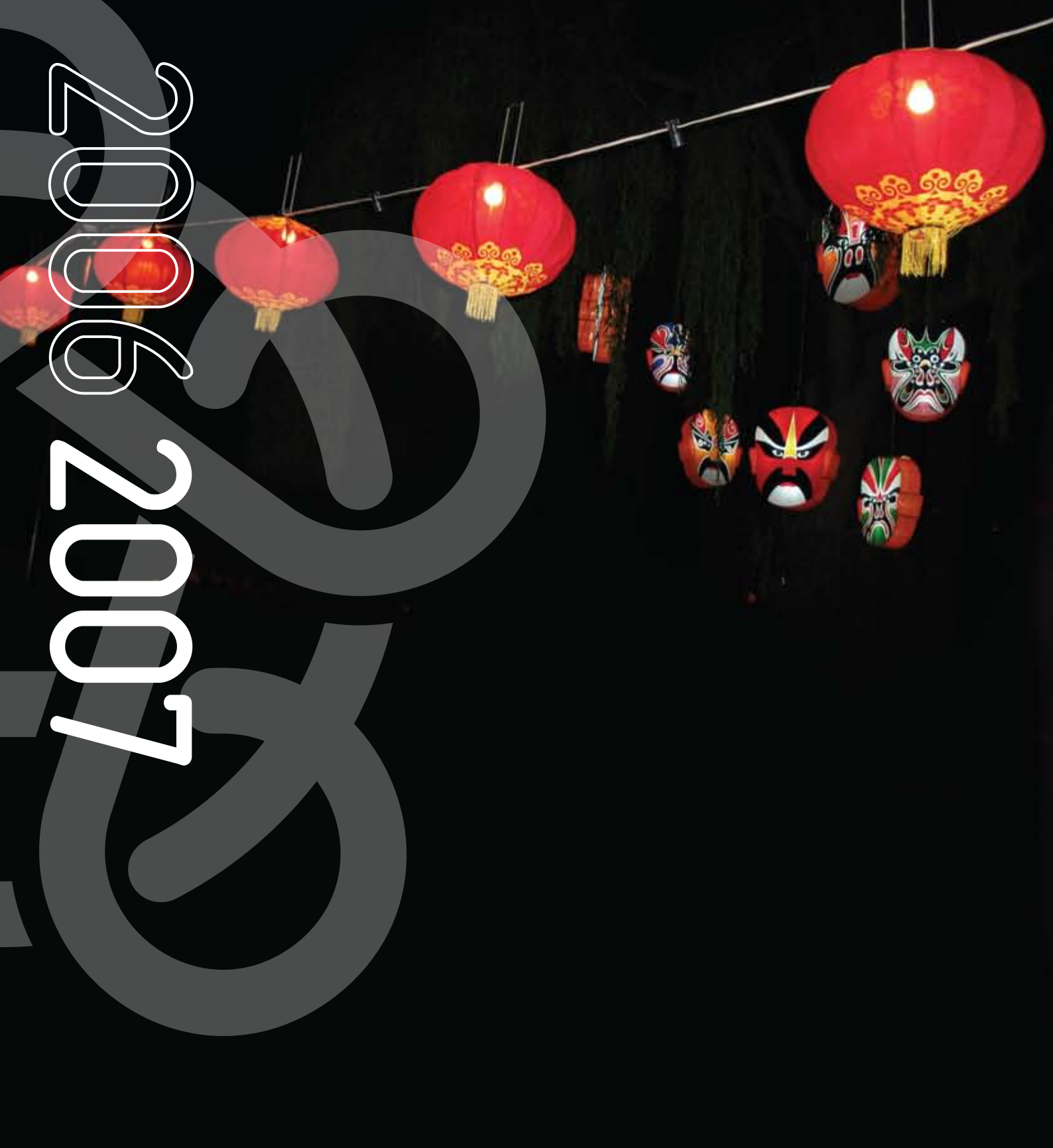


2006  
2007



**ANNUAL REPORT OF THE  
ASIA NEW ZEALAND FOUNDATION**

For the year ended 30 June 2007



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## MISSION STATEMENT

### ***The mission of Asia:NZ is:***

To promote initiatives which deepen understanding and relationships between New Zealanders and the peoples of Asia.

This will be achieved through five strategic objectives:

#### **Partner**

Develop active partnerships to deliver initiatives of mutual benefit.

#### **Inform**

Initiate and provide well informed input into policy and public thinking on Asia-related issues.

#### **Experience**

Promote interaction and enable personal experience and learning of Asian countries and peoples.

#### **Connect**

Connect people through networks on Asia-related issues.

#### **Deliver**

Ensure Asia:NZ has the capability and capacity to meet its mission.

## CHAIRMAN'S REPORT

Since its establishment in 1994, Asia:NZ has helped to link many thousands of New Zealanders to Asia through a remarkable range of activities and initiatives. Progressively, through programmes in education, media, culture, research and business, we are developing a rich tapestry of connections with the countries and peoples of Asia.

Over the past year, Asia:NZ's activities have gathered momentum and there is growing acceptance by New Zealanders of the importance of stronger ties with Asia. New Zealanders are embracing Asia more now than ever before.

The ongoing work of the Foundation, as well as that of the many other players across the private sector, academia, local government, science and the arts, has ensured that our non-official contacts with the region have broadened significantly, and these relationships continue to be fleshed out, which is opening up a whole host of new opportunities.

To raise awareness of the immense business opportunities that exist in Asia, Asia:NZ has been working over recent months to host a major business summit called Action Asia, in conjunction with Export Year 07 activities. The two-day event, modelled on the Seriously Asia conference in 2003, seeks to enhance the New Zealand business community's awareness and knowledge of, and skills and confidence in, engaging with Asian economies. It will provide businesses with access to key market intelligence, case studies and advice from leading international experts on why and how they can effectively engage with the world's fastest-growing region – Asia.

Another key task for the Foundation over the past year has been to build on its advocacy for a greater focus on Asian studies in the education system, to ensure New Zealand students are equipped with a higher level of Asian literacy than they have enjoyed in the past.

In September, Asia:NZ staged a summit that brought together leaders from many sectors of New Zealand society to discuss and determine a broad pathway that will help New Zealanders to understand Asia better and embrace more effectively the many opportunities the region offers. In addition, Asia:NZ has been working to further its collaborative relationship with the Ministry of Education to promote Asia awareness in schools.

Due in large part to the Foundation's leadership, tens of thousands of New Zealanders came together in October to celebrate Asia:NZ's fifth Indian Diwali Festival of Lights. In March, Asia:NZ's Chinese New Year Lantern Festival attracted thousands more. The value of these cultural events goes far beyond the simple pleasure of being part of the colourful festivities and learning something about another culture. The growing popularity of these events also demonstrates how New Zealand society is changing. The Diwali and Lantern Festivals are testimony to the fact that New Zealanders are not only appreciating but also taking great pride in the cultural traditions of our significant and growing Indian and Chinese communities.

It is certainly an exciting time as we witness New Zealand's transformation from a bicultural community to a multicultural society, bringing with it diversity, increased cultural exchange and deeper understanding and knowledge of Asia.

Assisting the integration of Asian communities into mainstream New Zealand life has always been one of Asia:NZ's most important roles. In my view, the Foundation has been extremely effective in raising the self-entitlement of Asian communities to the extent that they have now become part of the mainstream of New Zealand society in a way that would not have been conceivable in the late 1980s and early '90s.

The Foundation is now seen by many Asian migrant communities as a bridge for them to develop constructive linkages.

Asia:NZ's media programme continues to generate interest in, and understanding of, Asian affairs and issues. As a consequence, we have seen broader and more balanced coverage of the Asian region and Asian communities in New Zealand over the past year.

Despite this, there have been critics of New Zealand's closer ties with Asia, as well as a degree of hostility from certain circles towards Asian communities in New Zealand. With increasing familiarity and association, however, I believe this opposition is giving way to a more inquisitive assessment of the important contributions Asian communities make to our society.

The Foundation is the tangible expression of New Zealand's commitment to closer relations with the countries and peoples of Asia. We have a firm mandate to continue its mission and to expand and develop the unique role it has in New Zealand society.

During the year the first external review of the Foundation was carried out. The review was jointly commissioned by the New Zealand Treasury and the Ministry of Foreign Affairs and Trade with the reviewer report due to be presented to the Government and other stakeholders in the beginning of the 2007/08 financial year. The ongoing work of Asia:NZ will be informed by this exercise.

Looking at the past year's activities it is easy to forget that the Foundation is a small organisation with limited resources. I would like to pay special tribute to the staff for their energy, enthusiasm and professionalism in everything they do.

During the year, due to ill health, executive director John Austin left Asia:NZ and I would like to thank him for his services and his commitment to the Foundation during his short time here.

I would also like to thank departing board chairman, Sir Dryden Spring, and members Peter Springford and Howard Fancy for their contributions. As chairman, Sir Dryden has made a significant contribution to the success of Asia:NZ. In 2003, he oversaw the Seriously Asia conference, which gave the Foundation a major role in leading New Zealand's engagement with Asia and in raising awareness of our Asian communities. I would also like to welcome warmly new board members – Mai Chen, Gavin Ellis, Rob McLeod, Tony Nowell, Karen Sewell and Dianne Yates.

It has been a full year for Asia:NZ, a year enabled by the commitment and support of many people. My thanks to His Excellency the Governor-General, the Prime Minister, the Minister of Foreign Affairs, other ministers and parliamentarians from all parties who have engaged in Asia:NZ activities, to our board of honorary advisers, to my fellow members of the board of trustees and to our business partners for their support and commitment.

Finally, my appreciation to the Ministry of Foreign Affairs and Trade, New Zealand Trade and Enterprise and Fonterra for their ongoing commitment to Asia:NZ.

I am pleased to submit this annual report and these financial statements for the year ended 30 June 2007.



HON PHILIP BURDON  
**Chairman**  
31 August 2007

## ACTING EXECUTIVE DIRECTOR'S REPORT

Asia:NZ works at a number of levels in business, media, education, culture and research, with the aim of improving New Zealanders' skills and knowledge so they can interact with the peoples of Asia with increasing confidence and sophistication.

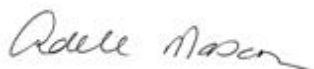
It is a stimulating and challenging time to be part of Asia:NZ. New Zealand's connections with Asia are deepening and diversifying, and the Foundation has an increasingly important role to play in these interactions.

I would like to take this opportunity to thank the dedicated team at Asia:NZ, as well as our board, members of parliament and external partners, for their energy and commitment over the past year. Asia:NZ continues to generate a special enthusiasm among all those it touches, and that has been an essential ingredient in its success during 2006/07.

Throughout the year, Asia:NZ continued to foster and develop important partnerships both in New Zealand and abroad to strengthen our connections with Asia

The past year has been a busy and successful one. The Foundation's wide network of willing partners has assisted us in achieving impressive results from limited resources, and Asia:NZ programmes and activities have touched thousands. The following pages provide a highlight of these achievements. A detailed list of the 2006/07 grants and activities can be found on the Asia:NZ website at [www.asianz.org.nz/grants/2007](http://www.asianz.org.nz/grants/2007).

Asia:NZ's agenda for the coming year will be in response to the external review of the Foundation. We will do all we can to make sure New Zealand has the skills and knowledge to embrace the many opportunities the Asian region offers, both now and going forward.



ADELE MASON  
**Acting Executive Director**  
31 August 2007

## PARTNER

### ***The strategic objective – Develop active partnerships to deliver initiatives of mutual benefit***

#### **Auckland City festival partnership**

The success of many facets of Asia:NZ's culture programme depends on the strategic partnerships we form with other organisations. The Chinese Lantern Festival, which has been staged by Asia:NZ and Auckland City annually since 2000, is a prime example of a partnership that has delivered outstanding results.

Planning for the 2007 Chinese Lantern Festival started some 18 months before the event, with each partner drawing on complementary strengths. Auckland City has responsibility for all the on-the-ground logistics, including the all-important community liaison, while Asia:NZ handles the international elements, sponsorship relations, the parallel schools programme and marketing.

Over its eight-year history, the Festival has widened its audience to the point where it is now known throughout the country and attracts attention overseas. In 2007, the Festival drew record crowds of more than 200,000.

Underpinning the Festival's success are strong international partnerships that deliver fascinating visiting performers and new lanterns. And of course nothing could be achieved without our family of corporate sponsors, who unfailingly come up with all sorts of entertaining and original ideas that enhance the Festival and bring added value and pleasure to those attending.

#### **From longstanding partnerships to new...**

The 2006/07 financial year saw the launch of a pilot artist-in-residence exchange between Asia:NZ and the Korea Foundation, which was hosted by the Christchurch Art Gallery, Christchurch Arts Centre and the Korean Museum of Contemporary Art in Seoul. Creative New Zealand administered the selection process for the New Zealand artist.

As part of the exchange, accomplished Wellington visual artist Lorene Taurerewa travelled to Seoul, and talented Korean artist Lee Joong-Keun spent several weeks in Christchurch.

According to Eunjin Yong, programme officer of the Culture and Arts Department at the Korea Foundation, the exchange aims to strengthen the friendship and understanding between New Zealand and Korea, as well as the cooperative relationship between the participating organisations. All partners are keen to repeat the exchange in 2007/08.

*"Since we felt that the cultural exchanges between our two nations did not adequately reflect our growing interest in each other's cultures, we saw [the artist-in-residence exchange] as a great opportunity to add further impetus to our cultural exchanges."* **Eunjin Yong, programme officer, Culture and Arts Department, Korea Foundation**

In the area of research and policy, Asia:NZ continued to strengthen its relationship with Victoria University of Wellington and during 2006/07 formal links were established with the Asian Studies Institute, the Centre for Applied Cross-Cultural Research and the New Zealand Institute of International Affairs.

Asia:NZ's research team was involved in a number of initiatives in informal diplomacy and other conferences during the year, including a contribution to Asian political

thought at the University of Otago in December 2006, advising on China's role in the Pacific in Canberra in February 2007, researching the role of small to medium-sized enterprises in New Zealand in April 2007, our involvement in the Pacific Economic Cooperation Council in Sydney in May 2007, and the Foundation's contribution to the Asia Pacific Roundtable in Malaysia in June 2007.

The Foundation also funded three New Zealand symposia on India-New Zealand relations, East Asian regionalism, and Asia in contemporary New Zealand culture.

During 2006/07 representatives of the Foundation visited the Lowy Institute and the Economist Intelligence Unit, based in Sydney, the Research School of Pacific and Asian Studies and the Research School of Social Sciences, both at Australia National University in Canberra, and the School of Biological, Earth and Environmental Sciences at the University of New South Wales, Sydney, to develop trans-Tasman linkages with like-minded institutions.

Informally, links are being developed with the Building Research Capability in the Social Sciences Network, the School of Government at Victoria University of Wellington, the New Settlers Programme at Massey University, the Centre for Asian and Migrant Health Research at Auckland University of Technology (AUT), the School of Asian Studies and the New Zealand Asia Institute, both at the University of Auckland, as well as a number of relevant government departments and agencies.

### **Preparing for a future with Asia**

In partnership with the Ministry of Education, Asia:NZ released the final report of the Asia Knowledge Working Group, *Preparing for a Future with Asia* following extensive research and consultation with leaders in the business, culture, media and education sectors. At a national summit held in September 2006, leaders considered the report's strategic priorities and scoped out a broad pathway for the future.

One of the first joint initiatives under the new strategy is that Asia:NZ and the Ministry of Education have begun work on a campaign aimed at school leadership (primarily with school principals) about the importance of Asia awareness and how to be an Asia-aware school.

This collaborative campaign includes the development of resources and tools to assist school leaders to meet the challenges of equipping students with knowledge of Asia.

The Ministry of Education has appointed an Asia knowledge specialist to direct the campaign, and a Memorandum of Understanding is being developed to provide a framework for further collaboration to improve Asia awareness in New Zealand schools, and to increase the Asia-related knowledge, skills and understanding of New Zealand school leavers.

During the year Asia:NZ continued to expand New Zealand's information base on all things Asian through increased access to study opportunities for students and journalists, improved news coverage on Asia, and comprehensive research and business programmes providing New Zealanders with up-to-date information about Asian issues.



## INFORM

### ***The strategic objective – Initiate and provide well informed input into policy and public thinking on Asiarelated issues***

#### **Improved coverage on Asia**

Asia:NZ's media programme continued to create and support opportunities for New Zealand journalists interested in working in and reporting on the Asian region.

Asia:NZ now supports annual scholarships for three AUT journalism graduates, providing scholarships for two graduates to work with the *China Daily Online* in China and one with *The Jakarta Post* in Indonesia.

The new scholarships are based on an existing partnership with the Massey University School of Journalism, which provides two scholarships for successful applicants to work at the *Shanghai Daily* in China and two with the *Phnom Penh Post* in Cambodia.

In India, the media programme has established partnerships with the Asian College of Journalism in Chennai and the *Deccan Herald* in Bangalore, providing short-term work placements for New Zealand journalists.

The media programme also funded a two-week speaking tour by a visiting United States race and demography expert, Associate Professor Arlene Morgan from the Graduate School of Journalism in New York at Columbia University, New York. The tour was organised by the New Zealand Journalists Training Organisation (NZJTO).

Associate Professor Morgan gave presentations at the NZJTO's "Diversity in the Media Forum" in Wellington in May 2007 and also lectured to journalism students and lecturers at Massey University, AUT, Whitireia Polytechnic, Waiariki Institute of Technology, Canterbury University and Aoraki Polytechnic. She was also interviewed by Television New Zealand's (TVNZ's) Breakfast programme and Radio New Zealand National's Mediawatch and Sundays with Chris Laidlaw.

Media grants allocated to journalists and media organisations seeking to go on reporting assignments totalled 23 in the 2006/07 year, averaging nearly two each month. The countries visited by Asia:NZ-funded journalists were India, Vietnam, Cambodia, the Philippines, Indonesia, China, Malaysia and Japan.

Content supported by the grants was either broadcast on, or published by, TVNZ, Fairfax NZ, the New Zealand Press Association, Radio New Zealand, Radio Live, the *Otago Daily Times*, the *Taranaki Daily News*, TV3 and Public Address.

The Asia:NZ monthly media newsletter now has a subscription list of some 800, of which half are journalists or news media organisations. The online journalists' guide to Asia is a regularly updated feature of the Asia:NZ website, with new sections on Japan, China, Myanmar and the Philippines.

#### **Comprehensive research**

Asia:NZ undertook extensive and comprehensive research this year targeting influencers in New Zealand-Asia relations. Research papers in Asia:NZ's "Outlook Series" were commissioned on New Zealand's strategic capability in Asia (Lance Beath) and the impact of returning Asian students on New Zealand-Asia relationships (Terry McGrath).

Two significant reports for the business community were well received: one, a synthesis of Megatrends in Asia (by PricewaterhouseCoopers) and the other, a report on Asian perceptions of New Zealand businesses, based on research by TNS New Zealand.

Social research on migrants' use of the Internet (Waikato University) was also completed and work started on a publication that looks at Asian Muslims in New Zealand (by Adrienne Janson and Ans Westra). Colmar Brunton has also been commissioned to survey school principals' awareness of Asia.

The year saw a wide range of research papers presented at lectures and conferences on such topics as diversity in the classroom, Asian students in New Zealand, social cohesion and immigration, and Asia and research in the public space. The last research paper was also published in the newsletter of the New Zealand Asia Studies Society.

### **Better informed on business matters**

Asia:NZ initiated and supported a number of projects aimed at informing the business community about building relationships in Asia.

Asia:NZ was a sponsor of the China Business Forum, a one-day conference aimed at advising and encouraging New Zealand businesses to take advantage of the unique opportunities China's rise presents. The Forum brought overseas and local experts on the Chinese market together, reaching 450 participants in Auckland.

The Economic Development Association of New Zealand held the "Growing an Export Economy" conference in Christchurch with more than 200 participants. Asia:NZ sponsored the "Building Asian Markets" workshop, bringing local Asian business expertise to the Conference. Together with Export NZ, Asia:NZ took the "Next Stop India" seminars to Auckland, Wellington and Christchurch to mark the release of the case-study report of the same name. Asia:NZ brought Indian entrepreneur Ashish Hemrajani to New Zealand to speak along with local business experts.

Asia:NZ's quarterly business newsletter has a subscription list of more than 1,000, comprising private sector contacts and business associations amongst others.

### **A greater focus on Asia in education**

In education, the draft New Zealand curriculum, to be finalised in October 2007, sets the direction for learning for all New Zealand school students. A submission by Asia:NZ supported two key aspects of the new curriculum of relevance to Asia. One is a new provision for language learning, and the second is learning about the world in which we live, which will have a focus on increasing knowledge of Asia and its people. The draft curriculum also aims to help develop capabilities for New Zealanders to engage well with the region.

Asia:NZ also urged the government to ensure that the International Education Agenda is aligned with the "Preparing for a Future with Asia" strategy, developed by the Ministry of Education and Asia:NZ.

In tertiary education, Asia:NZ offered its perspective on the development of the next Statement of Tertiary Education Priorities, as we recognise the significant role that the tertiary education sector could play in giving New Zealanders the skills, awareness and knowledge to engage with the Asian region and its peoples for the benefit of the country's present and future generations.

The Foundation's submission document identified areas for increased effort, commenting particularly on the need for an Asia focus within the three proposed priorities - increasing the level of literacy and numeracy in the workforce; increasing the delivery of skills and competencies to meet regional and national industry needs; and improving research connections and linkages to create economic opportunities.

## EXPERIENCE

### ***The strategic objective – Promote interaction and enable personal experience and learning of Asian countries and peoples***

#### **Culture and the Arts**

The Asia:NZ culture programme supported a wide range of festivals, exhibitions, events and activities throughout New Zealand in 2006/07, aimed at involving New Zealanders in the cultural traditions of Asia. A total of 25 Asian community organisations received funding for a host of exhibitions, concerts, festivals and cultural training programmes designed to reach out to wider audiences, including Korea's Tea Music at AK07 (the Auckland Arts Festival), the third Auckland Triennial at Auckland Art Gallery, the World Busker Festival in Christchurch and Dunedin City Council's Asian/Chinese New Year Festival.

As well as supporting festivals run by other organisations, Asia:NZ had record-breaking crowds at its own Chinese New Year Lantern Festivals in Auckland and Christchurch and Indian Diwali Festivals of Lights in Auckland and Wellington.

Several individual grant recipients, such as novelist Elizabeth Smither, received assistance to travel to Asia – in Elizabeth's case, to take part in the Kuala Lumpur International Literary Festival.

Another was Eric Holowacz of Wellington City Council's Arts Centre, who travelled to Korea with support from Asia:NZ to attend a workshop entitled "New Ways of Engaging Asia: Artists' Mobility and Artist in Residence". Partly as a result of that visit, an exciting new initiative has come to life: Wellington's new "Bolton Street Cottage Artist in Residence" exchange programme with Asian artists.

Asia:NZ also funded the airfares for Creative New Zealand's two Asian residencies, enabling writer Tze Ming Mok to spend time at Beijing's Red Gate Gallery, and musician Phil Dadson to visit Sanskriti Foundation in New Delhi, India.

#### **East meets West for Chinese New Year 2007**

At an event to celebrate the first day of the Chinese New Year 2007, the Year of the Pig, an East meets West cultural concert was held at the Town Hall in Auckland led by one of China's most distinguished young conductors – Li Xincao. The concert, held in February, heralded the beginning of a fortnight of festivities in Auckland, including Chinese lantern-making and cooking classes, and culminating in the famous Chinese Lantern Festival in Albert Park.

*"Music sets no boundaries and is adaptable to people of all walks of life. Chinese New Year is the most important annual festival celebration, so it was fitting to have a Chinese musician of such high calibre to open the festivities in Auckland to enrich the local community with the abundant historical and cultural resources of Chinese music."* **Iris Cheng, president of the Music Association of Auckland.**

## **Scholarships and grants**

Nearly 4,000 students and teachers participated in study visits to Asia, engaged in competitions and events to showcase their learning, or interacted with international performers to experience a unique aspect of Asian culture.

For many, these experiences have been life changing, fuelling a desire to learn more about Asia. For others, Asia:NZ's programmes have brought new meaning to what Asia is all about and boosted their confidence to share what they have learnt about Asia with others at home in New Zealand as a result of their first-hand experiences.

### ***Thoughts from students and teachers...***

*"My visit to Japan made my plans for my future clearer. Next year I intend to work at the Okinawa Island resort to save money to follow my dream to becoming a chef working in Japan."* **Sam Hall, New Zealand Japan Young People's Exchange Programme recipient.**

*"Through a series of lectures and field trips I gained a much better understanding of Korea in terms of society, history, cultural heritage and language. In fact, this was one of the most satisfying and educational trips I have ever undertaken. I have a better understanding of Korea and can use this to promote Korean culture with both staff and teachers in training at the Christchurch College of Education."* **Ann McGrath, Christchurch College of Education, Korean Studies Workshop recipient.**

## **School cultural programmes**

Nearly 3,000 students were involved in Asia:NZ's parallel schools programmes for the Diwali and Lantern Festivals during October 2006 and March 2007.

Through these programmes, students and teachers have the opportunity to meet international performers and try their hands at all sorts of new skills, from learning new dance steps to working with puppets. During the Lantern Festival, teachers have the opportunity to attend lantern-making workshops and hundreds of school children enter the Festival's lantern-making competition, bringing along their families and friends to take part in the public voting for their favourite lanterns. Asia:NZ carries festival teaching units on its website, which have proved very popular.

During 2006/07, Asia:NZ was fortunate to have dancers, jugglers and a traditional scroll artist from India, and acrobats, a tea pourer and the Red Poppy drum troupe from China to conduct performance workshops for schools in Auckland, Wellington and Christchurch. The experience gave students an insight into traditions not normally seen in New Zealand and encouraged further learning.

### ***Thoughts from teachers who participated in the schools cultural programmes...***

*"The juggling and peacock dance workshops were amazing. Great for our New Zealand kids to see the talent, vibrancy and culture from India."*

*"A wonderful festival celebrating our combined histories and breaking down of barriers. It has been worth every minute"*

## CONNECT

### ***The strategic objective – Connect people through networks on Asia-related issues***

#### **New Zealand's future leaders**

In November 37 students and recent graduates from New Zealand, Indonesia, Japan, China, India, Bangladesh, the Philippines, Malaysia, South Korea and Singapore came together for a week-long programme arranged by Asia:NZ.

The Young Leaders Forum, which was held in Wellington and Auckland, included workshops on leadership, cross-cultural communication and public speaking, site visits and briefings by government and business leaders, team-building activities and panel discussions, and is aimed at revitalising New Zealand's relationships with Asia through a network of outstanding young people.

#### ***Thoughts from young leaders...***

*"The friendships and dynamic networks formed with other fellow young leaders have become two of the most valuable things Asia:NZ has given me. Thank you to Asia:NZ for providing the opportunity to participate in what is undoubtedly a dynamic and exciting initiative. I look forward to working together in actively contributing to its continued success."* **James To, PhD student researching overseas Chinese relations at the University of Canterbury's School of Mass Communication and Political Science.**

*"One day, we will look back and see this Forum as the tipping point which sparked a new wave of understanding, collaboration and guanxi between the people of New Zealand and the people of Asia."* **Jason Sew Hoy, from his speech at the closing dinner of the inaugural Asia:NZ Young Leaders Forum.**

*"[The Forum] helped me broaden my selection of news stories, and deepened my understanding of issues facing 'new' New Zealanders. The growing influence of Asia and the increasing number of Asians in New Zealand highlight the need for better understanding."* **Amanda Strong, Radio New Zealand journalist, who travelled to China in 2006 to work on the Shanghai Daily with an Asia:NZ grant.**

#### **Building business networks**

During 2006/07 Asia:NZ continued to connect people through its extensive networks in New Zealand and abroad.

A series of targeted events for specialised groupings on New Zealand-Asia related issues were staged. In particular, Asia:NZ-hosted business functions continued to provide unique networking opportunities for New Zealanders engaged or wishing to engage in Asia.

Events hosted included a boardroom lunch for Stephen Lam, the Secretary of Constitutional Affairs from the Hong Kong Administrative Region, in partnership with HSBC.

In partnership with Minter Ellison Rudd Watts, Asia:NZ hosted events for business people to meet Shekhar Bajaj, chairman and managing director of India's Bajaj Electricals Limited and HE Mr Lee Kuan Yew, Minister Mentor of Singapore. Asia:NZ also brought business people together to meet Mr Minemasa Suehiro, director of the Southwest Asia and Oceania International Trade Policy Bureau of Japan.

In December 2006, Asia:NZ hosted a dinner for the business community to hear the latest update from Prime Minister Helen Clark about the Vietnam-hosted APEC CEO Summit 2006. Those attending included chief executives from companies with connections in Asia and executives from business councils. It proved to be an effective way of bringing business people with commercial interests in Asia together to discuss and share knowledge.

### **Connecting the networks**

Our website continued to evolve and expand during the year and we introduced two new websites: one for the Young Leaders Forum and another for the Action Asia business summit. Asia:NZ's websites are now attracting 340,148 visitors who viewed more than 1.23 million pages during the year.

Both our business and media programmes continued their focus throughout the year on providing regular email newsletters as well as combining events with business organisations.

## GOVERNANCE AND ACCOUNTABILITY STATEMENT

### Role of the Board

The Minister has appointed a governing board. The board's governance responsibilities include:

- Communicating with the Minister and other stakeholders to ensure their views are reflected in Asia:NZ's planning.
- Delegating responsibility for the achievement of specific objectives to the executive director.
- Monitoring organisational performance and the achievement of objectives.
- Accounting to the Minister on plans and progress against them.
- Maintaining effective systems of internal control.
- Setting strategic direction.
- Approving policies.
- Delegating authority to the executive director.

### Structure of the Asia New Zealand Foundation

#### ASIA:NZ OPERATIONS

The board has appointed the executive director to manage all Asia:NZ operations. All other employees of Asia:NZ have been appointed by the executive director. The board directs the executive director by setting policy and delegating responsibility and authority for the achievement of objectives.

#### MFAT/TREASURY REVIEW OF ASIA:NZ

During 2006/07, New Zealand Treasury and the Ministry of Foreign Affairs and Trade commissioned a review of Asia:NZ, as directed by Cabinet in the year 2000. The purpose of this review was to evaluate Asia:NZ's effectiveness, processes and capability. The recommendations of the review will be presented to Cabinet in July 2007.

#### BOARD COMMITTEES

The board may set up committees to provide a more detailed level of focus on particular issues. Committees are delegated responsibility for governance, policy making and monitoring of the organisation's progress toward meeting objectives stated in policies. Committees do not involve themselves in operational matters. The board maintains an audit committee that meets at least once each year with external auditors.

During 2006/07, two further committees were established:

- i) Executive appointment committee. This was established to manage recruitment of the executive director;
- ii) Executive committee. This was established at the May 2007 board meeting in response to the initial report of the external review.

#### QUALITY ASSURANCE

The executive director is responsible for reporting to the board, which in turn reports to the Minister of Foreign Affairs on the achievement of objectives. These are set out in the organisation's strategic plan that is approved by the board.

## Governance Philosophy

### BOARD MEMBERSHIP

Board members are appointed by the responsible minister. The board is composed of members who have diverse skills and experience in order to bring a wide range of thought to bear on policy issues. Once appointed, all members are required to act in the best interests of Asia:NZ.

### CONNECTION WITH STAKEHOLDERS

The board acknowledges its responsibility to keep in touch with stakeholders, including the responsible minister.

### DIVISION OF RESPONSIBILITY BETWEEN THE BOARD AND MANAGEMENT

A key to the efficient running of Asia:NZ is that there is a clear division between the roles of the board and those of management. The board concentrates on setting policy and strategy, and then monitors progress toward meeting objectives. Management is concerned with implementing policy and strategy. The board clearly demarcates these roles by ensuring that the delegation of responsibility and authority to the executive director is concise and complete.

### ACCOUNTABILITY

The board holds quarterly meetings to monitor progress toward its strategic objectives and to ensure that the affairs of Asia:NZ are being conducted in accordance with the board's policies.

### CONFLICTS OF INTEREST

The board maintains an interests' register and ensures board members are aware of their obligations to declare interests.

### INTERNAL CONTROLS

While many of the board's functions have been delegated, the overall responsibility for maintaining effective systems of internal control ultimately rests with the board. Internal controls include the policies, systems and procedures established to provide assurance that specific objectives of the board will be achieved. The board has acknowledged its responsibility by signing the Statement of Responsibility on page 16 of this report.

### RISK MANAGEMENT

The board acknowledges that it is ultimately responsible for the management of risks to Asia:NZ. The board has charged the executive director with operating a risk management programme.

### LEGISLATIVE COMPLIANCE

The board acknowledges its responsibility to ensure the organisation complies with all legislation. The board has delegated responsibility to the executive director for the development and operation of a programme to systematically identify compliance issues and ensure that all staff are aware of legislative requirements that are particularly relevant to them.



## STATEMENT OF RESPONSIBILITY

### FOR THE YEAR ENDED 30 JUNE 2007

The board of Asia:NZ accepts responsibility for the preparation of the financial statements and statement of service performance and the judgements made in them.

The board of Asia:NZ accepts responsibility for establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial reporting.

In the opinion of the board of Asia:NZ the financial statements and statement of service performance for the year ended 30 June 2007 fairly reflect the financial position and operations of Asia:NZ.



HON PHILIP BURDON  
**Chairman**  
31 August 2007



RICHARD NOTTAGE  
**Deputy Chairman**  
31 August 2007

**AUDIT REPORT**  
**TO THE READERS OF**  
**ASIA NEW ZEALAND FOUNDATION'S**  
**FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION**  
**FOR THE YEAR ENDED 30 JUNE 2007**

The Auditor-General is the auditor of the Asia New Zealand Foundation. The Auditor-General has appointed me, Clare Helm, using the staff and resources of Audit New Zealand, to carry out the audit on his behalf. The audit covers the financial statements and statement of service performance included in the annual report of the Asia New Zealand Foundation for the year ended 30 June 2007.

**Unqualified Opinion**

In our opinion:

- The financial statements of the Asia New Zealand Foundation on pages 34 to 51:
  - comply with generally accepted accounting practice in New Zealand; and
  - fairly reflect:
    - the Asia New Zealand Foundation's financial position as at 30 June 2007; and
    - the results of its operations and cash flows for the year ended on that date.
- The statement of service performance of the Asia New Zealand Foundation on pages 20 to 33:
  - complies with generally accepted accounting practice in New Zealand; and
  - fairly reflects for each class of outputs:
    - its standards of delivery performance achieved, as compared with the forecast standards outlined in the statement of forecast service performance adopted at the start of the financial year; and
    - its actual revenue earned and output expenses incurred, as compared with the forecast revenues and output expenses outlined in the statement of forecast service performance adopted at the start of the financial year.

The audit was completed on 31 August 2007, and is the date at which our opinion is expressed.

The basis of our opinion is explained below. In addition, we outline the responsibilities of the Board of Trustees and the Auditor, and explain our independence.

## Basis of Opinion

We carried out the audit in accordance with the Auditor-General's Auditing Standards, which incorporate the New Zealand Auditing Standards.

We planned and performed the audit to obtain all the information and explanations we considered necessary in order to obtain reasonable assurance that the financial statements and statement of service performance did not have material misstatements, whether caused by fraud or error.

Material misstatements are differences or omissions of amounts and disclosures that would affect a reader's overall understanding of the financial statements and the statement of service performance. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

The audit involved performing procedures to test the information presented in the financial statements and statement of service performance. We assessed the results of those procedures in forming our opinion.

Audit procedures generally include:

- determining whether significant financial and management controls are working and can be relied on to produce complete and accurate data;
- verifying samples of transactions and account balances;
- performing analyses to identify anomalies in the reported data;
- reviewing significant estimates and judgements made by the Board of Trustees;
- confirming year-end balances;
- determining whether accounting policies are appropriate and consistently applied; and
- determining whether all financial statement and statement of service performance disclosures are adequate.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements or statement of service performance.

We evaluated the overall adequacy of the presentation of information in the financial statements and statement of service performance. We obtained all the information and explanations we required to support our opinion above.

## Responsibilities of the Board of Trustees and the Auditor

The Board of Trustees is responsible for preparing financial statements and a statement of service performance in accordance with generally accepted accounting practice in New Zealand. The financial statements must fairly reflect the financial position of the Asia New Zealand Foundation as at 30 June 2007 and the results of its operations and cash flows for the year ended on that date. The statement of service performance must fairly reflect, for each class of outputs, the Asia New Zealand Foundation's standards of delivery performance achieved and revenue earned and expenses incurred, as compared with the forecast standards, revenue and expenses adopted at the start of the financial year. The Board of Trustees' responsibilities arise from the Public Finance Act 1989 and the Trust Deed.

We are responsible for expressing an independent opinion on the financial statements and statement of service performance and reporting that opinion to you. This responsibility arises from section 15 of the Public Audit Act 2001 and the Public Finance Act 1989.

### Independence

When carrying out the audit we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the Institute of Chartered Accountants of New Zealand.

Other than the audit, we have no relationship with or interests in the Asia New Zealand Foundation.



Clare Helm  
Audit New Zealand  
On behalf of the Auditor-General  
Wellington, New Zealand

### **Matters relating to the electronic presentation of the audited financial statements**

This audit report relates to the financial statements of Asia New Zealand Foundation for the year ended 30 June 2007 included on Asia New Zealand Foundation's web site. The Board of Trustees' is responsible for the maintenance and integrity of the Asia New Zealand Foundation's web site. We have not been engaged to report on the integrity of the Asia New Zealand Foundation's web site. We accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the web site.

The audit report refers only to the financial statements named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these financial statements. If readers of this report are concerned with the inherent risks arising from electronic data communication they should refer to the published hard copy of the audited financial statements and related audit report dated 31 August 2007 to confirm the information included in the audited financial statements presented on this web site.

Legislation in New Zealand governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

## STATEMENT OF OBJECTIVES AND SERVICE PERFORMANCE

In 2006/07, the Government provided Asia:NZ with funding for one output, under the output class:

### **“Promotion of Asian Skills and Relationships”**

This output can be summarised as follows:

#### ***“To promote initiatives which deepen understanding and relationships between New Zealanders and the peoples of Asia”***

This output is about:

- strengthening the capacity of the New Zealand education sector to teach about Asia
- strengthening and expanding ties between New Zealand and Asian educators and academics
- increasing knowledge, understanding and appreciation of Asia among New Zealanders
- helping the New Zealand business community develop its awareness of Asian business opportunities and strengthen its ability to function effectively in Asia
- helping to strengthen and increase trade and economic links between Asia and New Zealand
- increasing coverage of Asian affairs in the New Zealand media
- contributing to wider debate on policy issues affecting the New Zealand-Asia relationship

All activities fall under our strategic objectives of *Partner, Inform, Experience, Connect* and *Deliver* including projects designed to address specific goals and actions identified by the 2003 *Seriously Asia* project.

#### **PARTNER**

Developing active partnerships to deliver initiatives of mutual benefit.

#### **INFORM**

Initiating discussion and providing well-informed input into policy and public thinking on Asia-related issues.

#### **EXPERIENCE**

Promoting interaction and enabling personal experience and learning of Asian countries and peoples.

#### **CONNECT**

Connecting people through networks on Asia-related issues.

#### **DELIVER**

Ensuring Asia:NZ has the capability and capacity to meet its mission.

#### **SERIOUSLY ASIA FOLLOW-UP**

This involved follow-up work to the 2003 *Seriously Asia* project, including development and implementation of research, education and public affairs projects designed to address specific goals and actions identified by *Seriously Asia*.

Each of these is described in more detail on the following pages.

STATEMENT OF OBJECTIVES AND SERVICE PERFORMANCE  
(CONTINUED)

**Financial performance under this output is summarised below.**

	<b>Actual 2007 \$</b>	<b>Budget 2007 \$</b>	<b>Actual 2006 \$</b>
<b>Revenue</b>			
Crown Output Agreement	3,121,489	3,279,467	2,276,444
Other revenue	1,648,739	1,375,891	1,740,703
<b>Total revenue</b>	<b>4,770,228</b>	<b>4,655,358</b>	<b>4,017,147</b>
<b>Total expenses</b>	<b>(4,180,370)</b>	<b>(4,655,358)</b>	<b>(3,874,640)</b>
<b>Net surplus for the period</b>	<b>589,858</b>	-	<b>142,507</b>

All activities are funded either by the Crown Output agreement \$3,121,489 (2005/06 \$2,276,444) or from Other revenues of \$1,648,739 (2005/06 \$1,740,703).

The Output agreement specifies certain goals that need to be achieved with the funding provided. For each strategic objective, shown below, these goals are detailed under the heading of OA Goal (Output Agreement Goal).

In addition, activities funded from other revenues may also contribute towards the same output agreement goal. In these cases, the total goal to be achieved is also shown.

**PARTNER**

**This objective is about:**

- Maintaining and developing on-shore and off-shore networks
- Developing partnerships with private and public sector organisations who deliver projects which meet Asia:NZ's mission
- Managing and enhancing sponsor and stakeholder relations

**Outcomes**

- Asia:NZ extends its impact by delivering programmes with and through partners

The measures set up to monitor these outcomes are shown below:

<b>Measure</b>	<b>OA* Goal</b>	<b>Total Goal</b>	<b>Achieved</b>
<b>Quantitative</b>			
• Programmes/projects delivered with reputable partners	-	25	25
<b>Qualitative</b>			
<b>Goal</b> – Evidence of positive feedback from sponsors and partners			
<b>Achieved</b> – Asia:NZ holds a hard copy file of positive feedback from sponsors and partners, as well as members of the public and grantees. This feedback includes unsolicited and invited contributions.			

\*OA - Output Agreement

STATEMENT OF OBJECTIVES AND SERVICE PERFORMANCE  
(CONTINUED)

INFORM

**This objective is about:**

- Initiating and providing well-informed input into policy and public thinking on Asia-related issues
- Initiate research projects, both in-house and commissioned, and effectively disseminate outcomes including public access on website
- Participation in relevant forums, conferences, advisory boards and committees
- Using Asia:NZ visitors programme to highlight selected issues and disseminate information
- Using Asia:NZ communication skills and capacity to disseminate information
- Targeting events and communications to connect and inform networks and constituencies, including Asia:NZ honorary advisors and corporate sponsors

**Outcomes**

- A body of research developed indicating priority areas for action
- Objective information collected and placed in public domain
- Informed and extensive media coverage

The measures set up to monitor these outcomes are shown below:

<b>Measure</b>	<b>OA* Goal</b>	<b>Total Goal</b>	<b>Achieved</b>
<b>Quantitative</b>			
• Major research and policy papers released and promoted to targeted influencers	-	2	2
• Positions held on national and regional forums, boards and committees	10	15	25
• People have opportunity to engage with Asia:NZ visitors	200	400	406
• Media items with Asia:NZ branding from grantees	-	100	104
• Media items on Asia:NZ activities	40	40	77
<b>Qualitative</b>			
<b>Goal</b> – Evidence by feedback that research and information has added value to New Zealand Asia understanding			
<b>Achieved</b> – Asia:NZ holds a hard copy file of positive feedback from partners, academics and grantees			

\*OA - Output Agreement

STATEMENT OF OBJECTIVES AND SERVICE PERFORMANCE  
(CONTINUED)

EXPERIENCE

**This objective is about:**

- Creating and supporting study programmes in Asia for students, teachers, journalists, researchers and academics
- Supporting Asian educational programmes for delivery in New Zealand
- Organising festivals and cultural events to promote interaction between Asian ethnic communities and the wider New Zealand public
- Providing grants to community groups and cultural organisations to support cultural events with defined objectives
- Encouraging grantees to contribute to the achievement of Asia:NZ objectives

**Outcomes**

- A wide range of opportunities for New Zealanders to acquire first-hand knowledge and build relationships
- More effective use of the knowledge base and networks of New Zealand Asian communities and other sources of expertise
- Easier engagement with Asian counterparts across sectors

The measures set up to monitor these outcomes are shown below:

<b>Measure</b>	<b>OA* Goal</b>	<b>Total Goal</b>	<b>Achieved</b>
<b>Quantitative</b>			
• People assisted to visit Asia	100	150	208
• Schools participating in Asia:NZ activities	30	50	55
• People given the opportunity to experience Asian culture within New Zealand	250,000	250,000	315,000
• Organisations enabled to deliver projects directly supporting Asia:NZ objectives	50	50	72
<b>Qualitative</b>			
<b>Goal</b> - Evidence that outcome of experiences deepen understanding and promote relationships between New Zealanders and the peoples of Asia			
<b>Achieved</b> - Asia:NZ holds a hard copy file of positive feedback from partners, academics, grantees, members of the public and other stake-holders			

\*OA - Output Agreement



STATEMENT OF OBJECTIVES AND SERVICE PERFORMANCE  
(CONTINUED)

CONNECT

**This objective is about:**

- Developing the Asia:NZ website and portal to facilitate relevant networks (e.g. policy clusters, young leaders)
- Maintaining and developing on-shore and off shore networks of influence

**Outcomes**

- Asia:NZ acts as an active hub for Asia-related networks
- Asia:NZ portal used as a source of information and links by audiences on-shore and off-shore

The measures set up to monitor these outcomes are shown below:

<b>Measure</b>	<b>OA* Goal</b>	<b>Total Goal</b>	<b>Achieved</b>
<b>Quantitative</b>			
• Introductions between enterprises and individuals within Asia:NZ networks	-	120	190
• Visits to the Asia:NZ website	150,000	150,000	283,641
<i>Note: Asia:NZ has an online database outlining connections made between networks, particularly business and media contacts, by staff. This is updated on a daily basis.</i>			
<b>Goal</b>			
• Evidence that Asia:NZ is recognised by New Zealand and Asian interest groups as a key player in building relationships			
<b>Achieved</b>			
• Asia:NZ holds a hard copy file of positive feedback from sponsors, partners, members of the public and other stakeholders			
• Asia:NZ is invited to be represented at international and regional forums and on relevant advisory committees			

\*OA - Output Agreement

STATEMENT OF OBJECTIVES AND SERVICE PERFORMANCE  
(CONTINUED)

DELIVER

**This objective is about:**

- Ensuring all activity addresses strategic objectives
- Managing financial and compliance responsibilities
- Encouraging a one-team organisational culture
- Identifying priority actions through ongoing monitoring, consultation and analysis
- Monitoring activity outcomes deliberately and learning from experience
- Generating non-governmental revenue to support activities
- Ensuring funding base is supported and diversified

**Outcomes**

- Asia:NZ has a clear and consistent framework of priorities
- Asia:NZ meets reporting requirements of the board, the Minister and to meet legislative requirements
- Grantees contribute to dissemination of Asia:NZ messages
- Funding base is supported and diversified
- Asia:NZ has a long term future

The measures set up to monitor these outcomes are shown below:

<b>Measure</b>	<b>OA* Goal</b>	<b>Total Goal</b>	<b>Achieved</b>
<b>Quantitative</b>			
• New funding relationships formed	-	3	3
<b>Qualitative Goals</b>			
<ul style="list-style-type: none"> <li>• Excellent audit result is maintained</li> <li>• Evidence that staff are supported to achieve organisational goals</li> <li>• Evidence of positive feedback from stakeholders on organisational and staff effectiveness</li> </ul>			
<b>Achieved</b>			
<ul style="list-style-type: none"> <li>• Grading definitions have now changed and excellent definition is no longer applicable Unqualified audit opinion has been issued</li> <li>• Staff training and development programme undertaken</li> <li>• Key tasks and responsibilities identified and performance appraisal exercise completed</li> <li>• Positive feedback from stakeholders on organisational and staff effectiveness</li> </ul>			

\*OA - Output Agreement

STATEMENT OF OBJECTIVES AND SERVICE PERFORMANCE  
(CONTINUED)

SERIOUSLY ASIA FOLLOW UP PROJECTS

**This objective is about:**

- Development and implementation of research, education and public affairs projects designed to address specific goals and actions identified by the 2003 *Seriously Asia* project.
- The projects undertaken in 2006/07 include:
  - Project 1 – Asia Pacific Business Network
  - Project 2 – Promoting Public Awareness
  - Project 3 – NZ/Asia Research Clusters
  - Project 4 – Maintaining capability
  - Project 5 – Asia Knowledge Working Group event
  - Project 6 – Seriously Asia; the next step – “Action Asia”
  - Project 7 – Young Leaders Forum

**Outcomes**

- Specific goals and action proposals arising from *Seriously Asia* are addressed
- Growth and Innovation Framework objectives (including the development of knowledge networks, enhanced external linkages, capacity building and information sharing) are actively pursued

Each project has its own set of outcomes and measures. These are reported on separately, on the following pages.

STATEMENT OF OBJECTIVES AND SERVICE PERFORMANCE  
(CONTINUED)

PROJECT 1 - ASIA PACIFIC BUSINESS NETWORK

**This project is about:**

- Continuing the APEC Business Advisory Council (ABAC) support by Government
- Fostering off-shore NZ business networks in the region
- Contributing to development of Asia-related business networks in New Zealand
- Promoting Asian content in "New Zealand Inc" business issues

**Outcomes**

- To promote enhanced private sector input into trade policy formulation
- Create synergies and linkages between NZ business enterprises
- A new brand is developed
- Contribute to effective Track II economic policy dialogues
- Support ABAC members and leverage opportunities from ABAC meetings

The measures set up to monitor these outcomes are shown below:

<b>Measure</b>	<b>OA* Goal</b>	<b>Total Goal</b>	<b>Achieved</b>
<b>Quantitative</b>			
• Ministerial-level roundtable meetings	2	2	4
• Networking functions held	3	3	4
• Asia:NZ website business thread updated quarterly	4	4	4
<b>Other goal</b>			
<b>Goal</b> - Business participation at ABAC/APEC meetings			
<b>Achieved</b> - Private sector attendance at meeting in Cebu, reported back to wider business community through Asia:NZ newsletter			

\*OA - Output Agreement

STATEMENT OF OBJECTIVES AND SERVICE PERFORMANCE  
(CONTINUED)

PROJECT 2 - PROMOTING PUBLIC AWARENESS

**This project is about:**

- Promoting awareness and practical knowledge for New Zealand media about Asia's place in New Zealand's future
- Promoting more extensive media coverage of Asia and New Zealand's Asian communities
- Building an information hub for journalists
- Facilitating interaction between mainstream media and ethnic communities

**Outcomes**

- To generate an improved flow of information and create greater public awareness of Asia's place in New Zealand's future

The measures set up to monitor these outcomes are shown below:

<b>Measure</b>	<b>OA* Goal</b>	<b>Total Goal</b>	<b>Achieved</b>
<b>Quantitative</b>			
• Networking events held	3	3	4
• E-newsletters published	10	10	11
• On-line journalist handbook	1	1	1
• Media exchanges	2	2	4

\*OA - Output Agreement

STATEMENT OF OBJECTIVES AND SERVICE PERFORMANCE  
(CONTINUED)

PROJECT 3 - NEW ZEALAND/ASIA RESEARCH CLUSTERS

**This project is about:**

- Initiating research projects, both in-house and commissioned, and effectively disseminating outcomes including public access on website
- Managing virtual clusters of policy and research experts to address improvements in analysis of New Zealand-Asia issues
- Convene clusters around a series of research papers
- Increasing audiences for dissemination results of research papers

**Outcomes**

- New Zealand's policy and research analysis capability is strengthened
- New Zealand-Asia related research and policy information is shared
- Dialogue between researchers, policy makers and practitioners is improved

The measures set up to monitor these outcomes are shown below:

<b>Measure</b>	<b>OA* Goal</b>	<b>Total Goal</b>	<b>Achieved</b>
<b>Quantitative</b>			
• Major research and policy papers released and promoted to targeted influencers	2	2	3
• Workshops held	2	2	3

\*OA - Output Agreement

STATEMENT OF OBJECTIVES AND SERVICE PERFORMANCE  
(CONTINUED)

PROJECT 4 - MAINTAINING CAPABILITY

**This project is about:**

- Maintaining the momentum of the Asia:NZ research programme
- Increasing collaboration and information sharing with the regional Track II institutions
- Increasing collaboration on domestic issues relevant to the Asian community in New Zealand
- Initiating follow up to the Asia Knowledge Working Group recommendations

**Outcomes**

- Active partnerships are developed with national and international groups
- Well-informed input into policy and public thinking on Asia-related issues

The measures set up to monitor these outcomes are shown below:

<b>Measure</b>	<b>OA* Goal</b>	<b>Total Goal</b>	<b>Achieved</b>
<b>Quantitative</b>			
• Research projects identified by expert groups	3	3	3
• Attendance at international or national Track II forums	2	2	4
<b>Other goals</b>			
• Dissemination of research results to extended audience The <i>Outlook series</i> are disseminated in hard copy to a national audience, including all university libraries, at launch events and via the Asia:NZ website			
• Advancement of specific recommended actions from Asia Knowledge Working Group report. Further meetings and events have taken place including the <i>Preparing for a Future with Asia</i> summit, and a facilitated meeting of the Ministry of Economic Development and Business Schools			

\*OA - Output Agreement

STATEMENT OF OBJECTIVES AND SERVICE PERFORMANCE  
(CONTINUED)

PROJECT 5 - ASIA KNOWLEDGE WORKING GROUP EVENT

**This project is about:**

- Disseminating the findings of the Asia Knowledge Working Group report
- Implementing a follow-up action agenda

**Outcomes**

- Ownership of actions to drive the changes recommended in the Asia Knowledge Working Group report

The measures set up to monitor these outcomes are shown below:

<b>Measure</b>	<b>OA* Goal</b>	<b>Total Goal</b>	<b>Achieved</b>
<b>Quantitative</b>			
• Event to further the project's work	1	1	1
<b>Other goals</b>			
• Positive public reaction to Asia Knowledge Working Group report			
• Commitment from stakeholders			
• Media coverage of report and summit			
<b>Achieved</b>			
• Report had a high level of media interest and received acknowledgement from the Human Rights Commission			
• Support received from Ministry of Economic Development, NZTE and MFAT			
• Media coverage included radio, TV, newspapers and ethnic media outlets			

\*OA - Output Agreement



STATEMENT OF OBJECTIVES AND SERVICE PERFORMANCE  
(CONTINUED)

PROJECT 6 - ACTION ASIA BUSINESS SUMMIT

**This project is about:**

- Building on the work of Seriously Asia ensuring that New Zealand's relations with Asia are in the forefront of public thinking
- Enhancing New Zealand business community's awareness, knowledge skills and confidence in engaging with Asian economies
- Delivering a major business event

**Outcomes**

- Enhanced New Zealand business community's awareness, knowledge, skills and confidence in engaging with Asian economies
- New Zealand business to understand and engage with Asia to a greater degree
- New Zealanders understand that there is a dynamic shift of wealth and power to Asia
- A grass roots shift in the mindset of New Zealand business towards the opportunities that Asia represents
- A positive, supportive and forward looking framework of recommendations that work towards lifting New Zealand's economic performance and relationships with Asian countries
- Increased awareness across the business sector of the way in which the economic transformation of Asia is fundamentally re-shaping the environment for all New Zealand enterprises

This event was planned to take place in 2006/07. However, due to the availability of key speakers and venue, the scheduled date was amended to 9<sup>th</sup> and 10<sup>th</sup> July, in financial year 2007/08. Therefore, full reporting will be included in the 2007/08 financial statements.

The Crown revenue funding this event was received and booked in 2006/07. The costs associated with this event will be split across the two financial years 2006/07 and 2007/08.

STATEMENT OF OBJECTIVES AND SERVICE PERFORMANCE  
(CONTINUED)

PROJECT 7 - YOUNG LEADERS FORUM

**This project is about:**

- Establishing a programme to identify and cultivate relationships between Asian students and young New Zealanders from different backgrounds
- Provide a forum for young leaders to learn about New Zealand – Asia issues
- Setting up a Young Leaders Network
- Creating opportunities for young people from New Zealand and Asia to increase their leadership and cross-cultural skills

**Outcomes**

- To connect New Zealand to Asia through a network of outstanding young people from both New Zealand and Asia

The measures set up to monitor these outcomes are shown below:

<b>Measure</b>	<b>OA* Goal</b>	<b>Total Goal</b>	<b>Achieved</b>
<b>Quantitative</b>			
<ul style="list-style-type: none"> <li>• Programme of events and meetings</li> </ul>	1	1	1
Young Leaders Forum took place in November 2006, with 37 tertiary students and recent graduates from New Zealand and Asia. Network was launched in June 2007.			
<b>Qualitative Goals</b>			
<ul style="list-style-type: none"> <li>• Pilot programme of forum receives positive feedback from participants</li> <li>• Programme of activities furthers understanding of and commitment to long term relationships between New Zealand and Asia</li> </ul>			
<b>Achieved</b>			
<ul style="list-style-type: none"> <li>• Formal feedback was received from participants that will be used for future development of the programme</li> <li>• This has indicated that all objectives were met and the success of the forum was assured</li> <li>• Formal feedback and follow up activities shows achievement of understanding and commitment to long term relationships by participants</li> </ul>			

\*OA - Output Agreement

## **STATEMENT OF ACCOUNTING POLICIES**

### **FOR THE YEAR ENDED 30 JUNE 2007**

#### **Reporting entity**

These are the financial statements of Asia:NZ, a fourth schedule entity in terms of the Public Finance Act 1989. These financial statements have been prepared in accordance with the Public Finance Act 1989 and Crown Entities Act 2004. In addition, Asia:NZ has reported on the funding administered on behalf of the Crown in the Statement of Objectives and Service Performance.

#### **Accounting policies**

The following accounting policies, which materially affect the measurement of financial performance and financial position, have been applied:

#### **MEASUREMENT BASE**

The financial statements have been prepared on an historical cost basis.

#### **BUDGET FIGURES**

Except for the cash flow numbers, the budget figures are those approved by the board at the beginning of the financial year. The budget figures have been prepared in accordance with generally accepted accounting practice and are consistent with the accounting policies adopted by the board for the preparation of the financial statements.

#### **REVENUE**

Asia:NZ derives revenue through the provision of outputs to the Crown, core sponsorship, specific project funding from third parties, and also income from its investments. Such revenue is recognised when earned and is reported in the financial period to which it relates. Asia:NZ also receives revenue from donated goods and services, the treatment of which is noted below.

#### **GOODS AND SERVICES TAX (GST)**

All items in the financial statements are exclusive of GST, with the exception of accounts receivable and accounts payable which are stated with GST included. Where GST is irrecoverable as an input tax, then it is recognised as part of the related asset or expense.

#### **TAXATION**

Asia:NZ is a public authority in terms of the Income Tax Act 2004 and consequently is exempt from income tax.

#### **SUPERANNUATION AND EMPLOYEE ENTITLEMENTS**

Asia:NZ employees are not entitled to any superannuation or long service entitlements. Annual leave is accrued and provided for based on an employee's base remuneration package.

#### **ACCOUNTS RECEIVABLE**

Accounts receivable are stated at their expected realisable value after providing for doubtful and uncollectible debts.

#### **INVESTMENTS**

Investments are stated at the lower of cost and net realisable value. Any write-downs are recognised in the statement of financial performance.

## PLANT AND EQUIPMENT

All fixed assets, or groups of assets forming part of a network which are material in aggregate, are capitalised and recorded at cost. Any write-down of an item to its recoverable amount is recognised in the statement of financial performance.

## DEPRECIATION

Depreciation is provided on a straight line basis on all fixed assets, at a rate which will write off the cost of the assets to their estimated residual value over their useful lives. Items purchased with a value below \$500, are capitalised and fully depreciated in the first month of use.

The useful lives and depreciation rates of assets have been estimated as follows:

Leasehold improvements	5.5 years	(18%)
Furniture and fittings	3.8 - 9 years	(11 - 26%)
Office equipment	3.5 - 6.7 years	(15 - 29%)
Computer equipment	2.8 - 3.5 years	(29 - 36%)
Computer software	3 years	(33%)
Festival equipment	2 - 5 years	(20% - 50%)

The cost of leasehold improvements is capitalised and depreciated over the un-expired period of the lease or the estimated remaining useful lives of the improvements, whichever is shorter.

## EMPLOYEE ENTITLEMENTS

Provision is made in respect of Asia:NZ's liability for annual leave. Annual leave is expected to be settled within 12 months of the reporting date, and is measured at nominal values on an actual entitlement basis at current rates of pay.

## LEASES

Asia:NZ does not hold any finance leases. Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased items are classified as operating leases. Operating lease expenses are recognised on a systematic basis over the period of the lease.

## PROVISIONS

The property lease includes a "make good" provision. This provision was established in 2006/07. See note 9 for more detail.

## FINANCIAL INSTRUMENTS

Asia:NZ is party to financial instruments as part of its normal operations. These financial instruments include bank accounts, short-term deposits, term deposits, debtors and creditors. All financial instruments are recognised in the statement of financial position and all revenues and expenses in relation to financial instruments are recognised in the statement of financial performance. All financial instruments are shown at the lower of cost and net realisable value.

## STATEMENT OF CASH FLOWS

*Cash* means cash balances on hand, held in bank accounts, demand deposits and other highly liquid investments in which Asia:NZ invests as part of its day-to-day cash management.

*Operating activities* include all activities other than investing and financing activities. The cash inflows include all receipts from the sale of services and other sources of revenue from Asia:NZ's operating activities. Cash outflows include payments made to employees, suppliers and for taxes.

*Investing activities* are those activities relating to the acquisition and disposal of non-current assets.

*Financing activities* are those activities relating to changes in equity and capital structure of Asia:NZ.

## GRANTS

Grants and scholarships are recognised as expenditure when approved.

## COST OF SERVICE STATEMENTS

Asia:NZ has a single output. Therefore, all costs shown in the cost of service statement, as reported in the statement of objectives and service performance, are allocated directly to that output.

## DONATED ASSETS

Applying FRS 3, donated assets are capitalised in the year of donation at a fair or market value and are depreciated over their useful economic lives. The assets are included in the relevant asset class. Donated asset income appears as part of donated services income in the statement of financial performance.

## DONATED SERVICES

Donated services are valued, using either a third party valuation or a similar service as a proxy, and are included in the statement of financial performance. The total value of donated services is shown as both income and expenditure in the statement of financial performance and additional information is given in the notes to the financial statements.

## MANAGED FUNDS

### *New Zealand-Japan Young People's Exchange Programme Trust Account*

The funds managed under this trust account are held separately from the Asia:NZ investments. Interest earned is paid directly to the fund. Grants paid from the fund are accounted for when approved. Administration fees are paid to Asia:NZ on an annual basis.

### *Korea Studies Programme*

This fund is included as part of the Asia:NZ investments. Asia:NZ allocates interest to the fund at the end of each financial year. Third party donations are credited directly to the fund. Asia:NZ charges a 10 percent management fee based on total expenditure in the year.

### *Mervyn Barnett Fund*

This fund is included as part of the Asia:NZ investments. Asia:NZ allocates interest to the fund at the end of each financial year. Third party donations are credited directly to the fund and interest is earned from the day the donation is received. Asia:NZ charges a 10 percent management fee based on total expenditure in the year.

### *Orion Fund*

This fund is included as part of the Asia:NZ investments and represents the balance of a \$1million donation originally received by Asia:NZ from an anonymous Japanese benefactor. The donation was originally given for whatever purpose Asia:NZ felt appropriate and interest earned on the fund could be used by Asia:NZ for the same purpose. This was the situation up until June 2002. However, the benefactor then asked that the remaining funds be used on an alternative project in New Zealand, not necessarily within the scope of Asia:NZ. This project was not forthcoming. In 2005, a meeting was held with the benefactor, where it was decided that an additional contribution would be made and the whole fund would be made available for projects involving people to people exchanges with the Kansai area of Japan.

## MANAGEMENT FEES FOR FUNDS MANAGED

Fees are charged either at an agreed rate or a flat fee of 10 percent of total expenditure incurred during the year. These fees are deducted from other expenditure on the statement of financial performance.

## Changes in accounting policies

### *Comparative figures*

Comparative information has been reclassified in certain cases in order to provide a more appropriate basis for comparison. There have been no changes in accounting policies. All policies have been applied on a basis consistent with the previous year.

### *Adoption of New Zealand Equivalents to International Financial Reporting Standards*

In December 2002 the New Zealand Accounting Standards Review Board (ASRB) announced that all New Zealand reporting entities will be required to comply with International Financial Reporting Standards (IFRS) for periods commencing on or after 1 January 2007, with the option to comply early for periods beginning on or after 1 January 2005.

Asia:NZ will adopt New Zealand equivalents to IFRS (NZ IFRS) for the year ended 30 June 2008. Upon first time adoption of NZ IFRS, comparative information will be restated in the NZ IFRS compliant financial statements. Details of the impact of the adoption to comparative information will be set out in those financial statements.

Asia:NZ established a project plan for this transition in 2005/2006, to achieve transition to NZ IFRS reporting. The project involves assessing the impacts of NZ IFRS to Asia:NZ, then designing and implementing changes required to current accounting policies and procedures, as well as systems and processes, in order to successfully transition to NZ IFRS. The project is well underway and the quantitative impacts of these changes are still being determined.

To date, the following areas requiring changes in accounting policies have been identified as potentially having an impact on the NZ IFRS financial statements of Asia:NZ. Other areas requiring changes in accounting policies may be identified as the project continues. The impacts discussed are based on the accountant's current interpretation of the standards that have been released to date. There is potential for the significance of the impact to change when Asia:NZ prepares its first full set of NZ IFRS financial statements due to changes in standards, changes in the business, or changes in the accountant's interpretation of the standards.

### *Valuation of financial instruments*

Financial assets and liabilities are currently accounted for under New Zealand Financial Reporting Standards (NZ FRS). Under NZ IFRS all financial assets and liabilities are required to be designated into one of the following four categories: Fair value through profit or loss, Held-to-Maturity, Loans and Receivables, and Available-for-Sale. Under NZ IFRS all term deposits are to be held as Available for Sale assets and will be recognised at their fair value with any unrealised gains and losses transferred to an Available for Sale reserve. No financial assets will be designated as Held to Maturity.

### *Software assets*

Under NZ FRS all software is classified as property, plant and equipment. Under NZ IAS 38: Intangible Assets, software, which is separately identifiable from hardware, is reclassified as an intangible asset. The amount reclassified from plant, property and equipment will be approximately \$4,000.

All the financial information in these financial statements has been prepared in accordance with NZ FRS. The accounting policy differences between NZ FRS and NZ IFRS identified above may have an effect on Asia:NZ's financial results. The areas identified above should not be taken as an exhaustive list of all the differences between NZ FRS and NZ IFRS. Upon first time adoption of NZ IFRS, comparative information will be restated in the NZ IFRS compliant financial statements. Details of the impact of the adoption to comparative information will be set out in those financial statements.

**STATEMENT OF FINANCIAL PERFORMANCE  
FOR THE YEAR ENDED 30 JUNE 2007**

	<b>Note</b>	<b>Actual 2007 \$</b>	<b>Budget 2007 \$</b>	<b>Actual 2006 \$</b>
<b>Revenue</b>				
Crown revenue	1	3,255,398	3,339,467	2,567,700
Project funding	1	786,261	914,891	792,309
Interest income		319,318	221,000	280,142
Core sponsorship		170,000	170,000	170,000
Donated services income	1	218,914	-	168,940
Other revenue		20,337	10,000	38,056
<b>Total operating revenue</b>		<b>4,770,228</b>	<b>4,655,358</b>	<b>4,017,147</b>
<b>Expenditure</b>				
Crown funded activities		2,838,401	3,339,467	2,441,410
Project expenditure		1,018,025	990,271	1,017,490
Other expenditure		425,094	426,005	486,023
Less: Management income	1	(101,150)	(100,385)	(70,283)
<b>Total operating expenditure</b>		<b>4,180,370</b>	<b>4,655,358</b>	<b>3,874,640</b>
<b>Net surplus for the period</b>	<b>2</b>	<b>589,858</b>	<b>-</b>	<b>142,507</b>

**Variiances against budget**

The surplus generated in 2007 arises from a series of timing differences and cost savings. Part of this surplus will be expensed in 2007/08 on committed projects. The following items make up the key elements of this surplus.

**Action Asia project**

This project, originally due to take place in the financial year 2006/2007, was rescheduled to July 2007. The project received Crown funding of \$585k in 2006/07 and is included in the Crown revenue line shown above. However, only \$326k of the costs for the project fell in 2006/07 and the remaining costs of approximately \$259k will be expensed in 2007/08. In addition, \$50k of third party sponsorship was booked in 2006/07, and is included under project funding.

**Cost savings**

Under spends in the areas of recruitment, travel, communications and project management have saved approximately \$125k. Costs associated with the recruitment of an executive director, will be expensed in 2007/08.

**Interest**

Interest income is higher than budget by \$98k. This is due to higher interest rates and delays in spending due to the later timing of Action Asia and other projects.

**Islam Research project**

This project was originally planned to take place in the financial years 2006/07 and 2007/08. The project was started in the 2006/07 year, and will continue over the next two years. Income for the project of \$59k has been booked in 2006/07, with \$39k of costs due to be expensed in 2007/08.

*The accompanying accounting policies and notes form an integral part of these financial statements.*



**STATEMENT OF MOVEMENTS IN EQUITY**  
**FOR THE YEAR ENDED 30 JUNE 2007**

	<b>Actual 2007 \$</b>	<b>Budget 2007 \$</b>	<b>Actual 2006 \$</b>
<b>Accumulated funds as at 1 July</b>	<b>3,035,365</b>	<b>2,971,857</b>	<b>2,892,858</b>
Net surplus	589,858	-	142,507
Total recognised revenues and expenses for the year	589,858	-	142,507
<b>Accumulated funds as at 30 June</b>	<b>3,625,223</b>	<b>2,971,857</b>	<b>3,035,365</b>

*The accompanying accounting policies and notes form an integral part of these financial statements.*

**STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2007**

	Note	Actual 2007 \$	Budget 2007 \$	Actual 2006 \$
<b>ACCUMULATED FUNDS</b>				
General funds		3,625,223	2,971,857	3,035,365
<b>TOTAL ACCUMULATED FUNDS</b>		<b>3,625,223</b>	<b>2,971,857</b>	<b>3,035,365</b>
<b>Represented by:</b>				
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and bank		16,762	12,352	36,535
Receivables and prepayments	3	372,637	151,000	237,265
GST		3,604	-	9,594
Short-term deposits	4	4,835,000	4,104,000	4,297,100
<b>Total current assets</b>		<b>5,228,003</b>	<b>4,267,352</b>	<b>4,580,494</b>
<b>Non-current assets</b>				
Fixed assets	5	169,025	119,073	89,966
<b>Total non-current assets</b>		<b>169,025</b>	<b>119,073</b>	<b>89,966</b>
<b>Total assets</b>		<b>5,397,028</b>	<b>4,386,425</b>	<b>4,670,460</b>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Payables and accruals	6	545,609	295,900	425,465
Employee entitlements	7	59,405	30,000	71,323
GST		-	20,000	-
NZ / Japan YPEP Trust	8	2,548	2,447	9,482
<b>Total current liabilities</b>		<b>607,562</b>	<b>348,347</b>	<b>506,270</b>
<b>Non-current liabilities</b>				
Provisions	9	70,818	-	-
<b>Funds managed by Asia:NZ</b>				
Korea Studies Programme	10	752,952	725,000	757,593
Orion Fund	11	295,983	300,000	329,981
Mervyn Barnett Fund	12	44,490	41,221	41,251
<b>Total non-current liabilities</b>		<b>1,164,243</b>	<b>1,066,221</b>	<b>1,128,825</b>
<b>Total liabilities</b>		<b>1,771,805</b>	<b>1,414,568</b>	<b>1,635,095</b>
<b>NET ASSETS</b>		<b>3,625,223</b>	<b>2,971,857</b>	<b>3,035,365</b>

*The accompanying accounting policies and notes form an integral part of these financial statements.*

**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 30 JUNE 2007**

	Note	Actual 2007 \$	Budget 2007 \$	Actual 2006 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Cash was provided from:</b>				
Supply of outputs to the Crown		3,121,489	3,279,467	2,332,444
Other income		880,782	1,052,600	958,145
Interest received		395,508	221,000	282,124
Receipts on behalf of funds		547,621	110,291	76,803
Net GST received		13,481	-	-
		<b>4,958,881</b>	<b>4,663,358</b>	<b>3,649,516</b>
<b>Cash was applied to:</b>				
Payments to suppliers		2,539,826	3,312,960	2,508,638
Payments to employees		1,196,268	1,139,303	1,022,071
Payments on behalf of funds		635,853	140,806	114,219
Net GST paid		-	20,000	15,266
		<b>4,371,947</b>	<b>4,613,069</b>	<b>3,660,194</b>
<b>Net cash inflow/(outflow) from operating activities</b>	14	<b>586,934</b>	<b>50,289</b>	<b>(10,678)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
<b>Cash was applied to:</b>				
Purchase of fixed assets		68,807	97,800	63,136
<b>Net cash outflow from investing activities</b>		<b>68,807</b>	<b>97,800</b>	<b>63,136</b>
Net (decrease)/increase in cash held		518,127	(47,511)	(73,814)
Plus opening cash		4,333,635	4,163,863	4,407,449
<b>Closing cash balance</b>		<b>4,851,762</b>	<b>4,116,352</b>	<b>4,333,635</b>
Cash and bank		16,762	12,352	36,535
Short-term investments		4,835,000	4,104,000	4,297,100
<b>Closing cash balance</b>		<b>4,851,762</b>	<b>4,116,352</b>	<b>4,333,635</b>

*The accompanying accounting policies and notes form an integral part of these financial statements.*

## STATEMENT OF COMMITMENTS

AS AT 30 JUNE 2007

LEASE COMMITMENTS	2007	2006
	\$	\$
<b>Non-cancellable operating lease commitments, payable:</b>		
Due in less than one year	163,784	163,784
Due in more than one year and no more than two years	163,784	163,784
Due in more than two years and no more than five years	278,157	441,941
<b>TOTAL</b>	<b>605,725</b>	<b>769,509</b>

Operating leases include a photocopier lease and the office premises lease.

The office lease became effective on 1 April 2005. It is for a six year period with one right of renewal for a further six years. The rental will be reviewed at two yearly intervals. The rent review for April 2007 has been received and is currently under negotiation. The commitments shown above relate to the existing rent agreed. If the proposed new rent were to be agreed, commitments would increase.

## CAPITAL EXPENDITURE COMMITMENTS

Capital expenditure commitments, contracted for as at 30 June 2007, but not provided for in these financial statements, total \$9,620 (2006 - Nil).

## STATEMENT OF CONTINGENT LIABILITIES

AS AT 30 JUNE 2007

There were no contingent liabilities as at 30 June 2007 (2006 - Nil).

*The accompanying accounting policies and notes form an integral part of these financial statements.*

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2007**

Note 1: Analysis of Revenue

	<b>2007</b>	<b>2006</b>
	<b>\$</b>	<b>\$</b>
<b>CROWN REVENUE</b>		
<b>Ministry of Foreign Affairs &amp; Trade</b>		
Output Agreement	3,312,889	2,276,444
Funds returned to MFAT	(191,400)	-
	<b>3,121,489</b>	<b>2,276,444</b>
Funding brought forward from prior year	16,154	44,000
Additional funding	18,500	53,346
ABAC travel funding	99,255	91,730
	<b>3,255,398</b>	<b>2,465,520</b>
<b>NZ Aid</b> - Education programme	-	92,180
<b>Te Puni Kokiri</b> - Maori participation in ABAC	-	10,000
<b>Total Crown Revenue</b>	<b>3,255,398</b>	<b>2,567,700</b>
<b>PROJECT FUNDING</b>		
Lantern Festivals	426,122	388,661
Diwali Festivals	253,150	329,141
Singapore Scholarships	56,989	65,981
Action Asia sponsorship	50,000	-
ABAC meeting costs	-	8,526
<b>Total project income</b>	<b>786,261</b>	<b>792,309</b>
<b>DONATED SERVICES INCOME</b>		
Lantern Festivals	122,344	78,008
Diwali Festivals	96,570	90,932
<b>Total donated services income</b>	<b>218,914</b>	<b>168,940</b>
<b>MANAGEMENT INCOME</b>		
Lantern Festivals	49,900	35,300
Diwali Festivals	31,500	17,300
Singapore Scholarships	6,854	7,330
Korean Fund	5,892	3,818
NZ/Japan YPEP Fund	5,055	5,056
Orion project	1,949	1,479
<b>Total management income</b>	<b>101,150</b>	<b>70,283</b>

## Note 2: Net surplus/(deficit)

	<b>2007</b>	<b>2006</b>
<b>The net surplus is after charging for:</b>	<b>\$</b>	<b>\$</b>
<b>Fees paid to auditors</b>		
External annual audit	20,411	19,439
IFRS opening balance sheet audit	4,500	-
<b>Depreciation:</b>		
Computer equipment & software	15,408	19,177
Festival Equipment	17,248	11,948
Furniture & fittings	3,735	4,283
Leasehold improvements#	29,744	-
Office equipment	2,734	3,024
<b>Total depreciation for the year</b>	<b>68,869</b>	<b>38,432</b>
Rental expense on operating leases	175,085	163,538
Board of trustees expenses	32,675	13,303
(Note: No fees were paid to the trustees)		
# See note 5 below for more information		

## Note 3: Receivables and prepayments

	<b>2007</b>	<b>2006</b>
	<b>\$</b>	<b>\$</b>
Trade debtors	120,828	9,654
Interest receivable	175,625	197,627
Prepayments	76,183	29,984
<b>Total receivables and prepayments</b>	<b>372,637</b>	<b>237,265</b>

## Note 4: Short-term deposits

	<b>2007</b>	<b>2006</b>
	<b>\$</b>	<b>\$</b>
Short-term deposits	4,835,000	4,297,100
Weighted average effective interest rates	7.95%	7.31%

## REPRICING MATURITIES

	<b>2007</b>	<b>2006</b>
	<b>\$</b>	<b>\$</b>
Less than 6 months	2,840,000	2,342,100
6 - 12 months	1,995,000	1,955,000
<b>TOTAL</b>	<b>4,835,000</b>	<b>4,297,100</b>

## Note 5: Fixed assets

	<b>Cost \$</b>	<b>Accumulated Depreciation \$</b>	<b>Net Book Value \$</b>
<b>2007</b>			
Festival equipment	188,073	111,227	76,846
Computer equipment	152,632	121,629	31,003
Furniture and fittings	64,567	58,218	6,349
Office equipment	35,401	30,148	5,253
Leasehold improvements	101,838	52,264	49,574
<b>Total</b>	<b>542,511</b>	<b>373,486</b>	<b>169,025</b>
<b>2006</b>			
Festival equipment	135,028	115,037	19,991
Computer equipment	146,482	94,579	51,903
Furniture and fittings	64,567	54,482	10,085
Office equipment	35,401	27,414	7,987
Leasehold improvements	22,520	22,520	-
<b>Total</b>	<b>403,998</b>	<b>314,032</b>	<b>89,966</b>

During 2007, the office lease agreement was reviewed in detail. The lease includes a "make good" provision that had not previously been recognised. A provision was established at 30 June 2007. This amendment to the fixed asset table accounts for an increase in value of the leasehold improvements of \$79,318 and associated depreciation of \$29,744.

## Note 6: Payables and accruals

	<b>2007 \$</b>	<b>2006 \$</b>
Trade creditors	286,527	105,822
Grants payable	116,616	127,118
Revenue in advance	92,699	46,154
Accrued expenses	49,767	146,371
<b>Total payables and accruals</b>	<b>545,609</b>	<b>425,465</b>

## Note 7: Employee entitlements

	<b>2007 \$</b>	<b>2006 \$</b>
Annual leave	59,405	71,323

## Note 8: New Zealand-Japan Young People's Exchange Programme (YPEP) Trust

Asia:NZ manages this independent trust. The movements on the trust account during the year are as follows:

	<b>2007</b>	<b>2006</b>
	<b>\$</b>	<b>\$</b>
<b>Balance of trust account at 1 July</b>	<b>559,482</b>	<b>409,170</b>
<b>Income</b>		
Interest received on bank deposits	38,371	28,367
Donation from Nakashimato Co Ltd	26,500	25,000
Contribution to fund from Ministry of Foreign Affairs	-	130,000
<b>Total income</b>	<b>64,871</b>	<b>183,367</b>
<b>Less: Expenditure</b>		
Grants approved	25,500	4,500
Nakashimato Co Ltd Scholarship grants approved	25,000	25,000
Administration expenses	5,055	3,555
<b>Total Expenditure</b>	<b>55,555</b>	<b>33,055</b>
<b>Balance of trust account at 30 June</b>	<b>568,798</b>	<b>559,482</b>
<b>Represented by:</b>		
Investments	565,000	420,000
Balance with Asia:NZ	2,548	9,482
GST refund due	1,250	-
Contribution owing from MFAT	-	130,000
<b>Balance of trust account at 30 June</b>	<b>568,798</b>	<b>559,482</b>

## Note 9: Provisions

	<b>2007</b>	<b>2006</b>
	<b>\$</b>	<b>\$</b>
Opening balance	-	-
Provision made during the year	70,818	-
Discount unwound	-	-
Closing provision	70,818	-

The property lease agreement requires Asia:NZ to reinstate the office space to its original condition, upon termination of the lease. This would include removing partitioning, redecoration and replacing carpets.



## Note 10: Korea Studies Programme

Asia:NZ has been responsible for the Korea Studies Programme since 1995. It was formerly managed by Victoria University of Wellington and the New Zealand Institute of International Affairs, under the supervision of an informal advisory board. Funds held are in the nature of an endowment fund, with activity being financed primarily from interest on investments. Asia:NZ receives a 10 percent management charge based on total expenditure from the fund.

	<b>2007</b>	<b>2006</b>
	<b>\$</b>	<b>\$</b>
<b>Balance at 1 July</b>	<b>757,593</b>	<b>724,768</b>
<b>Income</b>		
Interest apportioned	59,451	53,142
Donation from SangHa Co Ltd	-	21,304
Grants returned	715	376
<b>Total income</b>	<b>60,166</b>	<b>74,822</b>
<b>Less: Expenditure</b>		
Grants & scholarships	58,915	38,179
Management fee	5,892	3,818
<b>Total expenditure</b>	<b>64,807</b>	<b>41,997</b>
<b>Balance at 30 June</b>	<b>752,952</b>	<b>757,593</b>

## Note 11: Orion Fund

The fund is used for the promotion of people to people exchanges between New Zealand and the Kansai region of Japan. Asia:NZ is entitled to the interest on this fund. A management fee of 10 percent of the project cost will be charged by Asia:NZ for the programme managed by Asia:NZ staff.

	<b>2007</b>	<b>2006</b>
	<b>\$</b>	<b>\$</b>
<b>Balance at 1 July</b>	<b>329,981</b>	<b>370,000</b>
<b>Less: Expenditure:</b>		
Japanese teachers to New Zealand Programme (managed by Kansai NZ centre, Japan)	12,557	23,742
New Zealand Language Teachers to Japan Programme (managed by Asia:NZ)	19,492	14,798
Management fee paid to Asia:NZ	1,949	1,479
<b>Total expenditure</b>	<b>33,998</b>	<b>40,019</b>
<b>Balance at 30 June</b>	<b>295,983</b>	<b>329,981</b>

## Note 12: Mervyn Barnett Fund

This fund is for mutually agreed upon projects that relate to private sector agribusiness links with the Asian region. Asia:NZ does not have the right to income from this fund and interest is apportioned to it each year. Asia:NZ takes a management charge of 10 percent of expenditure when the fund is allocated to a specific project.

	<b>2007</b>	<b>2006</b>
	<b>\$</b>	<b>\$</b>
<b>Balance at 1 July</b>	<b>41,251</b>	<b>38,434</b>
Interest allocated to fund	3,239	2,817
<b>Balance at 30 June</b>	<b>44,490</b>	<b>41,251</b>

## Note 13: Employees' remuneration

Total remuneration and benefits	Number of Employees	
	2007	2006
<b>Executive Director</b>		
\$140,000 - \$150,000 (In office until 1 April 2007)#	1	-
\$130,000 - \$140,000 (In office from 3 October 2005)	-	1
\$0 - \$100,000 (In office until 15 July 2005)	-	1
<b>Acting Executive Director</b>		
\$120,000 - \$130,000 (Acting from 2 April 2007)	1	-
<b>Other employees</b>		
\$100,000 - \$110,000	1	2

# In addition, the executive director was paid compensation in the form of pay in lieu of notice of \$41,834.

## Note 14: Reconciliation of the net surplus from operations with the net cash flows from operating activities

	2007 \$	2006 \$
<b>Net surplus from operations</b>	<b>589,858</b>	<b>142,507</b>
<b>Add/(less) non-cash items:</b>		
Depreciation	39,125	38,432
Depreciation on lease make good provision	29,744	-
Interest unwind from lease make good provision	8,500	-
Fund management charges	(11,397)	(8,853)
Income from Wools NZ Fund	-	(8,526)
Other non-cash items	(10,218)	(2,910)
<b>Total non-cash items</b>	<b>55,754</b>	<b>18,143</b>
<b>Add/(less) movements in working capital items:</b>		
(Increase)/decrease in receivables	(89,172)	51,199
(Increase)/decrease in prepayments	(46,199)	(15,284)
(Decrease)/increase in payables	130,646	(29,700)
(Decrease)/increase in grants payable	(10,502)	(171,348)
(Decrease)/increase in employee entitlements	(11,918)	17,452
(Decrease)/increase in GST liability	(5,990)	(33,033)
<b>Net working capital movements</b>	<b>(33,135)</b>	<b>(180,714)</b>
<b>Add/(less) movements in funds managed:</b>		
Payments made on behalf of funds	(635,853)	(122,745)
Interest received on behalf of funds	62,689	84,327
Other income received on behalf of funds	547,621	47,804
<b>Net movements in funds managed</b>	<b>(25,543)</b>	<b>9,386</b>
<b>Net cash inflow/(outflow) from operating activities</b>	<b>586,934</b>	<b>(10,678)</b>

## Note 15: Related party information

Asia:NZ is an entity of the Crown under the Public Finance Act 4th Schedule. The Government provides funding to Asia:NZ through the Ministry of Foreign Affairs and Trade. The board has entered into a number of transactions with government departments, Crown agencies, state-owned enterprises and financial institutions on an arm's length basis. Where those parties are acting in the course of their normal dealings with Asia:NZ, related party disclosures have not been made.

New Zealand Trade and Enterprise (NZTE) contributed \$70,000 as core sponsorship to Asia:NZ. Board member Tim Gibson is the Chief Executive Officer of NZTE.

Fonterra Cooperative Group contributed \$100,000 as core sponsorship to Asia:NZ. Board member Henry Van Der Heyden is the Chairman of Fonterra.

Asia:NZ received two donations totalling \$5,500 during the year which contributed towards two grants, one to support the Asia Pacific Festival and one for the Orient Express programme in partnership with the Chinese Ministry of Culture. In each instance a trustee of the donating trust was a family member of an Asia:NZ trustee.

Asia:NZ places some of its term deposits with Kiwibank. Accountant, Leigh Taggart, has delegated authority to manage the investment portfolio for Asia:NZ. Her husband holds a senior finance role within Kiwibank. All transactions with the bank are conducted on a commercial basis within the terms of the Funds Management Policy. The policy includes a clause on competitive pricing of deals. This clause states that before any investment is made, three quotes are obtained from the approved institutions and the highest quote is taken.

During the year a grant was made to Christchurch Arts Festival for \$4k, to assist in the staging of two concerts by a Chinese Quartet. Board member, Lex Henry, is represented on the board of the Christchurch Arts Festival. Decisions on grants to this organisation are made by executive management. Lex Henry did not take part in the discussion or decision making process for this grant.

During the year a grant was made to the Virtual Trade Mission Trust \$10k towards the costs of the trust's annual mission held in Wellington and to contribute towards participation at APEC Voices of the Future in Sydney, Australia in September 2007. Board member, Lex Henry, is represented on the board of the Virtual Trade Mission Trust. Decisions on grants to this organisation are made by executive management. Lex Henry did not take part in the discussion or decision making process for this grant.

## Note 16: Financial instruments

Asia:NZ has a series of policies providing risk management for interest rates, operating and capital expenditures denominated in a foreign currency, and the concentration of credit. Asia:NZ is risk averse and seeks to minimise exposure from its treasury activities. Its policies do not allow any transactions which are speculative in nature.

### CREDIT RISK

Credit risk is the risk that a third party will default on its obligation to Asia:NZ, causing Asia:NZ to incur a loss. Financial instruments which potentially subject Asia:NZ to risk consist principally of cash, short-term investments, and trade receivables.

Asia:NZ has a minimal credit risk in its holdings of various financial instruments. These instruments include cash, term deposits and accounts receivable.

Asia:NZ places its investments with institutions that have a high credit rating. It also reduces its exposure to risk by limiting the amount that can be invested in any one institution. Asia:NZ believes that these policies reduce the risk of any loss which could arise from its investment activities. Asia:NZ does not require any collateral or security to support financial instruments.

There is no significant concentration of credit risk. The maximum amount of credit risk for each class is the carrying amount in the Statement of Financial Position.

### FAIR VALUE

The fair value of financial instruments is approximately equivalent to the carrying amount disclosed in the Statement of Financial Position.

### CURRENCY RISK

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Asia:NZ has minimal exposure to currency risk.

### INTEREST RATE RISK

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. There are no interest rate options or interest rate swap options in place as at 30 June 2007 (2006 - Nil). The interest rates on Asia:NZ investments are shown in Note 4.

## ORGANISATION INFORMATION

### Board of Trustees (as at 30/6/2007)

**Chairman:** Hon Philip Burdon

**Deputy Chairmen:** Ken Douglas ONZ and Richard Nottage

Jo Brosnahan, Mai Chen, Gavin Ellis, Tim Gibson, Lex Henry, Dr Manying Ip, Simon Murdoch, Rob McLeod, Tony Nowell, Michael Park, Vino Ramayah, Karen Sewell, Wally Stone, Henry van der Heyden, Pansy Wong MP and Dianne Yates MP

### Board of Honorary Advisers (as at 30/6/2007)

**Chairman:** Rt Hon Winston Peters, Minister of Foreign Affairs

**China:** Mr Huang Hua; Professor Zhou Guangzhao

**Hong Kong:** Dr Victor K Fung; Mr John CC Chan

**India:** Mr Raghupati Singhania

**Indonesia:** Mr Firdaus Siddik

**Japan:** Mr Hirofumi Nakasone

**South Korea:** Dr Kim Kak-Choong; Professor Han Sungjoo

**Malaysia:** Tan Sri Datuk Amar; Dr Sulaiman bin Haji Daud

**New Zealand:** Sir Frank Holmes

**Philippines:** Mr Roberto Romulo

**Singapore:** HE Mr Lee Hsien Loong; Mr Peter Sung

**Taiwan:** Mr Nelson An-Ping Chang

**Thailand:** Dr Ajva Taulananda; Dr Supachai Panitchpakdi

**Vietnam:** Mr Tran Ba Tuoc

### Asia:NZ Staff and Key Contractors (as at 30/6/2007)

**Acting Executive Director:** Adele Mason

**Director, Education:** Pamela Barton

**Director, Culture:** Jennifer King

**Director, Research and Policy:** Dr Andrew Butcher

**Director, Communications:** John Saunders

**Media Adviser:** Charles Mabbett

**Auckland Manager:** Sarah Creagh

**Schools Coordinator:** Janine Chin

**Project Coordinator/Webmaster:** Melanie Crawford

**Researcher:** Leonie Hall

**Accountant:** Leigh Taggart

**Executive Assistant:** Paula McLaughlin

**Administrative Assistant:** Deborah Dredge

**Communications Assistant:** Aaron Hailwood

**ABAC Senior Adviser:** Brian Lynch

**Action Asia Project Manager:** Timothy Hannah

**Action Asia Event Organisers:** Duco Limited

**Review Editor:** Susie Buxton

## SPONSORS

Asia:NZ has sought to build partnerships with the New Zealand government and the business community. We receive contributions from the following partners:

### **Partners:**

Fonterra  
Ministry of Foreign Affairs and Trade  
New Zealand Trade and Enterprise

### **Sponsors:**

The following made major monetary or in-kind contributions to specific Asia:NZ 2006/07 projects:

#### *Action Asia Business Summit*

The business summit principal sponsor was ANZ with support from the New Zealand Trade and Enterprise, TV3, Radio Live, The Independent Financial Review, Sunday Star Times, Maxim, The Boston Consulting Group, Schenker, Tasman Orient and Ministry of Foreign Affairs and Trade.

#### *Diwali Festival 2006*

The Diwali Festival of Lights was held in partnership with Auckland City in Auckland and Wellington City Council in Wellington. Main sponsors were TelstraClear, TV3, Resene Paints, Lion Foundation, ASB Community Trust, Trust House Charitable Trust, SkyCity Auckland, More FM Auckland and Wellington, Radio Tarana, COSCO (New Zealand), the Indian Council for Cultural Relations and the High Commission of India.

The Festival also received support from Capital E Wellington, City Gallery Wellington, Pataka Museum of Arts and Culture, Porirua, Auckland Art Gallery and Auckland City Library.

#### *Chinese Lantern Festival 2007*

The Lantern Festival was held in partnership with Auckland City in Auckland and supported by Christchurch City Council in Christchurch. HSBC was the Festival's core sponsor. The other sponsors were Lee Kum Kee, SkyCity Auckland, Cathay Pacific, More FM Auckland and Canterbury, COSCO (New Zealand), ACC, TV3, Lion Foundation, Canterbury Community Trust, The Eureka Trust, The Southern Trust and The Century Foundation

The Festival also received support from Pride of Auckland, Empress Garden Restaurant, Auckland and Marina Restaurant, Christchurch.

#### *Singapore Scholarship Programme*

The Lee Foundation (Singapore)

#### *New Zealand Japan Young Person's Exchange*

Nakashimoto Company Limited Fund

### **Asia:NZ also acknowledges the following supporters:**

ANZ  
ANZCO  
Bell Gully  
Korean contributors of the Korea Studies Programme  
Minter Ellison Rudd Watts  
New Zealand Immigration Service  
The Orion Programme

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### **Auditor**

Audit New Zealand, Wellington  
On behalf of the Auditor-General

### **Banker**

ANZ Bank, Wellington

### **Solicitor**

Bell Gully, Wellington

### **Insurer**

NZI, Wellington



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