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#### Distribution

This report is available from the Foundation's secretariat offices in Canberra and Tokyo and through AusInfo shops.

#### **Comments**

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#### Other Publications

Information about other Foundation publications can be obtained from either of the Foundation's offices, which are located in Tokyo and Canberra. (The Foundation does not have a designated Information Officer). Publications are in general free; however, a charge applies to *Discovering Australia* which was designed specifically for distribution in Japanese schools. Subject to availability, these can be obtained in Australia for \$48.40 (GST included) and, in Japan, for 6000 yen (inclusive of handling charges but exclusive of postage).

#### Acknowledgements

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### AUSTRALIA - JAPAN FOUNDATION



22 October 2001

The Honourable Mr Alexander Downer MP Minister for Foreign Affairs Parliament House CANBERRA ACT 2600

Dear Mr Downer

In accordance with Section 25 of the *Australia–Japan Foundation Act 1976*, I submit the annual report of the operations of the Foundation, including audited financial statements, for the financial year 2000–01.

Yours sincerely

Jeremy K Ellis Chairman

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### PART 1 - Overview

This year marks the twenty–fifth anniversary of the establishment of the Australia–Japan Foundation. Over the years, successive boards of the Foundation have successfully adopted innovative approaches to expanding and deepening interaction. They have done this by identifying new opportunities which have emerged in the evolving bilateral relationship and monitoring societal and other changes which will enhance opportunities in both countries. It is an impressive record to carry forward but I am confident that, through research and planning, the current board is continuing to identify and pursue new and rewarding approaches.

#### **Activities**

During the year under review the Foundation's emphasis was on introducing new activities, which as I foreshadowed last year, will expand networks in new and traditional areas.

Those activities included: the first Australia–Japan Foundation Achievement Awards; an issues forum series (launched through the *Australia Japan Conference for the 21st Century*); the first Sir Neil Currie Award for Japanese post–graduate research in Australia; and an emerging leaders tour which introduced Japan to a group of future Australian leaders drawn from a variety of sectors.

The Australia–Japan Foundation Achievement Awards highlight significant individual contributions to diversifying and expanding the breadth of the relationship and to the work of the Foundation. The Minister for Foreign Affairs, the Honourable Alexander Downer MP, presented the first Australia–Japan Foundation Achievement Awards in May 2001.

The Foundation's partnership with the Department of Foreign Affairs and Trade in the development and presentation of the *Australia Japan Conference for the 21st Century*, held in April 2001 represented for the Foundation the first activity in its series of issues forums. Invitations to Conference participants were based on the key sectors they represented – particularly emerging areas in technological and medical advances – rather than any direct experience with Japan in order to encourage new people into the relationship.

I was honoured to be asked by the Minister for Foreign Affairs and the Minister for Trade to serve as Co–chairman of the Conference in conjunction with my long–time business colleague, Mr Minoru Murafushi.

The various social functions associated with the Conference allowed my colleagues on the Board and me to expand our own contacts as well as promote and encourage broader networks. We were particularly heartened to find that the relationship continued to spark enthusiasm and a commitment to seeking out new opportunities for the peoples of both countries to work together.

From the Foundation's perspective, receiving recognition for its role in supporting the growth of the relationship and the endorsement of its current activities and directions was gratifying.

I continue my involvement with the Conference as Chairman of its Review Committee, which was established by the Department of Foreign Affairs and Trade, to evaluate, track and advance recommendations of the Conference.

In 2000–01 core Foundation activities such as the Australian Resource Centre and the *Discovering Australia* teachers' resource kit continued to perform well. Together they provided a cost–effective mechanism to provide contemporary information about Australia to a wide range of lapanese.

However, the secretariat continued to review the performance of those activities to ensure they were targeted and efficiently delivered. The digitalisation of the Resource Centre's theses holdings was an example of that process taking effect. Preliminary discussions also began concerning the best delivery mechanism for the third edition of *Discovering Australia*.

## Operations

The Foundation completed its move to accrual electronic accounting in the course of the year and is now focusing on ways to further streamline its financial management processes to reduce demands on its small Canberra secretariat and allow the more effective use of personnel.

In the course of 2000–01 the Foundation developed its corporate website in English and Japanese which it proposes to expand and upgrade in the forthcoming year. A particular area of focus will be the provision of additional on–line materials in support of its activities

# Allies and Stakeholders: Working Together

The Foundation continued to receive strong support from allies and stakeholders for its activities throughout the year, particularly for its key ongoing educational activity *Discovering Australia*, the ancillary teaching plan competition and our activities promoting Australian English teaching methodology.

I would like to thank the Japanese Ministry of Education, Culture, Sports, Science and Technology – for its continuing invaluable assistance, provided through the Shibusawa Advisory Committee, with *Discovering Australia* – and those who coordinate participants in the yearly Train–the–Trainer courses. The Australia Japan Business Cooperation Committee and the Governments of South Australia and New South Wales also made significant contributions through either funding or in–kind support. The Chairman of the National Federation of English Teachers in Japan was also a valued ally in the development of the course promoting English teaching methodology. However, it would it would be remiss of me not to mention the teachers and teacher trainers who embraced our activities and made all our efforts so worthwhile.

Individual commitments to the bilateral relationship by many people – such as Mr Yoshikazu Ueno, Head Librarian, and his colleagues at the Kyoto University of Foreign



The Honourable John Howard, MP, Prime Minister of Australia, at the launch of the Australia Japan Conference with Mr Jerry Ellis and Mr Minoru Murafushi, who jointly chaired the Conference. Photographer Christian Mushenko

Languages Library – allowed the Foundation's Resource Centre to expand the scope of our activities and harness resources.

My colleagues and I would also like to acknowledge the contribution of a former board colleague, Dr Rikki Kersten, who resigned in February upon taking up an academic post overseas. Dr Kersten was an active and committed member, particularly in relation to the Foundation's education activities, who served on the Board for nearly five and a half years. We would also like to thank Mr Miles Kupa, whose term as a board member was cut short following his appointment as Ambassador to the Philippines, for his pertinent contribution.

Mr Terry White who, in the course of two terms as Director of the Foundation's Head Office, was responsible for the implementation of new Board directions and several key activities, will leave us in the early weeks of the new financial year. Mr White's energy, drive and commitment contributed substantially to the achievement of our outcomes. The Board is delighted that Leonie Boxtel has accepted its offer to succeed Mr White. It looks forward to working with her in the course of her term of office.

We also thank Mr Masaaki Morita, a former Assistant Director of the Foundation who, following his retirement, continued to work for the Foundation on a part-time basis as a Senior Adviser. Mr Morita will fully retire in July. He has provided continuity for the Foundation in a number of activities including Foundation interactions with Japan Australia associations and the development of the second edition of *Discovering Australia*, and is remembered for his dedication and contribution to the Foundation.

Jerry Ellis Chairman

### PART 2 - Structure

The Australia–Japan Foundation is a statutory body responsible to the Minister for Foreign Affairs who, under section 9 of the *Australia–Japan Foundation Act 1976*, appoints Foundation members.

# Members of the Australia-Japan Foundation

During the year two members resigned to take up overseas assignments. Mr Miles Kupa resigned on 24 August 2000 and Dr Rikki Kersten resigned on 22 January 2001.

As at 30 June 2001 there were 10 members, as listed below.



Mr Jeremy K Ellis Chairman and Chief Executive 1 January 1999–31 December 2001



Mr Rawdon Dalrymple AO 1 January 1994–31 December 2001



Ms Donna Bridges 1 December 1995–30 November 2001



Dr David Carter 16 October 1998–15 October 2001



Ms Margaret Coaldrake 1 December 1995–30 November 2001



Ms Heather Glass 1 December 1995–30 November 2001



Mr Geoffrey Hiscock 16 October 1998–15 October 2001



Dr Robert Ian Mair AM 16 October 1998–15 October 2001



Dr Alan Thomas 6 September 2000–5 September 2002



Mr Adam Wynn 16 October 1998–15 October 2001

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Website: www.ajf.australia.or.jp/gounichi

# Australia-Japan Foundation Secretariat

#### **STAFFING LEVELS**

#### Head Office, Tokyo

Director

Assistant Director (AJF)

Assistant Director (Information)

Administrative Officer

Canberra Office\*

Director

Executive Officer

Senior Adviser (ad hoc)

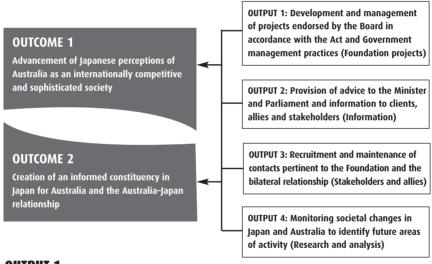
Accounts Clerk (20 per cent)

Note: The Department of Foreign Affairs and Trade provides two full–time dedicated staff to the Canberra Office as well as part–time accounts assistance\*. The Australian Embassy also provides support to the Foundation's Assistant Director (Information), through the provision of an occupant for the Research Librarian position. Head Office and Canberra Office staff levels have been agreed by the Department of Foreign Affairs and Trade and the Board.

# PART 3 - Performance Reporting

## Outcomes, Outputs and Performance Indicators

The Foundation's achievements are measured in relation to the following Outcome and Output structure; the Outputs apply equally to both Outcomes. The Foundation's performance in relation to each Output is measured in terms of quality, quantity and price indicators, as shown below. Outcome 1 is funded by 65 per cent of the Foundation's budget, and Outcome 2 by 35 per cent.



#### **OUTPUT 1**

**Quality:** Extent to which projects make a positive contribution to the Australia-

Japan relationship

Quantity: Percentage of projects implemented on time and within Commonwealth

procurement guidelines and contractual arrangements

Price: 73 per cent of total Output costs

#### **OUTPUT 2**

**Quality:** Satisfaction of Parliament and clients with information provided in a

timely manner

Quantity: Scope and composition of information provided

Price: 21 per cent of total Output costs

#### **OUTPUT 3**

**Quality:** Level of influence of allies and stakeholders recruited and focus given to

Foundation activities

**Quantity:** Expansion of contact data base and number of new projects attracting

resources of allies and stakeholders

**Price:** 4.2 per cent of total Output costs

#### **OUTPUT 4**

**Quality:** Effectiveness of research in identifying trends for incorporation into

project activity

**Quantity:** Level of expansion of research in identifying trends for incorporation into

project activity

**Price:** 1.8 per cent of total Output costs

### Performance Information for Outcomes 1 and 2

The central aim of the Foundation is to increase the level of understanding that exists between Australian and Japanese people. By correcting stereotypes and making sure we are aware not only of the underlying traditions of the two countries but also of their contemporary developments and capacities, the Foundation further aims to broaden the potential for interaction.

The Foundation delivers short-term impacts but its greater results lie in the longer term. As detailed in the following sections, during 2000–01 the Foundation introduced new activities and continued to record strong results which will sow the seeds for future interaction.

OUTPUT 1: DEVELOPMENT AND MANAGEMENT OF PROJECTS ENDORSED BY THE BOARD IN ACCORDANCE WITH THE ACT AND GOVERNMENT MANAGEMENT (FOUNDATION PROJECTS)

QUALITY: EXTENT TO WHICH PROJECTS MAKE A POSITIVE CONTRIBUTION TO THE AUSTRALIA-JAPAN RELATIONSHIP

Foundation projects are funded through the Australia–Japan Reserve, established under the *Australia–Japan Foundation Act 1976*, which governs application of moneys from, and sourcing of funds for, the Reserve.

To ensure efficient and effective project delivery the Foundation develops its own targeted activities rather than responding to ad hoc grant applications. The Foundation

monitors its operating environment and the Board regularly reviews and evaluates strategic directions and the targeting of its activities. The Foundation reinforces the impact of its projects and the value of its investments through linkages between its activities. It forms alliances prior to project development in order to facilitate market access, take advantage of expertise and harness support for implementation.

The Foundation's projects focus on three general areas of interest – education, information and allies and stakeholders – as described below

#### (i) EDUCATION

In 2000–01, as in previous years, the Foundation focused on education. The two areas targeted were Australian studies and English language teaching methodology.

#### Australian studies

The Foundation's Australian studies activities provided a key to developing a deeper understanding of Australia and its people. The activities also provided opportunities to update Japanese perceptions of Australia's expertise and capacity for mutually beneficial interaction.

#### Sir Neil Currie Awards

The first award under the Sir Neil Currie Awards scheme was made this year. The Awards were named in honour of a former Foundation Chairman, the late Sir Neil Currie, who had a long and distinguished career in connection with Japan in the course of his varied career as a diplomat, senior public servant and businessman.

The Awards seek to encourage young Japanese to undertake research in Australia and, through the resulting research papers, increase the range of research material published in Japanese on a range of issues.

Given that members of the first generation of users of the *Discovering Australia* teachers' resource kit are now entering university it is also hoped that the Awards will provide a stimulus for them to maintain an interest in Australia

The first recipient of an award under the scheme was Ms Keiko Okuno, who will commence her research at the Political Science Department of the University of Melbourne in September on migrant family reunion rights in Australia, focusing on citizenship and migration laws.

#### 2001 teaching plan competition

The 2001 teaching plan competition was the first such competition held since the introduction of the second edition of the Foundation's *Discovering Australia* teaching resource.

The competition, which takes place each year, seeks to increase usage of the kit by encouraging its innovative use in the classroom. There are indications that the kit can be utilised across a broad range of subject areas, including social studies, civics, English language teaching and geography. The seventeen teachers who submitted the best teaching plans to the competition will undertake a *Discovering Australia* tour in Australia in August 2001. They will be accompanied by three teachers who formed part of the competition advisory group.

#### Discovering Australia

Preliminary work commenced on planning for the third edition of *Discovering Australia* during 2000–01. An advisory committee was formed to analyse kit usage and make recommendations regarding the development and format of the third edition. Options for the introduction of additional supporting material, based on the kit, to help teachers meet the demands of new Japanese curriculum requirements are among issues being considered.

The second edition of *Discovering Australia* was distributed to around 11 500 schools. It is likely that the next version will make greater use of digital delivery mechanisms.

#### **English teacher training**

Research undertaken by the Foundation several years ago highlighted concerns held in Japan about the way English was being taught in Japanese schools. The Board felt that the promotion of Australian English language teaching capacity would both provide the opportunity to increase Japanese awareness of the high quality of Australian education, in an area in which Australia is an acknowledged world leader, and broaden participants' perceptions of Australia.

In 2000–01 the Foundation continued its successful Train–the–Trainer program and began an evaluation of options for expanding the activity. The second English language teaching activity, a distance learning Master of Arts in Teaching English as a Foreign Language, was launched in the course of the year.

#### Train-the-Trainer

For three years the Foundation has provided a very well–received annual Train–the–Trainer course at an Australian university. The course places 10 Japanese trainers of English



Mr Katsunori Furumae, Hiroshima Prefecture Board of Education, a participant in Train-the-Trainer 2001, joins a Japanese language class at Kirrawee High School. Photographer Yoko Masuya

teachers, from prefectures across Japan, into an intensive course tailored to the Japanese teaching environment. The course focuses on Australian language teaching techniques and methodology as well as personal language skill development.

The Foundation is currently reviewing options for expanding these successful courses and provide support to past participants (currently 30).

#### Master of Arts in Teaching English as a Foreign Language

The Foundation, in conjunction with a consortium of Australian universities, supported the development of a distance learning Master of Arts (MA) in Teaching English as a Foreign Language. Development of the course was informed by the recommendations of a committee established by former Prime Minister Obuchi. The committee encouraged the development of new approaches to English language teaching and stipulated the introduction of a new approach by 2003.

The MA in Teaching English as a Foreign Language, which was launched by the Vice Chancellor of the University of Technology, Sydney, in April 2001, was tested in Japan at various phases of its development and received a positive response from the teachers involved. The Chairman of the National Federation of English Teachers in Japan (which has a membership of over 60 000 representing all parts of the country) has also endorsed the product.

#### (ii) INFORMATION

Activities under this heading provide mechanisms and tools for the Foundation to enhance the bilateral relationship through promoting a better understanding of both countries and of the potential for greater interaction between them. The activities fall into three broad headings: promotion and advocacy, issues forums, and the Australian Resource Centre

#### Promotion and advocacy

#### Australia-Japan Foundation Achievement Awards

The first Australia–Japan Foundation Achievement Awards, which highlight the breadth of the two countries' relationship and the significant role individuals can make to expanding interaction in their fields, were presented by the Minister for Foreign Affairs and Trade, the Honourable Alexander Downer MP, in Tokyo in May. The recipients were:

- Professor Akio Watanabe, Board Member, Australian Studies Association of Japan, who was recognised for his long-term commitment to promoting Australian studies in Japan;
- Professor Fumitaka Shibusawa, former Senior Curriculum Specialist, Ministry of Education, Sports, Science and Culture, who received recognition for his work on the Discovering Australia advisory committee and in relation to associated student and teacher competitions;
- Mr Masao Ooshima, former President of the Sasebo Japan-Australia Society, whose contributions to student exchange and Japan-Australia societies were acknowledged.



Professor Akio Watanabe, Professor Fumitaka Shibusawa and Mr Masao Ooshima and their wives with Mr Alexander Downer at the Australia–Japan Foundation Achievement Awards ceremony. Photograph AJF

#### Occasional papers series

Early in 2000–01, as part of its occasional papers series, the Foundation published an ACNielsen survey it had commissioned which assessed Australian perceptions of Japan as a place to do business. The survey was widely distributed and received media coverage. A Foundation–commissioned review of cultural interaction between the two countries will be completed shortly.

#### Australia's pre-Olympic profile

To further raise and broaden Australia's profile in Japan, at a time of increased interest in Australia prior to the Sydney Olympic Games, the Foundation facilitated the development of a permanent artwork by Australian artist Mr John Young situated in the new Azabu subway, Tokyo. The work, *Parallel Visions*, recognises both Australian and Japanese culture through the layering of images. The artwork is located in the closest station to the Australian Embassy. The timing of the opening of the station coincided with the 2000 Sydney Olympics. The artwork will provide a continuing memory of the Olympic year for visitors to the Embassy for years to come.

The Foundation also provided support for *NAIDOC 2000 Aboriginal Music and Dance*, a group of four performers who toured five cities in Japan prior to the 2000 Sydney Olympics.

#### **Issues forums**

The Foundation's partnership with the Department of Foreign Affairs and Trade in the development and presentation of the *Australia Japan Conference for the 21st Century* represented, for the Foundation, the first activity in its series of issues forums. The Conference, held in April 2001, was opened by the Prime Minister of Australia, the Honourable John Howard MP. Mr Jerry Ellis (Chairman, Australia–Japan Foundation) and

Mr Minoru Murafushi (Chairman of Itochu Corporation and Vice Chairman of the Tokyo Chamber of Commerce and Industry and of the Japan Australia Business Cooperation Committee) jointly chaired the Conference.

The Conference highlighted the continuing importance of the relationship between Australia and Japan, and explored new opportunities for, and ways of, working together. It brought together 47 eminent people, representing the public and private sectors of both countries. Participants, whose participation was invited on the basis of their expertise in particular sectors of society rather than their direct knowledge of Japan, debated the implications of political, economic, social and technological change and the opportunities they presented.

The Conference made recommendations across three broad themes: security, economics and culture. The recommendations formed the basis of an action agenda which is being advanced, in Australia, through a five–member review committee of conference delegates chaired by Mr Jerry Ellis.

In a speech made to conference delegates and invited guests, the Minister for Trade, the Honourable Mark Vaile MP, praised the role of the Foundation in broadening the relationship.

The ethos of the recommendations made by the Conference also endorsed the current activities and directions of the Foundation. The Conference's recommendations – particularly in relation to newly emerging areas of potential bilateral exchange – identified opportunities and areas of potential for the Foundation, which will assist the Board with planning at its December 2001 strategy meeting.



Dr Alan Thomas (Foundation Member), Mr Jerry Ellis (Conference Co-chairman), Mr Mark Vaile and Mr Minoru Murafushi (Conference Co-chairman) at the Conference dinner. Photographer Christian Mushenko

#### **Australian Resource Centre**

Despite operating for four months at reduced staffing levels, following the resignation of the Research Librarian, the public access Australian Resource Centre, situated in Tokyo, continued to provide a high quality service promoting both Australia and the Australia–Japan relationship through its public outreach activities. In 2000–01 the Centre received nearly 11 000 visitors, responded to over 9 500 telephone and written inquiries and hosted visits by 652 school groups, ranging in size from three to 60 students. In addition, the Centre provided a range of resources on–line.

The Centre's holdings are in both English and Japanese; however, it is seeking to increase the amount of material available in Japanese. The availability of electronic versions of Japanese theses on Australian topics was well–received – theses related to education, economics, multiculturalism, government, Aboriginal issues and immigration attracted particular interest. Book borrowings to a large extent reflected the same areas of interest, though children's literature was also popular.

The Centre continued to attract interest among libraries in Japan due to its innovative approaches to its work. It also played an active role in the monitoring and promotion of Australian studies in Japan.

In June a common usage agreement was signed between the Kyoto University of Foreign Languages Library and the Centre, to allow users to access both organisations' on–line catalogues. The agreement expanded the reach of the Centre and supplemented both organisations' holdings: for example, the Foreign Languages Library has over 3 000 volumes of Australian literature, an area of weakness in the Resource Centre's holdings.



Ms Ikuko Kitamura, Assistant Director and Ms Akiko Hisamatsu, Assistant Director (Information) – both of the Foundation's Tokyo Offices – at a meeting with Mr Yoshikazu Ueno, Head Librarian, Kyoto University of Foreign Languages Library to exchange agreements. AJF

The Centre held two of its popular occasional salon seminars during the year. The first seminar *Current Information on IT in Australia* attracted 80 people, although advertised only on the Centre's web pages. The seminar also resulted in press coverage. The Centre's second seminar, held in conjunction with the Australian Embassy's Public Diplomacy Section, was fully subscribed and featured Ms Elizabeth Honey, writer and illustrator of poetry, picture books and novels for children.

The Assistant Director (Information) assisted many Japanese journalists, and attended discussions and seminars at a number of universities.

#### (iii) STRATEGIC ALLIANCES

An important factor in the success of the Foundation's activities is its ability to engage key allies in Australia and Japan; to facilitate project implementation, and to maintain networks within sectoral interest groups.

Although there is a strong network of exchange between Australia and Japan there are still opportunities to extend the relationship and a need to address inadequacies in the images Australians and Japanese have of each others' countries. To ensure continuity and the development of links in new areas, it is vitally important to engage young people in networking.

The Foundation encourages the development of networks and alliances both through its general activities and by identifying and targeting areas of specific need.

#### Targeted exchanges

#### Regional exchanges

Two young radio journalists from regional media outlets in Yamanashi and Nagasaki visited Australia in August 2000, prior to the Sydney Olympic Games. Their visits were the first in a Foundation strategy to focus on areas outside the larger centres of Japan.

The visits provided the journalists with background on Australian issues and society as well as an insight into preparations for the Sydney Olympic Games. The visits resulted in a week of extensive radio exposure in regional Japan delivered through the National Radio Networks. Four live broadcasts, covering a wide range of subjects, were carried nationally throughout Japan to an audience estimated to be in excess of 2.5 million people. Additional broadcasts to meet specific interests were carried by local stations.

#### Emerging leaders

In June 2001, a delegation of nine young Australians with the potential to become leaders in their fields visited Japan. During their visit they undertook activities and meetings organised by the Foundation, which included travel to centres outside Tokyo. Sectors represented by the delegates included: arts and entertainment, business, science, politics and law, media and new technologies.

The focus of the delegation was on the Australia–Japan relationship in the contexts of youth, new media and digital technology. Delegates who visited key sectoral organisations and met with peer groups, established contacts, became aware of broader issues in Japanese society and obtained insights into Japanese perceptions of Australia.

Delegates, at the conclusion of their visit, proposed eight strategies to expand interaction which they believed would impact positively on the relationship in the longer term. The proposed strategies were:

- developing industry-specific delegations, to promote specific organisation-to-organisation collaboration;
- promoting exchange visits between targeted arts organisations;
- developing a series of youth forums;
- conducting a 'buddy' program involving short-term placements in organisations to foster peer relationships and lead to joint projects in areas of common interest;

- facilitating networking opportunities, mentorships and support networks to assist Australian women to engage with their peers in Japan;
- identifying and encouraging opportunities for postgraduate student exchange and research collaboration between universities in Japan and Australia;
- utilising Australian new media art as a showcase for Australia's expertise in the use of new technologies; and
- establishing a bilingual website that facilitates links between Australians and Japanese.

The Foundation will evaluate the recommendations over the coming months and consider the future potential for the exchange.

#### Arts managers residencies

The Foundation continued its support for arts managers residencies in Japan, in association with the Asialink Centre and the Department of Foreign Affairs and Trade. Known as the Australia–Japan Network (AJAN), the residencies place senior Australian arts administrators in key Japanese cultural organisations for up to three months, to forge professional and institutional links as a basis for future exchange. AJAN is also creating a pool of knowledge of the Japanese arts industry in Australia. The three placements to date have resulted in follow–up activity and the establishment of strong institutional and individual contacts.

#### Friendship associations

The Foundation has had a long association with friendship groups and associations – in Australia and Japan – which are a manifestation of community interest in interaction between the two countries. The fact that there are now 42 Japan–Australia societies, representing areas all over Japan, and around 15 Australia–Japan societies in Australia is a testament to the strength of the relationship and the breadth of the roots the relationship operates from.

In 2000–01, as in previous years, the Foundation provided funding support for a biennial national conference in Japan. Because the individual societies in both countries are autonomous entities, with not central coordinating organ, the Foundation is also assisting in the establishment of national executives to allow more cohesive coordination of activities and interaction among organisations.

The Biennial National Conference of Japan–Australia Societies, which took place in November 2000 in Tokyo, attracted representatives from 31 Japan–Australia societies and five Australia–Japan societies. The focus of the Conference was a discussion of the need to promote interaction between young Australians and Japanese. Participants included Mr Masato Hirano, a young Japanese participant in the Sydney Olympic Games, who drew on his recent experiences in contributing to discussion.

#### Allies and stakeholders

A key factor in the Foundation's activities is its ability to engage key allies in Australia and Japan in order to facilitate project implementation and maintain networks within key sectoral interest groups. The ability to interact at a range of levels also provides a tool to promote Australia and the bilateral relationship and forums to showcase the Foundation's outputs. Official functions – which include receptions, seminars, and launches – provide an informal setting for networking and discussing ideas with a broad range of people.

# QUANTITY: PERCENTAGE OF PROJECTS IMPLEMENTED ON TIME AND WITHIN COMMONWEALTH PROCUREMENT GUIDELINES AND CONTRACTUAL ARRANGEMENTS.

All procurement for Foundation projects was implemented by the secretariat within Commonwealth procurement quidelines and, where appropriate, contractual arrangements.

The Board monitored project development. It reviewed timelines and allocations in the light of changes in circumstances. Projects performed well against immediate assessment; their longer–term impact will continue to be monitored by the secretariat and evaluated.

It is calculated that the percentage of projects implemented during 2000–01 which were completed within agreed timing and budgetary parameters was 74 per cent.

# OUTPUT 2: PROVISION OF ADVICE TO THE MINISTER AND PARLIAMENT AND INFORMATION TO CLIENTS, ALLIES AND STAKEHOLDERS (INFORMATION)

# QUALITY: SATISFACTION OF PARLIAMENT AND CLIENTS WITH INFORMATION PROVIDED IN A TIMELY MANNER

The Senate Foreign Affairs, Defence and Trade's Legislation Committee assessed the Foundation's 1999–01 annual report as being well produced and meeting all guidelines. The Foundation's 2000–01 financial statements were finalised within guidelines and received an unqualified audit report.

The Foundation's offices in Canberra and Tokyo provided input to the briefs of Australian Ministers visiting Japan and the *Australia Japan Conference for the 21st Century*, within required deadlines and to the satisfaction of Ministers, the Conference secretariat and the Australian Co-chairman of the Conference.

#### **QUANTITY: SCOPE AND COMPOSITION OF INFORMATION PROVIDED**

The Foundation tabled its 1999–00 annual report and audited financial statements to Parliament; it contributed to the Foreign Affairs and Trade portfolio's Portfolio Budget Statement; and furnished information to Senate Estimates Committees.

The Foundation's Tokyo Office frequently provided background briefings for visiting Australians working in culture related fields. Its regular briefing sessions for Australian participants in the Japanese Government's Japan Exchange Program were favourably received. It also received positive feedback in relation to pre-departure briefings of

specialist groups – participants in its Train–the–Trainer scheme, for instance, commented very positively on the value of the briefing provided prior to their departure.

The Foundation's outreach activities include regular speaking engagements by the Director (Tokyo) and other secretariat staff at university and community seminars and conferences. Its information sessions, provided through the Australian Resource Centre, are very popular (652 school groups attended such sessions in 2000–01).

The usage rate of the information provided through the Japanese-language side of the Foundation's Internet site and the Centre remained steady in 2000–01. The Centre serviced over 11 000 reguests for information in the course of the year.

The Foundation continues to receive requests for copies of a survey it published in 2001 as part of its occasional papers series.

OUTPUT 3: RECRUITMENT AND MAINTENANCE OF CONTACTS
PERTINENT TO THE FOUNDATION AND THE BILATERAL RELATIONSHIP
(STAKEHOLDERS AND ALLIES)

# QUALITY: LEVEL OF INFLUENCE OF ALLIES AND STAKEHOLDERS RECRUITED AND FOCUS GIVEN TO FOUNDATION ACTIVITIES

The Foundation relies on a well–established network of allies, from a range of levels of influence, who are very committed to, and focused on, furthering the aims of the Foundation by supporting its activities.

For example, the Foundation's education activities have received ongoing commitment from the Japanese Ministry for Education, Culture, Sports, Science and Technology over a period of years. The introduction of the *Discovering Australia* teachers' kit into 11 500 junior high schools would not have been possible without the Ministry's *sentei* (recommendation). The Ministry continues to provide support to selection processes in relation to the teaching plan competition and advice in relation planning future editions of *Discovering Australia*.

Similarly, selection of Train-the–Trainer participants is made with the support of both the central Japanese Ministry and local boards of education. The New South Wales and South Australian Governments, recognising the potential influence of successful candidates in the Teachers Plan Competition, provide logistical and in–kind support for the entrants' visits to Australia. The evaluation of Train–the–Trainer participants reflected the ongoing positive impact on their professional skills of the intensive course. The Australia–Japan Business Cooperation Committee has, from the beginning, provided funding assistance to the Foundation for Train–the–Trainer.

During the year the Foundation attracted increased media interest in itself and its Outcomes as the result of its activities, including: the Australia–Japan Conference, which brought together eminent Australians and Japanese; the ACNielsen survey; and the Australian Resource Centre. Such media attention will enhance the Foundation's profile

The commencement of new targeted exchange activities towards the end of 2000–01 will broaden the Foundation's access to influential decision–makers in new sectors.

# QUANTITY: EXPANSION OF CONTACT DATA BASE AND NUMBER OF NEW PROJECTS ATTRACTING RESOURCES OF ALLIES AND STAKEHOLDERS

The Australia Japan Conference for the 21st Century and new initiatives such as targeted exchanges provided the Foundation with an opportunity to expand and broaden its contacts in both Australia and Japan. During 2000–01 contact was maintained, or developed, with over 4 000 allies and stakeholders mainly in Japan at 158 representation events including seminars, launches and official dinners. Secretariat staff also held around 240 meetings with allies and stakeholders and made 18 visits to various regions of Japan.

The secretariat's contact database of 4 500 contacts is reviewed on an ongoing basis. It has expanded during 2000–01 by 6 per cent. It is estimated that, during the year, more than 10 per cent of the Foundation's contacts made a constructive, specific contribution to Foundation activities and outcomes.

OUTPUT 4: MONITORING SOCIETAL CHANGES IN JAPAN AND AUSTRALIA TO IDENTIFY FUTURE AREAS OF ACTIVITY (RESEARCH AND ANALYSIS)

# QUALITY: EFFECTIVENESS OF RESEARCH IN IDENTIFYING TRENDS FOR INCORPORATION INTO PROJECT ACTIVITY

The Foundation's monitoring of developments which may potentially impact on the Australia–Japan relationship, or open up new opportunities, continued during 2000–01.

The Australia–Japan Conference for the 21st Century and the Foundation's new targeted exchanges activity identified societal changes, particularly in the area of aging, youth and technology, in both countries. The Foundation has commissioned two academics to prepare a paper – Australia–Japan Cultural Interaction: Past and Future Visions which will explore the growth and broadening of interaction and identify future influences and options. This material will provide useful background for the review to be held in December 2001

# QUANTITY: LEVEL OF EXPANSION OF RESEARCH IN IDENTIFYING TRENDS FOR INCORPORATION INTO PROJECT ACTIVITY

The Foundation's Tokyo and Canberra offices monitor trends on an ongoing basis. Two academics are currently researching cultural interaction between the two countries. Research will commence shortly to identify themes and participants in further issues forums.

### PART 4 - Operations report

Under section 9 of the *Australia–Japan Foundation Act 1976*, the Minister appoints members of the Australia–Japan Foundation for a period specified by the Minister but not exceeding five years. The Minister may also reappoint members. The Foundation may consist of no fewer than five nor more than 15 members.

Except in relation to matters in the purview of its Audit Committee, the Foundation makes decisions as a Committee of the Whole.

Since the Board's decision made in 1994–95, to focus the Foundation's activities in Japan, it has regarded the Tokyo Office as the Head Office and the Director, Tokyo as the Chief Operating Officer. Tokyo and Canberra Office staff are responsible for the financial management of the Foundation as well as the development and administration of the Foundation's activities.

The secretariat reports to three meetings of the Board each year and attends major review meetings every 12 to 18 months. Between meetings the Chairman maintains regular contact with secretariat offices. Board members receive weekly news summaries from Japan. The audit committee is involved in discussions with accountants and auditors and is consulted by the secretariat in relation to financial management issues.

In addition, the Canberra Office staff report to the Assistant Secretary, North East Asia Branch, in the Department of Foreign Affairs and Trade, while the Tokyo Office staff report to the Australian Ambassador, Tokyo.

Until recently both offices also managed the Japan Cultural Program on behalf of the Department of Foreign Affairs and Trade. Responsibility for management of that program was transferred to the Public Diplomacy Section of the Australian Embassy, Tokyo, in February.

# Secretariat staffing

Foundation staffing levels remained constant during the year under review.

A selection process to fill the position of Director (Tokyo) was conducted in December 2000. The current occupant will conclude his three-year term early in July 2001. An offer was made to the preferred candidate, dependent on security and other clearances. Transitional arrangements were set in place to ensure minimal disruption of Foundation activities.

The Research Librarian (whose services are provided free of charge by the Australian Embassy) resigned at the end of January 2001. The recruitment of a permanent replacement was finalised in April.

# Financial management

The Foundation completed its move to accrual electronic accounting in the course of the year. The focus in the new financial year will be on further rationalising and streamlining related processes in order to free up the resources of the small Canberra Office.

The Board, meeting as a whole, addressed issues relating to Foundation account processes and its approach to fraud and business risk plans.

#### Audit committee

Members of the Foundation's Audit Committee – which consists of the Chairman and Deputy Chairman of the Board, and a Board Member – had thorough discussions with the Australian National Audit Office in relation to the end-of-year financial statements. The Board, meeting as a whole, also addressed that issue.

### Forward planning

In 1998–99 the Foundation developed a five–year strategic plan which included a review of the Foundation's areas of focus over the preceding 20 years and a strategy based on analysis of the challenges and opportunities in the Foundation's operating environment.

In June 1999 the Board scrutinised its activities against that background and identified areas to target in order to reinvigorate and expand networks.

A package of activities, focusing on youth, was subsequently developed and is in the process of being implemented over successive years with a focus on:

- regional contacts and links;
- issues forums to promote wider discussion of aspects of the Australia–Japan relationship;
- Australian studies:
- emerging leaders; and
- professional exchanges.

At its June 2001 meeting the Board agreed that it would conduct an all-day workshop in December to review what had been achieved during the first two and a half years of its strategy's operation and commence work on the Foundation's next five-year strategic plan.

# **PART 5 -** Financial summaries

# Financial and staffing resources summary

# OUTCOME 1 — ADVANCEMENT OF JAPANESE PERCEPTIONS OF AUSTRALIA AS AN INTERNATIONALLY COMPETITIVE AND SOPHISTICATED SOCIETY

Actual expenses 1999-00 \$'000

The Foundation receives no administered expenses  Output Group 1: Development and management projects endorsed by the Board in accordance with the Act and Government management practices (Foundation Projects)  Output Group 2: Provision of advice to the Minister and Parliament and information to clients, allies and stakeholders (Information)  Output Group 3: Recruitment and maintenance of contacts pertinent to the Foundation and the bilateral relationship (Stakeholders and allies)  77  Output Group 4: Monitoring societal changes in Japan and Australia to identify future areas of activity (Research and analysis)  33  Total revenue from Government (Appropriations)  Revenue from other sources Interest – Trust  22 Interest – Administration  22 Interest – Administration  23  Total revenue from other sources  172  Total revenue from other sources  173  Total revenue from other sources  216			
Output Group 1: Development and management projects endorsed by the Board in accordance with the Act and Government management practices (Foundation Projects)  Output Group 2: Provision of advice to the Minister and Parliament and information to clients, allies and stakeholders (Information)  Output Group 3: Recruitment and maintenance of contacts pertinent to the Foundation and the bilateral relationship (Stakeholders and allies)  Output Group 4: Monitoring societal changes in Japan and Australia to identify future areas of activity (Research and analysis)  Total revenue from Government (Appropriations)  Revenue from other sources Interest – Trust  Devenue from other sources Interest – Administration  Calles of goods and services  Total revenue from other sources  Total revenue from other sources  172  Total revenue from other sources  216  OUTAL PRICE OF DEPARTMENTAL OUTPUTS FOR OUTCOME 1  AVERAGE STAFFING LEVELS (NUMBER) (65%)  1 336  1 336  1 336  1 336  1 337  1 337  1 338  1 338  1 339  1 330  1	<b>ADMINISTERED APPROPRIATIONS</b> The Foundation receives no administered expenses	0	
Development and management projects endorsed by the Board in accordance with the Act and Government management practices (Foundation Projects)  1 336  Output Group 2: Provision of advice to the Minister and Parliament and information to clients, allies and stakeholders (Information)  384  Output Group 3: Recruitment and maintenance of contacts pertinent to the Foundation and the bilateral relationship (Stakeholders and allies)  77  Output Group 4: Monitoring societal changes in Japan and Australia to identify future areas of activity (Research and analysis)  33  Total revenue from Government (Appropriations)  1 830  Revenue from other sources Interest – Trust  22 Interest – Administration  22 Interest – Administration  22 Total revenue from other sources  172  Total revenue from other sources  172  Total revenue from other sources  216  AVERAGE STAFFING LEVELS (NUMBER) (65%)  1 999–00	DEPARTMENTAL APPROPRIATIONS		
with the Act and Government management practices (Foundation Projects)  1 336  Output Group 2: Provision of advice to the Minister and Parliament and information to clients, allies and stakeholders (Information)  384  Output Group 3: Recruitment and maintenance of contacts pertinent to the Foundation and the bilateral relationship (Stakeholders and allies)  77  Output Group 4: Monitoring societal changes in Japan and Australia to identify future areas of activity (Research and analysis)  33  Total revenue from Government (Appropriations)  Revenue from other sources Interest – Trust  22 Interest – Administration  22 Interest – Administration  22 Total revenue from other sources  172  Total revenue from other sources  173  Total revenue from other sources  174  Total revenue from other sources  175  Total revenue from other sources  176  Total PRICE OF DEPARTMENTAL OUTPUTS FOR OUTCOME 1  20  AVERAGE STAFFING LEVELS (NUMBER) (65%)	Output Group 1:		
Provision of advice to the Minister and Parliament and information to clients, allies and stakeholders (Information)  384  Output Group 3:  Recruitment and maintenance of contacts pertinent to the Foundation and the bilateral relationship (Stakeholders and allies)  77  Output Group 4:  Monitoring societal changes in Japan and Australia to identify future areas of activity (Research and analysis)  33  Total revenue from Government (Appropriations)  1 830  Revenue from other sources  Interest – Trust  22  Interest – Administration  22  Sales of goods and services  172  Total revenue from other sources  100  Total PRICE OF DEPARTMENTAL OUTPUTS FOR OUTCOME 1  2 046  AVERAGE STAFFING LEVELS (NUMBER) (65%)	Development and management projects endorsed by the Board in accordance with the Act and Government management practices (Foundation Projects)	1 336	
AVERAGE STAFFING LEVELS (NUMBER) (65%)  Output Group 3: Recruitment and maintenance of contacts pertinent to the Foundation and the bilateral relationship (Stakeholders and allies)  77  Output Group 4: Monitoring societal changes in Japan and Australia to identify future areas of activity (Research and analysis)  33  Total revenue from Government (Appropriations)  1 830  Revenue from other sources Interest – Trust  22 Interest – Administration  22 Interest – Administration  22 Interest – Total revenue from other sources  172  Total revenue from other sources  172  173  174  175  176  177  178  179  179  179  179  170  170  170  170	Output Group 2:		
Recruitment and maintenance of contacts pertinent to the Foundation and the bilateral relationship (Stakeholders and allies)  Output Group 4:  Monitoring societal changes in Japan and Australia to identify future areas of activity (Research and analysis)  Total revenue from Government (Appropriations)  Revenue from other sources Interest – Trust  22 Interest – Administration  23  Total revenue from other sources  Total revenue from other sources  25  Total revenue from other sources  26  Total revenue from other sources  27  Total revenue from other sources  28  Total revenue from other sources  29  Total revenue from other sources  216  TOTAL PRICE OF DEPARTMENTAL OUTPUTS FOR OUTCOME 1  2046  AVERAGE STAFFING LEVELS (NUMBER) (65%)	allies and stakeholders (Information)	384	
Output Group 4:  Monitoring societal changes in Japan and Australia to identify future areas of activity (Research and analysis)  Total revenue from Government (Appropriations)  Revenue from other sources Interest – Trust Interest – Administration Interest – In	Output Group 3:		
Monitoring societal changes in Japan and Australia to identify future areas of activity (Research and analysis)  Total revenue from Government (Appropriations)  Revenue from other sources Interest – Trust  22 Interest – Administration  22 Interest – Administration  22 Interest – Goods and services  Total revenue from other sources  216  TOTAL PRICE OF DEPARTMENTAL OUTPUTS FOR OUTCOME 1  2046  AVERAGE STAFFING LEVELS (NUMBER) (65%)  1999–00	Recruitment and maintenance of contacts pertinent to the Foundation and the bilateral relationship (Stakeholders and allies)	77	
Total revenue from Government (Appropriations)  Revenue from other sources Interest – Trust Interest – Administration Interest – Administration Interest – Administration Interest – Total revenue from other sources Interest – Trust Interest – Administration Interest – Interest – Interest – Interest – Interest – Interest – Interes	Output Group 4:		
(Appropriations) 1 830  Revenue from other sources Interest – Trust 22 Interest – Administration 22 Sales of goods and services 172  Total revenue from other sources 216  FOTAL PRICE OF DEPARTMENTAL OUTPUTS FOR OUTCOME 1 2 046  AVERAGE STAFFING LEVELS (NUMBER) (65%) 1999–00	Monitoring societal changes in Japan and Australia to identify future areas of activity (Research and analysis)	33	
Revenue from other sources Interest – Trust 22 Interest – Administration 22 Isales of goods and services 172  Total revenue from other sources 216  TOTAL PRICE OF DEPARTMENTAL OUTPUTS FOR OUTCOME 1 2 046  AVERAGE STAFFING LEVELS (NUMBER) (65%) 1999–00			
Interest – Trust Interest – Administration Interest – Trust Interest – Administration Interest – Inte	(Appropriations)	1 830	
Interest – Administration 22 Sales of goods and services 172  Total revenue from other sources 216  TOTAL PRICE OF DEPARTMENTAL OUTPUTS FOR OUTCOME 1 2 046  AVERAGE STAFFING LEVELS (NUMBER) (65%) 1999–00	Revenue from other sources		
Total revenue from other sources 216  TOTAL PRICE OF DEPARTMENTAL OUTPUTS FOR OUTCOME 1 2 046  AVERAGE STAFFING LEVELS (NUMBER) (65%) 1999-00	Interest – Trust	22	
Total revenue from other sources 216  TOTAL PRICE OF DEPARTMENTAL OUTPUTS FOR OUTCOME 1 2 046  AVERAGE STAFFING LEVELS (NUMBER) (65%) 1999-00	Interest – Administration	22	
TOTAL PRICE OF DEPARTMENTAL OUTPUTS FOR OUTCOME 1 2 046  AVERAGE STAFFING LEVELS (NUMBER) (65%) 1999–00	Sales of goods and services	172	
AVERAGE STAFFING LEVELS (NUMBER) (65%)  1999–00	Total revenue from other sources	216	
	TOTAL PRICE OF DEPARTMENTAL OUTPUTS FOR OUTCOME 1	2 046	
4.6	AVERAGE STAFFING LEVELS (NUMBER) (65%)	1999-00	
		4.6	

Budget 2000–01 \$'000	Actual expens 2000–01 \$'000	Variation (budg less expenses) \$'000	et Current budget 2001–02 \$'000
0	0	0	0
1 222	1 297	75	1 221
351	373	22	351
70	75	5	70
30	32	2	30
1 673	1 777	104	1 672
23	25	2	23
23	25	2	23
13	0	(13)	13
59	50	(9)	59
1 732	1 827	95	1 731
2000-01	2001-02		
4.2	4.2		

# OUTCOME 2 — CREATION OF AN INFORMED CONSTITUENCY IN JAPAN FOR AUSTRALIA AND THE AUSTRALIA-JAPAN RELATIONSHIP

Actual expenses 1999-00 \$'000

ADMINISTERED APPROPRIATIONS The Foundation receives no administered expenses	0	
DEPARTMENTAL APPROPRIATIONS		
Output Group 1:		
Development and management projects endorsed by the Board in accordance with the Act and Government management practices (Foundation Projects)	753	
Output Group 2:		
Provision of advice to the Minister and Parliament and information to clients, allies and stakeholders (Information)	207	
Output Group 3:		
Recruitment and maintenance of contacts pertinent to the Foundation and the bilateral relationship (Stakeholders and allies)	41	
Output Group 4:		
Monitoring societal changes in Japan and Australia to identify future areas of activity (Research and analysis)	18	
Total revenue from Government		
(Appropriations)	1 019	
Revenue from other sources		
Interest – Trust	22	
Interest – Administration	22	
Sales of goods and services	172	
Total revenue from other sources	216	
TOTAL PRICE OF DEPARTMENTAL OUTPUTS FOR OUTCOME 2	1 235	
TOTAL PRICE OF DEPARTMENTAL OUTPUTS FOR OUTCOME 1	2 046	
TOTAL PRICE OF DEPARTMENTAL OUTPUTS	3 281	
AVERAGE STAFFING LEVELS (NUMBER) (35%)	1999-00	
	2.4	

Budget 2000–01 \$'000	Actual expens 2000–01 \$'000	Variation (budg less expenses) \$'000	et Current budget 2001–02 \$'000
0	0	0	0
658	698	40	657
189	201	12	189
38	40	2	38
16	17	1	16
901	956	55	900
12	14	2	12
12	13	1	13
7	_	(7)	7
31	27	(4)	32
932	983	51	932
1 732	1 827	95	1 731
2 664	2 810	146	2 663
2000-01	2001-02		
2.3	2.3		
		-	

# Cash expenditure summary Australia-Japan Reserve

The Australia–Japan Reserve was established under Part IV of the Australia–Japan Foundation Act 1976.

# AUSTRALIA-JAPAN RESERVE PERIOD 1 JULY 2000 TO 30 JUNE 2001

Expenditure		\$AUD
(i) Education		
Australian studies		345 736
Discovering Australia 2000 teachers kit	148 065	
Discovering Australia 2001 teachers plan competition	47 976	
Sir Neil Currie Awards/publications program	14 982	
English teacher training		
Train-the-Trainer 2000	31 000	
Train-the-Trainer 2001	61 542	
Master of Arts in Teaching English as a Foreign Language — Distance Learning	42 271	
(ii) Information		436 846
Promotion and advocacy	130 714	
<ul> <li>Australia-Japan Achievement Awards 2001</li> <li>Communications and media relations strategy</li> <li>Occasional papers         <ul> <li>ACNielsen business survey</li> <li>Australia-Japan cultural interaction:                 past and future visions</li> </ul> </li> <li>Australia's pre-Olympics profile</li> </ul>		
Issues forums	92 692	

#### **DIGITAL PRESENCE: AUSTRALIA WEB**

■ Includes transfer of pre-paid 2000—01 service fees to new site manager

118 569

Australian Resource Centre

(iii) Strategic alliances		150 568
Targeted exchanges		
■ Emerging leaders	54 707	
■ Regional journalists	25 535	
■ Arts managers	1 199	
Friendship associations	28 576	
Allies and stakeholders	40 551	
TOTAL		933 250
Revenue		
Allocation		915 000
Carryover		219 564
Receipts		
(i) Education		
Train–the–Trainer 2001 (AJBCC contribution) Sir Neil Currie Awards/publication	10 000 3 223	
Discovering Australia teachers' kit	298	
Discovering Australia teaching plan competition	1 176	
(ii) Information		
Australian Resource Centre	8 520	
2000—01 hosting fee/asset sale	24 792	
(iii) Strategic Alliances		
Friendship associations Allies and stakeholders	473 3 907	
Auto and statemorers	3 707	
TOTAL RECEIPTS		52 389

# PART 6 - Establishment, Functions and Powers

In 1974 the Crawford Commission, established by the Australian Government under the chairmanship of Sir John Crawford, AC, CBE, reviewed the broad range of interaction between Australia and Japan. It recommended that there should be an independent statutory body to foster contacts and understanding between Australia and Japan at all levels – embracing areas such as business, academe, arts, and sciences – in order to break down barriers to understanding. As the result of these recommendations, the Australia–Japan Foundation was established.

# **Enabling legislation**

The Australia–Japan Foundation was established by the *Australia–Japan Foundation Act* 1976 (the Act), which came into force on 10 May 1976. The Act also established the Australia–Japan Fund (now known as the Australia–Japan Reserve), which the Foundation administers.

# Objectives

The broad objective of the Australia–Japan Foundation is to deepen and strengthen relations between Australia and Japan by fostering greater mutual awareness and understanding through people–to–people contact and by promoting study and other activities to elucidate the society, culture, language and outlook of the two peoples.

### **Functions**

As set out in section 5(1) of the Act, the functions of the Foundation are to encourage a closer relationship between the peoples of Australia and Japan and to further the mutual knowledge and understanding of those peoples; and in particular, but without limiting the foregoing to:

- broaden perceptions about Australia in Japan, and
- promote public support for a balanced long-term relationship with Japan.

#### Powers

Subject to the Act (section 6(1)), the Foundation may do all things that are necessary or convenient to be done for or in connection with the performance of its functions and, in particular, but without limiting the foregoing may:

- enter into contracts;
- occupy, use and control any land or building owned or held under lease by the Commonwealth and made available for the purposes of the Foundation;
- acquire, hold and dispose of property;
- with the approval of the Minister, accept gifts, devises and bequests made to the Foundation, whether on trust or otherwise, and act as trustee of property vested in the Foundation upon trust;
- make grants or loans of money, and provide scholarships or other benefits, on such conditions as it thinks fit; and
- cooperate with other persons.

# Responsible minister

The Foundation is responsible to the Minister for Foreign Affairs.

# Minister's power of direction

The Minister has the following statutory powers of direction of the Foundation (figures in brackets indicate the section of the Act conferring each power):

- to require advice from the Foundation concerning any specified matter falling within the scope of the functions of the Foundation (5(2));
- to give general directions regarding the performance of the Foundation's functions (5(3));
- to terminate the appointment of members in certain circumstances (14);
- $\blacksquare$  to require the convening of a meeting of the Foundation (15(3)); and
- to require the Foundation to furnish to the Minister reports, with or without financial statements, in addition to the annual report (25(4)).

Furthermore, as set out in section 23(1), the Foundation shall not, without the approval of the Minister:

- enter into a contract involving the payment or receipt of an amount exceeding \$50 000 or, if a higher amount is prescribed, that higher amount; or
- $\blacksquare$  enter into a lease of land for a period exceeding 10 years (23(1)).

# Administration and governance

When the Foundation commenced operations, in August 1976, it was attached, for administrative purposes, to the Department of the Prime Minister and Cabinet. In December 1977 administrative responsibility was transferred to the then Department of Foreign Affairs. The Australian office of the Foundation was situated initially in Canberra but in February 1978 moved to Sydney. In June 1979, the Foundation also obtained premises in Tokyo; its Japan Office was officially opened there on 17 April 1980. In January 1988 the Australian Office was transferred from Sydney back to Canberra, where it was integrated, as a Directorate, into the Department of Foreign Affairs and Trade

The Foundation is governed by a board of members, who serve in a part-time capacity. They are appointed by the Minister for Foreign Affairs.

# Subsidiaries

The Foundation has no subsidiaries.

# Financial Management and Accountability Act

The Australia–Japan Foundation is an FMA Agency under the *Financial Management* and *Accountability Act 1997*. Regulation 5 of the *Financial Management and Accountability Regulations* appoints the Chairman of the Australia–Japan Foundation as its Chief Executive.

# Freedom of Information Act

The Foundation is a prescribed agency for the purposes of the Freedom of Information Act 1982 (FOI Act). Details of FOI-related activities during 2000–01 are as follows:

- Requests made: No requests
- Handling of rejections: Not applicable

- Costs of Freedom of Information
  - Fees received: Nil
  - Attributed costs (based on maintenance of work sheets): Nil
  - Staff time: Nil
  - Extra staff positions sought: Nil

#### ■ Internal procedures

- Rules made about monitoring procedures: the Director, Canberra Secretariat, has been given responsibility for monitoring the progress of requests.
- Changes to fee schedules: as prescribed from time to time
- Disciplinary action in relation to FOI: no cases.
- Innovations in information handling: no changes to present system.
- Levels of delegations: The Director, Canberra Secretariat, has been delegated powers to grant or deny requests, to amend or refuse to amend personal records and to fix or remit or refuse to remit charges (powers contained in sections 14, 18, 20, 21 22, 24, 25, 29, 30 and 50 of the FOI Act). As Principal Officer, the Chairman reviews any decisions so made if requested by the applicant in accordance with the provisions of the Act.
- Special arrangements made to implement legislation: nil.
- Staff training and development: the Foundation's internal working paper is currently under review. It will be accessible to all staff, and outline procedures to be observed in handling requests.

#### **POWERS**

The powers of the Foundation are set out in section 6 of the Act. Powers that may affect members of the public are the powers to make grants or loans of money, and to provide scholarships or other benefits, on such conditions as the Foundation thinks fit.

#### ARRANGEMENTS FOR OUTSIDE PARTICIPATION

Persons outside the Commonwealth administration may participate in the Foundation's policy formulation or administration or schemes by invitation of the Foundation.

#### **CATEGORIES OF DOCUMENTS**

There are no documents in the Foundation's possession which are open to public access as part of the public register or otherwise.

#### **FACILITIES FOR ACCESS**

Facilities for examining documents of the Foundation are provided at the Foundation's Canberra Office.

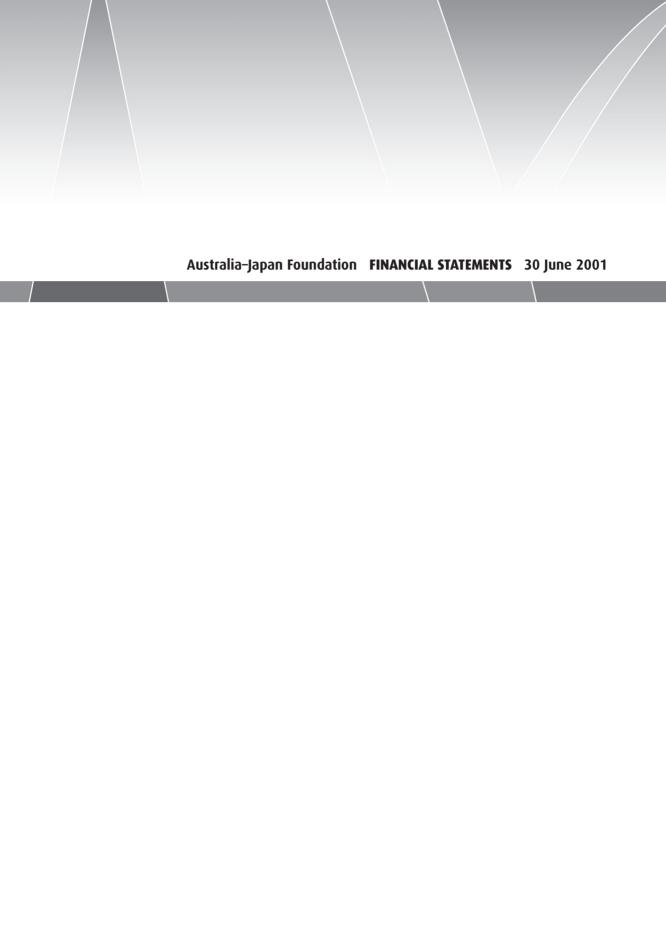
#### FREEDOM OF INFORMATION PROCEDURES AND INITIAL CONTACT POINTS

Initial inquiries about access to documents should be addressed to the Director, Australia–Japan Foundation. The postal address is: PO Box E500, KINGSTON ACT 2604. The office is located on the 5th Floor, South, The RG Casey Building, John McEwen Crescent, BARTON ACT 0221. The telephone number for FOI requests is (02) 6261 3898 and the facsimile number is (02) 6261 2143.

#### **OTHER INFORMATION**

The following issues are handled by the Department of Foreign Affairs and Trade on behalf of, and in consultation with, the Foundation:

- Equal Employment Opportunity;
- Industrial Democracy;
- Occupational Health and Safety;
- Access and Equity Program; and
- matters involving the Ombudsman.







#### INDEPENDENT AUDIT REPORT

To the Minister for Foreign Affairs

#### Scope

I have audited the financial statements of the Australia-Japan Foundation for the year ended 30 June 2001. The financial statements comprise:

- Statement by Foundation Members;
- · Statements of Financial Performance, Financial Position and Cash Flows;
- · Schedules of Contingencies and Commitments; and
- Notes to and forming part of the Financial Statements.

The members of the Foundation are responsible for the preparation and presentation of the financial statements and the information they contain. I have conducted an independent audit of the financial statements in order to express an opinion on them to you.

The audit has been conducted in accordance with the Australian National Audit Office Auditing Standards, which incorporate the Australian Auditing Standards, to provide reasonable assurance as to whether the financial statements are free of material misstatement. Audit procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial statements, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion as to whether, in all material respects, the financial statements are presented fairly in accordance with Australian Accounting Standards, other mandatory professional reporting requirements and statutory requirements in Australia so as to present a view of the Foundation which is consistent with my understanding of its financial position, its operations and its cash flows.

The audit opinion expressed in this report has been formed on the above basis.

GPO Box 707 CANBERRA ACT 2601 Centenary House 19 National Circuit BARTON ACT Phone (02) 6203 7300 Fax (02) 6203 7777

#### **Audit Opinion**

In my opinion,

- (i) the financial statements have been prepared in accordance with Schedule 1 of the Financial Management and Accountability (Financial Statements 2000-2001) Orders;
- (ii) the financial statements give a true and fair view, in accordance with applicable Accounting Standards, other mandatory professional reporting requirements and Schedule 1 of the Financial Management and Accountability (Financial Statements 2000-2001) Orders, of the financial position of the Australia-Japan Foundation as at 30 June 2001 and the results of its operations and its cash flows for the year then ended.

Australian National Audit Office

Darren Box Executive Director

Delegate of the Auditor-General

Canberra

17 September 2001



# AUSTRALIA - JAPAN FOUNDATION





#### STATEMENT BY FOUNDATION MEMBERS

In our opinion, the attached financial statements give a true and fair view of the matters required by Schedule 1 to the Financial Management and Accountability (Financial Statements 2000-2001) Orders made under s63 of the *Financial Management and Accountability Act 1997*.

JK Ellis Chairman

// September 2001

FR Dalrymple '

Deputy Chairman

// September 2001

ABN 51 038 353 197

FROM THE CHAIRMAN

# AUSTRALIA-JAPAN FOUNDATION STATEMENT OF FINANCIAL PERFORMANCE

for the period ended 30 June 2001

penos enece so jene 200 .		2001	2000
	Notes	\$	\$
Revenues from ordinary activities			
Revenues from government	5A	2 891 560	2 664 568
Sale of goods and services	5B	_ \	248 998
Interest	5C	76 890	66 947
Assets first recognised	5D	158 730	_
Net foreign exchange gains	5F	438	_
Other	5G	84 098	30 046
Total revenues from ordinary activities		3 211 716	3 010 559
Process of the second state of			
Expenses from ordinary activities			
Employees	6A	1 046 818	838 975
Suppliers	6B	1 607 499	2 398 247
Depreciation and amortisation	6C	79 004	269 690
Disposal of assets	5E	77 627	-\
Total expenses from ordinary activities		2 810 948	3 506 912
Net operating surplus (deficit) from ordinary activities	7	400 768	(496 353)
Net surplus/deficit		400 768	(496 353)
Net surplus (deficit) attributable to the Commonwealth		400 768	(496 353)
Net credit to asset revaluation reserve	9A	306 326	-
Total revenues, expenses and valuation adjustments recognised directly in equity		306 326	
Total changes in equity other than those resulting from transactions with owners as owners		707 094	(496 353)

The above statement should be read in conjunction with the accompanying notes

AUSTRALIA-JAPAN FOUNDA	ATION		
STATEMENT OF FINANCIAL			
as at 30 June 2001			
		2001	2000
	Notes	\$	\$
ASSETS			
Financial assets			
Cash	8A	287 022	226 988
Receivables	8B	200 793	120 766
Total financial assets		487 815	347 754
Non-financial assets			
Infrastructure, plant and equipment	9A,B,C	795 948	557 523
Intangibles	90	183 102	84 974
Other	9D	6 022	4 842
Total non-financial assets		985 072	647 339
Total assets		1 472 887	995 093
LIABILITIES			
Provisions			
Employees	10	461 638	433 236
Total provisions	10	461 638	433 236
Total provisions		401 030	433 230
Payables			
Suppliers	11A	154 494	276 549
Other	11B	-	24 740
Total provisions		154 494	301 289
Total liabilities		616 132	734 525
EQUITY	12		
Accumulated surpluses		550 429	260 568
Reserves		306 326	_
Total equity		856 755	260 568
Total Liabilities and Equity		1 472 887	995 093
Current liabilities Non-current liabilities		209 732 406 400	372 186 362 339
Current assets		493 837	352 596
Non-current assets		979 050	642 497

The above statement should be read in conjunction with the accompanying notes

# AUSTRALIA-JAPAN FOUNDATION STATEMENT OF CASHFLOWS

for the year ended 30 June 2001

,		2001	2000
	Notes	\$	\$
OPERATING ACTIVITIES			
Cash received			
Appropriations for outputs		2 390 000	2 459 414
Sales of goods and services	5B	-	240 612
Interest		79 599	62 661
Other		72 350	10 205
Total cash received		2 541 949	2 772 892
Cash Used			
Employees		(701 856)	(549 996)
Suppliers		(1 755 732)	(2 220 237)
Total cash used		(2 457 588)	(2 770 233)
Net cash from operating activities	13	84 361	2 659
INVESTING ACTIVITIES Cash used			
Purchase of plant and equipment and intangibles		(28 129)	(82 233)
Total cash used		(28 129)	(82 233)
Net cash used by investing activities		(28 129)	(82 233)
FINANCING ACTIVITIES Cash Used			
Capital use received (paid)		3 802	(100 560)
Total cash used		3 802	(100 560)
Net cash from (used by) financing activities	;	3 802	(100 560)
Net increase (decrease) in cash held		60 034	(180 134)
Cash at the beginning of the reporting period		226 988	407 122
Cash at the end of the reporting period	8A	287 022	226 988

AUSTRALIA-JAPAN FOUNDATION SCHEDULE OF COMMITMENTS as at 30 June 2001		
	2001	2000
	\$	\$
DV TVDF		
BY TYPE		
OTHER COMMITMENTS		
Operating leases	981 792	_
Other commitments	10 000	138 500
Total other commitments	991 792	138 500
BY MATURITY		
All net commitments		
One year or less	499 619	138 500
From one to five years	272 863	-
Over five years	219 309	-
Net commitments	991 792	138 500
Operating lease commitments		
One year or less	489 619	-
From one to five years	272 863	-
Over five years	219 309	-
Net operating lease commitments	981 792	-

NB: All commitments are GST inclusive where relevant.

There are no operating lease comparative figures as the leases were not reported in 2000. Both leases commenced 1 July 1999.

Operating leases included are effectively non-cancellable and comprise:

Nat	ture of lease	General description of leasing arrangement
•	Lease for storage space in Tokyo Japan	Lease payments are subject to a 2% annual increase and are subject to review every 5 years.
•	Lease of residential apartment in Tokyo Japan	Lease payments are subject to review when lease expires on 30 June 2002.

The Department of Foreign Affairs and Trade provides office accommodation and utilities for the Tokyo Office of the Foundation as a resource free of charge as per Note 5A.

The above schedule should be read in conjunction with the accompanying notes

# AUSTRALIA-JAPAN FOUNDATION SCHEDULE OF CONTINGENCIES

as at 30 June 2001

		2001	2000
	Note	\$	\$
CONTINGENT LOSSES		-\	-
CONTINGENT GAINS		- \	-
Net contingencies		-	-

The above schedule should be read in conjunction with the accompanying notes

#### Note **Description** Summary of Significant Accounting Policies 1 2 Reporting by segments and outcomes Economic Dependency 3 Events After Balance Date 4 5 Operating Revenues Operating Expenses–Goods & Services 6 Operating Surplus 7 Financial Assets 8 Non-Financial Assets 9 Provisions 10 Payables 11 12 Equity 13 Cash Flow Reconciliation Remuneration of Members 14 Remuneration of Auditors 15 Financial Instruments 16 Appropriations 17

# 1. Summary of Significant Accounting Policies

#### 1.1 Objectives of the Australia-Japan Foundation

The objective of the Australia–Japan Foundation is to deepen and strengthen relations between Japan and Australia by fostering greater mutual awareness and understanding through people–to–people contact and by promoting study and other activities to elucidate the society, culture, language and outlook of the two peoples.

- **Outcome 1:** Advancement of Japanese perceptions of Australia as an internationally competitive and sophisticated society.
- **Outcome 2:** Creation of an informed constituency in Japan for Australia and the Australia–Japan relationship.

The Foundation's activities contributing toward these outcomes are classified as departmental. Departmental activities involve the use of assets, liabilities, revenue and expenses controlled or incurred by the Foundation in its own right.

## 1.2 Basis of Accounting

The financial statements are required by section 49 of the *Financial Management and Accountability Act 1997* and are a general purpose financial report.

The statements have been prepared in accordance with:

- Schedule 1 to Orders made by the Finance Minister for the preparation of Financial Statements in relation to financial years ending on or after 30 June 2001;
- Australian Accounting Standards and Accounting Interpretations issued by the Australian Accounting Standards Board;
- Other authoritative pronouncements of the Boards; and
- Consensus Views of the Urgent Issues Group.

The statements have been prepared having regard to:

- Statement of Accounting Concepts; and
- The Explanatory Notes to Schedule 1, and Guidance Notes issued by the Department of Finance.

The Foundation's Statements of Financial Performance and Financial have been prepared on an accrual basis and are in accordance with the historical cost convention, except for certain assets which, as noted, are at valuation. Except where stated, no allowance is made for the effect of changing prices on the results or financial position.

Assets and liabilities are recognised in the Foundation's Statement of Financial Position when and only when it is probable that future economic benefits will flow and the amounts of the assets or liabilities can be reliably measured. Assets and liabilities arising under agreements equally proportionately unperformed are however not recognised unless required by an Accounting Standard. Liabilities and assets which are unrecognised are reported in the Schedule of Commitments and Schedule of Contingencies.

Revenues and expenses are recognised in the Foundation's Statement of Financial Performance when and only when the flow or consumption or loss of economic benefits has occurred and can be reliably measured.

#### 1.3 Changes in Accounting Policy

The accounting policies used in the preparation of these financial statements are consistent with those used in 1999–2000.

#### 1.4 Reporting by Outcomes

A comparison of Budget and Actual figures by outcome specified in the Appropriation Acts relevant to the Foundation is presented in Note 2. Any intra–government costs included in the figure 'net cost to budget outcomes' are eliminated in calculating the actual budget outcome for the Government overall.

#### 1.5 Revenue

The revenues described in this note are revenues relating to the core operating activities of the Foundation.

#### a) Revenues from Government - Output Appropriations

Appropriations for outputs are recognised as revenue to the extent they have been received into the Foundation's bank account or are entitled to be received by the Foundation at year end.

#### b) Resources Received Free of Charge

Services received free of charge are recognised as revenue when and only when a fair value can be reliably determined and the services would have been purchased if they had not been donated. Use of those resources is recognised as an expense.

Contributions of assets at no cost of acquisition or for nominal consideration are recognised at their fair value when the asset qualifies for recognition.

#### c) Other revenue

Revenue from the sale of goods is recognised upon the delivery of goods to customers.

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Revenue from disposal of non-current assets is recognised when control of the asset has passed to the buyer.

Foundation revenue from the rendering of a service is recognised by reference to the stage of completion of contracts or other agreements to provide services to Commonwealth bodies. The stage of completion is determined according to the proportion that costs incurred to date bear to the estimated total costs of the transaction.

#### 1.6 Employee Entitlements

#### a) Leave

The provision for employee entitlements encompasses provisions for annual leave and long service leave. No provision has been made for sick leave as all sick leave is non-vesting and the average sick leave taken by employees is less than the annual entitlements for sick leave.

The provision for annual leave reflects the value of total annual leave entitlements of all employees at 30 June 2001 and is recognised at its nominal value. Locally engaged staff (LES) retirement benefits are based on the entitlements provided in accordance with the overseas conditions detailed in Volume 10 of the Public Service Personnel Management Manual.

Employee entitlements for recreation leave, leave bonus and long service leave have been brought to account as provisions at their nominal value on 30 June 2001.

## b) Separation and Redundancy

Provision is also made for separation and redundancy payments in cases where positions have been formally identified as excess to requirements, the existence of an excess has been publicly communicated, and a reliable estimate of the amount payable can be determined.

#### c) Superannuation

Retirement benefits entitlements accrued by locally engaged staff in Tokyo are brought to account as non-current provisions at their nominal value at 30 June 2001. Australian-based staff contribute to either the Commonwealth Superannuation Scheme or the Public Sector Superannuation Scheme. Employer contributions in relation to these schemes have been expensed in these financial statements. Prior to 1995–96 the Foundation was not required to make employer contributions in relation to staff membership of these schemes.

#### 1.7 Cash

Cash includes notes and coins held and any deposits held at call or short term with a bank or financial institution.

#### 1.8 Leases

Operating lease payments are expensed on a basis which is representative of the benefits derived from the leased assets. The net present value of future net outlays in respect of surplus space under non-cancellable lease agreements is expensed in the period in which the space becomes surplus.

#### 1.9 Financial Instruments

Accounting policies for financial instruments are stated at note 16.

#### 1.10 Acquisition of Assets

Assets are recorded at cost on acquisition except as stated below. The cost of acquisition includes the fair value of assets transferred in exchange and liabilities undertaken.

Assets acquired at no cost, or for nominal consideration, are initially recognised as assets and revenues at their fair value at the date of acquisition, unless acquired as a consequence of restructuring administrative arrangements. In the latter case, assets are initially recognised at the amounts at which they were recognised in the transferor agency's accounts immediately prior to the restructuring.

#### 1.11 Property, Plant & Equipment

#### a) Asset recognition threshold

Historical cost is used as the basis for measurement for non-current assets purchased by the Foundation. Except for art objects, only assets of a purchase value of \$2,000 or more are included. Fixed assets are depreciated over their estimated useful lives using the straight line method. Gifts of art objects are brought to account following approval by the Minister or the Minister's delegate to the acceptance of the gift. The valuation of gifts is made by either the Foundation's Chairman or a qualified valuer. The Foundation has not accepted any gifts during the 1999–2000 financial year. Computer software is included in Office Machines and Equipment where it has been integrated with the hardware.

#### b) Revaluations

Plant and equipment are revalued progressively in accordance with the 'deprival' method of valuation in successive 3-year cycles, so that no asset has a value greater than 3 years old. In accordance with the policy the Library and the URL were revalued in 2000–2001. Other assets will be revalued in 2001–2002.

## c) Recoverable amount test

Schedule 1 requires the application of the recoverable amounts test to the Foundation's non-current assets in accordance with AAS10 Recoverable Amount of Non-Current Assets. The carrying amounts of these assets have been reviewed to determine whether they are in excess of their recoverable amounts. In assessing recoverable amounts, the relevant cash flows have been discounted to their present value.

## d) Depreciation and amortisation

Depreciable property, plant and equipment of the Foundation are written off to their estimated residual values over their estimated useful lives to the Foundation using the straight line method of depreciation. Depreciation rates and methods are reviewed at each balance date and adjustments are recognised in the current, or current and future reporting periods as appropriate. Residual values are re-estimated for a change in prices only when assets are revalued.

Depreciation and amortisation rates applying to Infrastructure, property plant and equipment are as follows:

2001: 3 to 13 years2000: 3 to 13 years

The aggregate amount of depreciation allocated for each class of asset during the reporting period is disclosed at Note 6C.

# 1.12 Intangibles

Intangible assets are recorded at lower of cost or recoverable and amortised over their anticipated useful lives. Intangible assets of the Foundation are written off to their estimated residual values over their estimated useful lives to the Foundation using the straight line method of depreciation.

Amortisation rates and methods are reviewed at each balance date and adjustments are recognised in the current, or current and future reporting periods as appropriate. Residual values are re-estimated for a change in prices only when assets are revalued.

Amortisation rates applying to intangible assets are as follows:

2001: 5 years2000: 5 years

#### 1.13 Taxation

Under Section 24 of the Australia-Japan Foundation Act 1976, the Foundation is not subject to taxation under any law of the Commonwealth or of a State or Territory except fringe benefits tax and the goods and services tax.

#### 1.14 Capital User Charge

A capital usage charge of 12% is imposed by the Commonwealth on the net departmental assets of the Foundation. The charge is adjusted to take account of asset gifts and revaluation increments during the financial year.

## 1.15 Foreign Currency

Foreign currency transactions are recorded at the rate of exchange prevailing at the date of the transaction. Foreign currency receivables, payables and provisions are translated at exchange rates current at the balance date. Exchange gains and losses are brought to account in determining the surplus or deficit for the year.

## 1.16 Comparative Figures

Where applicable, prior year comparative figures have been restated to reflect the current year's format of the financial statements.

#### 1.17 Rounding

All amounts have been rounded to the nearest \$1.

#### 1.18 Insurance

The Foundation has insured for risks through the Government's insurable risk managed fund, called 'Comcover'. Workers compensation is insured through Comcare Australia.

### 2. Reporting by segments and outcomes

The objective of the Australia–Japan Foundation (AJF) is to deepen and strengthen relations between Australia and Japan by fostering greater mutual awareness and understanding through people to people contact and by promoting study and other activities to elucidate the society, culture, language and outlook of the two peoples.

The AJF is structured to meet two outcomes:

**Outcome 1:** Advancement of Japanese perceptions of Australia as an internationally competitive and sophisticated society.

**Outcome 2:** Creation of an informed constituency in Japan for Australia and the Australia–Japan relationship.

# Reporting by Outcomes for 2000-2001

	0	UTCOME 1	C	OUTCOME 2	2	TOTAL
	Budget \$'000	<b>Actual</b> \$'000	Budget \$'000	Actual \$'000	Budget \$'000	Actual \$'000
Net cost to Budget Outcome	1 487	1 723	801	927	2 288	2 492
Total assets deployed as at 30/6/01	752	957	405	516	1 157	1 473
Net assets deployed as at 30/6/01	510	585	275	315	785	900

	OUTCOME 1 OUTPUT	OUTCOME 2 OUTPUT	TOTAL	TOTAL
	Actual \$'000	Actual \$'000	Budget \$'000	Actual \$'000
Operating revenues				
Revenues from Government	1 880	1 012	2 390	2 892
Other non-taxation revenues	207	112	290	319
Total operating revenues	2 087	1 124	2 680	3 211
Operating expenses				
Employees	680	367	711	1 047
Suppliers	1 044	563	1 737	1 607
Other	102	55	130	157
Total operating expenses	1 826	985	2 578	2 811

Allocation to outcomes has been estimated using a 65/35 notional split of total operating revenues and expenses. The split is based on an estimation of the revenues and expenditure attributable to each outcome.

# 3. Economic Dependency

The Foundation was established under the Australia–Japan Foundation Act 1976 and is controlled by the Government of the Commonwealth of Australia. The Foundation is dependent on Government policy and on continuing appropriations by Parliament for its continued existence and ability to carry out its normal activities.

# 4. Events Occurring After Balance Date

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Foundation, the results of those operations or the state of affairs of the Foundation in financial years subsequent to the financial year ended 30 June 2001.

# 5. Operating Revenues

#### 5A - Revenues from Government

	2001 \$	2000
Appropriations for outputs	2 575 000	2 444 751
Resources received free of charge	316 560	219 817
Total	2 891 560	2 664 568

The Department of Foreign Affairs and Trade provides office accommodation and utilities for 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.

The Tokyo Director of the Foundation resides in the Embassy compound, for which he pays a personal contribution in accordance with the DFAT determination.

DFAT meets the salary of one librarian and this cost has been taken up in the financial statements.

The Secretariat in Canberra is located within DFAT, and rent and utility charges are unidentifiably merged within that Department's financial portfolio. DFAT meets the cost of Canberra-based staff salaries and on-costs, accommodation and common services and these resources have been taken up in the financial statements.

In addition to the Foundation's work, the Secretariat in Canberra and in Japan also performed duties associated with the cultural relations programs of the Department of Foreign Affairs and Trade at no charge to the Department. The Foundation estimates that it provides the following support to the Department's cultural program:

Officer	Percentage of time relating to Cultural Program (%)
Director, Tokyo	25
LE6, Tokyo	10
Director, Canberra	15

#### 5B – Sales of Goods and Services

	\$	\$
Services	-	248 998
Total	-	248 998

Services sold in 1999–2000 relate primarily to the Australia Web internet site. The management and control of this site was transferred to DFAT from 1 July 2000.

#### 5C - Interest

	2001 \$	2000 \$
Deposits	76 890	66 947
Total	76 890	66 947

# 5D - Assets first recognised

	\$	\$
Assets first recognised	158 730	-
Total	158 730	_

On the 30 June 2001 the Foundation has recognised for the first time a URL for a value of JPY 10 million. The value is based on an estimate of the value of the site to a suitable buyer.

# 5E - Proceeds and Expenses From Sale of Assets

Total	77 627	_
Expense from sale	77 627	_
Revenue (proceeds) from sale	-	-
Non-financial assets – plant and equipment		
	\$	\$

# 5F - Net Foreign Exchange Gains

	2001	2000
	\$	\$
Non-speculative	438	-
Total	438	-

#### 5G - Other revenues

	\$	\$
Resources received free of charge	18 000	19 841
Contributions to projects	55 005	10 000
Other	11 093	205
Total	84 098	30 046

# 6. Operating Expenses – Goods and Services

#### 6A - Employee expenses

Total Employee Expenses	1 046 818	838 975
Resources Provided Free of Charge	316 560	201 817
Foreign Exchange losses on Employee Entitlements	-	77 030
Separation and redundancy	44 061	88 056
Remuneration (for services provided)	686 197	472 072
	\$	\$

For the first time in 2000–2001 fringe benefits tax paid on behalf of the Foundation by DFAT has been recognised. This has had the effect of increasing employee expenses by \$139 455.

The Australia–Japan Foundation contributes to the Commonwealth Superannuation (CSS) and the Public Sector (PSS) Superannuation schemes which provide retirement, death and disability benefits to employees. Contributions to the schemes are at rates calculated to cover existing and emerging obligations. Current contribution rates are 18.9% of salary (CSS) and 10.1% of salary (PSS). An additional 3% is contributed for employer productivity benefits.

## 6B - Suppliers expenses

7	Ÿ
770 783	883 885
836 716	1 514 362
1 607 499	2 398 247
2001 \$	2000 \$
62 023	167 317
16 981	102 373
79 004	269 690
	836 716 1 607 499 2001 \$ 62 023 16 981

# 7. Operating Surplus

The significant movement in the operating surplus from 2000 to 2001 financial years can be explained by several significant one-off occurrences during the current year. These include the:

- First recognition of the URL at valuation of \$158 730;
- Decrease in depreciation expense of \$190 686 due to resource centre useful life being adjusted from 5 years to 100 years in line with the Department of Foreign Affairs and Trade depreciation rates; and
- Decrease in employee and supplier expenditure of \$500 848 due to less project expenditure during the year.

## 8. Financial Assets

			_
84	_	Cas	h

	\$	\$
Cash at bank and on hand	247 501	-
Deposits at call	39 521	226 988
	287 022	226 988
Balance of cash as at 30 June shown		
in the statement of Cash Flows	287 022	226 988
8B – Receivables		
	\$	\$
Goods and services	-	17 135
Less: Provision for doubtful debts	-	-
		17 135
Amounts receivable from Commonwealth	185 000	-
Capital use charge	-	71 710
GST receivable	14 212	-
Other debtors	1 581	31 921
Total receivables	200 793	120 766
Receivables (gross) which are overdue and aged as follows:		
	\$	\$
Not Overdue	200 793	85 997
Overdue by less than 30 days	-	34 769
Total receivables gross	200 793	120 766

A significant increase in receivables is due to a \$185 000 receivable from the Department of Finance for foreign exchange losses borne by the Foundation in previous years.

# 9. Non-financial assets

# 9A - Plant & Equipment

• •	\$	\$
Plant and Equipment – at cost	409 222	1 042 525
Accumulated depreciation	(265 862)	(485 002)
Total	143 360	557 523
	\$	\$
Plant and Equipment – at 2001–2003 valuation	652 588	-
Accumulated depreciation	-	-
Total	652 588	-
Total Plant and Equipment	795 948	557 523

The revaluations were in accordance with the revaluation policy stated at Note 1 and were completed by the Librarian of the Department of Foreign Affairs and Trade. A revaluation increment of \$306 326 has been posted to the asset revaluation reserve.

# 9B - Analysis of Property, Plant, Equipment and Intangibles

TABLE A - Movement summary for all assets irrespective of valuation basis

ITEM	PLANT AND EQUIPMENT \$	INTANGIBLES \$	Total \$
Gross value as at 1 July 2000	1 042 525	632 500	1 675 025
Additions Revaluations: write-ups Assets transferred in/(out) Disposals	28 129 121 133 (129 977) -	158 730 - 129 977 (626 676)	186 859 121 131 - (626 676)
Gross Value as at 30 June 2001	1 061 810	294 531	1 356 341

Accumulated depreciation/amortisation as at 1 July 2000	485 002	547 526	1 032 528
Depreciation/amortisation charge for assets held 1 July 2000 Revaluations: write-downs Assets transferred in/(out) Disposals	62 023 (185 194) (92 804) (3 165)	16 981 - 92 804 (545 882)	79 004 (185 194) - (549 047)
Accumulated depreciation/amortisation as at 30 June 2001  Net Book Value as at 30 June 2001	265 862 795 948	111 429 183 102	377 291 979 050
Net Book Value as at 1 July 2000	557 523	84 974	642 497

TABLE B - Summary of balances of assets at valuation as at 30 June 2001

ITEM PLANT A	AND EQUIPMENT	INTANGIBLES \$	Total S
As at 30 June 2001 Gross value Accumulated Depreciation/amortisation	652 588 -	158 730 -	811 318 -
Net Book Value	652 588	158 730	811 318
As at 30 June 2000 Gross value Accumulated Depreciation/amortisation	- -	- -	- -
Net Book Value	-	-	-

#### 9C - Intangibles

-	2001 \$	2000 \$
Computer software at cost Accumulated amortisation	135 801 (111 429)	632 500 (547 526)
Total	24 372	84 974
	\$	\$
URL at 2001–2003 valuation Accumulated amortisation	158 <b>730</b> -	
Total	158 730	
Total Intangibles	183 102	84 974

The Foundation transferred management and day-to-day control of the Australia Web Internet site to DFAT from 1 July 2000.

The revaluation of the URL was in accordance with the revaluation policy stated at Note 1 and was completed by an independent valuer, LINC Media, a technology incubator and systems integration/development company based in Tokyo. LINC Media has valued the URL at 30 June 2001 at JPY 10,000,000. The Australian dollar equivalent of the value placed on the URL has been taken to revenue "assets first recognised" (refer note 5D).

#### 9D - Other non-financial assets

	\$	\$
Prepayments	6 022	4 842
Total	6 022	4 842

# 10. Provisions – Employees

Aggregate employee entitlement liability	461 638	433 236
Separation and redundancy	406 400	362 339
Leave	55 238	70 897
	\$	\$

# 11. Payables

#### 11A - Suppliers

• •	2001	2000
	\$	\$
Trade Creditors	154 494	276 549
	154 494	276 549

The decrease in trade creditors is largely attributable to a reduction in the activities of the Foundation during the year due to the cyclical nature of these activities.

# 11B - Other

	\$	\$
Revenue received in advance	-	24 740
	-	24 740

# 12. Equity

ITEM	ACCUMULATED RESULTS		ASSET REVALUATION RESERVE		TOTAL RESERVES		TOTAL EQUITY	
	2000-01 \$'000	1999–00 \$′000	2000-01 \$'000	1999-00 \$'000	2000-01 \$'000	1999–00 \$′000	2000-01 \$'000	1999-00 \$'000
Balance at 1 July	260 568	785 771	-	-	-	-	260 568	785 771
Net surplus (deficit)	400 768	(496 353)	-	-	-	-	400 768	(496 353)
Capital Use Charge	(110 907)	(28 850)	-	-	-	-	(110 907)	(28 850)
Net revaluation increment	-	-	306 326	-	306 326	-	306 326	-
Balance at 30 June	550 429	260 568	306 326	-	306 326	-	856 755	260 568

# 13. Cash Flow Reconciliation

Reconciliation of operating deficit to net cash from (used by) operating activities:

	2001 \$	2000 \$
Operating surplus (deficit)	400 768	(496 353)
Net loss on sale of assets	77 627	-
Depreciation & Amortisation	79 004	269 690
Assets first recognised	(158 730)	-
(Decrease) Increase in suppliers	(165 053)	156 994
Increase in Provisions	28 402	85 162
(Decrease) Increase in other liabilities	(24 740)	24 740
Decrease in inventories	-	662
Increase in receivables	(151 737)	(33 750)
Increase in other assets	(1 180)	(4 486)
Net cash from operating activities	84 361	2 659

# 14. Remuneration of Members

The number of members who received remuneration during the 2000–2001 financial year within the following bands is:

BAND

\$0 - \$9 999	11	10
	2001	2000
	\$	\$
Total income received or receivable by members	10 270	11 672

# 15. Remuneration of Auditors

Financial statement audit services are provided free of charge to the Foundation. The fair value of audit services provided were:

2001	2000
\$	\$
18 000	16 000

No other services were provided by the Auditor-General.

# 16. Financial Instruments

# (a) Terms, conditions and accounting policies

Financial Instrument	Notes	Accounting Policies and Methods (including recognition criteria and measurement basis)	Nature of underlying instrument (including significant terms and conditions affecting the amount, timing and certainty of cash flows)
Financial Assets		Financial assets are recognised when control over future economic benefits is established and the amount of the benefit can be reliably measured.	
Cash	7A	Deposits are recognised at their nominal amounts. Interest is credited to revenue as it accrues.	The Foundation holds money with the Reserve Bank of Australia and commercial banks. Interest is paid at month end or on maturity of the investment.
Receivables for goods and services	7B	These receivables are recognised at the nominal amounts due less any provision for bad and doubtful debts. Collectability of these debts is reviewed at balance date. Provisions are made when collection of the debt is judged to be less rather then more likely.	All receivables are with entities external to the Commonwealth.
Financial liabilities		Financial liabilities are recognised when a present obligation to another party is entered into and the amount of the liability can be reliably measured.	
Trade creditors	10A	Creditors and accruals are recognised at their nominal amounts, being the amounts at which the liabilities will be settled. Liabilities are recognised to the extent that the goods and services have been received (and irrespective of having been invoiced).	Creditors include amounts payable to entities that are part of the Commonwealth legal entity.  Settlement is usually made net 30 days.

## b) Interest Rate Risk

	Floating interest rate	Floating interest rate	Non- interest bearing	Non- interest bearing	Total	Total	Weighted average interest rate %	Weighted average interest rate %
	2001	2000	2001	2000	2001	2000	2001	2000
FINANCIAL ASSETS								
Cash	287 022	226 988	-	-	287 022	226 988	2.4	4.22
Receivables	-	-	200 793	120 766	200 793	120 766	N/A	N/A
	287 022	226 988	200 793	120 766	487 815	347 754		
FINANCIAL LIABILITIES								
Creditors and accruals	-	-	154 494	276 549	154 494	276 549	N/A	N/A
	-	-	154 494	276 549	154 494	276 549		

#### (c) Foreign exchange risk

Foreign currency transactions are recorded at the rate of exchange at the date of the transaction. Foreign currency receivables, payables and provisions are translated at exchange rates current at the balance date. Exchange gains and losses are brought to account in determining the surplus or deficit for the year. These exchange gains and losses are not speculative and no hedging is undertaken.

## (d) Credit Risk

The credit risk on financial assets of the Foundation which have been recognised on the balance sheet, is the carrying amount, net of any provision for doubtful debts.

## (e) Net fair values of financial assets and liabilities.

The net fair value of the Foundation's financial assets and financial liabilities approximates their carrying value. No financial assets and financial liabilities are readily traded on organised markets in standardised form. The aggregate net fair values and carrying amounts of financial assets and financial liabilities are disclosed in the balance sheet and in the notes to and forming part of the accounts.

## 17. Appropriations

	2001 \$	2000 \$
Appropriation Acts Nos 1 & 3 credits: Section 7 – Act 1 – basic appropriations	2 390 000	2 444 751
Total current Appropriations Acts	2 390 000	2 444 751
Total appropriated for the year Balance brought forward from previous period	2 390 000	2 444 751
Total appropriations available for payments	2 390 000	2 444 751
Payments during the year	2 390 000	2 444 751

Balance of appropriations (unspent) at 30 June" carried to next period

