



Australia–Japan Foundation Annual Report 2004–05

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Comments

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Other publications

Information about other Foundation publications can be obtained from its offices in Canberra and Tokyo. Publications are generally free.

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11 November 2005

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 2004-05.

Yours sincerely



J.K. ELLIS
Chairman

From the Chairman


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CHAPTER 1

Review by the Chairman

I am pleased to report that the Foundation continued to drive a targeted and successful series of programs this year.

Through its programs the Foundation seeks to enhance Japanese perceptions of Australia and strengthen ties underpinning the bilateral relationship. The Board reviewed its strategy this year, and agreed that the Foundation should continue to build upon its education programs and continue to expand exchange activities over time.

Key education programs include the *Experience Australia* kit (a hands-on learning tool for Japanese primary schools to encourage greater understanding of Australian culture and society), and the *Discovering Australia* kit (an online resource for teachers in Japanese high schools). The *Experience Australia* kit, launched in July 2002, celebrated its one millionth user in May this year. The kit's success has been acknowledged publicly by the Japanese Ministry of Education, Science, Culture and Technology and as having contributed to progressing international understanding in Japan. The *Discovering Australia* website is one of the most popular online learning tools about Australia for students around Japan and has achieved record usage. This asset will serve as a cornerstone for future school-based digital programs.

The Foundation's Integrated Studies Train-the-Trainer program also operates with strong support from the Japanese Ministry of Education, Science, Culture and Technology and regional boards of education throughout Japan. Twenty Japanese teachers participated in the second pilot program held in Melbourne in August 2004. In addition to participating in workshops, the teachers had opportunities to experience aspects of Australian life and culture through home-stays and site-visits.

The Foundation is committed to supporting professional engagement and exchange between Australian and Japanese individuals and organisations. The Foundation co-funded the Third Australia–Japan Conference held in Melbourne in February 2005. The conference was attended by 38 senior representatives from politics, business, academia and the arts in Australia and Japan, who considered a range of issues. While recognising that Australia and Japan shared values and interests, the conference highlighted opportunities for furthering bilateral relations across many fields.


The Foundation also remains committed to cultural exchange and nurtured some impressive results. Between 2001–04 the Foundation provided seed-funding to Asialink to develop and manage the Australia–Japan Art Exhibitions Program. In 2004 the last of seven exhibitions were held—*Supernatural Artificial* at the Tokyo Metropolitan Museum of Photography, and *Sisters* at the Fujieda Museum in Shizuoka Prefecture. These were very well received. Over 280 000 people visited events during the three-year period. The program also established a range of promising linkages between arts professionals.

The Board instigated an administrative review in order to maximise the Foundation's program funding and ensure the organisational structure supported its goals and responsibilities. As part of this process the Board decided to relocate the senior director position to Canberra and to localise the Tokyo director position in 2005–06. In addition much work has been done during this financial year to streamline accounting and administrative practices, which will further enhance internal management and financial reporting to Government. I am very pleased with the progress made to date.

The Board is greatly appreciative of the support and assistance of the Australian Ambassador to Japan, Mr Murray McLean OAM, and his staff at the Australian Embassy. May I also take this opportunity to commend the Foundation's Director in Tokyo and the Tokyo Secretariat staff for keeping programs moving along so well.

I wish to express my appreciation to the members of the Board, both past and present, whose experience and expertise has assisted the Foundation to remain relevant, progressive and innovative. In 2004, Mr Adam Wynn, Mr Geoff Hiscock, Mr David Carter and Dr Helen Nugent AO completed their terms as Board members. I thank them for their valuable contribution to the Foundation. The Foundation welcomed Ms Tina Slattery, Mr Jock McGregor, Ms Catherine Harris PSM and Mr John McBride to the Board.

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 mutual knowledge and understanding of each other. This involves:

- 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
- strengthening bilateral connections to advance Australia’s national interests.

To achieve this, the Foundation strives to inform the Japanese people about Australia, by increasing their knowledge and networks and influencing their perceptions of contemporary society and lifestyle, politics and government, arts, culture and sport, the natural environment and its management.

Organisational Structure

The Foundation is a statutory body responsible to the Minister for Foreign Affairs. The Minister appoints members of the Board of management, who serve on a part-time basis. During 2004–05 there were eight Board members, including the Chairman (and Chief Executive) and Deputy Chair.

The Board operates as a whole rather than maintaining a system of subcommittees. There is, however, an Audit Committee comprising the Audit Committee Chair and two other Board members. The Chairman of the Board sits on the committee as an ex officio member.

The Foundation has offices in the Australian Embassy in Tokyo and in the Department of Foreign Affairs and Trade in Canberra.

Board Members and Terms of Office

Chairman and Chief Executive

Mr Jeremy Ellis (ex officio member of the Audit Committee)
1 January 1999–31 December 2005

Deputy Chair

Ms Catherine Rossi Harris PSM (Audit Committee member)
3 August 2004–2 August 2007

Mr Mark Hollands
(Audit Committee member)
23 August 2001–22 August 2007

Mr Jock McGregor
3 August 2004–2 August 2007

Ms Tina Slattery
(Audit Committee Chair)
3 August 2004–2 August 2007

Mr John McBride
23 August 2001–22 August 2007

Dr Geoff Raby
3 November 2003–2 November 2006

Professor Margaret Seares AO
23 August 2001–22 August 2007

Resignations

Mr Adam Wynn
16 October 1998–15 October 2004

Dr Helen Nugent AO
23 August 2001–22 August 2004

Dr David Carter
16 October 1998–15 October 2004

Mr Geoffrey Hiscock
16 October 1998–15 October 2004

L to R — Ms Tina Slattery (Audit Committee Chair), Mr John McBride, Mr Jerry Ellis (Chairman), Mr Jock McGregor, Ms Catherine Harris PSM (Deputy Chair). (Absent: Professor Margaret Seares AO, Mr Mark Hollands and Dr Geoff Raby)

Photo: Michael Jensen



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Assistant Director (AJF)
Assistant Director (Information)
Administrative Officer
Research Librarian*

Canberra Office

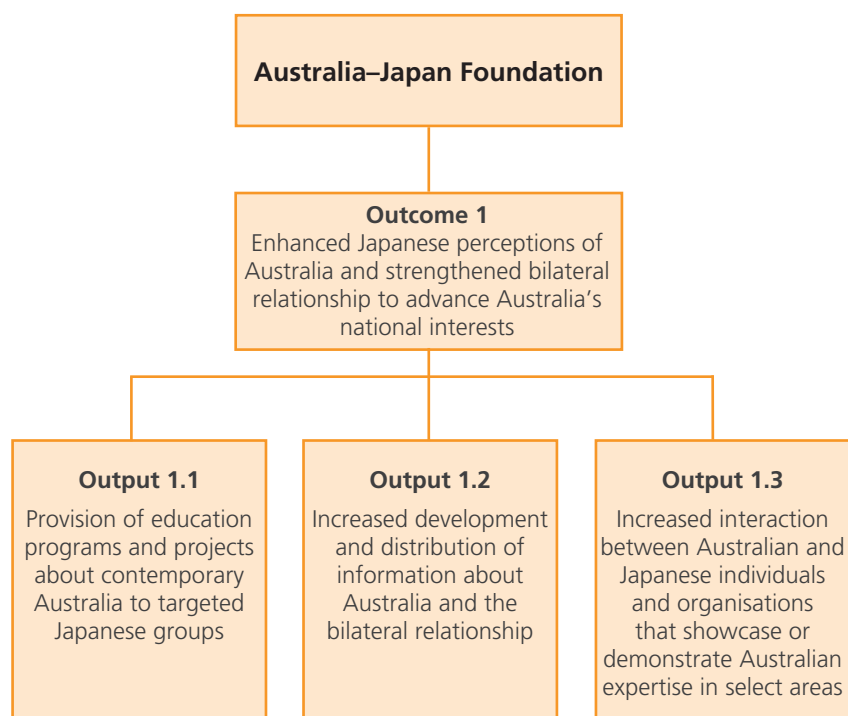
Director*
Executive Officer*
Contract Accountant

Program Contract Staff

Project Manager, *Experience Australia* kit
Library Assistant

* Full-time staff provided free of charge by the Department of Foreign Affairs and Trade.

Outcome and Outputs Structure 2004–05



Resources Summary

The Foundation reports to one outcome through three outputs.

Outcome 1: *Enhanced Japanese perceptions of Australia and strengthened bilateral relationship to advance Australia's national interests.*

	Budget 2004–05 ¹ (\$'000)	Actual 2004–05 (\$'000)	Variation (actual less budget) (\$'000)	Budget 2005–06 ² (\$'000)
Administered expenses				
The Foundation has no administered expenses	0	0	0	0
Price of departmental outputs				
Output 1.1—Provision of education programs and projects about contemporary Australia to targeted Japanese groups.	1329	1308	(21)	1340
Output 1.2—Increased development and distribution of information about Australia and the bilateral relationship.	715	742	27	707
Output 1.3—Increased interaction between Australian and Japanese individuals and organisations that showcase or demonstrate Australian expertise in select areas.	472	466	(6)	391
Appropriation from government for departmental outputs	2516	2516	0	2438
Revenue from other sources ³	857	855	2	857
Total price of departmental outputs	3373	3371	2	3295
Total resourcing for Outcome 1 (Price of departmental outputs)	3373	3371	2	3295

¹ Full-year budget, including additional estimates

² Budget prior to additional estimates

³ Includes resources received free of charge from the Department of Foreign Affairs and Trade and the Australian National Audit Office.

Average staffing level

	2004–05 Budget	2004–05 Actual	2005–06 Estimate
Average staffing level (number) ¹	6	7	7

¹ Includes overseas locally engaged staff. (Some staff are part-time.)



CHAPTER 3

Report on Performance

The Australia–Japan Foundation measures its achievements against one outcome and three outputs. These are stated in the Foreign Affairs and Trade’s *Portfolio Budget Statements 2004–05*.

Outcome 1

Enhanced Japanese perceptions of Australia and strengthened bilateral relationship to advance Australia’s national interests.

Output 1.1

Provision of education programs and projects about contemporary Australia to targeted Japanese groups.

Education

The Foundation’s work enhancing perceptions of Australia among Japan’s young people is delivered primarily through a range of educational programs. The Foundation makes good use of changes in technology and uses opportunities created by reforms in Japan’s education system to achieve greater exposure for its programs across Japan.

Quality Indicators

- *Extent to which programs engage participation from target groups*
- *Extent to which target audiences show an understanding of contemporary Australia*

Quantity Indicator

- *Number of Japanese people involved in AJF education activities*

Experience Australia Kit

The *Experience Australia* kit is a teacher resource for use in Japanese primary schools. The kit includes a wide range of Australian items and activities to enable Japanese children to explore aspects of Australian lifestyles, geography, environment and culture. Recognising the key role played by teachers in changing perceptions, the Foundation also operates teacher professional development workshops. The accompanying teaching manual, based on Australian integrated curriculum methodology, has attracted increasing attention among Japanese educators.

The Foundation holds 300 kits as of June 2005, after launching 50 new junior kits in May. Usage rates remains close to 100 per cent and it is estimated that between 7–10 per cent of all Japanese primary students use the kit each year. The Foundation's materials are welcomed and actively promoted by regional Japanese boards of education and international associations. The Foundation receives regular requests to conduct professional development workshops and continues to attract strong interest from Japanese educators.

The Japanese Ministry of Education, Science, Culture and Technology has noted publicly that through this program the Australia–Japan Foundation is playing a highly constructive role in progressing international understanding in Japan. Feedback from users of *Experience Australia* kits indicates that the hands-on nature of the materials is popular with students and teachers alike.

Teachers' reports show there is a strong student interest in, and engagement with, the materials. Lesson plans developed by schools using kit contents demonstrate a major advancement in the teachers' understanding of Australia. Professional development workshops also have a major impact on the teachers' knowledge of contemporary Australia. Moreover, *Experience Australia's* use of Australia's integrated studies teaching methodology continues to reinforce positive perceptions of Australia's education system among Japanese teachers.

Quantity Information

As at 30 June 2005, 1.2 million Japanese school children had used *Experience Australia* kits. Teacher-training professional development workshops have now been delivered to 2800 teachers across Japan.



Reception on 20 May 2005 to celebrate the millionth user of the *Experience Australia* kit. A certificate and junior kit were presented by Australian Ambassador, Mr Murray McLean, to teacher, Mr Sano, and children from the Kugahara Primary School. Photo: Y Yasuda.

Sir Neil Currie Awards

The Sir Neil Currie Awards, established in 2000, support outstanding Japanese academics with an Australian focus. There are three categories of awards—post-graduate support, curriculum development support and publications support.

The awards, now in their fifth year, attract an increasingly high standard of applications. This program has also enabled students from a wide range of disciplines to undertake study about Australia. It also has stimulated the development of new curricula about Australia at a number of universities around Japan.

Post-graduate students' reports indicate that their knowledge of Australia and their area of speciality were significantly enhanced through travel to Australia. Many students have gone on to publish their results. Some of the curriculum development award winners are integrating Australian content into mainstream tertiary courses.

The awards promote publications about contemporary Australian issues in the Japanese language and bring in-depth information to broader audiences to expand their knowledge of Australia. Dr Mie Oba, 2003 Publication awardee, received the 21st Masayoshi Ohira Memorial Prize in 2005. This prize recognises substantial works that contribute to the development of the 'Pacific Basin Community Concept' and studies of the Pacific Basin region. Professor Takao Ishida, 2004 Publication awardee, published his book, *The Development of Australia's Financial and Economic Systems* in March 2005.

The recipients of the Sir Neil Currie Awards in 2004–05 were:

Post-Graduate Support

Ms Nana Yamamoto, a PhD candidate at Tokyo University, who will study 'Regionalism in Australian Security Policy from 1970–1990' at the Australian Defence Force Academy.

Ms Mari Miyake, a PhD candidate at Kansai Medical University, who will study diversional therapy for elderly people at Quality Care Training in Melbourne for her thesis, 'Comparative Studies of Aged Care in Australia and Japan'.



*Sir Neil Currie Awards' Post-Graduate support winner, Ms Mari Miyake, on the left.
Photo: Ms Yoriko Kondo, the Asahi Shinbun (Osaka).*

Curriculum Development Support

Dr Isami Takeda, Professor at Tokyo and Dokkyo Universities will develop content and curriculum materials to augment his teaching on *'Australia's role and presence in the Asia-Pacific Region'*.

Dr Miya Suga, Associate Professor at Gakugei University will develop lectures on Australian society and establish a joint research network at the Gakugei University.

Publication Support

Dr Kunihiro Tamamura, Associate Professor at Nara Education University, and Ms Mika Kataoka, a PhD candidate at University of Queensland, will publish an examination of *'Australia's approach to educating students with learning difficulties'*.

Quantity Information

There were over 60 expressions of interest and 28 applications for the Sir Neil Currie Awards. Six awards were made.

Train-the-Trainer Program

The Foundation conducted the second pilot program in August 2004 of the Train-the-Trainer Program for Integrated Studies at Monash University in Melbourne. This program provides Japanese teachers with a methodology for teaching integrated studies while enhancing their understanding of Australia.

The program attracted strong interest from teacher-trainers as well as teachers promoting integrated studies teaching in Japan. Many participants conduct classes and training sessions upon returning to Japan, using skills and knowledge gained on the program. The Japanese Ministry of Education, Science, Culture and Technology and regional boards of education have strongly supported the program.



Train-the-Trainer Program. Participants experience an integrated curriculum approach to the development of student cognitive skills through the Claim-Support-Question strategy, 'Six thinking hats'. Photo: J Oshiro.

The program offers first-hand experience of Australia through home-stays, site visits, special guest lectures and workshops, enabling teachers and trainers to dramatically increase their knowledge and understanding of Australia. Feedback indicates that the focus on curriculum development encourages analysis and development of ideas and understandings about Australia.

Quantity Information

Twenty teachers participated in the second pilot program held in Melbourne in August 2004.

Australian Studies Chair at Tokyo University

The Australia–Japan Foundation continues to provide support for the Chair of Australian Studies at the University of Tokyo. Each year one Australian senior academic takes up the position at the University’s Centre for Pacific and American Studies, delivering a range of courses on aspects of Australia to undergraduate and post-graduate students.

Dr Christine Nichols of Flinders University took up the Chair in October 2004. She has developed a strong student following and has actively pursued opportunities to present lectures on Australian indigenous art at educational institutions across Japan and various conferences, including the annual Australian Studies Conference in June 2005.

Quantity Information

By June 2005, Dr Nichols had presented classes, presentations and lectures to over 1000 people in Japan.

Total price of Output 1.1: \$1.748 million (52 per cent of total costs)

Output 1.2

Increased development and distribution of information about Australia and the bilateral relationship.

Information

The Foundation distributes information about Australia digitally through the Australian Resource Centre and the website to enhance the bilateral relationship and to promote a better understanding of Australia.

Quality Indicators

- *Relevance and demand for information distributed*
- *Extent to which the information assisted the users in understanding the bilateral relationship*

Quantity Indicators

- *Volume and scope of information produced annually*
- *Number of people and organisers to whom information is distributed*

The Third Australia–Japan Conference

The Foundation co-funded the Third Australia–Japan Conference held in Melbourne on 11–12 February 2005. The conference brought together 38 senior representatives from a range of fields in Australia and Japan, including politics, business, academia and the arts to consider political and strategic issues; trade and economic issues; and cultural, education and science issues.

The conference focused attention on the Australia–Japan relationship and the need to keep it relevant and vigorous. It highlighted Australia and Japan's shared values and interests, and opportunities for further bilateral cooperation.

Australian Resource Centre

The Foundation operates the largest library (the Australian Resource Centre) in Japan that specialises in Australian materials. The Centre which is open to the public serves as a key contact point for Australian studies research and activity in Japan.

The Centre operates a full online lending service throughout Japan. It also runs periodic seminars, maintains a popular school visit's program, and disseminates a wide variety of printed and online material about Australia.

Over 70 per cent of users access the Centre's services online. This includes online search and borrowing of library materials. The number of items borrowed from the Centre during 2004–05 increased by 3.6 per cent despite a three-week closure for a stocktake. Client feedback indicates that over 90 per cent of users found materials sourced through the Centre to be highly relevant and useful.

The Centre stocks a range of materials that cover different aspects of the bilateral relationship. The Centre's database of over 2000 Japanese language theses on Australia is a major contributor to studies on Australia–Japan relations.

Quantity Information

The Australian Resource Centre responded to over 6900 inquiries in 2004–05; hosted 1195 school visits; and loaned over 3000 items to users. The Foundation also regularly distributed online materials relating to Australian academic activities to over 5000 users. Outreach activities included hosting Australian children's author, Ms Emily Rodda, who visited Japanese schools as the first non-Japanese author in the Asahi Shinbun's national reading and literature promotion. Ms Rodda attended book signings, conducted media interviews, opened an Australian book fair, and was guest of honour at a reception to promote Australian Children's Literature. The Foundation also supported an Australian children's book display at the Kodomo no Shiro facility in Tokyo in June 2005.



Australian author's visit: Ms Emily Rodda's visit to Doshisha Junior High School (Kyoto) on 11 November 2004.

Internet Presence

The Foundation continues to place increasing emphasis on digital information dissemination. It has integrated digital delivery of information about all of its programs, capitalising on the growing use of broadband and the internet in Japan over the past 18 months.

The Foundation's information dissemination activities focus primarily on delivering current information about Australia in Japan. Information on the bilateral relationship features within many of these activities. The *Discovering Australia* website, for example, contains a section on bilateral relations written specifically for younger Japanese audiences. In addition, the Australian Resource Centre and the Foundation's website provide information and links to other organisations interested in promoting the Australia–Japan bilateral relationship. The education sector has responded positively to the information distributed.

The *Discovering Australia* website, launched in May 2004, is now one of the key sites visited by Japanese school children. The site complements classroom study about Australia, as well as student initiated project research. The Foundation will continue to update and augment this site to ensure it is current and relevant to target audiences.

Quantity Information

Hits on the *Discovering Australia* website have grown steadily since the launch, peaking at 300 000 per month during 2004–05.

The Foundation's website continues to deliver reference materials and contacts tailored to key target audiences. Hits on this site increased by 33 per cent in the reporting period. In 2004–05 the site registered over 2.31 million page-views and 21.2 million file-hits — representing a five-fold increase on 2002–03 figures.

Promotion and Advocacy

The Foundation's promotion and advocacy activities have two main aims: a) to maximise the use of media to promote Australia and the Foundation's programs; and b) to ensure up-to-date materials and information are made available in the Japanese language about Australia. This is done as part of encouraging further engagement between Australia and Japan, and increasing understanding of contemporary Australia.

Five media strategies were successfully executed through the course of 2004–05, encouraging Japanese media coverage and attendance at key profile-raising events. The Foundation compiled and distributed lists of key resources on a range of popular topics and coordinated the dissemination of digital and physical materials in response to ongoing requests for information, promotional materials and exhibition aids focusing on Australia.

Television, print and digital media coverage of the Australia–Japan Foundation Achievement Awards, the Sir Neil Currie Awards, the Australian Resource Centre Seminar Series, the Australia–Japan Debaters' Exchange Program and the *Experience Australia* kit succeeded in enhancing understanding of bilateral engagement amongst millions of people. Ms Emily Rodda's visit alone achieved print media coverage across Japan to over 49 million people.

Quantity Information

The Foundation distributed more than 6000 copies of the Department of Foreign Affairs and Trade's pocket-sized introduction to Australia, *Australia in brief*. In addition, the Foundation's staff made presentations on aspects of Australian society at over 25 forums and special events.

Australia–Japan Foundation Achievement Awards

The Minister for Foreign Affairs, Mr Alexander Downer, presented Australia–Japan Foundation Achievement Awards to Mr Fukuzo Iwasaki, Chairman of Iwasaki Sangyo Group; Mr Shinichiro Ryoki, Senior Advisor to Osaka Gas Ltd; Ms Michiko Aoki, arts producer and actor; and the Prisoners of War Research Network of Japan. The awards were given in recognition of the outstanding contribution recipients made to the people-to-people relationship between Australia and Japan. Two newspapers and two television stations covered the awards in Japan.



The Australia–Japan Foundation Achievement Awards ceremony at the Australian Embassy, Tokyo, on 22 March 2005. Mr Downer with members of the Prisoners of War Research Network of Japan—(from left) Mrs Taeko Sasamoto, Mrs Yoshiko Tamura and Mrs Nori Nagasawa. Photo: Kerry Raftis.

Total price of Output 1.2: \$1.001 million (30 per cent of total costs)

Output 1.3

Increased interaction between Australian and Japanese individuals and organisations that showcase or demonstrate Australian expertise in select areas.

Strategic Alliances

The Foundation maintains a network of allies in Australia and Japan, developed over many years, that facilitate project implementation and contribute more broadly to furthering bilateral relations. The Foundation also works to encourage links in areas where networks have yet to develop, to enable bilateral exchange and activity to evolve and to expand over time.

Quality Indicators

- *Extent to which projects expand relations in areas that reflect Australia's sophistication and expertise*
- *Extent to which programs expand the range of stakeholders engaged in the bilateral relationship*

Quantity Indicator

- *Number of events/formal interactions facilitated*

Australia–Japan Art Exhibitions Program

The Foundation provided seed-funding to Asialink in 2001 to develop and manage a series of exhibitions of Australian contemporary art and craft in Japan over a three-year period. The project, aimed to strengthen institutional and individual arts linkages, led to new partnerships in Japan and promoted Australia's image as a sophisticated country with a dynamic and exciting arts practice. Two contemporary art exhibitions were held in Japan in 2004—*Supernatural Artificial* at the Tokyo Metropolitan Museum of Photography; and *Sisters* at the Fujieda Museum in Shizuoka Prefecture.

The exhibitions program highlighted the depth and breadth of Australia's visual arts to audiences across Japan. Exhibitions shown in 2004–05 included photographic and multimedia works, including works by Tracey Moffat, Darren Siwes and Anna Zahalka. The program overall introduced some of Australia's best contemporary practitioners to Japan. It also presented a cross-section of Australian approaches to painting, ceramics and multimedia in one of the world's key art markets, reinforcing Australia's impressive reputation in Japan in staging exhibitions.

A key outcome of the program has been the establishment of strong relations among more than twenty art organisations and sponsors from both countries. Many of these organisations have expressed strong interest in collaborating in the future. Numerous links have developed concurrently between curators, artists and others.



Supernatural Artificial—Tokyo Metropolitan Museum of Photography. Opening address on 16 July 2004 by Mr Y Fukuhara, Director of Tokyo Metropolitan Museum of Photography and Chairman of Shiseido Company Ltd.

Activities conducted in association with the two exhibitions held in 2004–05 included artists’ talks, media-events, workshops and a concert. Altogether over 21 000 visitors were exposed to Australian contemporary art through these exhibitions. There is considerable interest among curators in future collaboration.

Quantity Information

The Exhibitions Program facilitated exchanges between eleven Japanese and seven Australian art institutions. Twenty-four sponsors contributed significant funding. In addition, over forty other events were held in conjunction with the exhibitions, attended by 280 000 people over the three-year period. Media interest in the program was high, with 210 articles in mainstream press and specialist publications.

Australia–Japan Debaters' Exchange Program

The Australia–Japan Debaters' Exchange program aims to build networks among young people from both countries who wish to play an active role in the international arena. The Foundation provides funding to the Japan Parliamentary Debating Union (JPDU) to develop and run English debating workshops in Japan featuring world champion Australian debaters. The exchange also enables outstanding Japanese debaters to compete at the annual Australian Intersvarsity Debating Tournament.

The Debaters' Exchange Program showcases Australia's world class debating and debate training in Japan. The program has funded the translation of the *Australasian Debaters' Handbook*, the seminal reference on debating in the Asia–Pacific region written by Australian debaters. These activities also reinforce Australia as an educated, sophisticated and open democracy.

A network of young debaters is emerging from this annual exchange. The program has assisted Japanese debaters to improve their skills and performance in international debating fora and a number of leading Japanese universities endorsed the program in 2005.



Australia–Japan Debaters' Exchange Program: Australian debaters, Daniel Celm and Catherine Rossouw with Japanese committee members and participants at a workshop in Tokyo on 1 March 2005. Photo: JPDU.

Quantity Information

JPDU debate workshops to date have attracted over 530 debaters from 40 Japanese universities. Over 450 Australian debaters have also engaged with Japanese counterparts through JPDU's participation in the Australian Intersvarsity Debating Tournament.

The program supports a three-day debating workshop, attracting over 150 young Japanese debaters each year. In addition, JPDU held a model debate at the Australian Embassy in June 2005 and ran various training sessions with Australian debaters' input. Three outstanding English speaking Japanese debaters from JPDU participated in the Australian Intersvarsity Debating Tournament at the University of Western Australia in March 2005.


This year the Foundation introduced the Insearch Philip Porter Scholarship to members of JPDU. This scholarship will enable two young debaters annually to undertake classes at Insearch and participate in debating activities at the University of Technology in Sydney.

Friendship Societies and Associations

The Foundation has had a long association with friendship groups and associations in Australia and Japan. It continues to assist the expansion of grassroots exchange, and to support and encourage organisations that are active in promoting Australia's interests.

The Foundation provided support for the 2005 National Federation of Japan–Australia Societies Conference in Nagoya, Japan. Ninety representatives from 22 societies and a number of delegates from the Australia–Japan Societies attended the meeting, which also included a visit to the Australian Pavilion at the Aichi World Expo.

Total price of Output 1.3: \$0.662 million (18 per cent of total costs)



CHAPTER 4 Management and Accountability

The Australia–Japan Foundation was established under the *Australia–Japan Foundation Act 1976* following recommendations to government in 1974 by the Crawford Commission, under the chairmanship of Sir John Crawford AC CBE. It operates under the *Financial Management and Accountability Act 1997*. Under Regulation 5 of the Financial Management and Accountability Regulations, the Chairman of the Board is also Chief Executive.

Corporate Governance

The Foundation operates within a framework that ensures it is fulfilling its corporate governance responsibilities. The Minister for Foreign Affairs has overall responsibility for the Foundation, which forms part of the Foreign Affairs and Trade portfolio.

Board Members

The Foundation has a management board structure. Under section 9 of the *Australia–Japan Foundation Act 1976*, the Foundation shall consist of not less than five nor more than 15 members. During 2004–05, the Board consisted of eight members, including the Chairman (Chief Executive) and the Deputy Chair.

The Board usually meets four times a year to review the Foundation’s activities, approve new initiatives, and review the unaudited financial statements. In addition, the Foundation holds a strategic review meeting approximately every 18 months to consider the broader issues and longer-term strategic direction of the Foundation. The most recent strategy meeting was held in February 2005.

Audit Committee

The Audit Committee meets four times a year. It comprises the Audit Committee Chair and two other Board members. The Board’s Chairman also sits on the committee as an ex officio member. The Committee advises the Board on financial management and compliance issues and meets with the Australian National Audit Office following the audit of the Foundation’s financial statements.

While the Committee has no executive powers or decision-making authority in relation to the operations of the Foundation, it is authorised to take independent, professional advice as it considers necessary.

Fraud Controls

The Foundation has a fraud control plan in place. The Foundation's small size means that transactions are relatively transparent and closely scrutinised, leaving potentially few opportunities for fraudulent activity. Any case of suspected fraud would be evaluated in accordance with the terms of the *Commonwealth Fraud Control Guidelines*. The Foundation has an arrangement with the Department of Foreign Affairs and Trade, that should a fraud investigation ever become necessary, the Department and the Australian Federal Police would conduct the investigation. As employees of the Department, the two staff in the Canberra office are subject to the Department'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.

Financial Matters

During 2004–05 the Department of Foreign Affairs and Trade, at the Foundation's request, undertook work in SAP to formally separate accounts and improve financial management. These changes will come into effect on 1 July 2005.

External Scrutiny

Report by the Australian National Audit Office

The Foundation received an unqualified audit report from the Australian National Audit Office (ANAO) for its financial statements for 2004–05, which related to cash management, appropriations and depreciation. The Foundation implemented all of the ANAO's recommendations following its audit of the Foundation's financial statements for 2003–04.

Management of Human Resources

Secretariat Staff

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 Operations Officer, responsible for the overall management of the Foundation.

The Director of the Canberra secretariat is the Chief Finance Officer, who consults directly with the Audit Committee, the Australian National Audit Office, the Department of Finance and Administration and the Department of Foreign Affairs and Trade's Chief Finance Officer. Staff in the Canberra and Tokyo offices are responsible for the financial management of the Foundation as well as the development and administration of the Foundation's activities.

During 2004–05 the Board conducted an administrative review to reduce the Foundation's administrative expenses. As part of that review the Board decided to localise the Tokyo director position and to relocate the senior director position to Canberra. These changes will take effect in 2005–06.

The Foundation currently employs the Director in Tokyo on a non-ongoing basis, in addition to three full-time locally engaged staff — the Assistant Director (Programs) and Assistant Director (Information) who manage programs administered by the Australian Resource Centre; and an Administrative Officer.

A research librarian, provided free of charge by the Department of Foreign Affairs and Trade supports the operations of the Resource Centre. The Foundation contracts one full-time, and one part-time, staff member to run specific ongoing programs in Japan, as well as a part-time accountant in Canberra. The Director and Executive Officer in the Canberra office are full-time officers provided free of charge by the Department of Foreign Affairs and Trade.

Salaries and Performance Pay

The Director in Tokyo is employed under an Australian Workplace Agreement. The Department of Foreign Affairs and Trade through the Australian Embassy in Tokyo manages contracts for locally engaged staff. A performance-based pay structure was introduced in the Tokyo Embassy in January 2002. Tokyo staff received a combined total of \$27 360 in performance pay in 2004–05.

The two Canberra-based officers are covered under the provisions of the Department of Foreign Affairs and Trade's Certified Agreement and management policies.

Remuneration of the Board

The Minister for Foreign Affairs appoints Board members on a part-time basis. They are paid in accordance with *Determination 2004/12–Remuneration and Allowances for Holders of Part-time Public Office*, Category 2 of the *Remuneration Tribunal Act 1973*.

Assets Management

The Foundation now revalues its assets annually to comply with the new international accounting standards that come into effect in 2005–06. All assets, including acquisitions and disposals, are formally recorded and registered.

Purchasing

All contractual arrangements entered into were conducted in accordance with the *Commonwealth Procurement Guidelines* and the Department of Foreign Affairs and Trade's Procurement Manual guidelines.

Consultants

During 2004–05, the Foundation did not enter into any new consultancy contracts. It had one ongoing consultancy contract that involved total actual expenditure of \$70 677 (exclusive of GST).

Competitive Tendering and Contracting (CTC)

All contractual arrangements entered into by the Foundation were conducted in accordance with the *Commonwealth Procurement Guidelines* and the Department of Foreign Affairs and Trade's Procurement Manual guidelines. The Foundation has recorded all contracts over \$100 000 on the Foundation's website pursuant to the Senate Order on Departmental and Agency contracts.

During 2004–05, the Foundation had two ongoing contracts for out-sourced services exceeding \$100 000:

- a contract with Australia Asia Centre for Education Exchange, from 12 March 2004 to 31 October 2004, for managing pilots one and two of education training for the Foundation's Integrated Studies Train-the-Trainer program, at a cost of \$126 475 (exclusive of GST).
- a contract with Curriculum Corporation, from 30 June 2004 to 1 July 2005 for the development and production of multimedia educational materials as Part III of the Foundation's *Discovering Australia* series, at a cost of \$275 731 (exclusive of GST).

All CTC contracts of \$100 000 or more let during the reporting period, provided for the Auditor-General to have access to the contractor's premises.


The Foundation obtained the Minister's approval prior to entering into contracts exceeding \$50 000 in accordance with section 23(1) of the *Australia–Japan Foundation Act 1976*.

Exempt Contracts

The Foundation did not enter into any contracts (inclusive of GST) or a standing offer that has been exempted by the Chief Executive from being published in the Purchasing and Disposal Gazette on the basis that publication would disclose exempt matters under the *Freedom of Information Act 1982*.

Commonwealth Disability Strategy

The Foundation implements its commitment to services for people with disabilities through human resource policies in accordance with the guidelines provided by the Department of Foreign Affairs and Trade.



CHAPTER 5

Other Mandatory Information

Occupational Health and Safety

The Foundation's staff in both Canberra and Tokyo, are located within premises managed by the Department of Foreign Affairs and Trade. As such, the Department manages any occupational health and safety issues for the Foundation.

Freedom of Information

The following information is provided in accordance with section 8 of the *Freedom of Information Act 1982*.

Functions and Powers

Subject to section 6(1) of the *Australia–Japan Foundation Act 1976*, the Foundation may do all things that are necessary or convenient to be done, for or in connection with the performance of its functions and, in particular, may:

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

Minister's Power of Direction

The Foundation is responsible to the Minister for Foreign Affairs. The *Australia–Japan Foundation Act 1976* 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 for Foreign Affairs:

- 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.

Arrangements for outside participation

The Foundation can invite persons outside the Commonwealth to participate in the formulation of policy, or in the administration of an enactment or scheme.

Categories of Documents

The Foundation has documentary holdings, including:

- minutes, memoranda, file notes;
- submissions to the Minister for Foreign Affairs and senior officers;
- working files and correspondence.

Obtaining Access to Information

Members of the public can seek access to documents by lodging a formal Freedom of Information request. This must be made in writing, be accompanied by the application fee, and include a telephone number, a fax number (if available) and an address within Australia to which notifications are to be addressed.

Facilities for examining Foundation documents are provided at the secretariats in Tokyo and Canberra and on the website (www.ajf.australia.or.jp/english).

Initial Contact Points

Access inquiries should be addressed to the Director, Australia–Japan Foundation, PO Box 6040, Kingston, ACT 2604. The office is located within 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.

Advertising and Market Research

The Foundation engaged Blue Bamboo Pty Ltd in 2004–05 to conduct a web-based advertising campaign and monitor responses for the *Discovering Australia* website. The total consultancy, selected through a limited tender process, amounted to \$3699.96 (exclusive of GST).

No other single advertising, market research, direct mail or media placement over \$1500 was conducted during the year.

Ecologically Sustainable Development and Environmental Performance Reporting

As a portfolio agency, the Foundation adopts the Department of Foreign Affairs and Trade's policies and guidelines to ensure that its activities accord with and contribute to the principles of ecologically sustainable development, and are shaped and implemented with appropriate reference to environmental impact.

Discretionary Grants

The Foundation did not administer any discretionary grant programs during the financial year.

Correction

Amendment to the *Australia–Japan Foundation's Annual Report 2003–04*, Chapter 4 — Management and Accountability

During 2003–04, the Foundation entered into one new consultancy contract that involved total actual expenditure of \$55 798 (exclusive of GST). There were no ongoing consultancy contracts that remained active from the previous financial year.

Being a small Government agency, the Foundation from time to time engages consultants when it requires specialist expertise.

In selecting consultants, both in Australia and in Japan, the Foundation uses a process that is in accordance with the Department of Foreign Affairs and Trade's Procurement Manual guidelines and the *Commonwealth Procurement Guidelines*. The Foundation strives for an open and non-discriminatory process, based on the principle of value for money.

The consultancy service engaged from Australia Asia Centre for Education Exchange was for designing and delivering a training program for Japanese primary and junior high school teachers on aspects of Australia.

Consultancy services let during 2003–04 valued at \$10 000 or more

Consultant Name	Description	Contract Price	Selection Process ¹	Justification ²
Australia Asia Centre for Education Exchange	Design and deliver a Train-the-Trainer program for Japanese primary and junior high school teachers of integrated studies.	\$126 475	Open Tender	B
Total		\$126 475		

¹Explanation of selection process terms drawn from the *Commonwealth Procurement Guidelines* (January 2005):

Open Tender: A procurement procedure in which a request for tender is published inviting all businesses that satisfy the conditions for participation to submit tenders.

Select Tender: A procurement procedure in which the procuring agency selects which potential suppliers are invited to submit tenders in accordance with the mandatory procurement procedures.

Direct Sourcing: A procurement process, available only under certain defined circumstances, in which an agency may contact a single potential supplier or suppliers of its choice and for which conditions for direct sourcing apply under the mandatory procurement procedures.

Panel: An arrangement under which a number of suppliers, usually selected through a single procurement process, may each supply property or services to an agency as specified in the panel arrangements.

²Justification for decision to use consultancy:

A—skills currently unavailable within agency

B—need for specialised or professional skills

C—need for independent research or assessment



CHAPTER 6

Financial Statements



INDEPENDENT AUDIT REPORT

To the Minister for Foreign Affairs

Scope

The financial statements and chairman's responsibility

The financial statements comprise:

- Statement by the Chairman and Chief Finance Officer;
- Statements of Financial Performance, Financial Position and Cash Flows;
- Schedules of Commitments and Contingencies; and
- Notes to and forming part of the Financial Statements

of the Australia-Japan Foundation for the year ended 30 June 2005.

The Australia-Japan Foundation Chairman is responsible for preparing financial statements that give a true and fair presentation of the financial position and performance of the Australia-Japan Foundation, and that comply with accounting standards, other mandatory financial reporting requirements in Australia, and the Finance Minister's Orders made under the *Financial Management and Accountability Act 1997*. The Australia-Japan Foundation Chairman is also responsible for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial statements.

Audit approach

I have conducted an independent audit of the financial statements in order to express an opinion on them to you. My audit has been conducted in accordance with the Australian National Audit Office Auditing Standards, which incorporate the Australian Auditing and Assurance Standards, in order to provide reasonable assurance as to whether the financial statements are free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgment, selective testing, the inherent limitations of internal control, and the availability of persuasive, rather than conclusive, evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

While the effectiveness of management's internal controls over financial reporting was considered when determining the nature and extent of audit procedures, the audit was not designed to provide assurance on internal controls.

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

I have performed procedures to assess whether, in all material respects, the financial statements present fairly, in accordance with the Finance Minister's Orders made under the *Financial Management and Accountability Act 1997*, accounting standards and other mandatory financial reporting requirements in Australia, a view which is consistent with my understanding of the Australia-Japan Foundation's financial position, and of its performance as represented by the statements of financial performance and cash flows.

The audit opinion is formed on the basis of these procedures, which included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial statements; and
- assessing the appropriateness of the accounting policies and disclosures used, and the reasonableness of significant accounting estimates made by the Chairman.

Independence

In conducting the audit, I have followed the independence requirements of the Australian National Audit Office, which incorporate the ethical requirements of the Australian accounting profession.

Audit Opinion

In my opinion, the financial statements of the Australia-Japan Foundation:

- (a) have been prepared in accordance with the Finance Minister's Orders made under the *Financial Management and Accountability Act 1997*; and
- (b) give a true and fair view of the Australia-Japan Foundation financial position as at 30 June 2005 and of its performance and cash flows for the year then ended, in accordance with:
 - (i) the matters required by the Finance Minister's Orders; and
 - (ii) applicable accounting standards and other mandatory financial reporting requirements in Australia.

Australian National Audit Office



Carla Jago
Executive Director

Delegate of the Auditor-General

Canberra
21 September 2005


STATEMENT BY THE CHAIRMAN AND THE CHIEF FINANCE OFFICER

In our opinion, the attached financial statements for the year ended 30 June 2005, are based on properly maintained financial records and 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

21 September 2005

Signed.....

SA Lithgow
Chief Finance Officer

21 September 2005

PO Box 6040
Kingston ACT 2604 Australia
02 6261 3898
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AUSTRALIA–JAPAN FOUNDATION
STATEMENT OF FINANCIAL PERFORMANCE
for the year ended 30 June 2005

		2005	2004
	Notes	\$	\$
Revenues from ordinary activities			
Revenues from Government	4A	2,516,000	2,573,000
Goods and services	4B	9,484	23,454
Interest	4C	58,524	47,445
Net foreign exchange gains	4D	40,415	(20,226)
Assets first recognised	4F	-	16,949
Other revenues	4G	746,639	801,015
Revenues from ordinary activities		3,371,062	3,441,637
Expenses from ordinary activities (excluding borrowing costs expense)			
Employees	5A	1,131,866	1,266,547
Suppliers	5B	1,911,910	1,975,510
Depreciation and amortisation	5C	106,081	60,480
Write-down and impairment of assets	5D	320	-
Net Loss from Disposal of Assets	4E	9,161	-
Expenses from ordinary activities (excluding borrowing costs expense)		3,159,338	3,302,537
Net surplus/(deficit) from ordinary activities		211,724	139,100
Net credit/(debit) to asset revaluation reserve	10	2,141	(217,974)
Total Revenues, Expenses and Valuation Adjustments Recognised Directly in Equity		2,141	(217,974)
Total Changes in Equity other than those resulting from transactions with the Australian Government as Owner		213,865	(78,874)

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

AUSTRALIA–JAPAN FOUNDATION
STATEMENT OF FINANCIAL POSITION
as at 30 June 2005

	Notes	2005 \$	2004 \$
ASSETS			
Financial Assets			
Cash	6A	1,043,478	645,684
Receivables	6B	1,162	32,748
Total Financial Assets		1,044,640	678,432
Non-Financial Assets			
Infrastructure, plant and equipment	7A, C	565,855	735,293
Intangibles	7B, C	59,715	104,948
Other non-financial assets	7D	16,753	12,440
Total Non-Financial Assets		642,323	852,682
Total Assets		1,686,963	1,531,113
LIABILITIES			
Provisions			
Employees	8A	449,990	464,234
Total Provisions		449,990	464,234
Payables			
Suppliers	9A	253,084	60,773
Other Payables	9B	-	126,687
Total Payables		253,084	187,460
Total Liabilities		703,074	651,694
NET ASSETS		983,889	879,420
EQUITY			
Reserves	10	150,188	148,047
Retained Surpluses/(Accumulated deficits)	10	833,701	621,977
TOTAL EQUITY		983,889	770,024
Current Assets		1,061,393	690,872
Non-current Assets		625,570	730,845
Current Liabilities		519,862	220,284
Non-current Liabilities		183,212	431,409

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

AUSTRALIA–JAPAN FOUNDATION
STATEMENT OF CASH FLOWS
for the year ended 30 June 2005

	Notes	2005 \$	2004 \$
OPERATING ACTIVITIES			
Cash Received			
Goods and services		9,527	23,395
Appropriations		2,547,000	2,577,000
Interest		58,524	47,445
Net GST received from ATO		44,013	66,258
Other		135	-
Total Cash Received		2,659,199	2,714,098
Cash Used			
Employees		747,129	973,505
Suppliers		1,379,443	1,556,414
Total Cash Used		2,126,572	2,529,919
Net Cash From or (Used By) Operating Activities	11	532,627	184,179
INVESTING ACTIVITIES			
Cash Used			
Purchase of plant and equipment and intangibles		8,145	34,192
Total Cash Used		8,145	34,192
Net Cash From or (Used By) Investing Activities		8,145	34,192
FINANCING ACTIVITIES			
Cash Used			
Capital use charge paid		-	112,860
Dividends paid		126,687	-
Total Cash Used		126,687	112,860
Net Cash From or (Used By) Financing Activities		126,687	112,860
Net Increase or (Decrease) in Cash Held		397,795	37,127
Cash at the beginning of the reporting period		645,684	608,557
Cash at the End of the Reporting Period	6A	1,043,479	645,684

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

AUSTRALIA–JAPAN FOUNDATION
SCHEDULE OF COMMITMENTS
as at 30 June 2005

	2005	2004
	\$	\$
BY TYPE		
Other Commitments		
Operating leases ¹	917,799	1,235,292
Other	44,874	457,487
Total Other Commitments	962,673	1,692,779
Commitments Receivable	-	(41,590)
Net Commitments by Type	962,673	1,651,189
BY MATURITY		
Operating Lease Commitments		
One year or less	342,894	487,100
From one to five years	574,905	748,192
Over five years	-	-
Total Operating Lease Commitments	917,799	1,235,292
Other Commitments		
One year or less	44,874	321,001
From one to five years	-	136,486
Over five years	-	-
Total Other Commitments	44,874	457,487
Commitments Receivable		
One year or less	-	(29,182)
From one to five years	-	(12,408)
Over five years	-	-
Total commitments receivable	-	(41,590)
Net Commitments by Maturity	962,673	1,651,189

NB: Commitments are GST inclusive where relevant

AUSTRALIA–JAPAN FOUNDATION
SCHEDULE OF COMMITMENTS
as at 30 June 2005

¹ Operating leases included are effectively non-cancellable and comprise:

<i>Nature of lease</i>	<i>General description of leasing arrangement</i>
Lease for storage space in Tokyo, Japan	Lease payments are subject to a 2% annual increase and are subject to review every 5 years
Lease of residential apartment in Tokyo, Japan	Renewed for 6 months to 31 December 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, included in Note 4A.

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

**AUSTRALIA–JAPAN FOUNDATION
SCHEDULE OF CONTINGENCIES**

as at 30 June 2005

	2005	2004
	\$	\$
Contingent liabilities		
Claims for damages/costs	-	-
Contingent assets		
Claims for damages/costs	-	-
Net contingent liabilities	-	-

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 ended 30 June 2005

Note	Description
Note 1:	Summary of Significant Accounting Policies
Note 2:	Adoption of Australian Equivalents to International Financial Reporting Standards from 2005–2006
Note 3:	Events Occurring after Reporting Date
Note 4:	Operating Revenues
Note 5:	Operating Expenses
Note 6:	Financial Assets
Note 7:	Non-Financial Assets
Note 8:	Provisions
Note 9:	Payables
Note 10:	Equity
Note 11:	Cash Flow Reconciliation
Note 12:	Executive Remuneration
Note 13:	Remuneration of Auditors
Note 14:	Average Staffing Levels
Note 15:	Financial Instruments
Note 16:	Appropriations
Note 17:	Specific Payment Disclosures
Note 18:	Reporting of Outcomes

AUSTRALIA–JAPAN FOUNDATION

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2005

Note 1: Summary of Significant Accounting Policies

1.1 Objective 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: Enhanced Japanese perceptions of Australia and strengthened bilateral relationship to advance Australia's national interests.

The Foundation's activities contributing towards this outcome are classified as departmental. Departmental activities involve the use of assets, liabilities, revenues and expenses controlled or incurred by the Foundation in its own right. Departmental activities are identified under three Outputs—1.1 Education; 1.2 Information; and 1.3 Strategic Alliances.

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's Orders (or FMOs, being the *Financial Management and Accountability Orders (Financial Statements for reporting periods ending on or after 30 June 2005)*);
- Australian Accounting Standards and Accounting Interpretations issued by the Australian Accounting Standards Board; and
- 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 that 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 ended 30 June 2005

Note 1: Summary of Significant Accounting Policies (continued)

1.2 Basis of Accounting (continued)

Revenues and expenses are recognised in the 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 Revenue

Revenues from Government

Amounts appropriated for departmental outputs appropriations for the year (adjusted for any formal additions and reductions) are recognised as revenue, except for certain amounts that relate to activities that are reciprocal in nature, in which case revenue is recognised only when it has been earned.

Appropriations receivable are recognised at their nominal amounts.

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 (DFAT) provides office accommodation, a locally engaged staff member and utilities for the Foundation's Tokyo office in the Australian Embassy chancery building.

The Secretariat in Canberra is located within DFAT. Rent, personnel, administration and utility charges are provided as 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 time proportionate basis that takes into account the effective yield on the relevant asset.

AUSTRALIA–JAPAN FOUNDATION
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2005

Note 1: Summary of Significant Accounting Policies (continued)

1.3 Revenue (continued)

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

1.4 Employee 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 and 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.

The nominal amount is calculated with regard to the rates expected to be paid on settlement of the liability.

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 liability for employee benefits includes provision for annual leave and long service leave. No provision has been made for sick leave for Australian-based employees, as all sick leave is non-vesting and the average sick leave taken in future years by employees of the Foundation is estimated to be less than the annual entitlement for sick leave. In the case of locally engaged staff at overseas posts, where the entitlement is vested, a liability has been recognised.

The leave liabilities are calculated on the basis of employees' remuneration, including the Foundation's employer superannuation contribution rates, to the extent that the leave is likely to be taken during service rather than paid out on termination.

The liability for long service leave has been determined by reference to the work of an actuary as at 30 June 2005. The estimate of the present value of the liability takes into account attrition rates and pay increases through promotion and inflation.

AUSTRALIA–JAPAN FOUNDATION
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2005

Note 1: Summary of Significant Accounting Policies (continued)

1.4 Employee Benefits (continued)

Overseas Allowances

Overseas conditions of service entitlements for the officers during their posting are expensed as incurred. At reporting date, the Foundation did not recognise any liability for overseas allowances, except as part of year end salary accruals.

Superannuation

Staff of the Foundation are members of the Public Sector Superannuation Scheme. The liability for their superannuation benefits is recognised in the financial statements of the Australian Government and is settled by the Australian Government in due course.

The Foundation makes employer contributions to the Australian Government at rates determined by an actuary to be sufficient to meet the cost to the Government of the superannuation entitlements of the Foundation's employees.

Retirement benefit entitlements accrued by locally engaged staff in Tokyo are brought to account as non-current provisions at their nominal value at 30 June 2005.

1.5 Cash

Cash means notes and coins held and any deposits held at call with a bank or financial institution. Cash is recognised at its nominal amount.

1.6 Other Financial Instruments

Trade Creditors

Trade 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).

1.7 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.

AUSTRALIA–JAPAN FOUNDATION
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2005

Note 1: Summary of Significant Accounting Policies (continued)

1.7 Acquisition of Assets (continued)

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 of administrative arrangements. In the latter case, assets are initially recognised as contributions by owners at the amounts at which they were recognised in the transferor agency's accounts immediately prior to the restructuring.

1.8 Property, Plant and 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 \$2000, 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

Basis

Plant and equipment are carried at valuation, being revalued annually with sufficient frequency such that the carrying amount of each asset class is not materially different, at reporting date, from its fair value. Valuations undertaken in each year are as at 30 June.

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

Asset Class	Fair value measured at:
Land	Market selling price
Buildings	Market selling price
Leasehold Improvements	Depreciated replacement cost
Library, Plant and Equipment	Market selling price

Library, plant and equipment, not already fully depreciated, were formally revalued in 2004–05.

Conduct

All valuations are conducted by an independent qualified valuer.

AUSTRALIA–JAPAN FOUNDATION
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2005

Note 1: Summary of Significant Accounting Policies (continued)

1.8 Property, Plant and Equipment (continued)

Depreciation

Depreciable property, plant and equipment assets are written-off to their estimated residual values over their estimated useful lives to the Foundation 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 in Tokyo is revalued annually.

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

	<u>2005</u>	<u>2004</u>
Plant and equipment	5 to 10 years	5 to 10 years
Australian Resource Centre (library)	19 to 20 years	20 years

The aggregate amount of depreciation allocated for each class of asset during the reporting period is disclosed in Note 5C.

1.9 Impairment of Non-Current Assets

Non-current assets carried at up-to-date fair value at the reporting date are not subject to impairment testing.

1.10 Intangibles

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

Software is amortised on a straight-line basis over its anticipated useful life. The useful life of the Foundation's software is 5 years (2003–04: 5 years).

AUSTRALIA–JAPAN FOUNDATION

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2005

Note 1: Summary of Significant Accounting Policies (continued)

1.10 Intangibles (continued)

All software assets were assessed for impairment as at 30 June 2005. None were found to be impaired.

1.11 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.

AUSTRALIA–JAPAN FOUNDATION
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2005

Note 2: Adoption of Australian Equivalents to International Financial Reporting Standards

The Australia–Japan Foundation is in the process of transitioning its accounting policies and financial reporting from current Australian Accounting Standards (ie, Australian Generally Accepted Accounting Principles—AGAAP) to Australian Equivalents to International Financial Reporting Standards (AEIFRS) which will be applicable for the financial year ended 30 June 2006.

The Foundation allocated resources to conduct an impact assessment to identify key areas that would be impacted by the transition to AEIFRS. Priority has been given to the preparation of an opening balance sheet in accordance with AEIFRS as at 30 June 2004, the Foundation’s transition date to AEIFRS. This will form the basis of accounting for AEIFRS in the future, and is required when the Foundation prepares its 30 June 2006 financial report.

Set out below are the key areas where accounting policies are expected to change on adoption of AEIFRS. The financial effect of these changes has been assessed as immaterial to the Foundation.

- Under Australian Accounting Standards Board (AASB) 119 *Employee Benefits*, annual leave not expected to be settled within 12 months of balance day is discounted to a present value. Under current AGAAP annual leave is measured at the nominal amount regardless of when it is expected to be settled.

AEIFRS includes an option for entities not to restate comparative information in respect to financial instruments in the first AEIFRS report. Amounts for financial instruments presented in the Foundation’s 2004–05 primary financial statements are not expected to change as a result of the adoption of AEIFRS.

The Foundation has assessed the impacts of AEIRFS. The Foundation assesses that no adjustments are required to be made.

Note 3: Events Occurring after Reporting Date

There have been no events after 30 June 2005 which will affect the financial position of the Foundation at the reporting date.

AUSTRALIA–JAPAN FOUNDATION
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2005

	2005 \$	2004 \$
Note 4: Operating Revenues		
<u>Note 4A: Revenues from Government</u>		
Appropriations for outputs	<u>2,516,000</u>	<u>2,573,000</u>
<u>Note 4B: Goods and Services</u>		
Services	<u>9,484</u>	<u>23,454</u>
<u>Note 4C: Interest Revenue</u>		
Interest on deposits	<u>58,524</u>	<u>47,445</u>
<u>Note 4D: Net Foreign Exchange Gain/(Loss)</u>		
Non-speculative	<u>40,415</u>	<u>(20,226)</u>
<u>Note 4E: Net Gains/(Loss) from Sale of Assets</u>		
Infrastructure, plant and equipment:		
Write-offs	<u>(9,161)</u>	<u>-</u>
<u>Note 4F: Reversals of Previous Asset Write-Downs</u>		
Non-financial assets		
Assets previously expensed and found at stocktake	<u>-</u>	<u>16,949</u>
<u>Note 4G: Other Revenues</u>		
Resources received free of charge	746,504	800,903
Other Revenues	<u>135</u>	<u>112</u>
Total other revenues	<u>746,639</u>	<u>801,015</u>

AUSTRALIA–JAPAN FOUNDATION
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2005

	2005	2004
	\$	\$
Note 5: Operating Expenses		
<u>Note 5A: Employee Expenses</u>		
Wages and Salaries	585,325	682,633
Superannuation	14,308	13,846
Leave and other entitlements	173,667	181,916
Resources provided free of charge	357,978	388,152
Total employee benefits expense	1,131,278	1,266,547
Workers' compensation premiums	588	-
Total employee expenses	1,131,866	1,266,547

<u>Note 5B: Supplier Expenses</u>		
Goods from external entities	379,380	399,119
Services from related entities	485,220	528,475
Services from external entities	556,577	548,385
Operating lease rentals ¹	490,733	499,531
Total supplier expenses	1,911,910	1,975,510

Note 5C: Depreciation and Amortisation

(i) *Depreciation*

Infrastructure, plant and equipment	60,847	16,629
-------------------------------------	---------------	--------

(ii) *Amortisation*

Intangibles—Computer Software	45,234	43,851
Total depreciation and amortisation	106,081	60,480

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

Infrastructure, plant and equipment	60,847	16,629
Internally developed software—in use	45,234	43,851
Total depreciation and amortisation	106,081	60,480

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

AUSTRALIA–JAPAN FOUNDATION
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2005

	2005	2004
	\$	\$
Note 5: Operating Expenses (continued)		
<u>Note 5D: Write-Down of Assets</u>		
Non-financial assets		
Infrastructure, plant & equipment—revaluation decrement	320	-
<i>Total write-down of assets</i>	320	-

¹ These comprise minimum lease payments only.

AUSTRALIA–JAPAN FOUNDATION
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2005

	2005	2004
	\$	\$
Note 6: Financial Assets		
<u>Note 6A: Cash</u>		
Special Account	844,407	772,603
Departmental (other than special accounts)	199,071	(126,919)
Total cash	1,043,478	645,684
<u>Note 6B: Receivables</u>		
GST receivable from the Australian Taxation Office	1,033	1,577
Appropriations receivable		
—for additional outputs	-	31,000
Other Accrued Revenue/Debtors	129	171
Total receivables (net)	1,162	32,748
Receivables are represented by:		
Current	1,162	32,748
Total receivables (net)	1,162	32,748
All receivables are with entities related to the Commonwealth and are non-interest bearing. Credit terms are net 30 days (2004: 30 days).		
Receivables (gross) are aged as follows:		
Not Overdue	1,162	32,748
Total receivables (gross)	1,162	32,748

AUSTRALIA–JAPAN FOUNDATION
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2005

	2005 \$	2004 \$
Note 7: Non-Financial Assets		
<u>Note 7A: Infrastructure, Plant and Equipment</u>		
<i>Infrastructure, plant and equipment</i>		
—at cost	-	39,235
—accumulated depreciation	-	(277)
	-	38,958
—at 2001–2003 valuation (deprival value)		92,767
—accumulated depreciation		(92,767)
	-	-
—at 2003–2004 deprival value	82,800	603,291
—accumulated depreciation	(82,800)	(16,352)
	-	586,939
—at 2004–2005 fair value	566,932	-
—accumulated depreciation	(1,077)	-
	565,855	-
<i>Total Infrastructure, Plant and Equipment</i> <i>(non-current)</i>	565,855	625,897

All formal revaluations are independent and are conducted in accordance with the revaluation policy stated at Note 1. In 2004–05, the revaluations were conducted by an independent valuer, the Australian Valuation Office.

Revaluation increments of \$2,141 for infrastructure, plant and equipment (2004: decrements of \$217,974) were made to the asset revaluation reserve.

AUSTRALIA–JAPAN FOUNDATION
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2005

	2005	2004
	\$	\$
Note 7: Non-Financial Assets (continued)		
<u>Note 7B: Intangibles</u>		
<i>Computer software</i>		
Purchased Software	106,012	106,012
Accumulated amortisation	(96,685)	(94,305)
	9,327	11,707
 Internally developed—in use—at cost	 208,651	 208,651
Accumulated amortisation	(158,263)	(115,410)
	50,388	93,241
<i>Total computer software</i>	59,715	104,948

AUSTRALIA–JAPAN FOUNDATION
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2005

Note 7: Non-Financial Assets (continued)

Note 7C: Analysis of Property, Plant, Equipment and Intangibles

TABLE A—Reconciliation of the opening and closing balances of property, plant, equipment and intangibles

Item	Plant and Equipment \$	Intangibles \$	TOTAL \$
As at 1 July 2004:			
Gross book value	735,293	314,663	1,049,956
Accumulated depreciation/amortisation	(109,396)	(209,714)	(319,110)
Opening Net Book Value	625,897	104,949	730,846
Additions:			
by purchase—gross book value	8,145	-	8,145
Disposals			
Other disposals—gross book value	(28,642)	-	(28,642)
Other disposals—accumulated depreciation	19,160	-	19,160
Asset transfers—gross book value	-	-	-
Asset transfers—accumulated depreciation	-	-	-
Revaluation increment/(decrement)—gross book value	(65,064)	-	(65,064)
Revaluation increment/(decrement)—accumulated depreciation	67,205	-	67,205
Depreciation/amortisation expense	(60,847)	(45,234)	(106,081)
Recoverable amount write-downs	-	-	-
As at 30 June 2005			
Gross book value	649,732	314,663	964,395
Accumulated depreciation/amortisation	(83,877)	(254,948)	(338,825)
Closing Net Book Value	565,855	59,715	625,570

AUSTRALIA–JAPAN FOUNDATION
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2005

Note 7: Non-Financial Assets (continued)

Note 7C: Analysis of Property, Plant and Equipment

TABLE B—Assets at valuation

Item	Plant and Equipment \$	TOTAL \$
As at 30 June 2005:		
Gross value	649,732	649,732
Accumulated depreciation/amortisation	(83,877)	(83,877)
<i>Net book value</i>	565,855	565,855
As at 30 June 2004:		
Gross value	696,058	696,058
Accumulated depreciation/amortisation	(109,119)	(109,119)
Net book value	586,939	586,939

AUSTRALIA–JAPAN FOUNDATION
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2005

	2005 \$	2004 \$
Note 7: Non-Financial Assets (continued)		
<u>Note 7D: Other Non-Financial Assets</u>		
Prepayments	<u>16,753</u>	<u>12,440</u>
All other non-financial assets are current assets.		
Note 8: Provisions		
<u>Note 8A: Employee Provisions</u>		
Salaries, Wages and Leave	36,778	32,824
Separations and redundancies	<u>413,212</u>	431,409
<i>Aggregate employee entitlement liability</i>	<u>449,990</u>	<u>464,234</u>
Current	266,778	32,824
Non-current	183,212	431,409

AUSTRALIA–JAPAN FOUNDATION
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2005

	2005	2004
	\$	\$
Note 9: Payables		
<u>Note 9A: Supplier Payables</u>		
Trade creditors	253,084	60,773
<i>Total supplier payables</i>	<u>253,084</u>	<u>60,773</u>
Supplier payables are presented by:		
Current	253,084	60,773
Non-current	-	-
<i>Total supplier payables</i>	<u>253,084</u>	<u>60,773</u>
Settlement is usually made net 30 days		
<u>Note 9B: Other Payables</u>		
Dividend payable	-	126,687
<i>Total other payables</i>	<u>-</u>	<u>126,687</u>

The dividend payable relates to foreign exchange. The amount paid to the Department of Finance and Administration is the difference between the actual amount spent and what would have been spent using the original budget exchange rate.

All other payables are current liabilities.

AUSTRALIA–JAPAN FOUNDATION
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2005

Note 10: Equity

Note 10: Analysis of Equity

Item	Accumulated Results		Asset Revaluation Reserves		TOTAL EQUITY	
	2005 \$	2004 \$	2005 \$	2004 \$	2005 \$	2004 \$
Opening balance as at 1 July	621,977	609,564	148,047	366,021	770,024	975,585
Net surplus/deficit	211,724	139,100	-	-	211,724	139,100
Net revaluation increment/(decrement)	-	-	2,141	(217,974)	2,141	(217,974)
Transactions with owner:						
Distributions to owner:						
Returns on Capital						
Dividends	-	(126,687)	-	-	-	(126,687)
Transfers to/(from)/between reserves	-	-	-	-	-	-
Closing balance as at 30 June 2005	833,701	621,977	150,188	148,047	983,889	770,024

AUSTRALIA–JAPAN FOUNDATION
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2005

	2005	2004
	\$	\$
Note 11: Cash Flow Reconciliation		
Reconciliation of cash per Statement of Financial Position to Statement of Cash Flows		
Cash at year end per Statement of Cash Flows	1,043,479	645,684
Statement of Financial Position items comprising above cash: ‘Financial Asset—Cash’	1,043,478	645,684
Reconciliation of net surplus to net cash from operating activities:		
Net surplus (deficit)	211,724	139,100
Depreciation/amortisation	106,081	60,480
Net write-down of non-financial assets	320	-
Net loss on disposal of assets	9,161	-
Assets first recognised	-	(16,949)
(Increase)/decrease in net receivables	31,586	22,090
(Increase)/decrease in prepayments	(4,312)	21,832
Increase/(decrease) in employee provisions	(14,243)	40,840
Increase/(decrease) in supplier payables	192,311	(83,215)
<i>Net cash from/(used by) operating activities</i>	<u>532,627</u>	<u>184,179</u>

AUSTRALIA–JAPAN FOUNDATION
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2005

	2005	2004
Note 12: Executive Remuneration		
The number of members who received remuneration during the 2004–2005 financial year within the following band is:		
\$0 to \$9,999	9	7
The aggregate amount of total remuneration of members shown above.	\$8,418	\$6,152
Note 13: Remuneration of Auditors	\$	\$
Financial statement audit services are provided free of charge to the Foundation.		
The fair value of the services provided was:	30,000	24,600
No other services were provided by the Auditor-General.		
Note 14: Average Staffing Levels	2005	2004
The average staffing levels for the Foundation during the year were:	7	6

AUSTRALIA-JAPAN FOUNDATION
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2005

Note 15: Financial Instruments

Note 15A: 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							
		2005 \$	2004 \$	2005 \$	2004 \$	2005 \$	2004 \$	2005 \$	2004 \$	2005 \$	2004 \$	2005 %	2004 %		
Financial Assets															
Cash at bank	6A	-	-	-	-	-	-	-	-	1,043,478	645,684	1,043,478	645,684	5.40	5.20
Receivables for goods and services (gross)	6B	-	-	-	-	-	-	-	-	129	171	129	171	n/a	n/a
Appropriations receivable	6B	-	-	-	-	-	-	-	-	-	31,000	-	31,000	n/a	n/a
Total		-	-	-	-	-	-	-	-	1,043,607	676,855	1,043,607	676,855		
Total Assets										1,686,963	1,531,113				

Financial Liabilities															
Capital Use Charge payable		-	-							-	-	-	-	n/a	n/a
Trade creditors	9A									253,084	60,773	253,084	60,773	n/a	n/a
Total		-	-	-	-	-	-	-	-	253,084	60,773	253,084	60,773		
Total Liabilities										703,074	651,694				

AUSTRALIA–JAPAN FOUNDATION
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2005

Note 15: Financial Instruments (continued)

15B: Net Fair Values of Financial Assets and Liabilities

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

The net fair values for trade creditors, which are short-term in nature, approximate their carrying amounts.

Note 15C: Credit Risk Exposures

The Foundation'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 Foundation 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 ended 30 June 2005

Note 16: Appropriations

Note 16A: Acquittal of Authority to Draw Cash from the Consolidated Revenue Fund (CRF) for Ordinary Annual Services Appropriations

Particulars	Departmental Outputs	Total
Year ended 30 June 2005	\$	\$
Balance carried from previous year	(94,342)	(94,342)
Opening Balance adjustment to Special Account	152,160	152,160
<i>Adjusted Balance carried for previous period</i>	57,818	57,818
Appropriation Act (No.1) 2004–2005	2,461,000	2,461,000
Appropriation Act (No.3) 2004–2005	55,000	55,000
Departmental Adjustments by the Finance Minister (Appropriation Acts)	-	-
Advance to the Finance Minister	-	-
Refunds credited (FMAA s30)	-	-
Appropriations to take account of recoverable GST (FMAA s30A)	24,031	24,031
Annotations to 'net appropriations' (FMAA s31)	3,452	3,452
Adjustment of appropriations on change of entity function (FMAA s32)	-	-
Total Appropriations available for payments	2,601,301	2,601,301
Cash Payments made during the year (GST inclusive)	(1,401,197)	(1,401,197)
Appropriations credited to Special Accounts (excluding GST)	(1,000,000)	(1,000,000)
<i>Balance of Authority to Draw Cash from the CRF for Ordinary Annual Services Appropriations</i>	200,104	200,104

AUSTRALIA–JAPAN FOUNDATION
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2005

Note 16: Appropriations (continued)

Note 16A: Continued

<i>Represented by:</i>			
Cash at bank and on hand		199,071	199,071
Receivable—departmental appropriations		-	-
Receivables—GST receivable from customers		-	-
Receivables—GST receivable from ATO		1,033	1,033
Receivables—departmental appropriations—drawing rights withheld by the Finance Minister (FMAA s27(4))		-	-
Formal reductions of appropriations		-	-
Receivables—departmental appropriations (appropriations for additional outputs)		-	-
Payables—GST payable		-	-
Undrawn, unapplied administered appropriations		-	-
Total		200,104	200,104

AUSTRALIA–JAPAN FOUNDATION
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2005

Under Section 31 of the *Financial Management and Accountability Act 1997* (the FMA Act), the Minister for Finance and Administration may enter into a net appropriation agreement with an agency Minister. Appropriation Acts Nos 1 and 3 (for the ordinary annual services of Government) authorise the supplementation of an agency's annual net appropriation by amounts received in accordance with its Section 31 Agreement eg, receipts from charging for goods and services.

The Foundation had no Section 31 Agreement covering the period 1 July 1997 to 21 June 1998. However, the Foundation operated and recorded monies as though a Section 31 Agreement did exist for this period. As a result, the Foundation did not have control over these monies.

Section 31 receipts for the 1997–98 financial year amounted to \$1,390. The period at risk was 1 July 1997 to 21 June 1998. The Section 31 receipts legally available for spending in that year are now estimated at \$ nil. Therefore, amounts available for spending in the 1997–98 financial year were overstated by \$1,390. Accordingly there was no financial effect on the financial statements for 2004–05.

In 1997–98, the Foundation's financial statements disclosed the following details:

Departmental appropriations	\$2,351,480
Cash payments	\$2,129,187
Available to spend	\$222,293
Cash receipts from independent sources	\$1,390

AUSTRALIA–JAPAN FOUNDATION
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2005

Note 16: Appropriations (continued)

Note 16A: Continued

Particulars	Departmental	Total
Year ended 30 June 2004 (comparative period)	\$	\$
Balance carried from previous year	608,557	608,557
Opening Balance adjustments to Special Accounts	(223,268)	(223,268)
Appropriation Act (No.1) 2003–2004	2,608,000	2,608,000
Appropriation Act (No.3) 2003–2004	-	-
Department adjustments by the Finance Minister (Appropriation Acts)	-	-
Advance to the Finance Minister	-	-
Refunds credited (FMAA s30)	-	-
Appropriations to take account of recoverable GST (FMA s30A)	46,488	46,488
Annotations to 'net appropriations' (FMAA s31)	-	-
Other cash adjustments	-	-
Adjustment of appropriations on change of entity function (FMAA s32)	-	-
Appropriation lapsed	-	-
Total appropriation available for payments	3,039,777	3,039,777
Payments made during the year (GST inclusive)	(1,688,119)	(1,688,119)
Appropriations credited to Special Accounts	(1,446,000)	(1,446,000)
Balance carried to the next year	(94,342)	(94,342)

AUSTRALIA–JAPAN FOUNDATION
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2005

Note 16: Appropriations (continued)

Note 16B: Special Accounts

	2005	2004
Australia–Japan Foundation (Departmental)		
<i>Legal Authority:</i> Australia–Japan Foundation Act 1976		
Purpose: for expenditure on programs to enhance Japanese perceptions of Australia, and to strengthen bilateral relations to advance Australia's national interests.		
This account is interest bearing.		
Balance carried from previous year	772,603	223,268
Adjustment to opening balance	(152,160)	-
<i>Adjusted balance carried forward from previous year</i>	620,443	223,268
Appropriation Act (No.1) 2004–2005	1,000,000	1,446,000
Costs Recovered from non-government sector	-	-
Goods—provision of goods to external entities	-	-
Services—rendering of services to external entities	6,221	13,440
Other Receipts	-	-
Goods—provision of goods to external entities	-	-
Services—rendering of services to external entities	-	10,014
Interest	58,513	47,445
GST credits (FMAA s30A)	19,439	21,287
Available for payments	1,704,616	1,761,455
Payments	(860,209)	(988,852)
Investment debits from the Special Account (FMAA s39)	(1,590,000)	(1,300,000)
Amounts credited to Special Account on redemption of investment	1,590,000	1,300,000
Balance carried to next year	844,407	772,603
<i>Represented by:</i>		
Cash—held by the Foundation	844,407	772,603
Receivables—Net GST Receivable from ATO	-	-
Total	844,407	772,603

AUSTRALIA–JAPAN FOUNDATION
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2005

Note 16: Appropriations (continued)

Note 16B: Special Accounts (continued)

Investment of Public Money: Special Appropriations under section 39 of the FMA Act	2005	2004
	\$	\$
Amount invested carried from previous period	-	-
Prior year investments redeemed in current year	-	-
Investments made during the year	1,590,000	1,300,000
Redemptions of current year investments	(1,590,000)	(1,300,000)
Amount invested carried to the next period (sum of the above)	-	-
<i>Budget estimate</i>	1,590,000	1,300,000

AUSTRALIA–JAPAN FOUNDATION
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2005

Note 16: Appropriations (continued)

Note 16B: Special Accounts (continued)

Other Trust Monies Special Account	2005 \$	2004 \$
<i>Legal Authority: Financial Management and Accountability Act 1997, s20</i>		
<i>Purpose: for expenditure of monies temporarily held on trust or otherwise for the benefit of a person other than the Commonwealth.</i>	-	-

The Australian–Japan Foundation had no transactions for this Special Account.

Services for Other Government and Non-Agency Bodies (Departmental)	2005 \$	2004 \$
<i>Legal Authority: Financial Management and Accountability Act 1997, s20</i>		
<i>Purpose: for expenditure in connection with services performed on behalf of other governments and bodies that are not FMA agencies.</i>	-	-

The Australian–Japan Foundation had no transactions for this Special Account.

AUSTRALIA–JAPAN FOUNDATION
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2005

	2005 \$	2004 \$
Note 17. Specific Payment Disclosures		
<i>Departmental</i>		
No 'Act of Grace' payments were made during the reporting period (2004: No payments made)	<u>Nil</u>	<u>Nil</u>
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> (2004: No waivers made)	<u>Nil</u>	<u>Nil</u>
No ex-gratia payments were made during the reporting period (2004: No payments made)	<u>Nil</u>	<u>Nil</u>
No payments were made under the 'Defective Administration Scheme' during the reporting period (2004: No payments made)	<u>Nil</u>	<u>Nil</u>
No payments were made under section 73 of the <i>Public Service Act 1999</i> during the reporting period (2004: No payments made)	<u>Nil</u>	<u>Nil</u>

AUSTRALIA–JAPAN FOUNDATION
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2005

Note 18: Reporting of Outcomes

18A Net Cost of Outcome Delivery

	Outcome 1		Total	
	2005	2004	2005	2004
	\$	\$	\$	\$
Departmental expenses	3,159,338	3,322,763	3,159,338	3,322,763
Total expenses	3,159,338	3,322,763	3,159,338	3,322,763
<i>Costs recovered from provision of goods and services to the non-government sector</i>				
Departmental	9,484	23,454	9,484	23,454
Total costs recovered	9,484	23,454	9,484	23,454
<i>Other external revenues</i>				
Departmental				
Interest on cash deposits	58,524	47,445	58,524	47,445
Assets first recognised	-	16,949	-	16,949
Other	40,550	112	40,550	112
Total Departmental	99,075	64,506	99,075	64,506
Total other external revenues	99,075	64,506	99,075	64,506
Net cost/(contribution) of outcome	3,050,779	3,234,803	3,050,779	3,234,803

Outcome 1 is described in Note 1.1. Net costs shown include intra-government costs that are eliminated in calculating the actual Budget Outcome. Refer to Outcome 1 Resourcing Table on page 7 of this Annual Report.

AUSTRALIA–JAPAN FOUNDATION
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2005

Note 18: Reporting of Outcomes (continued)

18B: 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		Outcome 1 Total	
	2005 \$	2004 \$	2005 \$	2004 \$	2005 \$	2004 \$	2005 \$	2004 \$
Departmental expenses								
Employees	588,571	718,781	333,901	331,745	209,394	331,745	1,131,866	1,382,271
Suppliers	994,193	855,502	564,014	613,729	353,703	390,555	1,911,910	1,859,786
Depreciation and amortisation	-	-	106,081	60,480	-	-	106,081	60,480
Other expenses	4,931	10,518	2,797	4,854	1,753	4,854	9,481	20,226
Total departmental expenses	1,587,695	1,584,801	1,006,793	1,010,808	564,850	727,154	3,159,338	3,322,763
Funded by:								
Revenues from government	1,308,320	1,619,473	742,220	1,012,171	465,460	742,259	2,516,000	3,373,903
Sale of goods and services	-	11,312	9,484	7,070	-	5,184	9,484	23,565
Other non-taxation revenues	439,701	30,909	249,446	19,318	156,431	14,167	845,578	64,394
Total departmental revenues	1,748,021	1,661,694	1,001,150	1,038,559	621,891	761,610	3,371,062	3,461,863



Abbreviations

AASB	Australian Accounting Standards Board
ANAO	Australian National Audit Office
AEIFRS	Australian Equivalents to International Financial Reporting Standards
AGAAP	Australian Generally Accepted Accounting Principles
AJF	Australia–Japan Foundation
ATO	Australian Taxation Office
CRF	Consolidated Revenue Fund
CTC	Competitive Tendering and Contracting
DFAT	Department of Foreign Affairs and Trade
FMA Act	<i>Financial Management and Accountability Act 1997</i>
FMAA Act	<i>Financial Management Legislation Amendment Act 1999</i>
FMOs	Finance Minister’s Orders
GST	Goods and Services Tax
IPE	Infrastructure, Plant and Equipment
JPDU	Japan Parliamentary Debating Union
SAP	DFAT’s financial management information system



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