



豪日交流基金

annual report 2001–2002 australia–japan foundation



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### **Distribution**

This report is available from the Foundation's secretariat offices in Canberra and Tokyo and through Australian Commonwealth Government Bookshops. The report also appears at <http://www.ajf.australia.or.jp/english/reports.htm>.

### **Comments**

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### **Other publications**

Information about other Foundation publications can be obtained from our offices in Tokyo and Canberra. Publications are generally free. Subject to availability; the *Discovering Australia* kit, which has been designed specifically for distribution in Japanese schools, is available through the Foundation.

### **Acknowledgment**

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AUSTRALIA – JAPAN FOUNDATION

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22 November 2002

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 2001-02.

Yours sincerely

Jeremy K Ellis  
Chairman

ABN 51 638 353 197

FROM THE CHAIRMAN



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# CHAPTER 1

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## REVIEW BY CHAIRMAN

The Australia-Japan Foundation, now in its 26th year, carries out strategic programs that strengthen and expand people-to-people relationships between our two countries. This year we took the opportunity to consolidate and extend many of our current projects. Also, we expanded our reach to target audiences by developing new activities that take advantage of emerging opportunities in Japan.

Our projects remain focused in Tokyo with our major thrust in education. Australia has a lot to offer in this area, and the Foundation has designed programs to introduce key Australian institutions and expertise to Japanese counterparts. Our intention is to create new partnerships, build an understanding of contemporary Australia and develop professional links.

The *Experience Australia* kit is an example of a key initiative developed this year. The kit is a professional teacher resource that meets the challenge of introducing integrated studies into Japanese primary schools. It provides practical ways for teachers and students to move beyond the textbook and develop a greater awareness of Australian society among young Japanese people. From an Australian perspective, the kit gives children insight into school life in multicultural Australia, flora and fauna, aboriginal culture and sport.

To promote the *Discovering Australia* kit in junior high schools throughout Japan and to enhance the use of the kit, the Foundation conducted its third competition encouraging the preparation and publication of effective teaching plans. In August 2001, the 17 competition winners had a most enjoyable 10-day study tour of Australia.

We introduced new categories within the Sir Neil Currie Awards this year to assist Japanese academics and post-graduate students wishing to carry out research, develop curriculum content and publish in the area of Australian studies. Academics from Osaka University and Fukuoka Education University were among the first recipients of these awards, and three new Japanese language publications, including one digital title, were also made possible through these awards. Recipients of these new awards, announced in May 2002, are noted in chapter 3. Ms Keiko Okuno of Kanagawa University commenced her research in the area of migration policy and citizenship law at Melbourne University in September 2001 under the direction of Professor Brian Galligan.



*Ms Leonie Boxtel, Director, Australia-Japan Foundation, Tokyo, and Ms Keiko Okuno, recipient of the first Sir Neil Currie Award.*





*The Australian  
Resource Centre.*

Under our Train-the-Trainer program, 10 Japanese teacher trainers and teachers specialising in teaching English as a foreign language took part in an intensive course at the University of Sydney. This course is a highly effective mechanism of showcasing the excellence of Australian English language teaching methodologies.

In April 2002, we awarded our first Sister City Friendship Award to Koshigaya and Campbelltown cities for their significant efforts to build stronger people-to-people ties. Over 1000 people have visited each other's cities through this affiliation.

The Australian Resource Centre continues to provide a high level of service to its clientele. The centre houses the most comprehensive collection of materials on Australia anywhere in Japan and enjoys an enviable reputation for being at the forefront of information delivery. In addition, the centre facilitates school visits to it by elementary and junior high school students, and Japanese academic and scholars. The Foundation held four Salon Seminars during the year (three at the centre), and its first seminar in Osaka.

The Foundation continues to support the Australia-Japan Arts Network in partnership with the Department of Foreign Affairs and Trade and the Australia Council. This network places senior Australian arts managers in key Japanese organisations for up to three months and provides Australians with critical insight into the operation of the arts industry in Japan.

Four Board members retired during the year—Mr Rawdon Dalrymple AO, deputy chairman; Ms Donna Bridges, Ms Margaret Coaldrake and Ms Heather Glass. On behalf of my colleagues on the Board, I wish them well and thank them for their substantial contribution through giving their time generously and participating in many Foundation events.

I would like to thank the current Board members for their valuable assistance in progressing Foundation activities. My thanks also for the fine work of the secretariats in Tokyo and Canberra in administering our programs and for their support to the Board.

**Jerry Ellis**

*Chairman*

# CHAPTER 2

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## AGENCY OVERVIEW

### OBJECTIVES

The Foundation's broad objective 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. Our vision, mission and goals are as follows.

### VISION

The Foundation's vision is to encourage closer relations between Australia and Japan and to further the knowledge and understanding of each other.

### MISSION

Our mission is to advance Japanese perceptions of contemporary Australia as a dynamic, sophisticated and internationally competitive country through the creation and maintenance of a broad range of allies and stakeholders.

### GOALS

The Foundation strives to:

- educate primary and junior high school-aged Japanese students about Australia, focusing on increasing their knowledge and influencing their perceptions of contemporary society and lifestyle, politics and government, arts and culture, sport, and the natural environment and environmental management;
- educate Japanese university students and academics about Australia and influence their perceptions of the following: Australian literature; contemporary society; politics and law; economics, business and industry; media; education and ESL expertise; arts and culture; environmental management and protection; and science and technology research;
- facilitate and encourage interaction between Australian and Japanese organisations that showcases or demonstrates Australian expertise in particular areas including arts facilities and arts/cultural bodies, university academic and administrative staff, teacher trainers/educators, and professional associations;
- inform people about the history and recent developments in the Australia-Japan relationship; and
- recognise and reward Japanese people who have contributed substantially to people-to-people relations within the Australia-Japan relationship over time.

## STRUCTURE

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

The Board has a chairman, deputy chairman and eight other members, who serve on a part-time basis. The Board operates as a whole rather than maintaining a system of subcommittees. There is, however, an audit committee comprising the chairman as an *ex officio* member, deputy chairman and two other members.

The Foundation's offices are in Tokyo (head office) and Canberra. The secretariat has been based in Canberra since 1988, located within the Department of Foreign Affairs and Trade.

### BOARD MEMBERS

Four Board members retired during the year. Mr Rawdon Dalrymple AO (Deputy Chairman) retired 31 December 2001. Ms Donna Bridges, Ms Margaret Coaldrake and Ms Heather Glass retired 30 November 2001. On 30 June 2002, the 10 Board members were:

#### ***Chairman and chief executive***

Mr Jerry Ellis, Chancellor, Monash University (appointed Chairman and Chief Executive in January 1999).

#### ***Deputy chairman***

Mr Adam Wynn, Executive Chairman, Mountadam Vineyards Pty Ltd (appointed member in October 1998, then Deputy Chairman from January 2001).

#### ***Members***

Dr David Carter, Director, Australian Studies Centre, University of Queensland (appointed in October 1998).

Mr Geoffrey Hiscock, Asia-Pacific Business Editor CNN, Sydney (appointed in October 1998).

Mr Mark Hollands, Vice-President, Asia/Pacific of the Gartner Group (appointed in September 2001).

Dr Robert Ian Mair AM, Chief Executive Officer, Cooperative Research Centre for Advanced Composite Structures (appointed in October 1998).

Dr Helen Nugent, Non-Executive Director, Macquarie Bank (appointed in September 2001).

Professor Margaret Seares, Pro Vice Chancellor (Community and Development), University of Western Australia (appointed in September 2001).

Dr Alan Thomas, Deputy Secretary, Department of Foreign Affairs and Trade (appointed in September 2000).

Mr Ian Williams, Partner—Corporate Advisory Group, Blake Dawson Waldron, Lawyers (appointed in September 2001).



*Australia-Japan Foundation Board members (left to right) are: Mr Geoff Hiscock, Mr Jerry Ellis (Chairman and Chief Executive), Professor Margaret Seares, Dr David Carter, Dr Helen Nugent, Mr Mark Hollands and Dr Robert Ian Mair AM.*

*(Absent: Mr Adam Wynn (Deputy Chairman), Dr Alan Thomas and Mr Ian Williams.)*

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# FOUNDATION SECRETARIAT

## STAFFING LEVELS

Staffing levels remained constant in Canberra during 2001–02, although a new Executive Officer commenced duty in early 2002. As the Foundation continues to outsource many of its activities, including in relation to the delivery of many of its programs, one project-based position was created in Tokyo to coordinate the development and production of the *Experience Australia* kit.

Staffing is as follows.

### **Head office, Tokyo**

Director  
Assistant Director (Foundation)  
Assistant Director (Information)  
Administrative Officer  
Research Librarian  
Manager (Project-Based)

### **Canberra office**

Director  
Executive Director  
Accounts Clerk (20 per cent)\*

Note: The Department of Foreign Affairs and Trade provides the Canberra office with two full-time staff as well as part-time accounts assistance\*. The Australian Embassy also supports the Foundation’s assistant director (information) by providing a research librarian. The Department and the Board set the staffing levels for both offices.

# CHAPTER 3

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## REPORT ON PERFORMANCE

The Foundation's achievements are measured in relation to the two outcomes and the four outputs noted in this chapter, and stated in the Department of Foreign Affairs and Trade's *Portfolio Budget Statements 2001–02*.

Outcome 1 is 'advancement of Japanese perceptions of Australia as an internationally competitive and sophisticated society'. Outcome 2 is 'creation of an informed constituency in Japan for Australia and the Australia-Japan relationship'. The four 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 in the following sections. Outcome 1 is funded by 65 per cent of the Foundation's budget. Outcome 2 is funded by the remaining 35 per cent.

### **Output 1: Development and management of projects endorsed by the board in accordance with the Act and Government management practices (Foundation projects)**

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

Our projects are based on three main areas—education, information delivery and strategic alliances. This year, we continued to move from our previous grant-making role to strategic facilitation and initiation of projects in new areas within the bilateral relationship. We also emphasised creative use of technology to develop and deliver programs.

Our efforts this year—against each of the areas—are outlined below.

#### ***Education***

Education continues to be the Foundation's main focus. The major developments this year were:

- development, for the first time, of curriculum materials for Japanese primary schools;
- expansion of support for Australian studies in Japan; and
- continued support for junior high schools through the *Discovering Australia* kit and affiliated professional development opportunities.

We carried out four projects in relation to primary and secondary education. These were our:

- creation of the *Experience Australia* kit for primary schools. The kit encourages children to explore, challenge and question across a variety of disciplines, and to search out more themselves on various aspects of Australian life and culture. A qualified Japanese teacher, with experience teaching integrated studies and an extensive knowledge of Australia, developed the kit. The resource includes items familiar to Australian children, such as a school uniform, textbooks, music CD, a cricket set, a boomerang and Australian animal glove puppets. There are also teachers' guides in Japanese and English, making it easy for both Japanese and foreign teachers to use. Multi-purpose by design, the kit can be used in classes including integrated studies, English language, international education, social studies, science, music and physical education.



*The Experience Australia kit includes items familiar to Australian children.*

- sponsorship of a teaching plan competition. Seventeen winners of the junior high school *Discovering Australia* teaching plan competition visited Australia for 10 days in August 2001. The group visited schools, met Australian educators and visited locations aimed at expanding their capacity to teach Australian geography and society;
- employment of a young Australian to facilitate visits by Japanese school students to the Australian Resource Centre in the busy April–July season. More than 500 school visits occurred during this period and student feedback was overwhelmingly positive; and
- development of an online quiz aimed at enhancing Japanese students' ability to search the web for information about Australia. More than 500 students submitted correct responses to the quiz and received a limited-edition mouse pad.



*Mr Ryan France with Japanese school children at the Australian Resource Centre, Tokyo.*

We conducted three main projects in relation to tertiary education. These were our:

- first major survey of Australian studies being provided in Japan. The survey resulted in the first comprehensive listing of Japanese institutions teaching about Australia. The list and other survey results are now available on the internet at [www.australia.or.jp/english/gounichi/ajf/unilist.html](http://www.australia.or.jp/english/gounichi/ajf/unilist.html);
- development of Aus-E-Study based on the results from the survey of Australian studies. Aus-E-Study is the first Japanese language online bulletin promoting Australian tertiary level academic expertise, courses and major conferences for Japanese educators of Australian studies; and
- expansion of the Sir Neil Currie Awards to include curriculum development and publication assistance. This expansion is designed to increase interaction between academics and expand the volume of scholarly materials available in Japanese. Through the awards, Japanese academics are able to visit Australia to update their knowledge of current issues, or invite Australian experts to Japan to present and develop relevant course content.

Award recipients announced in May 2002 were: **Ms Noriko Morii**, Program Coordinator, Department of Education, National Science Museum Tokyo; **Mr Minoru Hokari**, Research Fellow, Japan Society for the Promotion of Science; **Ms Yasue Arimitsu**, Professor, Institute for Language and Culture, Doshisha University; **Mr Takao Fujikawa**, Associate Professor, Graduate School of Letters, Osaka University; and **Ms Keiko Notomi**, Professor, Graduate School of Education, Fukuoka University of Education.

Efforts in relation to English language teacher training were our:

- delivery of a fourth Train-the-Trainer program for 10 English language teacher trainers from around Japan (to date 40 people have attended). The program provides unique opportunities for these trainers to develop their professional knowledge of English teaching methodology and pedagogy and, at the same time, advance their own English language ability. Participant feedback shows this activity is a high-impact professional development experience. This is due, in part, to the mix of quality course content, home stays, and visits to schools and other facilities; and
- support for the development of a Master of Arts in teaching English as a foreign language. This resulted in a high quality distance-learning course tailored to meet the needs of English teachers in Japan. The course is enjoying steady enrolments, and has led to an ongoing collaboration between the Australian universities consortium and the Japan National Federation of English Teachers (with more than 60 000 members). The project has also helped the University of Technology Sydney to progress a relationship with Sophia University in Japan.

### ***Information delivery***

In addition to the Aus-E-Study initiative outlined under the education projects, the Foundation's information delivery efforts in 2001–02 were our:

- ongoing emphasis, through the Australian Resource Centre, on delivering information digitally to enhance the centre's service to clients. We updated our website throughout the year to include frequently requested information, and visits to the site increased by 188 per cent. While this led to a slight decrease in general inquiries (8000 for the year), the centre recorded 939 school visits, a 200 per cent increase over the previous year. The centre continues to attract attention from libraries Japan-wide for its progressive information technology practices. In 2002, we commenced an upgrade of the online library search software. We also completed the second phase of digitising theses, meaning complete works can be downloaded directly from the web;



- provision of seminars and outreach activities. We conducted four Salon Seminars during the year, including our first seminar in Osaka. Professor Pauline Gibbons of University of Technology Sydney presented papers in Tokyo and Osaka highlighting Australia's expertise in communicative English language teaching methodology. Mr Wesley Enoch, Director of the Sydney Dance Company and renowned playwright, presented a seminar to more 150 people on the history of Aboriginal performing arts, and Dr Joanne Scott, Australian Studies Chair at Tokyo University, presented a lecture on volunteering in Australia. In May 2002, the Foundation supported a visit by Professor Paul Reithmuller. He gave seven presentations on Australia-Japan agricultural issues at universities in Japan, including the keynote address at the annual Australian Studies Association Conference;



*Professor Pauline Gibbons  
in Osaka.*

- initiation of a four-part series of special features in Object magazine. The features highlight aspects of Australia-Japan interaction and exchange in the arts industry.
- assistance towards the Japanese translation of three Australian crime fiction novels—*The Brush Off* by Shane Maloney, *The Last Tango of Delores Delgado* by Marele Day and *Get Rich Quick* by Peter Doyle. Bungeishunju, one of Japan's largest commercial publishers, will release the novels in December 2002. This initiative is a significant breakthrough in creating a profile for Australian authors in Japan. It will include a major launch, with the authors in Japan, as well as a major press-based public relations campaign.



*Mr Adam Wynn, deputy  
chairman; The Honourable  
Alexander Downer MP,  
Minister for Foreign Affairs;  
and Mr Jerry Ellis,  
chairman; looking at  
Object magazine.*

## ***Strategic alliances***

This year, the Foundation increased its work in developing strategic alliances. Efforts included our:

- creation of a debaters' exchange with the aim of developing a network of talented young and internationally aware people from both countries. The program has enabled organisational links to develop between peak Australian and Japanese debating societies and will lead to member exchanges for training, workshops and tournaments;
- development of an art-exhibitions initiative. Up to nine contemporary Australian art exhibitions will travel to Japan between 2002–04. This strategic project will reinforce linkages, lead to new partnerships between Australian and Japanese art galleries, and promote Australia's image as a sophisticated country with a dynamic and exciting arts practice. The program has attracted interest from galleries around Australia and has led to some of Japan's leading galleries taking on Australian exhibits for the first time. The first exhibition, *Gloss*, opened at the Nadiff Gallery, Tokyo, in March 2002, and mid-year at The Centre for Contemporary Photography, Melbourne;
- presentation of the first Sister-City Friendship Award to Koshigaya and Campbelltown cities for their significant efforts in building stronger people-to-people ties. Since 1984, more than 1000 citizens have travelled to each other's countries under the auspices of this relationship;



*Mayor Fumio Itagawa and Yoshiko Itagawa, Koshigaya City; Ms Leonie Boxtel, Director, Australia-Japan Foundation, Tokyo; and Mayor Russell Matheson and Sharon Matheson, Campbelltown City.*

- support for the Australia-Japan Arts Network. We collaborated with the Department of Foreign Affairs and Trade and the Australia Council to place senior Australian arts managers in key Japanese organisations for up to three months. Sally Coucard's placement in 2001 with Art Front Gallery in Tokyo was highly successful and has led to ongoing projects;
- continued support for a range of friendship groups and organisations conducting bilateral grass-roots-level activities. We also continued to assist Japan-Australia and Australia-Japan Societies through financial support for their national executives. In November 2001, this financial assistance helped members to attend the biennial secretariat meeting of Japan-Australia Societies, in Oita Prefecture. In addition, we coordinated guest speakers, disseminated information and proactively linked members and websites; and
- continued cultivation of key stakeholder groups through an active representation program, including events, seminars and other networking opportunities.

**Quantity: Percentage of projects implemented on time and within Commonwealth procurement guidelines and contractual arrangements**

The secretariat carried out the procurement for all projects according to Commonwealth procurement guidelines and, where applicable, contractual arrangements.

Ninety per cent of this year's projects were implemented on time, and all projects were within agreed budgets. A number of projects were scaled down after review by the new Director, in Tokyo.

**Price**

The price for output 1 was 72 per cent of our total output budget.

**Output 2: Provision of advice to the Minister and parliament and information to clients, allies and stakeholders**

**Quality: Satisfaction of parliament and clients with information provided in a timely manner**

The Foundation's 2000–01 annual report met all government guidelines, and our financial statements received an unqualified audit report.

We provided all briefs for ministers travelling to Japan within required deadlines.

Feedback and reports from clients of the Australian Resource Centre indicate that services are of exceptionally high standard, and provide a benchmark for other facilities in Japan. Ninety-eight per cent of inquiries were responded to within five working days.

As noted earlier, there was a significant increase in usage of the Foundation's website, and a continuing increase in usage of the Japanese language website.

**Quantity: Scope and composition of information provided**

During the year, we produced our annual report, had our financial statements audited, and contributed to the Department of Foreign Affairs and Trade *Portfolio Budget Statements* and contributed to reports from Senate Estimate Committees.

The Australian Resource Centre responded to about 8000 inquiries over the course of the year.

Our Tokyo office, including the Australian Resource Centre, provided briefings for more than 1600 schools, organisations and individuals. These include formal presentations, pre-departure briefings for participants in Foundation programs, consultations and briefings for Australian participants in the JET program.

**Price**

The price for output 2 was 23 per cent of our total output budget.

### **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**

Our development of the *Experience Australia* kit has enhanced relations with key stakeholders in Japan's education sector. These include the Japanese government, teacher professional organisations, primary level curriculum advisors and teachers. Over time, the project will also involve key Australian primary education counterparts.

The *Discovering Australia* kit and contest continue to maintain the profile of Australia and the Foundation throughout Japan.

The exhibitions program has enabled exchanges for the first time between leading art institutions such as Mito Art Tower and the National Gallery of Victoria.

The Sir Neil Currie Awards have involved prominent new stakeholders in Japan, including major publishers Bungeishunju Pty Ltd and Tokyo University Press, as well as the National Science Museum of Japan.

Our debaters exchange program will bring together talented future leaders from both countries eager to develop international networks and gain the high-level communication skills needed in today's global community.

New initiatives such as the Aus-E-Study online bulletin will further expand our range of stakeholders via mechanisms relevant to the digital age.

**Quantity:**      **Expansion of contact database and number of new projects attracting resources of allies and stakeholders**

This year we increased our contact database by 6 per cent. Through a survey in November 2001, we were able to expand our Australian studies-related contacts by 15 per cent.

Since its inception, our art-exhibition initiative has attracted more than \$400 000 in additional in-kind and cash support from Australian and Japanese organisations.

The *Experience Australia* kit attracted in-kind support from Australian publishers, educational experts, schools and government departments. State tourism authorities gave continuing in-kind support for the teachers' tour linked to the *Discovering Australia* kit.

#### **Price**

The price for output 3 was 3 per cent of our total output budget.

## **Output 4: Monitoring societal changes in Japan and Australia to identify future areas of activity**

**Quality:** effectiveness of research in identifying trends for incorporation into project activity

This year, we actively pursued research in a number of areas. This included our:

- survey on Australian studies. This proved to be a highly effective means of determining appropriate future activities and led to online initiatives as well as people-to-people exchange-based activities; and
- research into possible topics for future issues forums. We organised a forum focusing on potential areas for bilateral cooperation in the Asia-Pacific for September 2002. Our research into the bilateral potential of e-learning led to its inclusion as a key discussion topic at the second Australia-Japan Conference from 7 to 8 November 2002.

**Quantity:** level of expansion of research in identifying trends for incorporation into project activity

Our research activity this year included a major survey into Australian studies in Japan, reviews of Japanese educational reforms that informed new and existing educational programs, a review of potential topics for issues forums that led to two major confirmed initiatives, and investigations to identify potential focuses for strategic alliance programs that led to the development of the debaters exchange.

### **Price**

The price for output 4 was 2 per cent of our total output budget.

# CHAPTER 4

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## MANAGEMENT AND ACCOUNTABILITY

The Foundation was established following recommendations to the Government by a committee chaired by Sir John Crawford, AC, CBE. The committee believed it was necessary to go beyond the Australia-Japan Cultural Agreement.

Since then, the Foundation has been an independent statutory body under the Australia-Japan Foundation Act, which took effect on 10 May 1976. The Act also established the Australia-Japan Fund, now known as the Australia-Japan Reserve, which the Foundation administers.

The Foundation operates under the *Financial Management and Accountability Act 1997*. Regulation 5 of the Financial Management and Accountability Regulations appoints the chairman of the Foundation as its chief executive. The Foundation is responsible to the Minister for Foreign Affairs.

The board usually meets three times a year to review the progress of activities, review the unaudited financial statements and approve new initiatives.

In addition, the Foundation holds special review meetings every 18 months or so to consider broader issues relating to targeting our directions.

## FORWARD PLANNING

At the Think-In in December 2001, the Board decided the Foundation's focus on education, information delivery and strategic alliances should continue and expand, with an added budget allocation to the third category. The strategic plan aims for its programs and initiatives to include:

- increased exposure of images of contemporary Australia in Japan;
- continued reinforcement of the importance and level of activity within the Australia-Japan relationship through the dissemination of information specifically about Australia and Japan's mutual areas of interest and activity; and
- creation of opportunities for Australian and Japanese institutions to forge new relationships based on common interests and agendas.

## SALARIES AND PERFORMANCE PAY

The Director in Tokyo has an Australian Workplace Agreement (AWA) in place. The Department of Foreign Affairs and Trade manages AWAs for locally engaged staff. A performance-based pay structure was introduced in the Tokyo office in January 2002, and staff there received a total of \$16 603 in performance pay.

# CHAPTER 5

## RESOURCES FOR OUTCOMES

### Financial and Staffing Resources Summary

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

	Actual Expenses 2000–01 \$'000
<b>ADMINISTERED APPROPRIATIONS</b>	
The Foundation receives no administered expenses	0
<b>DEPARTMENTAL APPROPRIATIONS</b>	
<b>Output Group 1:</b>	
Development and management projects endorsed by the Board in accordance with the Act and Government management practices (Foundation Projects)	1 297
<b>Output Group 2:</b>	
Provision of advice to the Minister and Parliament and information to clients, allies and stakeholders (Information)	373
<b>Output Group 3:</b>	
Recruitment and maintenance of contacts pertinent to the Foundation and the bilateral relationship (Stakeholders and Allies)	75
<b>Output Group 4:</b>	
Monitoring societal changes in Japan and Australia to identify future areas of activity (Research and Analysis)	32
<b>Total Revenue from Government (Appropriations)</b>	<b>1 777</b>
Revenue from other Sources	
Interest – Reserve	25
Interest – Administration	25
Sales of Goods and Services	0
<b>Total Revenue from other Sources</b>	<b>50</b>
<b>TOTAL PRICE OF DEPARTMENTAL OUTPUTS FOR OUTCOME 1</b>	<b>1 827</b>
<b>AVERAGE STAFFING LEVELS (NUMBER) 65%</b>	<b>2000–01</b>
	4.2

Budget Expenses 2001–02 \$'000	Actual Expenses 2001–02 \$'000	Variation Budget less Expenses \$'000	Current Budget 2002–03 \$'000
0	0	0	0
1 221	1 417	140	1 277
351	408	41	367
70	82	9	73
30	35	3	32
1 672	1 942	193	1 749
23	24	-4	28
23	29	1	28
13	0	-10	10
59	53	-13	66
1 731	1 995	180	1 815
2001–02	2002–03		
4.2	4.2		
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## Financial and Staffing Resources Summary

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

	Actual Expenses 2000–01 \$'000
<b>ADMINISTERED APPROPRIATIONS</b>	
The Foundation receives no administered expenses	0
<b>DEPARTMENTAL APPROPRIATIONS</b>	
<b>Output Group 1:</b>	
Development and management projects endorsed by the Board in accordance with the Act and Government management practices (Foundation Projects)	698
<b>Output Group 2:</b>	
Provision of advice to the Minister and Parliament and information to clients, allies and stakeholders (Information)	201
<b>Output Group 3:</b>	
Recruitment and maintenance of contacts pertinent to the Foundation and the bilateral relationship (Stakeholders and Allies)	40
<b>Output Group 4:</b>	
Monitoring societal changes in Japan and Australia to identify future areas of activity (Research and Analysis)	17
<b>Total Revenue from Government (Appropriations)</b>	<b>956</b>
Revenue from other Sources	
Interest – Reserve	14
Interest – Administration	13
Sales of Goods and Services	0
<b>Total Revenue from other Sources</b>	<b>27</b>
<b>TOTAL PRICE OF DEPARTMENTAL OUTPUTS FOR OUTCOME 2</b>	<b>983</b>
<b>TOTAL PRICE OF DEPARTMENTAL OUTPUTS FOR OUTCOME 1</b>	<b>1 827</b>
<b>TOTAL PRICE OF DEPARTMENTAL OUTPUTS</b>	<b>2 810</b>
<b>AVERAGE STAFFING LEVELS (NUMBER) 35%</b>	<b>2000–01</b>
	2.3

	Budget Expenses 2001-02 \$'000	Actual Expenses 2001-02 \$'000	Variation Budget less Expenses \$'000	Current Budget 2002-03 \$'000
	0	0	0	0
	657	764	78	686
	189	220	22	198
	38	44	4	40
	16	19	2	17
	<b>900</b>	<b>1 047</b>	<b>106</b>	<b>941</b>
	12	12	-3	15
	13	16	1	15
	7	0	-5	5
	<b>32</b>	<b>28</b>	<b>-7</b>	<b>35</b>
	932	1 075	99	976
	1 731	1 995	180	1 815
	<b>2 663</b>	<b>3 070</b>	<b>279</b>	<b>2 791</b>
	<b>2001-02</b>	<b>2002-03</b>		
	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 2001 TO 30 JUNE 2002

Expenditure		\$AUD
<b>EDUCATION</b>		<b>430 494</b>
<b>Australian Studies</b>		
Sir Neil Currie Awards (Post Graduate, Publications, Curriculum Support)	77 365	
Teaching Plan Competition 2001	124 348	
Discovering Australia 2003 edition	20 565	
Tertiary Studies – Aust@lia_Go	4 375	
– Taiken (Experience Australia Kit)	49 699	
Australian Studies General	333	
– Tokyo University	2 565	
– Australian Studies Bulletin On-line	12 508	
<b>TEFL</b>		
Train-the-Trainer, incl. TtT 2000 & TtT 2001	54 534	
TEFL (Eigopak)	84 202	
<b>INFORMATION</b>		<b>272 322</b>
Digital Presence (formerly 'Web')	41 264	
Australian Resource Centre – incl. Jitsubutsu Set	189 603	
<b>Promotion and Advocacy</b>		
A. Communications and Relations Strategy	28 232	
B. Occasional Papers	9 914	
C. AJF Achievement Awards	3 309	
<b>STRATEGIC ALLIANCES</b>		<b>126 994</b>
Friendship Societies and Associations	18 740	
Allies and Stakeholders	29 062	
Strategic Linkages	44 804	
<b>Targeted Exchanges</b>		
A. Emerging Leaders	16 192	
B. Professional	12 633	
C. Debating Association	5 563	
<b>TOTAL RESERVE EXPENDITURE</b>		<b>829 810</b>
<b>Revenue</b>		
<b>Allocation</b>		<b>1 067 000</b>
<b>Carryover</b>		<b>211 913</b>
<b>Receipts</b>		
<b>Education</b>		
Train-the-Trainer 2001	850	
<b>Information</b>		
Australian Resource Centre	5 357	
<b>TOTAL RECEIPTS</b>		<b>6 207</b>

# CHAPTER 6

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## OTHER RELEVANT DETAILS

### FUNCTIONS AND POWERS

Under section 5(1) of the Act, the Foundation's functions are to encourage a closer relationship between the peoples of Australia and Japan, and to further the mutual knowledge and understanding of those peoples. This includes:

- broadening perceptions about Australia in Japan; and
- promoting public support for a balanced long-term relationship with Japan.

Subject to section 6(1) of the Act, the Foundation may do all things necessary or convenient to be done for or in connection with the performance of its functions. This permits the Foundation to:

- 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 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.

### MINISTER'S POWER OF DIRECTION

The Act gives the Minister statutory power of direction to:

- require advice from the Foundation concerning any specified matter falling within the scope of the functions of the Foundation;
- give general directions regarding the performance of the Foundation's functions;
- terminate the appointment of members in certain circumstances;
- require the convening of a meeting of the Foundation; and
- require the Foundation to furnish reports to the Minister, with or without financial statements, in addition to the annual report.

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
- enter into a lease of land for a period exceeding 10 years.

## FREEDOM OF INFORMATION ACT

The Foundation is a prescribed agency for the purposes of the *Freedom of Information Act 1982*. This year, the Foundation did not receive any requests in this area.

## ARRANGEMENTS FOR OUTSIDE PARTICIPATION

The Foundation can invite persons outside the Commonwealth administration to participate in its policy formulation, administration and/or schemes.

## CATEGORIES OF DOCUMENTS

All documents are available for public access. Facilities for examining Foundation documents are provided at the secretariats in Tokyo and Canberra, Australian Commonwealth Government Bookshops and the website ([www.ajf.australia.or.jp/english](http://www.ajf.australia.or.jp/english)).

## INITIAL CONTACT POINTS

Initial inquiries on access should be addressed to the Director, Australia-Japan Foundation, PO Box E500, Kingston ACT 2604. The office is co-located with the Department of Foreign Affairs and Trade in the RG Casey Building, John McEwen Crescent, Barton ACT 0221. The telephone number is 02 6261 3898 and the facsimile number is 02 6261 2143.

## CONSULTANCIES, ADVERTISING AND MARKET RESEARCH

The Foundation did not employ any consultants during the year.

The Foundation did not spend more than \$1500 on any single advertising, market research, direct mail or media placement agency during the year.

## OTHER INFORMATION

The Department of Foreign Affairs and Trade handles the following matters on behalf of, and in consultation with, the Foundation:

- ☐ workplace diversity;
- ☐ industrial democracy;
- ☐ occupational health and safety;
- ☐ social justice and equity;
- ☐ ecologically sustainable development;
- ☐ fraud prevention and control;
- ☐ assets management;
- ☐ Commonwealth disability strategy;
- ☐ competitive tendering and contracting;
- ☐ privacy commissioner; and
- ☐ ombudsman.

# CHAPTER 7

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## AUSTRALIA-JAPAN FOUNDATION FINANCIAL STATEMENTS

30 JUNE 2002



## INDEPENDENT AUDIT REPORT

To the Minister for Foreign Affairs and Trade

### Scope

I have audited the financial statements of the Australia-Japan Foundation for the year ended 30 June 2002. 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 Accounting Standards and other mandatory professional reporting requirements in Australia and statutory requirements so as to present a view which is consistent with my understanding of the Foundation's financial position, its financial performance and its cash flows.

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

EPD Box 707 CANBERRA ACT 2601  
Catherine House 18 National Circuit  
BANKTON ACT  
Phone (02) 6289 7908 Fax (02) 6289 7717

#### **Audit Opinion**

In my opinion the financial statements:

- (i) have been prepared in accordance with Finance Minister's Orders made under the *Financial Management and Accountability Act 1997*; and
- (ii) give a true and fair view, in accordance with applicable Accounting Standards and other mandatory professional reporting requirements in Australia and the Finance Minister's Orders, of the financial position of the Australia-Japan Foundation as at 30 June 2002, and its financial performance and cash flows for the year then ended.

Australian National Audit Office



Michelle Parrett  
Executive Director

Delegate of the Auditor-General

Canberra

16 September 2002





AUSTRALIA – JAPAN FOUNDATION

PO Box 8300, KINGSTON ACT 2604 AUSTRALIA Tel: (02) 6261 9998 Fax: (02) 6261 2143



#### STATEMENT BY FOUNDATION MEMBERS

In our opinion, the attached financial statements for the year ended 30 June 2002 give a true and fair view of the matters required by Schedule 1 of the Financial Management and Accountability (Financial Statements 2001-2002) Orders made under section 63 of the *Financial Management and Accountability Act 1997*.

J K Ellis  
Chairman  
13 September 2002

A Wynn  
Deputy Chairman  
13 September 2002

ABN 51 038 353 197

FROM THE CHAIRMAN

# AUSTRALIA-JAPAN FOUNDATION

## STATEMENT OF FINANCIAL PERFORMANCE

for the year ended 30 June 2002

	Notes	2002 \$	2001 \$
<b>Revenues from ordinary activities</b>			
Revenues from government	5A	3 256 203	2 909 560
Interest	5B	80 374	76 890
Assets first recognised	5C	3 500	158 730
Net foreign exchange gains	5D	29 275	438
Other	5E	36 801	66 098
<b>Total revenues from ordinary activities</b>		<b>3 406 153</b>	<b>3 211 716</b>
<b>Expenses from ordinary activities</b>			
Employees	6A	1 041 145	1 046 818
Suppliers	6B	1 926 649	1 607 499
Depreciation and amortisation	6C	96 429	79 004
Write-down of assets	6D	6 020	77 627
<b>Total expenses from ordinary activities</b>		<b>3 070 243</b>	<b>2 810 948</b>
<b>Net operating surplus from ordinary activities</b>		<b>335 910</b>	<b>400 768</b>
Net surplus		<b>335 910</b>	<b>400 768</b>
<b>Net surplus attributable to the Commonwealth</b>		<b>335 910</b>	<b>400 768</b>
Net credit to asset revaluation reserve	8A	59 695	306 326
<b>Total revenues, expenses and valuation adjustments recognised directly in equity</b>		<b>59 695</b>	<b>306 326</b>
<b>Total changes in equity other than those resulting from transactions with owners as owners</b>		<b>395 605</b>	<b>707 094</b>

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

# AUSTRALIA-JAPAN FOUNDATION

## STATEMENT OF FINANCIAL POSITION

as at 30 June 2002

	Notes	2002 \$	2001 \$
<b>ASSETS</b>			
<b>Financial assets</b>			
Cash	7A	738 439	287 022
Receivables	7B	9 822	200 793
<b>Total financial assets</b>		<b>748 261</b>	<b>487 815</b>
<b>Non-financial assets</b>			
Infrastructure, plant and equipment	8A,C	821 520	795 948
Intangibles	8B,C	170 409	183 102
Other	8D	9 380	6 022
<b>Total non-financial assets</b>		<b>1 001 309</b>	<b>985 072</b>
<b>Total assets</b>		<b>1 749 570</b>	<b>1 472 887</b>
<b>LIABILITIES</b>			
<b>Provisions</b>			
Employees	9	481 307	461 638
<b>Total provisions</b>		<b>481 307</b>	<b>461 638</b>
<b>Payables</b>			
Suppliers	10A	92 903	111 494
Capital use charge		21 000	43 000
<b>Total payables</b>		<b>113 903</b>	<b>154 494</b>
<b>Total liabilities</b>		<b>595 210</b>	<b>616 132</b>
<b>EQUITY</b>			
	11		
Accumulated surpluses		788 339	550 429
Reserves		366 021	306 326
<b>Total equity</b>		<b>1 154 360</b>	<b>856 755</b>
<b>Total Liabilities and Equity</b>		<b>1 749 570</b>	<b>1 472 887</b>
<b>Current liabilities</b>		<b>159 940</b>	<b>209 732</b>
<b>Non-current liabilities</b>		<b>435 270</b>	<b>406 400</b>
<b>Current assets</b>		<b>757 641</b>	<b>493 837</b>
<b>Non-current assets</b>		<b>991 929</b>	<b>979 050</b>

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

# AUSTRALIA-JAPAN FOUNDATION

## STATEMENT OF CASHFLOWS

for the year ended 30 June 2002

	Notes	2002 \$	2001 \$
<b>OPERATING ACTIVITIES</b>			
<b>Cash received</b>			
Appropriations for outputs		2 757 000	2 390 000
Interest		78 467	79 599
Net GST refunds		32 498	34 447
Other		18 301	72 350
<b>Total cash received</b>		<b>2 886 266</b>	<b>2 576 396</b>
<b>Cash Used</b>			
Employees		(600 880)	(701 856)
Suppliers		(1 661 837)	(1 790 179)
<b>Total cash used</b>		<b>(2 262 717)</b>	<b>(2 492 035)</b>
<b>Net cash from operating activities</b>	12	<b>623 549</b>	<b>84 361</b>
<b>INVESTING ACTIVITIES</b>			
<b>Cash used</b>			
Purchase of plant and equipment and intangibles		(52 132)	(28 129)
<b>Total cash used</b>		<b>(52 132)</b>	<b>(28 129)</b>
<b>Net cash used by investing activities</b>		<b>(52 132)</b>	<b>(28 129)</b>
<b>FINANCING ACTIVITIES</b>			
<b>Cash Used (Received)</b>			
Capital use charge (paid) received		(51 000)	3 802
Dividends paid	11	(69 000)	—
<b>Total cash (used) received</b>		<b>(120 000)</b>	<b>3 802</b>
<b>Net cash (used by) from financing activities</b>		<b>(120 000)</b>	<b>3 802</b>
<b>Net increase in cash held</b>		<b>451 417</b>	<b>60 034</b>
Cash at the beginning of the reporting period		287 022	226 988
<b>Cash at the end of the reporting period</b>	7A	<b>738 439</b>	<b>287 022</b>

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

# AUSTRALIA-JAPAN FOUNDATION

## SCHEDULE OF COMMITMENTS

AS AT 30 JUNE 2002

	2002	2001
	\$	\$
<b>BY TYPE</b>		
<b>OTHER COMMITMENTS</b>		
Operating leases	2 121 337	981 792
Other commitments	187 000	10 000
<b>Total other commitments</b>	<b>2 308 337</b>	<b>991 792</b>
COMMITMENTS RECEIVABLE	(98 832)	—
<b>Net Commitments</b>	<b>2 209 505</b>	<b>991 792</b>

### BY MATURITY

#### All net commitments

One year or less	534 822	499 619
From one to five years	1 388 737	272 863
Over five years	285 946	219 310
<b>Net commitments</b>	<b>2 209 505</b>	<b>991 792</b>

#### Operating lease commitments

One year or less	459 822	489 619
From one to five years	1 293 737	272 863
Over five years	285 946	219 310
<b>Net operating lease commitments</b>	<b>2 039 505</b>	<b>981 792</b>

NB: All commitments are GST inclusive where relevant.

Operating leases included are effectively non-cancellable and comprise:

#### *Nature of lease*

- Lease for storage space in Tokyo Japan
- Lease of residential apartment in Tokyo Japan

#### *General description of leasing arrangement*

- Lease payments are subject to a 2% annual increase and are subject to review every 5 years.
- Lease payments are subject to review when lease expires on 30 June 2005.

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 2002

		2002	2001
	Note	\$	\$
CONTINGENT LOSSES		—	—
CONTINGENT GAINS		—	—
<b>Net contingencies</b>		<b>—</b>	<b>—</b>

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

<b>Note</b>	<b>Description</b>
1	Summary of Significant Accounting Policies
2	Reporting of Outcomes
3	Economic Dependency
4	Events After Balance Date
5	Operating Revenues
6	Operating Expenses – Goods & Services
7	Financial Assets
8	Non-Financial Assets
9	Provisions
10	Payables
11	Equity
12	Cash Flow Reconciliation
13	Remuneration of Members
14	Remuneration of Auditors
15	Financial Instruments
16	Appropriations
17	Average Staffing Levels

## 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 2002;
- 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 Position 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 2000-2001 except in respect of Intangibles (refer to note 1.12).

### 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.

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. For the first time in 2001–2002 estimated costs of \$232 437 have been included as resources received free of charge.

The Secretariat in Canberra is located within DFAT. Rent, administration and utility charges are provided as resources received free of charge by DFAT. For the first time in 2001–2002 estimated costs of \$42 445 have been included as resources received free of charge.

#### 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 2002 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 and practices of the Department of Foreign Affairs and Trade.

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 2002.

### b) *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 2002. Australia-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 15.

## 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. 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 2001–2002 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 have been 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*

#### *Australian Resource Centre*

The resource centre located in Tokyo is revalued progressively in accordance with the 'deprival' method of valuation in successive 3-year cycles. As the value is expected to remain relatively stable between revaluation cycles, no amortisation is provided on the library collection.

#### *Other plant and equipment*

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:

2002: 3 to 13 years

2001: 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 the lower of cost or recoverable amount 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.

Amortisation rates applying to intangible assets are as follows:

2002: 5 years

2001: 5 years

From 1 July 2001, intangibles are no longer carried at valuation, amounts are now carried at deemed cost as at 1 July 2001. (Refer to notes 8B and C).

## 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 11% (2001: 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 except in relation to reporting of outcomes which has been rounded to the nearest \$1 000.

## 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 OF 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 of Outcomes for 2001–2002

#### (a) Total Cost of Outcomes (Whole of Government)

	Outcome 1		Outcome 2		Total	
	Actual	Budget	Actual	Budget	Actual	Budget
	\$ 000	\$ 000	\$ 000	\$ 000	\$ 000	\$ 000
Net cost to Budget outcome	1 453	1 672	783	901	2 236	2 570

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.

(b) Major Departmental Revenues and Expenses by Output Group

	Output Group 1		Output Group 2		Output Group 3		Output Group 4		Total	
	2002 \$ 000	2001 \$ 000	2002 \$ 000	2001 \$ 000	2002 \$ 000	2001 \$ 000	2002 \$ 000	2001 \$ 000	2002 \$ 000	2001 \$ 000
<b>Operating revenues</b>										
Revenues from Government	2 377	2 123	684	611	137	122	59	52	3 256	2 910
Other non-taxation revenues	109	221	31	63	6	13	3	5	150	302
<b>Total operating revenues</b>	<b>2 486</b>	<b>2 345</b>	<b>715</b>	<b>674</b>	<b>143</b>	<b>134</b>	<b>61</b>	<b>58</b>	<b>3 406</b>	<b>3 212</b>
<b>Operating expenses</b>										
Employees	760	764	219	220	44	44	19	19	1 041	1 047
Suppliers	1 406	1 173	405	338	81	68	35	29	1 927	1 607
Depreciation and amortisation	71	58	20	17	4	3	1	1	96	79
Other	4	57	1	16	1	3	–	1	6	78
<b>Total operating expenses</b>	<b>2 241</b>	<b>2 052</b>	<b>645</b>	<b>590</b>	<b>129</b>	<b>118</b>	<b>55</b>	<b>51</b>	<b>3 070</b>	<b>2 811</b>

The output groups are:

*Output 1:* Development and management of projects endorsed by the Board in accordance with the *Australia-Japan Foundation Act 1976* and Government management practices (Foundation projects);

*Output 2:* Provision of advice to the Minister and Parliament and information to clients, allies and stakeholders (Information);

*Output 3:* Recruitment and maintenance of contacts pertinent to the Foundation and the bilateral relationship (Stakeholders and Allies); and

*Output 4:* Monitoring societal changes in Japan and Australia to identify future areas of activity (Research and analysis).

(c) Major Classes of Departmental Assets and Liabilities by Output Group

	Output Group 1		Output Group 2		Output Group 3		Output Group 4		Non-Attributable		Total	
	2002 \$ 000	2001 \$ 000	2002 \$ 000	2001 \$ 000	2002 \$ 000	2001 \$ 000	2002 \$ 000	2001 \$ 000	2002 \$ 000	2001 \$ 000	2002 \$ 000	2001 \$ 000
<b>Output specific departmental assets</b>												
Infrastructure, plant and equipment	734	760	-	-	4	-	-	-	-	-	738	760
Intangibles	34	-	130	171	-	-	-	-	-	-	164	171
Other	7	6	-	-	-	-	-	-	-	-	7	6
<b>Total output specific departmental assets</b>	<b>775</b>	<b>766</b>	<b>130</b>	<b>171</b>	<b>4</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>909</b>	<b>937</b>
Other departmental assets												
Cash	-	-	-	-	-	-	-	-	738	287	738	287
Receivables	-	-	-	-	-	-	-	-	10	201	10	201
Infrastructure, plant and equipment	-	-	-	-	-	-	-	-	84	36	84	36
Intangibles	-	-	-	-	-	-	-	-	6	12	6	12
Other	-	-	-	-	-	-	-	-	2	-	2	-
<b>Total other departmental assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>840</b>	<b>536</b>	<b>840</b>	<b>536</b>

(c) Major Classes of Departmental Assets and Liabilities by Output Group (continued)

	Output Group 1		Output Group 2		Output Group 3		Output Group 4		Non-Attributable		Total	
	2002 \$ 000	2001 \$ 000	2002 \$ 000	2001 \$ 000	2002 \$ 000	2001 \$ 000	2002 \$ 000	2001 \$ 000	2002 \$ 000	2001 \$ 000	2002 \$ 000	2001 \$ 000
<b>Output specific departmental liabilities</b>												
Suppliers	67	51	-	-	-	-	-	-	-	-	67	51
<b>Total output specific departmental liabilities</b>	<b>67</b>	<b>51</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>67</b>	<b>51</b>
<b>Other departmental liabilities</b>												
Employees	-	-	-	-	-	-	-	-	481	462	481	462
Suppliers	-	-	-	-	-	-	-	-	26	60	26	60
Capital Use Charge	-	-	-	-	-	-	-	-	21	43	21	43
<b>Total other departmental liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>528</b>	<b>565</b>	<b>528</b>	<b>565</b>



### 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 2002.

### 5. OPERATING REVENUES

#### 5A – REVENUES FROM GOVERNMENT

	2002	2001
	\$	\$
Appropriations for outputs	2 572 000	2 575 000
Resources received free of charge	684 203	334 560
<b>Total</b>	<b>3 256 203</b>	<b>2 909 560</b>

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. For the first time in 2001–2002 estimated costs of \$232 437 have been included as resources received free of charge.

The Tokyo Director of the Foundation resides in the Embassy compound, for which she 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. Rent, administration and utility charges are provided as resources received free of charge by DFAT. For the first time in 2001–2002 estimated costs of \$42 445 have been included as resources received free of charge.

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.

## 5B – INTEREST

	2002	2001
	\$	\$
Deposits	80 374	76 890
<b>Total</b>	<b>80 374</b>	<b>76 890</b>

## 5C – ASSETS FIRST RECOGNISED

	\$	\$
Assets first recognised	3 500	158 730
<b>Total</b>	<b>3 500</b>	<b>158 730</b>

On the 30 June 2002 the Foundation has recognised for the first time a painting for a value of \$3 500.

## 5D – NET FOREIGN EXCHANGE GAINS

	\$	\$
Non-speculative	29 275	438
<b>Total</b>	<b>29 275</b>	<b>438</b>

## 5E – OTHER REVENUES

	\$	\$
Resources received free of charge	18 500	–
Contributions to projects	–	55 005
Other	18 301	11 093
<b>Total</b>	<b>36 801</b>	<b>66 098</b>

# 6. OPERATING EXPENSES – GOODS AND SERVICES

## 6A – EMPLOYEE EXPENSES

	\$	\$
Remuneration (for services provided)	623 766	686 197
Separation and redundancy	55 333	44 061
Foreign exchange gains on employee entitlements	(29 275)	–
Resources Provided Free of Charge	391 321	316 560
<b>Total Employee Expenses</b>	<b>1 041 145</b>	<b>1 046 818</b>

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

	2002	2001
	\$	\$
Supply of goods and services – administration	606 676	282 802
Supply of goods and services – Australia-Japan Reserve	831 093	836 716
<b>Operating lease rentals</b>	<b>488 880</b>	<b>487 981</b>
	<b>1 926 649</b>	<b>1 607 499</b>

The increase in administration costs is attributable to the recognition for the first time in 2001–2002 of resources provided free of charge by DFAT. Refer to note 5A for details of these services provided.

## 6C – DEPRECIATION AND AMORTISATION

	\$	\$
Depreciation of Plant and Equipment	50 185	62 023
Depreciation of Intangibles	46 244	16 981
<b>Total</b>	<b>96 429</b>	<b>79 004</b>

## 6D – WRITE-DOWN OF ASSETS

	\$	\$
Non-financial assets – plant and equipment		
Write off on disposal	6 020	77 627
<b>Total</b>	<b>6 020</b>	<b>77 627</b>

# 7. FINANCIAL ASSETS

## 7A – CASH

	\$	\$
Cash at bank and on hand	93 439	247 501
Deposits at call	645 000	39 521
	<b>738 439</b>	<b>287 022</b>
Balance of cash as at 30 June shown in the statement of Cash Flows	<b>738 439</b>	<b>287 022</b>

## 7B – RECEIVABLES

	2002	2001
	\$	\$
Amounts receivable from Commonwealth	–	185 000
GST receivable	6 334	14 212
Other debtors	3 488	1 581
<b>Total receivables</b>	<b>9 822</b>	<b>200 793</b>

All receivables are current

Receivables (gross) which are overdue and aged as follows:

	\$	\$
Not Overdue	9 822	200 793
<b>Total receivables gross</b>	<b>9 822</b>	<b>200 793</b>

## 8. NON-FINANCIAL ASSETS

### 8A – PLANT & EQUIPMENT

	\$	\$
Plant and Equipment - at cost	18 582	409 222
Accumulated depreciation	–	(265 862)
<b>Total</b>	<b>18 582</b>	<b>143 360</b>

	\$	\$
Plant and Equipment – at 2001–2003 valuation	652 588	652 588
Accumulated depreciation	–	–
<b>Total</b>	<b>652 588</b>	<b>652 588</b>

The library collection is revalued on a three yearly basis. No depreciation is provided as it is expected the value of the collection will remain relatively constant.

Plant and Equipment – at 2002–2004 valuation	270 597	–
Accumulated depreciation	(120 247)	–
<b>Total</b>	<b>150 350</b>	<b>–</b>

<b>Total Plant and Equipment (refer note 8C – Table A)</b>	<b>821 520</b>	<b>795 948</b>
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The revaluations were in accordance with the revaluation policy stated at Note 1 and were completed by the Australian Valuation Office. A revaluation increment of \$59 695 has been posted to the asset revaluation reserve.

### 8B – INTANGIBLES

	2002 \$	2001 \$
Computer software at cost	127 657	135 801
Accumulated amortisation	(81 586)	(111 429)
<b>Total</b>	<b>46 071</b>	<b>24 372</b>

URL at deemed cost (2001–2003 valuation)	158 730	158 730
Accumulated amortisation	(34 392)	–
<b>Total</b>	<b>124 338</b>	<b>158 730</b>

<b>Total Intangibles</b>	<b>170 409</b>	<b>183 102</b>
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## 8C – ANALYSIS OF PROPERTY, PLANT, EQUIPMENT AND INTANGIBLES

**TABLE A – Movement summary for all assets irrespective of valuation basis**

Item	Plant and Equipment	Intangibles	Total
	\$	\$	\$
<b>Gross value as at 1 July 2001</b>	<b>1 061 810</b>	<b>294 531</b>	<b>1 356 341</b>
Additions	18 582	33 550	52 132
Revaluations: write-ups	(690)	–	(690)
Assets transferred in	3 500	–	3 500
Disposals	(141 435)	(41 693)	(183 128)
<b>Gross Value as at 30 June 2002</b>	<b>941 767</b>	<b>286 388</b>	<b>1 228 155</b>
<b>Accumulated depreciation / amortisation as at 1 July 2001</b>	<b>265 862</b>	<b>111 429</b>	<b>377 291</b>
Depreciation / amortisation charge for the year	50 185	46 244	96 429
Revaluations: write ups (write-downs)	(60 385)	–	(60 385)
Disposals	(135 415)	(41 694)	(177 109)
<b>Accumulated depreciation / amortisation as at 30 June 2002</b>	<b>120 247</b>	<b>115 979</b>	<b>236 226</b>
<b>Net Book Value as at 30 June 2002</b>	<b>821 520</b>	<b>170 409</b>	<b>991 929</b>
<b>Net Book Value as at 1 July 2001</b>	<b>795 948</b>	<b>183 102</b>	<b>979 050</b>

**TABLE B – Summary of balances of assets at valuation as at 30 June 2002**

Item	Plant and Equipment	Intangibles	Total
	\$	\$	\$
<b>As at 30 June 2002</b>			
Gross value	923 187	–	923 187
Accumulated Depreciation/amortisation	(120 250)	–	(120 250)
Net Book Value	802 937	–	802 937
<b>As at 30 June 2001</b>			
Gross value	652 588	158 730	811 318
Accumulated Depreciation/amortisation	–	–	–
Net Book Value	652 588	158 730	811 318

From 1 July 2001, intangibles are no longer carried at valuation, amounts are now carried at deemed cost as at 1 July 2001.

## 8D – OTHER NON-FINANCIAL ASSETS

	2002	2001
	\$	\$
Prepayments	9 380	6 022
<b>Total</b>	<b>9 380</b>	<b>6 022</b>

All prepayments are current.

## 9. PROVISIONS – EMPLOYEES

	\$	\$
Leave	46 037	55 238
Retirement benefit entitlements – locally engaged staff	435 270	406 400
<b>Aggregate employee entitlement liability</b>	<b>481 307</b>	<b>461 638</b>

Analysed as:

Current	46 037	55 238
Non-current	435 270	406 400
<b>Total</b>	<b>481 307</b>	<b>461 638</b>

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 2002.

## 10. PAYABLES

### 10A – SUPPLIERS

	2002	2001
	\$	\$
Trade Creditors	92 903	111 494
	<b>92 903</b>	<b>111 494</b>

All trade creditors are current.

## 11. EQUITY

Item	Accumulated results		Asset Revaluation Reserve		Total Reserves		TOTAL EQUITY	
	2001-02 \$ 000	2000-01 \$ 000	2001-02 \$ 000	2000-01 \$ 000	2001-02 \$ 000	2000-01 \$ 000	2001-02 \$ 000	2000-01 \$ 000
Balance at 1 July	550 429	260 568	306 326	—	306 326	—	856 755	260 568
Net surplus	335 910	400 768	—	—	—	—	335 910	400 768
Capital Use Charge	(29 000)	(110 907)	—	—	—	—	(29 000)	(110 907)
Dividends paid	(69 000)	—	—	—	—	—	(69 000)	—
Net revaluation increment	—	—	59 695	306 326	59 695	306 326	59 695	306 326
<b>Balance at 30 June</b>	<b>788 339</b>	<b>550 429</b>	<b>366 021</b>	<b>306 326</b>	<b>366 021</b>	<b>306 326</b>	<b>1 154 360</b>	<b>856 755</b>

Transactional banking arrangements introduced from 1 July 1999 enabled agencies to manage their surplus cash balances and earn interest on them. Reviews have been conducted by the Department of Finance with each agency to determine whether interest earned to 30 June 2002 was consistent with the Government's Budget-neutrality condition for the arrangements. As at the date of signing these financial statements, no decision has been made by the Government on the amount of the distribution of equity, if any, to be made to it by the Foundation. Nevertheless, the Foundation returned an amount of \$69 000 in June 2002. The amount is disclosed in the above table as a dividend.

## 12. CASH FLOW RECONCILIATION

Reconciliation of operating surplus to net cash from operating activities:

	2002 \$	2001 \$
<b>Operating surplus</b>	<b>335 910</b>	<b>400 768</b>
Net loss on disposal of assets	6 020	77 627
Depreciation & Amortisation	96 429	79 004
Assets first recognised	(3 500)	(158 730)
(Decrease) in suppliers	(18 592)	(165 053)
Increase in Employee Provisions	19 669	28 402
(Decrease) in other liabilities	—	(24 740)
Increase (Decrease) in receivables	190 971	(151 737)
(Increase) in other assets	(3 358)	(1 180)
<b>Net cash from operating activities</b>	<b>623 549</b>	<b>84 361</b>

## 13. REMUNERATION OF MEMBERS

The number of members who received remuneration during the 2001–2002 financial year within the following bands is:

Band	2002	2001
\$0 - \$9 999	14	11
	<hr/>	
	\$	\$
Total income received or receivable by members	11 240	10 270
	<hr/>	

## 14. REMUNERATION OF AUDITORS

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

	\$	\$
	18 000	18 000
	<hr/>	

No other services were provided by the Auditor-General.



## 15. 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)
<b>Financial Assets</b>		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. Effective interest rates for monies held at 30 June were 4.11% (2001: 2.40%)
Receivables	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 than more likely.	Credit terms are net 30 days (2001: 30 days)
<b>Financial liabilities</b>		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.

## 15. FINANCIAL INSTRUMENTS (CONTINUED)

### 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 (%)
	2002	2001	2002	2001	2002	2001	2002	2001
<i>Financial assets</i>								
Cash	738 439	287 022	—	—	738 439	287 022	4.11	2.40
Receivables	—	—	3 488	200 793	3 488	200 793	N/A	N/A
	738 439	287 022	3 488	200 793	741 927	487 815		
<i>Financial liabilities</i>								
Creditors and accruals	—	—	113 903	154 494	113 903	154 494	N/A	N/A
	—	—	113 903	154 494	113 903	154 494		

### (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.

## 16. APPROPRIATIONS

### 16A – APPROPRIATION ACTS (NO. 1/3) 2001–2002

	Departmental Outputs	Total
<b>Year ended 30 June 2002</b>	<b>\$</b>	<b>\$</b>
Balance brought forward from previous period	287 022	287 022
Appropriation for reporting period (Act 1)	2 572 000	2 572 000
GST credits (FMA s30A)	32 498	32 498
Annotations to 'net appropriations' (FMA s31)	96 768	96 768
<b>Total appropriations available for payments</b>	<b>2 988 288</b>	<b>2 988 288</b>
<b>Payments during the year</b>	<b>(2 249 849)</b>	<b>(2 249 849)</b>
<b>Balance of appropriations (unspent) at 30 June carried to next period</b>	<b>738 439</b>	<b>738 439</b>
<b>Year ended 30 June 2001</b>		
Available for payments 2001	2 651 435	2 651 435
Payments made 2001	(2 364 413)	(2 364 413)
Balance carried forward to 1 July 2001	287 022	287 022

### 16B – APPROPRIATION ACTS (NO. 2/4) 2001–2002

	Capital (Departmental) <i>Equity</i>	Total
<b>Year ended 30 June 2002</b>	<b>\$</b>	<b>\$</b>
Current appropriation (Act 2)	185 000	185 000
<b>Total appropriations available for payments</b>	<b>185 000</b>	<b>185 000</b>
<b>Payments during the year</b>	<b>(185 000)</b>	<b>(185 000)</b>
<b>Balance of appropriations (unspent) at 30 June carried to next period</b>	<b>–</b>	<b>–</b>
<b>Year ended 30 June 2001</b>		
Available for payments 2001	–	–
Payments made 2001	–	–
Balance carried forward to 1 July 2001	–	–

## 17. AVERAGE STAFFING LEVELS

	2002	2001
The average staffing levels for the Foundation during the year were:	4	4

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