



## AUSTRALIA–JAPAN FOUNDATION ANNUAL REPORT 2002–2003

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This report is available from the Foundation's secretariat offices in Canberra and Tokyo. The report also appears at [www.ajf.australia.or.jp/english/reports.htm](http://www.ajf.australia.or.jp/english/reports.htm).

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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.

### **Acknowledgement**

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AUSTRALIA - JAPAN FOUNDATION



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3 November 2003

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 2002-03.

Yours sincerely

Jeremy K. Ellis  
Chairman



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## CHAPTER 1—REVIEW BY CHAIRMAN

This has been a very successful year for the Australia-Japan Foundation. We have made great progress in furthering our educational objectives—particularly in primary schools—and nurtured academic stakeholders through our tertiary-oriented programs. I am also pleased that the Foundation continues to support and strengthen the bilateral relationship through targeted exchange programs and issues forums. These programs have given young Australians and Japanese the opportunity to exchange opinions and ideas. In doing so, Australia-Japan linkages have been expanded and this has helped enhance mutual understanding among future key players in the relationship.

The Foundation has secured a special niche in Japan's education sector by introducing and expanding on new initiatives. Some of the Foundation's best initiatives have been the production of teaching materials on Australia for Japanese primary and junior high schools. More than 100 000 primary school students have used our *Experience Australia* kit since its release in July 2002, and Japanese teachers regularly use our Japanese government-approved *Discovering Australia* video and text, which have been distributed to more than 11 000 junior high schools.

The success of these projects hinges on the development of networks and the provision of support for Japanese educators. During the year the Foundation has run training and exchange programs that use the *Experience Australia* kit for more than 1800 teachers and trainers. These workshops not only expand knowledge of Australia, but also extend professional skills and build networks with

both Japanese and Australian counterparts. We are gratified to see workshop participants developing their own Australia-Japan exchange activities from these modest beginnings.

The Foundation has developed targeted exchange programs that aim to bring together future young leaders who can contribute to bilateral relations and especially promote an understanding of Australia in Japan. In March this year, as part of our first Debaters' Exchange Program, the Foundation brought three Australian world champion debaters to Japan. Six Japanese debaters later visited Australia in April and competed in the annual intervarsity debating competition, held at the University of Queensland. These activities have generated great interest among bright, internationally-minded Japanese university students and attracted much interest in Australia.

Our inaugural Publishers' Exchange Program was also held this year and we welcomed Mr Hidetoshi Takenaka, Editor-in-Chief, University of Tokyo Press, to Australia in June. This exchange created links among publishing organisations and academics and upgraded Mr Takenaka's perceptions of Australia and Australians' knowledge of Japan and publishing. Feedback from both these exchanges was very positive and endorsed the goodwill that exists between us.

The Foundation supported key forums where issues of mutual strategic interest can be explored. I was again honoured to serve as co-chairman of the second Australia-Japan Conference held in Tokyo, along with my long-time business colleague, Mr Minoru Murofushi. With an

expansive agenda, for the first time the conference explored topics such as e-learning, and technology and ageing, as new areas for potential bilateral collaboration. The Foundation also supported the Japan-Australia Dialogue, held in September 2002. This conference considered how Japan and Australia could cooperate to assist our regional neighbours.

I would also like to acknowledge Dr Alan Thomas' and Mr Paul O'Sullivan's contributions. Dr Thomas' term as board member was cut short following his appointment as the Australian Ambassador to the People's Republic of China. Paul O'Sullivan served briefly as a board member following Dr Thomas' resignation.



**Australia-Japan Conference**

*–l to r – Mr Minoru Murofushi, Mr Jerry Ellis (co-chairmen) and Minister for Foreign Affairs Mr Alexander Downer*

Photo T Asmund

We were pleased to receive an unqualified audit from the Australian National Audit Office and we are striving to streamline our accounting and administrative practices. We also gained approval to implement a simplified outcomes and outputs framework and for the first time will be reporting against a single outcome in 2003–04.

I continue to be impressed by the diversity of the board and the range of skills members bring to its work. The calibre of past and present members, including their combined Japan-specific experience, has assisted the Foundation to remain relevant, progressive and innovative.

I especially congratulate Professor Margaret Seares on receiving an Order of Australia award in recognition of her work for the arts and education.

I wish to thank our Ambassador in Tokyo, His Excellency Mr John McCarthy, for the support given to the Foundation. Ms Leonie Boxtel and her small dedicated teams in Tokyo and Canberra have performed outstandingly. Working with the Board, a sound strategy has been created. The delivery of results in following the plan has been first class. On behalf of the Board, congratulations and thanks to Leonie and her team.

Jerry Ellis  
Chairman



## CHAPTER 2—AGENCY OVERVIEW

### ROLE AND FUNCTIONS

Under section 5(1) of the *Australia-Japan Foundation Act 1976*, the Foundation's functions are to encourage a closer relationship between the peoples of Australia and Japan, and to further the knowledge and understanding of each other. This includes:

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

The Foundation seeks to achieve two outcomes:

- advancement of Japanese perceptions of Australia as an internationally competitive and sophisticated society; and
- creation of an informed constituency in Japan for Australia and the Australia-Japan relationship.

The Foundation achieved these outcomes by offering projects that focus on three main areas—education, information and strategic alliances. It also emphasised creative use of technology to develop and deliver the programs.

### STRUCTURE

The Foundation is a statutory body responsible to the Minister for Foreign Affairs. Under section 9 of the *Australia-Japan Foundation Act 1976*, the Minister appoints 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, the deputy chairman and two other members.

## BOARD MEMBERS

During the year, Dr Alan Thomas resigned to take up an overseas assignment as Australian Ambassador to the People's Republic of China. Mr Paul O'Sullivan, who was appointed to replace Dr Thomas, resigned when he was reassigned to other duties within the Department of Foreign Affairs and Trade.

On 30 June 2003, there were 10 board members.

### **Mr Jeremy Ellis**

Chairman and Chief Executive (ex officio member of audit committee)

1 January 1999–31 December 2004

### **Mr Adam Wynn**

Deputy Chairman (member of audit committee)

16 October 1998–1 October 2004

### **Dr David Carter**

Member

16 October 1998–15 October 2004

### **Mr Geoffrey Hiscock**

Member

16 October 1998–15 October 2004

### **Mr Mark Hollands**

Member

23 August 2001–22 August 2004

### **Dr Robert Ian Mair AM**

Member

16 October 1998–15 October 2004

### **Dr Helen Nugent**

Member (member of audit committee)

23 August 2001–22 August 2004

### **Mr Paul O'Sullivan**

Member

### **Professor Margaret Seares AO**

Member

23 August 2001–22 August 2004

### **Mr Ian Williams**

Member (member of audit committee)

23 August 2001–22 August 2004



*l to r - Dr David Carter, Professor Margaret Seares, Mr Jerry Ellis (Chairman), Mr Adam Wynn (Deputy Chairman), Mr Geoff Hiscock, Mr Mark Hollands, Dr Helen Nugent, and Dr Geoff Raby  
(Absent: Dr Robert Ian Mair and Mr Ian Williams)*

Photo M Jensen

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## CHAPTER 3—REPORT ON PERFORMANCE

The Foundation's achievements are measured against the two outcomes and four outputs noted in this chapter, and stated in the Department of Foreign Affairs and Trade's *Portfolio Budget Statements 2002–03*.

Our outcomes are:

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

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. The four outputs apply equally to both outcomes.

**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 focus on three key areas: education, information and strategic alliances. Our efforts this year against each of the areas are outlined below.

### EDUCATION

Education continues to be the Foundation's major priority. These programs maximise our efficiency in reaching target audiences, deliver key messages in environments where they can have great potential impact, and help to identify and nurture new long-term stakeholders in the bilateral relationship.

We operate the following educational programs in the primary, secondary and tertiary sectors.

### EXPERIENCE AUSTRALIA KIT

In July 2002, the Foundation released the *Experience Australia* kit as a professional teacher resource to meet the challenge of introducing integrated studies into Japanese primary schools. The kit encourages children to explore, challenge and question across disciplines on aspects of Australian life and culture. It also showcases Australian integrated studies curriculum and teaching methodology.

The success of the kit has been pleasing. Since its creation, more than 100 000 Japanese primary school children have been exposed to the materials. In addition, more than 1600 Japanese educators have participated in workshops designed to encourage use of the kit and increase teachers' knowledge of Australia.

In February, two Australian curriculum specialists reviewed the materials and teaching notes, and presented a professional development program for teachers who use the kit. As a result of the review and the overwhelming demand by schools, the number of kits available for loan has been increased from 50 to 250.



#### Experience Australia kit

—Year 5 students at Toyo Primary School in Chiba

Photo J Oki

## DISCOVERING AUSTRALIA

The Foundation is currently digitising the contents of its highly successful *Discovering Australia* teaching materials for junior high schools. These materials were originally released in video format. During 2002–03, we began to update relevant statistics, source new images and rewrite material to ensure it is appealing to students in years 7 to 9. This content is now being uploaded to the web, and will encourage further use of the materials in Japanese classrooms. To further serve this established key audience, we plan to add student-based activities—that are fun, stimulating and encourage exploration of these materials—to the Foundation's website.

The Foundation continues to develop new teaching content that presents Japanese students with updated and sophisticated information about Australia. In response to market research on appropriate themes for materials in Japanese classrooms, the Foundation is developing a new series of teaching materials for junior high schools. These materials are being developed with the help of an advisory committee of Japanese curriculum experts and senior educators. The new content will promote Australia's

natural resources and resource management, and Australian innovations in environmental policies, technology, and research and development.

## SIR NEIL CURRIE AWARDS

Since their inception, our Sir Neil Currie Awards have supported disciplines attracting increasing interest in Japan. These include film, indigenous studies, environmental studies, Asia–Pacific strategic studies, development studies, history, law and science.

The awards assist young Japanese academics and post-graduate students who wish to research, develop curriculum content and publish in the area of Australian studies. Three Japanese language publications funded through the award's inaugural publishing program were released in June 2003.

Six awards were given in 2002–03.

Award recipients this year were: Ms Junko Oshima, PhD student, School of Australian Environmental Studies, Griffith University; Dr Mie Oba, Lecturer, Faculty of Engineering, Tokyo University of Science; Mr Hiroshi Tsuda, Osaka University; Mr Shigeki Chiba, Vice President, Japan Academy of Moving Images; Mr Hiroyuki Tanaka, Assistant Professor, Faculty of Education, Osaka University of Education; Ms Rieko Fukushima, PhD candidate, Graduate School of International Development, Nagoya University.



Ms Leonie Boxtel, Director, Australia-Japan Foundation, Tokyo, and Sir Neil Currie awardee, Ms Rieko Fukushima, PhD Candidate, Graduate School of International Development, Nagoya University

Photo N Lowe

The Foundation successfully concluded its five-year Train-the-Trainer program in March 2003. Through the program, 10 teacher trainers from Japanese prefectures were invited each year to participate in a three-week intensive course. This course provided participants with unique opportunities to develop their professional knowledge of English teaching methodology and pedagogy, and to advance their own English language ability. The Foundation trained approximately 10 per cent of Japan's prefectural teacher trainers through this program.

Photo T. Sawada

**AUS E-STUDY**

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**AUSTRALIAN RESOURCE CENTRE**

CHAPTER 3 **9**

## INTERNET PRESENCE

The Foundation places a heavy emphasis on delivering its programs online. Due to our changing information technology needs and our increased capacity to reach audiences direct through the internet, we have been redesigning our website and content. This will enable us to deliver programs directly to stakeholders, promote our activities and events, and gather information and feedback from our key audiences. Work to improve the website began in 2002–03, with completion expected in December 2003.

Our web presence is located at [www.australia.or.jp](http://www.australia.or.jp). Foundation staff manage the site, with technical assistance from the website manager in the Australian Embassy in Tokyo.

## ISSUES FORUMS

### TEACH AUSTRALIA

Board member Dr David Carter and three Australian studies academics presented the *Teach Australia* professional development workshop in Tokyo in November 2002.

The two-day event enhanced Japanese educators' knowledge of and capacity to teach about Australia at tertiary and high school levels. It attracted educators from across Japan and, for the first time in many years, addressed the ways teachers can approach introducing Australia to students. The event also provided a series of practical and up-to-date teaching materials on Australia. Feedback indicates this initiative significantly increased participants' understanding of key issues such as history, multiculturalism, immigration and indigenous issues, greatly enhanced networks among fellow Japanese and visiting Australian academics, and improved their ability to teach about Australia.

### AUSTRALIA-JAPAN CONFERENCE 2

The Foundation supported the second Australia-Japan Conference held in Tokyo in November 2002. Before the meeting, we helped with research, and to identify potential participants and new areas of the relationship that could be explored through the conference. We were delighted that e-learning and technology in an ageing society were included as two new areas of discussion. The Foundation is assisting with follow-up of conference recommendations.

## STRATEGIC ALLIANCES

### DEBATERS' EXCHANGE PROGRAM

Our first Debaters' Exchange program commenced in March 2003. The exchange included a three-day workshop in Tokyo, which was run by three Australian world champion debaters for more than 150 young Japanese debaters.

A month later, six Japanese delegates participated in the Australian interspersed debate competition at the University of Queensland. They also attended a one-day, public-speaking skills seminar. The exchange has also led to the Australasian Debaters' Handbook (compiled by Australian debaters) being translated into Japanese.



**Debaters' Exchange**

*—Japanese Debaters with Ms Ruth Bonetti (Convenor of communication skills training) April 03*

Photo by L Wing

### PUBLISHERS' EXCHANGE PROGRAM

Mr Hidetoshi Takenaka, Editor-in-Chief, University of Tokyo Press, visited Australia in June 2003 under the inaugural Publishers' Exchange program. Mr Takenaka attended the Australian Book Fair and met with Australian publishing house representatives and key academics. He also gave a presentation to Australian counterparts on directions in the publishing industry in Japan.

The exchange increased mutual knowledge of publishing industry trends, highlighted the depth and breadth of content produced in Australia as well as Australia's capacity to provide high quality and competitive translation services. The exchange also led to the identification of

areas for potential collaboration between Australian and Japanese publishers.



#### Publishers' Exchange

—Sydney University — l to r Professor Elise Tipton, Mr Hidetoshi Takenaka and Dr Hugh Clarke

Photo a Hisamatsu

## ART EXHIBITIONS PROGRAM

Under our Art Exhibitions program, seven exhibitions are appearing at 11 locations around Japan between May 2002 and Sept 2004. The exhibitions will include contemporary Australian craft and design, visual arts, contemporary indigenous works and sculpture. In addition to raising awareness of contemporary Australian culture, the program has attracted more than A\$1 million in support from organisations including the Japan Foundation, the Australia Council, state governments and Japanese sponsors.

The photographic exhibition, 'Gloss', opened in Nadi, Tokyo in March 2002. The craft exhibition, 'Light Black' opened in Tokyo in May 2003 at the National Museum of Modern Art. It will travel to the Kyoto Museum of Modern Art in September 2003. 'Spirit Country', a contemporary Aboriginal art collection, opened at the Museum of Natural Science, Matsunoyama in July 2003 and will visit Hillside Forum, Daikanyama, Tokyo in October, and Kushiro, Hokkaido in November.

## FRIENDSHIP SOCIETIES AND ASSOCIATIONS

The Foundation provided start-up funding support for the national Federation of Australia-Japan Societies, including for development of the Federation's website.



## ALLIES AND STAKEHOLDERS

Through the Australia-Japan Foundation Awards, the Foundation continues to recognise people and organisations who have made substantial contributions to the development of people-to-people ties between Japan and Australia over time. In November 2002 the Minister for Foreign Affairs Alexander Downer presented the 2002 Awards in Tokyo. Recipients of the 2002 Awards were:

**Mr Tatsuo Kawai**, Honorary Advisor to Kyushu Electric Power Company and former President and Chairman, for contributions to Australia-Japan relations at a corporate and grass roots level between the people of Kyushu and Australia; **Mayor Yasunori Ohkawa**, City of Nara, for contributions towards supporting and promoting the Nara-Australia relationship; **Mr Riichiro (Rick) Shiratori**, President of Shiratori Flour Mills, for contributions in developing cultural and commercial links between the people of Tasmania and Japan; and **Mr Shinichi and Mrs Yuko Ishizuka**, Joetsu Japan-Australia Society, for contributions made in promoting peace, understanding and reconciliation between post-war Australia and Japan in the City of Joetsu.



**Award Ceremony at the Ambassador's residence**

*–l to r Mr Riichiro 'Rick' Shiratori, Mr and Mrs Ishizuka, Minister for Foreign Affairs Alexander Downer, Australian Ambassador John McCarthy, Mr Tatsuo Kawai and Mr Yasunori Ohkawa*

Photo Y Yasuda

**Quantity:** Projects were implemented on time and within Commonwealth procurement guidelines and contractual arrangements

The Foundation conducted procurement procedures for all projects in accordance with Australian Government procurement guidelines and, where applicable, contractual arrangements.

Ninety-eight per cent of this year's projects were implemented on time, and all projects were within agreed budgets. In accordance with a request by the board, the Foundation is reducing, over time, the number of projects it conducts.

**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 (information)**

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

The Foundation's 2001–02 annual report complied with legislative requirements, and in September our 2001–02 financial statements received an unqualified audit. All briefs provided for ministers travelling to Japan were delivered within required deadlines.

All feedback and reports from clients of the Australian Resource Centre indicate that services are of an exceptionally high standard, and provide a benchmark for other facilities in Japan. More than 97 per cent of inquiries were responded to within five working days, despite an increase of more than 15 per cent in the total number of inquiries in 2002–03. Feedback from users of *AUS e-Study* indicates the newsletter fills a large void in information. It is practical, high quality and encourages direct contact between Australian and Japanese academic counterparts and visits by Japanese to Australia.

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

During the year, the Foundation produced its annual report and had its financial statements audited. It also contributed to the Department of Foreign Affairs and Trade's *Portfolio Budget Statements*, and provided reports for Senate Estimates Committees.

The Australian Resource Centre responded to about 8300 inquiries during the year. The Foundation's website received more than 600 000 hits and continues to expand.

The Tokyo office, including the Australian Resource Centre, provided briefings and presentations to more than 4360 individuals. These included formal presentations to schools, local government and community organisations, teacher training sessions, 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 21 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

Foundation programs identified and nurtured stakeholders as follows:

- The Australia-Japan Conference and Japan-Australia Dialogue brought together senior representatives from business, academia, government and community organisations.
- The Foundation's expansion 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 advisers and teachers, and Australians participating in the JET program. Over time, the project will also involve key counterparts in Australian primary education.
- The Art Exhibitions program has engaged Australian gallery directors and curators with counterparts from prestigious Japanese institutions.
- *AUS e-Study* has engaged more than 2000 young academics and students since it was first released and maintains a critical link with Australia-focused young academics in Japan.

- The Sir Neil Currie Awards attract the attention of leading research and teaching institutions. In 2002–03, this included Griffith University, Tokyo University of Science, the Japan Academy of Moving Images, Osaka University of Education and Nagoya University.
- The Debaters' Exchange program exposed more than 150 young Japanese debaters to Australian debating expertise in its first year. In addition, more than 280 future potential leaders from both countries came together at the intervarsity debate competition held at the University of Queensland.
- The Publishers' Exchange program targets executives from major Japanese publishers. Since returning to Japan, the first exchange participant has actively promoted the program to Japanese colleagues and followed up on many of the contacts he made in Australia.

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

This year the Foundation increased its contact database by 5 per cent.

The Art Exhibitions program continued to attract funding from additional sources. The project has now raised A\$1 million in funding from Japanese and Australian organisations.

The Foundation received advice and in-kind support from the International Association of Australian Studies in Australia for both Teach Australia and *AUS e-Study*.

**Price:** The price for output 3 was 4 per cent of our total output budget.

### **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 followed major changes occurring in Japan. The Foundation's programs reflect responses to trends in the education sector and youth-related fields. The active participation in Foundation-initiated activities by Japanese people indicates the high degree of relevance these programs have in Japan.

Changes in information technology and broadband in Japan are also of keen interest to the Foundation, and are being closely monitored to ensure information delivery maximises potential in these areas.

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

The Foundation achieved a satisfactory level of expansion in its research activities. It worked closely with a formal educational advisory committee monitoring changes in education policy in Japan. This ongoing research informs our issues forums program, *Discovering Australia* and *Experience Australia* educational programs, the *Train the Trainer* program and policies within the Australian Research Centre.

The Foundation tracked changes in the use of broadband and information technology in Japan. This included a review of the potential for incorporation of e-learning as a theme of the second Australia-Japan Conference. Research into the publishing industry served as background to the development and implementation of the Publishers' Exchange program. The Foundation monitored issues associated with rapid population decline and an ageing society, as well as women in the workforce, as a precursor to possible discussions in these areas.

**Price:** The price for output 4 was 3 per cent of our total output budget.

Please note: In 2003–04, the Foundation will report against a revised arrangement comprising a single outcome and three outputs.



## CHAPTER 4—MANAGEMENT AND ACCOUNTABILITY

The Australia–Japan Foundation was established under the *Australia–Japan Foundation Act 1976* following recommendations to government by the Crawford Commission in 1974, under the chairmanship of Sir John Crawford AC CBE. 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.

### BOARD 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 as a whole.

The board usually meets three times a year to review the progress of activities, review the unaudited financial statements and approve new initiatives. Major review meetings are held every 18 months to consider the Foundation's longer term strategic direction.

### AUDIT COMMITTEE

The audit committee comprises the chairman as an ex officio member, the deputy chairman and two other members.

### SECRETARIAT STAFFING

The board decided in 1994 to focus the Foundation's activities in Japan and has regarded the Tokyo office as the head office and the director in Tokyo as the chief operating officer. The director of the Canberra secretariat is the chief finance officer, who consults directly with the audit committee, accountants, the Australian National Audit Office, the Department of Finance and Administration and the chief financial officer of the portfolio (Department of Foreign Affairs and Trade).

Staff in the Tokyo and Canberra offices are responsible for the financial management of the Foundation as well as the development and administration of the Foundation's activities.

The Foundation currently employs three ongoing full-time positions in Tokyo to support the director. One of these manages all aspects and programs run by the Australian Resource Centre. This person is assisted by a research librarian, employed by the Australian Embassy. The Foundation also employs contract staff to work on specific programs. Currently one full-time and three part-time contract staff are employed by the Foundation.

## SALARIES AND PERFORMANCE PAY

The director in Tokyo is employed under an Australian workplace agreement. The Department of Foreign Affairs and Trade manages Australian workplace agreements for locally engaged staff. A performance-based pay structure was introduced in the Tokyo office in January 2002. This year staff there received a total of A\$13 633.72 in performance pay.

The two staff in the Canberra office are provided free of charge by the Department of Foreign Affairs and Trade. They are covered under the provisions of the department's certified agreement and management policies.



## 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 2001-02 \$'000	Budget Expenses 2002-03 \$'000	Actual Expenses 2002-03 \$'000	Variation (budget less expenses) \$'000
<b>ADMINISTERED APPROPRIATIONS</b>				
The Foundation receives no administered expenses	0	0	0	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)	1,417	1,277	1,293	16
<b>Output Group 2:</b>				
Provision of advice to the Minister and Parliament and information to clients, allies and stakeholders (Information)	408	367	372	5
<b>Output Group 3:</b>				
Recruitment and maintenance of contacts pertinent to the Foundation and the bilateral relationship (Stakeholders and Allies)	82	73	74	1
<b>Output Group 4:</b>				
Monitoring societal changes in Japan and Australia to identify future areas of activity (Research and Analysis)	35	32	32	0
<b>Total Revenue from Government (Appropriations)</b>	<b>1,942</b>	<b>1,749</b>	<b>1,771</b>	<b>22</b>
Revenue from other Sources				
Interest - Reserve	24	28	29	1
Interest - Administration	29	28	7	-21
Sales of Goods and Services	0	10	6	-4
Other Revenue				
<b>Total Revenue from other Sources</b>	<b>53</b>	<b>66</b>	<b>42</b>	<b>-24</b>
<b>Total Price of Departmental Outputs for Outcome 1</b>	<b>1,995</b>	<b>1,815</b>	<b>1,813</b>	<b>-2</b>
<b>AVERAGE STAFFING LEVELS (NUMBER) 65%</b>				
	<b>2001-02</b>	<b>2002-03</b>	<b>2003-04</b>	
	4.2	3.5	3.25	

Please note: In 2003-04, the Foundation will report against a revised arrangement comprising a single outcome and three outputs.

## FINANCIAL AND STAFFING RESOURCES SUMMARY

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

	Actual Expenses 2001-02 \$'000	Budget Expenses 2002-03 \$'000	Actual Expenses 2002-03 \$'000	Variation (budget less expenses) \$'000
<b>ADMINISTERED APPROPRIATIONS</b>				
The Foundation receives no administered expenses	0	0	0	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)	764	686	697	11
<b>Output Group 2:</b>				
Provision of advice to the Minister and Parliament and information to clients, allies and stakeholders (Information)	220	198	200	2
<b>Output Group 3:</b>				
Recruitment and maintenance of contacts pertinent to the Foundation and the bilateral relationship (Stakeholders and Allies)	44	40	40	0
<b>Output Group 4:</b>				
Monitoring societal changes in Japan and Australia to identify future areas of activity (Research and Analysis)	19	17	17	0
<b>Total Revenue from Government (Appropriations)</b>	<b>1,047</b>	<b>941</b>	<b>954</b>	<b>13</b>
Revenue from other Sources				
Interest - Reserve	12	15	14	-1
Interest - Administration	16	15	5	-10
Sales of Goods and Services	0	5	2	-3
<b>Total Revenue from other Sources</b>	<b>28</b>	<b>35</b>	<b>21</b>	<b>-14</b>
<b>Total Price of Departmental Outputs for Outcome 2</b>	<b>1,075</b>	<b>976</b>	<b>975</b>	<b>-1</b>
<b>Total Price of Departmental Outputs for Outcome 1</b>	<b>1,995</b>	<b>1,815</b>	<b>1,813</b>	<b>-2</b>
<b>Total Price of Departmental Outputs</b>	<b>3,070</b>	<b>2,791</b>	<b>2,788</b>	<b>-3</b>
<b>AVERAGE STAFFING LEVELS (NUMBER) 35%</b>	<b>2001-02</b>	<b>2002-03</b>	<b>2003-04</b>	
	2.3	2.3	2.3	

Please note: In 2003-04, the Foundation will report against a revised arrangement comprising a single outcome and three outputs.

## 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 2002 TO 30 JUNE 2003**

EXPENDITURE		\$AUD
EDUCATION		629,363
<b>Australian Studies</b>		
Sir Neil Currie Awards (Post Graduate, Publications, Curriculum Support)	80,490	
Discovering Australia 2003 edition	40,494	
Tertiary Studies - Aust@lia_Go	525	
- Taiken (Experience Australia Kit)	304,299	
Australian Studies General		
- Tokyo University	44,748	
- Australian Studies Bulletin On-line	83,193	
TEFL		
Train-the-Trainer, incl. TtT 2002	75,614	
<b>INFORMATION</b>		362,855
Digital Presence (formerly 'Web')	123,522	
Australian Resource Centre - incl. Jitsubutsu Set	126,001	
Issues Forums	71,342	
Promotion and Advocacy	41,990	
<b>STRATEGIC ALLIANCES</b>		292,718
Friendship Societies and Associations	43,254	
Allies and Stakeholders	30,695	
Targeted Exchanges	218,769	
<b>TOTAL RESERVE EXPENDITURE</b>		1,284,936
<b>SOURCE OF FUNDING</b>		
<b>Carryover 1 July 2002</b>		472,713
<b>Appropriation for Outputs</b>	1,014,000	
<b>Receipts from Independent Sources</b>		
Interest	44,546	
Information (Australian Resource Centre)	5,479	
<b>Total Revenue</b>		1,064,025
<b>TOTAL FUNDS AVAILABLE</b>		1,536,738



## CHAPTER 6—OTHER MANDATORY INFORMATION

### FUNCTIONS AND POWERS

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 Foundation is responsible to the Minister for Foreign Affairs. 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

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 Australian Government's administration to participate in its policy formulation, administration and/or schemes.

## CATEGORIES OF DOCUMENTS

All documents are open to public access. Facilities for examining Foundation documents are provided at the secretariats in Tokyo and Canberra and on the website at [www.ajf.australia.or.jp/english](http://www.ajf.australia.or.jp/english).

## INITIAL CONTACT POINTS

Access inquiries 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 employed Hill and Knowlton Ltd Japan to undertake public relations and media activities as part of the Japan-wide launch of the Foundation's *Experience Australia* educational kit for primary schools. Payment of \$3005.76 was made for these services.

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

## FRAUD PREVENTION AND CONTROL

The Foundation has a fraud control plan in place. The Foundation's small size means there are potentially fewer opportunities for fraudulent activity. Any case of suspected fraud would be evaluated in accordance with the terms of the Australian Government's Fraud Control Guidelines (2002).

The Foundation has a specific arrangement with the Department of Foreign Affairs and Trade for occasions when a fraud investigation may be warranted. As employees of the department, the Foundation's two staff in Canberra are also subject to that organisation's code of conduct, and ethical policies and procedures. They are also required to complete the department's mandatory fraud and ethics course every three years.

## ASSETS MANAGEMENT

During the year, better forecasting of future asset needs by managers has led to more effective and efficient management of resources in accordance with the *Financial Management and Accountability Act 1997*. Asset control has led to the recording of acquisitions and disposals, and the inclusion of registered assets in the financial management information system.

## COMPETITIVE TENDERING AND CONTRACTING

All contractual arrangements entered into by the Foundation were conducted within the Australian Government's procurement framework and industry development policies. No contracts exceeded the \$100 000 reporting threshold, nor exceeded \$50 000 which under the *Australia–Japan Foundation Act 1976* requires approval of the Minister.

## OTHER INFORMATION

The Department of Foreign Affairs and Trade handles the following matters on behalf of the Foundation:

- workplace diversity;
- industrial democracy;
- occupational health and safety;
- social justice and equity;
- ecologically sustainable development;
- Commonwealth disability strategy;
- privacy commissioner; and
- ombudsman.



## CHAPTER 7—FINANCIAL STATEMENTS



## INDEPENDENT AUDIT REPORT

To the Minister for Foreign Affairs

### Matters relating to the Electronic Presentation of the Audited Financial Report

This audit report relates to the financial report of the Australia-Japan Foundation for the year ended 30 June 2003 included on the Australia-Japan Foundation's web site. The Australia-Japan Foundation's members are responsible for the integrity of the Australia-Japan Foundation's web site.

The audit report refers only to the statements named below. It does not provide an opinion on any other information, which may have been hyperlinked to/from the audited financial report.

If the users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial report to confirm the information included in the audited financial report presented on this web site.

### Scope

I have audited the financial statements of Australia-Japan Foundation for the year ended 30 June 2003. The financial statements comprise:

- Statement by the Foundation members and Chief Financial Officer;
- 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.

GPO Box 707 CANBERRA ACT 2601  
Centenary House 19 National Circuit  
BARTON ACT  
Phone (02) 6203 7390 Fax (02) 6203 7777

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.

#### **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 2003, and its financial performance and cash flows for the year then ended.

Australian National Audit Office



Mashelle Parrett  
Executive Director

Delegate of the Auditor-General

Canberra

16 September 2003



AUSTRALIA - JAPAN FOUNDATION

PO Box E500, KINGSTON ACT 2604 AUSTRALIA Tel: (02) 6261 3898 Fax: (02) 6261 2143



**STATEMENT BY FOUNDATION MEMBERS AND CHIEF FINANCIAL OFFICER**

In our opinion, the attached financial statements for the year ended 30 June 2003 give a true and fair view of the matters required by the Finance Minister's Orders made under the *Financial Management and Accountability Act 1997*.

Signed.....

JK Ellis  
Chairman

15 September 2003

Signed.....

DE Smith  
Chief Financial Officer

15 September 2003

ABN 51 038 353 197

**AUSTRALIA-JAPAN FOUNDATION**  
**STATEMENT OF FINANCIAL PERFORMANCE**  
*for the year ended 30 June 2003*

	Notes	2003 \$	2002 \$
<b>Revenues from ordinary activities</b>			
Revenues from Government	3A	3,277,926	3,274,703
Interest	3B	55,526	80,374
Assets first recognised	3C	-	3,500
Net foreign exchange gains	3D	76,275	29,275
Other		8,451	18,301
<b>Revenues from ordinary activities</b>		<u>3,418,178</u>	<u>3,406,153</u>
<b>Expenses from ordinary activities (excluding borrowing costs expense)</b>			
Employees	4A	1,146,926	1,041,145
Suppliers	4B	2,157,784	1,926,649
Depreciation and amortisation	4C	108,063	96,429
Write-down of assets	4D	320	6,020
<b>Expenses from ordinary activities (excluding borrowing costs expense)</b>		<u>3,413,093</u>	<u>3,070,243</u>
<b>Net surplus</b>		<u>5,085</u>	<u>335,910</u>
 Net credit to asset revaluation reserve		 -	 <u>59,695</u>
<b>Total revenues, expenses and valuation adjustments attributable to the Commonwealth Government and recognised directly in equity</b>		 -	 <u>59,695</u>
 <b>Total changes in equity other than those resulting from transactions with owners as owners</b>		 <u>5,085</u>	 <u>395,605</u>

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

**AUSTRALIA-JAPAN FOUNDATION**  
**STATEMENT OF FINANCIAL POSITION**  
*as at 30 June 2003*

	Notes	2003 \$	2002 \$
<b>ASSETS</b>			
<b>Financial assets</b>			
Cash	5A	608,557	738,439
Receivables	5B	54,838	9,822
<b>Total financial assets</b>		<b>663,395</b>	<b>748,261</b>
<b>Non-financial assets</b>			
Infrastructure, plant and equipment	6A	820,706	821,520
Intangibles	6B	137,453	170,409
Other	6E	34,272	9,380
<b>Total non-financial assets</b>		<b>992,431</b>	<b>1,001,309</b>
<b>TOTAL ASSETS</b>		<b>1,655,826</b>	<b>1,749,570</b>
<b>LIABILITIES</b>			
<b>Provisions</b>			
Capital use charge	7A	112,860	21,000
Employees	7B	423,393	481,307
<b>Total provisions</b>		<b>536,253</b>	<b>502,307</b>
<b>Payables</b>			
Suppliers	8A	143,988	92,903
<b>Total payables</b>		<b>143,988</b>	<b>92,903</b>
<b>TOTAL LIABILITIES</b>		<b>680,241</b>	<b>595,210</b>
<b>NET ASSETS</b>		<b>975,585</b>	<b>1,154,360</b>
<b>EQUITY</b>			
Reserves	9A	366,021	366,021
Accumulated surpluses	9A	609,564	788,339
<b>TOTAL EQUITY</b>		<b>975,585</b>	<b>1,154,360</b>
<b>Current assets</b>		<b>697,667</b>	<b>757,641</b>
<b>Non-current assets</b>		<b>958,159</b>	<b>991,929</b>
<b>Current liabilities</b>		<b>290,456</b>	<b>159,940</b>
<b>Non-current liabilities</b>		<b>389,785</b>	<b>435,270</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 2003*

	Notes	2003 \$	2002 \$
<b>OPERATING ACTIVITIES</b>			
<b>Cash received</b>			
Appropriations		2,690,000	2,757,000
Interest		59,014	78,467
GST received from the ATO		43,253	32,498
Other		8,451	18,301
<b>Total cash received</b>		<b>2,800,718</b>	<b>2,886,266</b>
<b>Cash Used</b>			
Employees		(850,670)	(600,880)
Suppliers		(1,913,317)	(1,661,837)
<b>Total cash used</b>		<b>(2,763,987)</b>	<b>(2,262,717)</b>
<b>Net cash (used by)/from operating activities</b>	10	<b>36,731</b>	<b>623,549</b>
<b>INVESTING ACTIVITIES</b>			
<b>Cash used</b>			
Purchase of plant and equipment and intangibles		(74,613)	(52,132)
<b>Total cash used</b>		<b>(74,613)</b>	<b>(52,132)</b>
<b>Net cash used by investing activities</b>		<b>(74,613)</b>	<b>(52,132)</b>
<b>FINANCING ACTIVITIES</b>			
<b>Cash used</b>			
Capital use charge		(16,000)	(51,000)
Dividends paid		(76,000)	(69,000)
<b>Total cash (used) received</b>		<b>(92,000)</b>	<b>(120,000)</b>
<b>Net cash used by financing activities</b>		<b>(92,000)</b>	<b>(120,000)</b>
<b>Net increase in cash held</b>		<b>(129,882)</b>	<b>451,417</b>
Cash at the beginning of the reporting period		738,439	287,022
<b>Cash at the end of the reporting period</b>	5A	<b>608,557</b>	<b>738,439</b>

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

**AUSTRALIA-JAPAN FOUNDATION  
SCHEDULE OF COMMITMENTS**  
*as at 30 June 2003*

	2003 \$	2002 \$
<b>BY TYPE</b>		
Other Commitments		
Operating leases	1,722,391	2,121,337
Other commitments	55,000	187,000
<i>Total other commitments</i>	<u>1,777,391</u>	<u>2,308,337</u>
Commitments receivable	(5,000)	(98,832)
<b>Net Commitments</b>	<u>1,772,391</u>	<u>2,209,505</u>
<b>BY MATURITY</b>		
<b>All net commitments</b>		
One year or less	522,100	534,822
From one to five years	1,063,243	1,388,737
Over five years	187,048	285,946
<b>Operating lease commitments</b>		
One year or less	487,100	459,822
From one to five years	1,048,243	1,293,737
Over five years	187,048	285,946
<i>Net commitments by maturity</i>	<u>1,722,391</u>	<u>2,039,505</u>

NB: All commitments are GST inclusive where relevant.

Operating leases included are effectively non-cancellable and comprise:

<i>Nature of lease</i>	<i>General description of leasing arrangement</i>
<ul style="list-style-type: none"> <li>Lease for storage space in Tokyo Japan</li> </ul>	Lease payments are subject to a 2% annual increase and are subject to review every 5 years.
<ul style="list-style-type: none"> <li>Lease of residential apartment in Tokyo Japan</li> </ul>	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 3A.

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

**AUSTRALIA-JAPAN FOUNDATION**  
**SCHEDULE OF CONTINGENCIES**  
*as at 30 June 2003*

	2003 \$	2002 \$
<b>Contingent liabilities</b>		
Claims for damages/costs	-	-
<b>Contingent assets</b>		
Claims for damages/costs	-	-
<b>Net contingent liabilities</b>	<u>-</u>	<u>-</u>

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

**AUSTRALIA-JAPAN FOUNDATION**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
*for the year 30 June 2003*

<b>Note</b>	<b>Description</b>
Note 1	Summary of Significant Accounting Policies
Note 2:	Events Occurring after Reporting Date
Note 3:	Operating Revenues
Note 4:	Operating Expenses - Goods & Services
Note 5:	Financial Assets
Note 6:	Non-Financial Assets
Note 7:	Provisions
Note 8:	Payables
Note 9:	Equity
Note 10:	Cash Flow Reconciliation
Note 11:	Remuneration of Board Members
Note 12:	Remuneration of Auditors
Note 13:	Average Staffing Levels
Note 14:	Acts of Grace Payments, Waivers and Defective Administration Scheme
Note 15:	Financial Instruments
Note 16:	Appropriations
Note 17:	Reporting of Outcomes

**AUSTRALIA-JAPAN FOUNDATION**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
*for the year 30 June 2003*

**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:

- Finance Minister Orders (or FMOs, being the *Financial Management and Accountability (financial statements for reporting periods ending on or after 30 June 2003) orders*);
- Australian Accounting Standards and Accounting Interpretations issued by the Australian Accounting Standards Board;
- Consensus Views of the Urgent Issues Group.

The Statements of Financial Performance and Financial Position have been prepared on an accrual basis and are in accordance with 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 the financial position.

Assets and liabilities are recognised in the 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. However, assets and liabilities arising under agreements equally proportionately unperformed are not recognised unless required by an Accounting Standard. Liabilities and assets which are unrecognised are reported in the Schedule of Commitments and the Schedule of Contingencies.

**AUSTRALIA-JAPAN FOUNDATION**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
*for the year 30 June 2003*

**1.2 Basis of Accounting (continued)**

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.

The continued existence of the Foundation in its present form, and with its present programs, is dependent on Government policy and on continuing appropriations by Parliament for the Foundation's administration and programs.

**1.3 Changes in Accounting Policy**

The accounting policies used in the preparation of these financial statements are consistent with those used in 2001-02, except in respect of:

- the accounting for output appropriations (refer to Note 1.4);
- measurement of certain employee benefits at nominal amounts (refer to Note 1.6);
- Initial revaluation of property, plant and equipment on a fair value basis (refer to Note 1.10);
- the imposition of an impairment test for non-current assets carried at cost (refer to Note 1.11).

**1.4 Revenue**

*Revenues from Government*

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.

*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.

The Department of Foreign Affairs and Trade provides office accommodation, personnel and utilities for the Tokyo office of the Foundation in the Tokyo embassy chancery building. The costs for 2002-2003 are \$357,860 and have been included in resources received free of charge.

**AUSTRALIA-JAPAN FOUNDATION**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
*for the year 30 June 2003*

**1.4 Revenue (continued)**

The Secretariat in Canberra is located within DFAT. Rent, personnel, administration and utility charges are provided as resources received free of charge. The costs for 2002-2003 are \$175,066 and have been included in resources received free of charge.

*Other revenue*

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

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

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.

**1.5 Transactions with the Government as Owner**

*Capital Use Charge*

A Capital Usage Charge of 11% (2002: 11%) is imposed by the Government on the net departmental assets of the Foundation at year end. The charge is accounted for as a dividend to Government.

The Capital Use Charge for the Foundation for the year ended 30 June 2003 is \$112,860 and has been included as a liability.

In accordance with the recommendations of a review of Budget Estimates and Framework, the Government has decided that the Charge will not operate after 30 June 2003.

**1.6 Employee Benefits**

*Benefits*

Liabilities for services rendered by employees are recognised at the reporting date to the extent that they have not been settled.

Liabilities for wages and salaries (including non-monetary benefits), annual leave, sick leave are measured at their nominal amounts. Other employee benefits expected to be settled within 12 months of the reporting date are also measured at their nominal amounts.

**AUSTRALIA-JAPAN FOUNDATION**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
*for the year 30 June 2003*

**1.6 Employee Benefits (continued)**

The nominal amount is calculated with regard to the rates expected to be paid on settlement of the liability. This is a change in accounting policy from last year required on initial application of a new Accounting Standard AASB 1028 from 1 July 2002.

All other employee benefit liabilities are measured as the present value of the estimated future cash outflows to be made in respect of services provided by employees up to the reporting date.

*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 2003 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 2003.

*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 2003. 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 Financial Instruments**

Accounting policies for financial instruments are stated at note 15.

**AUSTRALIA-JAPAN FOUNDATION**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
*for the year 30 June 2003*

**1.9 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.

**1.10 Property, Plant & Equipment**

*Asset recognition threshold*

Purchases of property, plant and equipment are recognised initially at cost in the Statement of Financial Position, except for purchases costing less than \$2,000, which are expensed in the year of acquisition (other than where they form part of a group of similar items which are significant in total).

*Revaluations*

Plant and equipment are carried at valuation. Revaluations undertaken up to 30 June 2002 were done on a deprival basis; revaluations since that date are at fair value. This change in accounting policy is required by Australian Accounting Standard AASB 1041 *Revaluation of Non-Current Assets*.

Fair and deprival values for each class of asset are determined as shown below.

Asset class	Fair value measured at:	Deprival value measured at:
Plant & equipment	Market selling price	Depreciated replacement cost

Under both deprival and fair value, assets which are surplus to requirements are measured at their net realisable value. At 30 June 2003, The Foundation held no surplus assets.

*Frequency*

Plant and equipment are revalued progressively in successive three-year cycles. All current cycles commenced on 1 July 2000 and finished on 30 June 2003.

Plant and equipment are revalued progressively 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 were revalued in 2001-2002.

Assets in each class acquired after the commencement of a progressive revaluation cycle are not captured by the progressive revaluation then in progress.

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**1.10 Property, Plant & Equipment (continued)**

*Conduct*

All valuations are conducted by an independent qualified valuer.

*Recoverable amount test*

From 1 July 2002, the Schedule 1 no longer requires the application of the recoverable amount test in Australian Accounting Standard AAS 10 *Recoverable Amount of Non-Current Assets* to the assets of agencies when the primary purpose of the asset is not the generation of net cash inflows.

No property plant and equipment assets other than land now held for sale have been written down to recoverable amount per AAS 10. Accordingly, the change in policy has had no financial effect.

*Depreciation*

Depreciable property plant and equipment assets are written-off to their estimated residual values over their estimated useful lives to the Agency using, in all cases, the straight-line method of depreciation. Leasehold improvements are depreciated on a straight-line basis over the lesser of the estimated useful life of the improvements or the unexpired period of the lease.

Depreciation rates (useful lives) and methods are reviewed at each reporting date and necessary 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.

The library collection is revalued on a three yearly basis. Depreciation is provided on the acquisitions for the library.

Depreciation rates applying to each class of depreciable asset are based on the following useful lives:

	2003	2002
Plant and equipment	5 to 10 years	3 to 13 years
Resource Centre	50 years	50 years

The aggregate amount of depreciation allocated for each class of asset during the reporting period is disclosed in Note 4C.

**1.11 Intangibles**

The Foundation's intangibles comprise internally developed software for internal use. These assets are carried at cost.

From 1 July 2002, Schedule 1 no longer requires the application of the recoverable amount test in Australian Accounting Standard AAS 10 *Recoverable Amount of Non-*

**AUSTRALIA-JAPAN FOUNDATION**  
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**1.11 Intangibles (continued)**

*Current Assets* to the assets of agencies when the primary purpose of the asset is not the generation of net cash inflows.

However Schedule 1 now requires such assets, if carried on the cost basis, to be assessed for indications of impairment. The carrying amount of impaired assets must be written down to the higher of its net market selling price or depreciated replacement cost.

All software assets were assessed for impairment as at 1 July 2002. None were found to be impaired. Software is amortised on a straight-line basis over its anticipated useful life.

The useful lives of the Foundation's software is 5 years (2001-02: 5 years).

**1.12 Taxation**

The Foundation is exempt from all forms of taxation except fringe benefits tax and the goods and services tax (GST).

Revenues, expenses and assets are recognised net of GST:

- except where the amount of GST incurred is not recoverable from the Australian Taxation Office; and
- except for receivables and payables.

**1.13 Foreign Currency**

Transactions denominated in a foreign currency are converted at the exchange rate at the date of the transaction. Foreign currency receivables and payables are translated at the exchange rates current as at balance date.

**1.14 Insurance**

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

**2. Events Occurring after Reporting 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 2003.

**AUSTRALIA-JAPAN FOUNDATION**  
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**3. Operating Revenues**

**3A Revenues from Government**

	2003	2002
	\$	\$
Appropriations for outputs	2,725,000	2,572,000
Resources received free of charge	552,926	702,703
Total revenues from government	<u>3,277,926</u>	<u>3,274,703</u>

**3B Interest Revenue**

Interest on deposits	<u>55,526</u>	<u>80,374</u>
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**3C Reversals of Previous Asset Write-Downs**

<b>Non-financial assets</b>		
Plant and equipment	-	3,500
Total reversals of previous asset write-downs	<u>-</u>	<u>3,500</u>

**3D Net Foreign Exchange Gains**

Non-speculative	<u>76,275</u>	<u>29,275</u>
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**AUSTRALIA-JAPAN FOUNDATION**  
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	2003	2002
	<u>\$</u>	<u>\$</u>
<b>4. Operating Expenses</b>		
<b>4A Employee Expenses</b>		
Wages and Salary	915,864	612,934
Leave and other entitlements	18,361	55,333
Foreign Exchange gains on employee entitlements	(76,275)	(29,275)
Superannuation	11,081	10,832
Resources Provided Free of Charge	277,895	391,321
Total employee expenses	<u>1,146,926</u>	<u>1,041,145</u>

**4B Supplier Expenses**

Goods from external entities	673,653	606,676
Services from related entities	362,059	352,175
Services from external entities	622,275	478,918
Operating lease rentals*	499,797	488,880
Total supplier expenses	<u>2,157,784</u>	<u>1,926,649</u>

\* These comprise minimum lease payments only.

**4C Depreciation and Amortisation**

*Depreciation*

Depreciation of plant and equipment	58,736	50,185
Amortisation of intangibles	49,327	46,244
Total depreciation and amortisation	<u>108,063</u>	<u>96,429</u>

The aggregate amounts of depreciation or amortisation expensed during the reporting period for each class of depreciable asset are as follows:

Plant and equipment	58,736	50,185
Intangibles	49,327	46,244
Total depreciation and amortisation	<u>108,063</u>	<u>96,429</u>

No depreciation or amortisation was allocated to the carrying amounts of other assets.

**AUSTRALIA-JAPAN FOUNDATION**  
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	2003	2002
	\$	\$
<b>4D: Write Down of Assets</b>		
Non-financial assets		
Plant & equipment	320	6,020
Total write-down of assets	<u>320</u>	<u>6,020</u>
<b>5. Financial Assets</b>		
<b>5A Cash</b>		
Cash at Bank and on hand:	608,557	93,439
Deposits at call	-	645,000
Total cash	<u>608,557</u>	<u>738,439</u>
<b>5B Receivables</b>		
Appropriations receivable	35,000	-
GST receivable from the Australian Taxation Office	19,838	6,334
Other Debtors	-	3,488
Total receivables (net)	<u>54,838</u>	<u>9,822</u>
All receivables are current assets.		
Receivables (gross) are aged as follows:		
Not overdue	<u>54,838</u>	<u>9,822</u>
Total receivables (gross)	<u>54,838</u>	<u>9,822</u>

**AUSTRALIA-JAPAN FOUNDATION**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
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	2003 \$	2002 \$
<b>6. Non-Financial assets</b>		
<b>6A Infrastructure, Plant and Equipment</b>		
Plant and equipment		
– at cost	80,325	18,582
– Accumulated depreciation	(3,207)	-
	<u>77,118</u>	<u>18,582</u>
– at 2001-2003 valuation (deprival value)	652,588	652,588
– Accumulated depreciation	-	-
	<u>652,588</u>	<u>652,588</u>
– at 2002-04 valuation (deprival value)	247,900	270,597
– Accumulated depreciation	(156,900)	(120,247)
	<u>91,000</u>	<u>150,350</u>
Total Infrastructure, Plant and Equipment (non-current)	<u>820,706</u>	<u>821,520</u>

All revaluations are independent and are conducted in accordance with the revaluation policy stated at Note 1. In 2001-02, the revaluations were conducted by an independent valuer.

**6B Intangibles**

Computer software at cost:	144,029	127,657
Accumulated amortisation	(99,168)	(81,586)
	<u>44,861</u>	<u>46,071</u>
URL at deemed cost:	158,730	158,730
Accumulated amortisation	(66,138)	(34,392)
	<u>92,592</u>	<u>124,338</u>
Total intangibles	<u>137,453</u>	<u>170,409</u>

**AUSTRALIA-JAPAN FOUNDATION**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
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**6C Analysis of Property, Plant, Equipment and Intangibles**

Item	Plant and Equipment \$	Intangibles \$	TOTAL \$
<b>As at 1 July 2002</b>			
Gross book value	941,767	286,388	1,228,155
Accumulated depreciation/amortisation	(120,247)	(115,979)	(236,226)
Net book value	821,520	170,409	991,929
<b>Additions</b>			
by purchase	58,242	16,371	74,613
Depreciation/amortisation expense	(58,736)	(49,327)	(108,063)
<b>Disposals</b>			
Other disposals	(320)	-	(320)
<b>As at 30 June 2003</b>			
Gross book value	980,813	302,759	1,283,572
Accumulated depreciation/amortisation	(160,107)	(165,306)	(325,413)
Net book value	820,706	137,453	958,159

**AUSTRALIA-JAPAN FOUNDATION**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
*for the year 30 June 2003*

**6D Analysis of Property, Plant, Equipment and Intangibles**

**TABLE B – Assets at valuation**

<b>Item</b>	<b>Plant and Equipment \$</b>	<b>TOTAL \$</b>
<b>As at 30 June 2003</b>		
Gross value	900,488	900,488
Accumulated depreciation/amortisation	(156,900)	(156,900)
Net book value	743,588	743,588
<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

**AUSTRALIA-JAPAN FOUNDATION**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
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	2003	2002
	\$	\$

**6E Other Non-Financial Assets**

Prepayments	34,272	9,380
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All other non-financial assets are current assets.

**7. Provisions**

**7A Capital Use Charge Provision**

Capital Use Charge	112,860	21,000
Balance owing 1 July	21,000	43,000
Capital Use Charge provided for during the period	107,860	29,000
Capital Use Charge paid	(16,000)	(51,000)
Balance owing 30 June	112,860	21,000

The Capital Use Charge provision is a current liability.

**7B Employee Provisions**

Leave	33,608	46,037
Separations and redundancies	389,785	435,270
Aggregate employee entitlement liability	423,393	481,307
Aggregate employee benefit liability and related on-costs	423,393	481,307
Current	33,608	46,037
Non-current	389,785	435,270

**8 Payables**

**8A Supplier Payables**

Trade creditors	143,988	92,903
Total supplier payables	143,988	92,903

Supplier payables are represented by:

Current	143,988	92,903
Total supplier payables	143,988	92,903

**AUSTRALIA-JAPAN FOUNDATION**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
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**9. Equity**

**9A Analysis of equity**

Item	Accumulated Results		Asset Revaluation Reserves		TOTAL EQUITY	
	2003	2002	2003	2002	2003	2002
	\$	\$	\$	\$	\$	\$
Opening balance as at 1 July	788,339	550,429	366,021	306,326	1,154,360	856,755
Net surplus/deficit	5,085	335,910	-	-	5,085	335,910
Net revaluation increment/(decrement)	-	-	-	59,695	-	59,695
<b>Transactions with owner:</b>						
Distributions to owner:						
Returns on Capital						
Dividends	(76,000)	(69,000)	-	-	(76,000)	(69,000)
Capital Use Charge	(107,860)	(29,000)	-	-	(107,860)	(29,000)
Transfers to/(from)/between reserves	-	-	-	-	-	-
<b>Closing balance as at 30 June</b>	<b>609,564</b>	<b>788,339</b>	<b>366,021</b>	<b>366,021</b>	<b>975,585</b>	<b>1,154,360</b>
<i>Less: outside equity interests</i>	-	-	-	-	-	-
Total equity attributable to the Commonwealth	609,564	788,339	366,021	366,021	975,585	1,154,360

**AUSTRALIA-JAPAN FOUNDATION**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
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	2003	2002
	\$	\$
<b>10. Cash Flow Reconciliation</b>		
<b>Reconciliation of cash per Statement of Financial Position to Statement of Cash Flows</b>		
Cash at year end per Statement of Cash Flows	608,557	738,439
Statement of Financial Position items comprising above cash: 'Financial Asset - Cash'	608,557	738,439
<b>Reconciliation of net surplus to net cash from operating activities:</b>		
Net surplus (deficit)	5,085	335,910
Depreciation / amortisation	108,063	96,429
Net Loss on disposal of assets	320	6,020
Assets first recognised	-	(3,500)
(Increase) / decrease in net receivables	(45,016)	190,971
(Increase) / decrease in prepayments	(24,892)	(3,358)
Increase / (decrease) in employee provisions	(57,914)	19,669
Increase / (decrease) in supplier payables	51,085	(18,592)
Net cash from / (used by) operating activities	<u>36,731</u>	<u>623,549</u>

**AUSTRALIA-JAPAN FOUNDATION**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
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	2003	2002
	<u>\$</u>	<u>\$</u>
<b>11. Remuneration of Board Members</b>		
The number of members who received remuneration during the 2002-2003 financial year within the following bands is:		
\$0 to \$9,999	11	14
The aggregate amount of total remuneration of members shown above,	7,680	11,240
<b>12. Remuneration of Auditors</b>		
Financial statement audit services are provided free of charge to the department.		
The fair value of the services provided was:	<u>20,000</u>	<u>18,000</u>
No other services were provided by the Auditor-General.		
<b>13. Average Staffing Levels</b>		
The average staffing levels for the Agency during the year were:	<u>5</u>	<u>4</u>
<b>14. Act of Grace Payments, Waivers and Defective Administration Scheme</b>		
No 'Act of Grace' payments were made during the reporting period, and there are no amounts owing as at year end.	-	
No waivers of amounts owing to the Commonwealth were made pursuant to subsection 34(1) of the <i>Financial Management and Accountability Act 1997</i> .	-	-

**AUSTRALIA-JAPAN FOUNDATION**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
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**15. Financial Instruments**

**15A Terms, Conditions and Accounting Policies**

<b>Financial Instrument</b>	<b>Notes</b>	<b>Accounting Policies and Methods (including recognition criteria and measurement basis)</b>	<b>Nature of Underlying Instrument (including significant terms &amp; conditions affecting the amount, timing and certainty of cash flows)</b>
<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	5A	Cash is recognised at its nominal amount. Interest on cash at bank is credited to revenue as it accrues.	Interest is earned on the monthly balance at rates based on money market call rates. Rates have averaged 3.26% for the year (2002: 4.11%). Interest is paid at month end.
Receivables for goods and services	5B	These receivables are recognised at the nominal amounts due less any provision for bad and doubtful debts. Collectability of debts is reviewed at balance date.	All receivables are with related entities to the Commonwealth. Credit terms are not 30 days (2002: 30 days).
Appropriations receivable	5B	These receivables are recognised at their nominal amounts.	Amounts appropriated by the Parliament in the current or previous years which are available to be drawn down by the Agency.

**AUSTRALIA-JAPAN FOUNDATION**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
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**15. Financial Instruments (continued)**

**15A Terms, Conditions and Accounting Policies**

<b>Financial Instrument</b>	<b>Notes</b>	<b>Accounting Policies and Methods (including recognition criteria and measurement basis)</b>	<b>Nature of Underlying Instrument (including significant terms &amp; conditions affecting the amount, timing and certainty of cash flows)</b>
<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.	
Capital Use Charge payable	7A	This payable is recognised as the amount outstanding on the estimated amount to be paid in accordance with the calculations outlined by the Department of Finance and Administration.	The final amount payable for the year will be the amount appropriated as per the Agency's 2002-03 Portfolio Budget Statements of \$112,860.
Trade creditors	8A	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 or services have been received (and irrespective of having been invoiced).	All creditors are entities that are not part of the Commonwealth legal entity. Settlement is usually made net 30 days.

**AUSTRALIA-JAPAN FOUNDATION**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
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**15. Financial Instruments (continued)**

**15B: Interest Rate Risk**

Financial Instrument	Notes	Floating Interest Rate		Fixed Interest Rate Maturing In					Non-Interest Bearing		Total		Weighted Average Effective Interest Rate	
				1 Year or Less	1 to 5 Years	> 5 Years								
		2003 \$	2002 \$	2003 \$	2002 \$	2003 \$	2002 \$	2003 \$	2002 \$	2003 \$	2002 \$	2003 \$	2002 %	2002 %
<b>Financial Assets</b>														
Cash at bank	5A	608,557	738,439	-	-	-	-	-	-	-	608,557	738,439	3.26	4.11
Receivables for goods and services (gross)	5B	-	-	-	-	-	-	19,838	9,822	19,838	9,822	N/A	N/A	N/A
Appropriations receivable	5B	-	-	-	-	-	-	35,000	-	35,000	-	N/A	N/A	N/A
<b>Total</b>		<b>608,557</b>	<b>738,439</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>54,838</b>	<b>9,822</b>	<b>663,395</b>	<b>748,261</b>			
<b>Total Assets</b>								<b>1,655,826</b>	<b>1,749,570</b>					
<b>Financial Liabilities</b>														
Capital Use Charge payable	7A	-	-	-	-	-	-	112,860	21,000	112,860	21,000	N/A	N/A	N/A
Trade creditors	8A	-	-	-	-	-	-	143,988	92,903	143,988	92,903	N/A	N/A	N/A
<b>Total</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>256,848</b>	<b>113,903</b>	<b>256,848</b>	<b>113,903</b>			
<b>Total Liabilities</b>								<b>680,241</b>	<b>595,210</b>					

**AUSTRALIA-JAPAN FOUNDATION**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
*for the year 30 June 2003*

**15. Financial Instruments (continued)**

**15C Net Fair Values of Financial Assets and Liabilities**

	Notes	2003		2002	
		Total Carrying Amount \$	Aggregate Net Fair Value \$	Total Carrying Amount \$	Aggregate Net Fair Value \$
<b>Departmental Financial Assets</b>					
Cash at bank	5A	608,557	608,557	738,439	738,439
Receivables for goods and services (net)	5B	19,838	19,838	9,822	9,822
Appropriations receivable	5B	35,000	35,000	-	-
<b>Total Financial Assets</b>		<b>663,395</b>	<b>663,395</b>	<b>748,261</b>	<b>748,261</b>
<b>Financial Liabilities (Recognised)</b>					
Capital Use Charge	7A	112,860	112,860	21,000	21,000
Trade creditors	8A	143,988	143,988	92,903	92,903
<b>Total Financial Liabilities (Recognised)</b>		<b>256,848</b>	<b>256,848</b>	<b>113,903</b>	<b>113,903</b>

The net fair values of cash and non-interest-bearing monetary financial assets approximate their carrying amounts.

The net fair values for trade creditors are approximated by their carrying amounts.

**15D Credit Risk Exposures**

The Department's maximum exposures to credit risk at reporting date in relation to each class of recognised financial assets is the carrying amount of those assets as indicated in the Statement of Financial Position.

The Department has no significant exposures to any concentrations of credit risk.

All figures for credit risk referred to do not take into account the value of any collateral or other security.

**AUSTRALIA-JAPAN FOUNDATION**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
*for the year 30 June 2003*

**16. Appropriations**

Note 16A Cash Basis Acquittal of Appropriations from Acts 1 and 3

Particulars	Departmental Outputs	Total
<b>Year ended 30 June 2003</b>		
Balance carried from previous year	\$ 738,439	\$ 738,439
Appropriation for reporting period (Act 1)		
Appropriation for reporting period (Act 3)	2,690,000	2,690,000
Adjustments by the Finance Minister	-	-
Amounts from Advance to the Finance Minister	-	-
Refunds credited (FMA s 30)	-	-
GST credits (FMA s 30A)	50,123	50,123
Annotations to 'net appropriations' (FMA s 31)	63,977	63,977
Transfer to/from other agencies (FMA s 32)	-	-
Administered appropriation lapsed	n/a	n/a
Available for payments	3,542,539	3,542,539
Payments made	(2,933,982)	(2,933,982)
Appropriations credited to Special Accounts	-	-
Balance carried to next year	608,557	608,557
<i>Represented by:</i>		
Cash	608,557	608,557
Add: Appropriations receivable	-	-
Add: Receivables - Goods and Services - GST receivable from customers	-	-
Less: Other payables - Net GST payable to the ATO	-	-
Less: Payable - Suppliers - GST portion	-	-
<b>Total</b>	<b>608,557</b>	<b>608,557</b>

**AUSTRALIA-JAPAN FOUNDATION**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
*for the year 30 June 2003*

**16. Appropriations (continued)**

**Notes to and forming part of the Financial Statements**

Particulars	Departmental Outputs	Total
<b>Year ended 30 June 2002</b>		
Balance carried from previous year	\$ 287,022	\$ 287,022
Total annual appropriation	2,572,000	2,572,000
GST credits (FMA s 30A)	32,498	32,498
Annotiations to 'net appropriations' (FMA s 31)	96,768	96,768
Transfers to/from other agencies (FMA s32)	-	-
Administered appropriation lapsed	-	-
Available for payments	2,988,288	2,988,288
Payments made during the year	(2,249,849)	(2,249,849)
Appropriations credited to special accounts	-	-
Balance carried to the next year	738,439	738,439
<i>Represented by:</i>		
Cash	738,439	738,439
Add: Appropriations receivable	-	-
Add: Receivables – Goods and Services – GST receivable from customers	-	-
Add: Investment in term deposit	-	-
Add: Receivables – Net GST receivable from the ATO	-	-
Less: Payable – Suppliers – GST portion	-	-
<b>Total</b>	<b>738,439</b>	<b>738,439</b>

**AUSTRALIA-JAPAN FOUNDATION**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
*for the year 30 June 2003*

**17 Reporting of Outcomes**

The Foundation uses an estimated allocation to outcomes based on a 65/35 notional split of total operating revenues and expenses. The split is based on an estimation of the revenues and expenses attributable to each outcome.

The number of outcomes has been reduced to one for the 2003-04 Budget. The basis of attribution in the below table is consistent with the basis used for the 2002-03 Portfolio Budget Statements.

**17A Net Cost of Outcome Delivery**

	Outcome 1		Outcome 2		Total	
	2003	2002	2003	2002	2003	2002
	\$	\$	\$	\$	\$	\$
Departmental expenses	2,218,510	1,995,658	1,194,583	1,074,585	3,413,093	3,070,243
<b>Total expenses</b>	<b>2,218,510</b>	<b>1,995,658</b>	<b>1,194,583</b>	<b>1,074,585</b>	<b>3,413,093</b>	<b>3,070,243</b>
<i>Costs recovered from provision of goods and services to the non-government sector</i>						
Departmental	-	-	-	-	-	-
<b>Total costs recovered</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<i>Other external revenue</i>						
Departmental						
Interest on cash deposits	36,092	52,243	19,434	28,131	55,526	80,374
Reversals of previous asset write-downs	-	2,275	-	1,225	-	3,500
Other	5,493	11,896	2,958	6,405	8,451	18,301
Goods and Services Revenue from Related Entities	-	-	-	-	-	-
<i>Total Departmental</i>	<b>41,585</b>	<b>66,414</b>	<b>22,392</b>	<b>35,761</b>	<b>63,977</b>	<b>102,175</b>
<b>Total other external revenues</b>	<b>41,585</b>	<b>66,414</b>	<b>22,392</b>	<b>35,761</b>	<b>63,977</b>	<b>102,175</b>
<b>Net cost (contribution) of outcome</b>	<b>2,176,925</b>	<b>1,929,244</b>	<b>1,172,191</b>	<b>1,038,824</b>	<b>3,349,116</b>	<b>2,968,068</b>

**AUSTRALIA-JAPAN FOUNDATION**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
*for the year 30 June 2003*

**17B Major Classes of Departmental Revenues and Expenses by Output Groups and Outputs**

Outcome 1	Output Group 1.1		Output Group 1.2		Output Group 1.3		Output Group 1.4		Outcome 1 Total	
	2003		2002		2003		2002		2003	
	2003	2002	2003	2002	2003	2002	2003	2002	2003	2002
<b>Departmental expenses</b>										
Employees	544,216	494,023	156,556	142,116	31,311	28,423	13,419	12,182	745,502	676,744
Suppliers	1,023,869	914,195	294,537	262,988	58,908	52,597	25,246	22,542	1,402,560	1,252,322
Depreciation and amortisation	51,276	45,756	14,751	13,163	2,950	2,632	1,264	1,128	70,241	62,679
Other expenses	152	2,857	43	822	9	164	4	70	208	3,913
<b>Total departmental expenses</b>	<b>1,619,513</b>	<b>1,456,831</b>	<b>465,887</b>	<b>419,089</b>	<b>93,178</b>	<b>83,816</b>	<b>39,933</b>	<b>35,922</b>	<b>2,218,511</b>	<b>1,995,658</b>
<b>Funded by:</b>										
Revenues from government	1,555,376	1,553,847	447,437	446,997	89,487	89,399	38,352	38,314	2,130,652	2,128,557
Sale of goods and services	4,010	8,684	1,153	2,498	231	500	99	214	5,493	11,896
Other non-taxation revenues	62,540	53,689	17,991	15,445	3,598	3,089	1,542	1,324	85,671	73,547
<b>Total departmental revenues</b>	<b>1,621,926</b>	<b>1,616,220</b>	<b>466,581</b>	<b>464,940</b>	<b>93,316</b>	<b>92,988</b>	<b>39,993</b>	<b>39,852</b>	<b>2,221,816</b>	<b>2,214,000</b>

The Capital Usage Charge is not included in any of the outcomes as it is not an operating expense in end-of-year financial reports. Refer to Outcome 1 Resourcing Table on page XXX and Outcome 2 Resourcing Table on page XXX of this Annual Report.

**AUSTRALIA-JAPAN FOUNDATION**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
*for the year 30 June 2003*

**17B Major Classes of Departmental Revenues and Expenses by Output Groups and Outputs (continued)**

Outcome 2	Output Group 2.1		Output Group 2.2		Output Group 2.3		Output Group 2.4		Outcome 2 Total	
	2003		2002		2003		2002		2003	
<b>Departmental expenses</b>										
Employees	293,040	266,013	84,299	76,524	16,860	15,305	7,225	6,559	401,424	364,401
Suppliers	551,314	492,259	158,597	141,608	31,719	28,322	13,594	12,138	755,224	674,327
Depreciation and amortisation	27,610	24,638	7,943	7,088	1,588	1,417	681	607	37,822	33,750
Other expenses	82	1,538	23	442	5	89	2	38	112	2,107
<b>Total departmental expenses</b>	<b>872,046</b>	<b>784,448</b>	<b>250,862</b>	<b>225,662</b>	<b>50,172</b>	<b>45,133</b>	<b>21,502</b>	<b>19,342</b>	<b>1,194,582</b>	<b>1,074,585</b>
<b>Funded by:</b>										
Revenues from government	837,510	836,686	240,928	240,691	48,185	48,138	20,651	20,631	1,147,274	1,146,146
Sale of goods and services	2,159	4,676	621	1,345	125	269	53	115	2,958	6,405
Other non-taxation revenues	33,675	28,910	9,687	8,316	1,938	1,663	830	713	46,130	39,602
<b>Total departmental revenues</b>	<b>873,344</b>	<b>870,272</b>	<b>251,236</b>	<b>250,352</b>	<b>50,248</b>	<b>50,070</b>	<b>21,534</b>	<b>21,459</b>	<b>1,196,362</b>	<b>1,192,153</b>



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