
Total equity	950	950	950	950	950
Total assets and liabilities by maturity					
Current assets	633	588	710	824	943
Non-current assets	993	918	836	752	668
Current liabilities	221	74	87	90	95
Non-current liabilities	455	482	509	536	566

Table 3.3: Budgeted Departmental Statement of Cash Flows for the period ended 30 June

	Estimated actual 2002-03 \$'000	Budget estimate 2003-04 \$'000	Forward Estimate 2004-05 \$'000	Forward estimate 2005-06 \$'000	Forward estimate 2006-07 \$'000
OPERATING ACTIVITIES					
Cash received					
Goods and Services	15	56	18	18	18
Appropriations	2,727	2,542	2,542	2,513	2,490
Interest	57	38	38	38	38
Total cash received	2,799	2,636	2,598	2,569	2,546
Cash used					
Employees	727	612	630	645	661
Suppliers	1,847	1,999	1,821	1,785	1,741
Total cash used	2,574	2,611	2,451	2,430	2,402
Net cash from/ (used by) operating activities	225	25	147	139	144
INVESTING ACTIVITIES					
Cash used					
Purchase of property, plant and equipment	-	30	25	25	25
Total cash used	-	30	25	25	25
Net cash from/used by investing activities	-	(30)	(25)	(25)	(25)
FINANCING ACTIVITIES					
Cash used					
Capital use charge paid	113	-	-	-	-
Total cash used	113	-	-	-	-
Net cash from/ (used by) financing activities	(113)	-	-	-	-
Net increase/(decrease) in cash held	112	(5)	122	114	119
Cash at the beginning of the reporting period	456	568	563	685	799
Cash at the end of the reporting period	568	563	685	799	918

Section 3: Budgeted financial statements

Table 3.4: Departmental Capital Budget Statement

	Estimated actual 2002-03 \$'000	Budget estimate 2003-04 \$'000	Forward estimate 2004-05 \$'000	Forward estimate 2005-06 \$'000	Forward estimate 2006-07 \$'000
CAPITAL APPROPRIATIONS					
Appropriation of the previous accrued revenue.	-	35 (K3) ¹	-	-	-
Represented by					
Other		35			
Total	-	35 (K3) ¹	-	-	-
PURCHASE OF NON CURRENT ASSETS					
Funded internally by Departmental resources	-	30	25	25	25

1 These two lines link to (K3) in Table 1. 1

Part C: Agency Budget Statements—AJF

Table 3.5: Departmental Non-financial Assets — Summary of Movement (Budget year 2003-04)

	Other infrastructure plant and equipment \$'000	Intangibles \$'000	Total \$'000
Carrying amount at the start of year	822	171	993
Additions	30	-	30
Disposals	-	-	-
Revaluation increments	-	-	-
Recoverable amount write-downs	-	-	-
Net transfers free of charge	-	-	-
Depreciation/amortisation expense	(53)	(52)	(105)
Write-off of assets	-	-	-
Carrying amount at the end of year	799	119	918
Total additions			
Self funded			
Appropriations	30	-	30
Total	30	-	30

NOTES TO THE FINANCIAL STATEMENTS

Departmental Financial Statements

The Department of Foreign Affairs and Trade is expected to continue providing resources to the Foundation free of charge for the next five years. These resources comprise departmental officers and computers/work-stations in the Canberra office to a value of about \$0.300 million per annum. The Department of Foreign Affairs and Trade provides office accommodation and utilities for the Canberra office and the Tokyo office of the Foundation in the Tokyo Embassy chancery building. The Department is unable to separately identify costs of these facilities provided free of charge.

Under the Commonwealth's accrual budgeting framework, and consistent with Australian Accounting Standards, transactions that agencies control (departmental transactions) are separately budgeted for and reported on from transactions agencies do not have control over (Administered transactions). This ensures that agencies are only held fully accountable for the transactions over which they have control.

Departmental items are those assets, liabilities, revenues and expenses in relation to an agency or authority that are controlled by the agency. Departmental expenses include employee and supplier expenses and other administrative costs, which are incurred by the agency in providing its goods and services.

Appropriations in the accrual budgeting framework

Under the Commonwealth's accrual budgeting framework, separate annual appropriations are provided for:

Departmental price of outputs appropriations: representing the Government's purchase of outputs from agencies, and

Departmental capital appropriations: for investments by the Government for either additional equity or loans in agencies.

Capital Use Charge

The Government has agreed to discontinue the Capital Use Charge from 1 July 2003.

Asset valuation

From 1 July 2002 Commonwealth agencies and authorities are required to use either the cost basis or the fair value basis to measure Property, Plant and Equipment. The shift from the deprival method of valuation to fair value should occur gradually over a three-year period. Fair value essentially reflects the current market value of an asset.

Section 4: Purchaser/Provider and Cost Recovery arrangements

CROSS AGENCY OVERVIEW

The Australia-Japan Foundation will not be a party to any purchaser/provider arrangements in 2003-04.