

ANNUAL REPORT OF THE ASIA NEW ZEALAND FOUNDATION

For the year ended 30 June 2006



MISSION STATEMENT	2
CHAIRMAN'S REPORTSIR DRYDEN SPRING	3
EXECUTIVE DIRECTOR'S REPORT	5
PartnerInformExperienceConnectDeliver	9 11 19
GOVERNANCE AND ACCOUNTABILITY STATEMENT	20
Role of the board Structure of the Asia New Zealand Foundation	
STATEMENT OF RESPONSIBILITY	22
AUDIT REPORT	23
FINANCIAL STATEMENTS	25- 46
Statement of Accounting Policies Statement of Objectives and Service Performance Statement of Financial Performance Statement of Movements in Equity Statement of Financial Position Statement of Cash Flows Statement of Commitments Statement of Contingent Liabilities Notes to the Financial Statements	
ORGANISATION INFORMATION	47
DIRECTORY	48
SPONSORS	49

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

New Zealand is fortunate to be located on the rim of the most exciting region in the world – Asia. It is a dynamic region where 60 percent of the world's income is produced and where 70 percent of the world's economic growth is occurring. To use an appropriate metaphor, the earth is tilting on its axis in Asia's direction.

A paradigm shift of world economic power, from Europe and the United States to Asia, is occurring. By the middle of this century India's economy will be almost as large as that of the United States and China's GDP could be a third greater. Japan, Singapore and Hong Kong are now among the richest nations in the world, with living standards higher than New Zealand's.

Asia:NZ has continued to work with others over the past year to build New Zealand's capacity to respond to this fundamental shift in the global balance. There is no doubt that New Zealand's partnership with Asia is evolving rapidly and is gaining in momentum. But we must not get complacent about our deepening and widening links with Asia. They require all parties to continue to make investments in every area of life.

Like most countries in the region, New Zealand has been working hard to develop its relationships with China. The past year has seen trade between New Zealand and China increase dramatically. New Zealand trade with China is now worth more than US\$3.4 billion a year, making it our fourth largest trading partner. In education, nearly 30,000 Chinese students are studying at many levels in New Zealand. In tourism, flows are growing, with 96,978 Mainland Chinese visiting New Zealand for the year ending June 2006, and our national carrier Air New Zealand announcing it is starting direct flights between Auckland and Shanghai.

After 18 months, talks between Premier Wen Jiabao and Prime Minister Helen Clark have resulted in a strengthened commitment to negotiate a Free Trade Agreement between China and New Zealand within two years.

Similarly, ASEAN (the Association of Southeast Asian Nations) represents a combined market that New Zealand cannot afford to pass up. While we have built strong economic and political and defence links over recent years, and have longstanding historic bonds with many of our Southeast Asian neighbours, the 10 countries of ASEAN, with its 500 million people and a combined GDP of US\$737 billion, account for only about 8 percent of New Zealand's exports. Despite a projected doubling of exports to the Philippines, our exports to Malaysia, Thailand, Singapore and Vietnam are projected to remain fairly constant or even to go into decline.

That is not something any of us can be happy about. New Zealand needs to be mindful that we are potentially missing huge opportunities to engage more fully and energetically with our ASEAN neighbours to our mutual benefit.

Importantly, the New Zealand government is currently pursuing a range of preferential trade agreements with our ASEAN neighbours. New Zealand now has preferential trade agreements in place with Singapore and Thailand, and the Trans Pacific Strategic Economic Partnership involving New Zealand, Singapore, Chile and Brunei. Trade negotiators are working on similar deals with Malaysia and the ASEAN bloc as a whole.

It is sensible for New Zealand to continue to improve our trade and investment engagement with the modern economies developing so impressively in ASEAN nations. But a lot of work needs to be done for New Zealand to be a bigger contributor to the changing economic realities that are unfolding in the region.

And the opportunities are more than just economic. Asia contains our nearer neighbours. It is populous, containing half the world's population, and diverse, with a large number of peoples, cultures, languages and religions.

In Asian countries, relationships are important. So it makes extraordinarily good sense for New Zealand to have good relationships with our Asian neighbours.

As the countries of Asia become democratic and open their markets, three billion new capitalists are being created. Here in New Zealand, these trends are reflected in our national identity. One in 14 New Zealanders identifies as being of Asian ethnicity and in 15 years' time, in 2021, that figure if current trends continue could be one in six. This is expanding the cultural richness and diversity of our nation, something we can all celebrate.

Since the *Seriously Asia* project in 2003, which was designed to unleash the energy of New Zealand's Asian links, a fundamental rethink of how New Zealand engages with Asia has occurred. During 2005/06 the Foundation has successfully refocused New Zealand on its relationships with its Asian neighbours. By continuing to invest in them we can ensure that New Zealand has many friends in Asia and a dynamic future in a region that is undergoing a rapid economic transformation.

It has been a very full year for Asia:NZ, a year enabled by the commitment and support of many people. I would like to thank our departing board members Judge Anand Satyanand, Hon Peter Dunne and Hon David Cunliffe for their contributions.

My thanks go also to Her Excellency the Governor-General, the Prime Minister, the Minister of Foreign Affairs and Trade, 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, to our business partners for their support and commitment to Asia:NZ and to the Foundation's very dedicated staff.

On behalf of Asia:NZ, I would like to congratulate Judge Anand Satyanand on his appointment as New Zealand's first Indo-Fijian Governor-General. He is a popular and tireless contributor to the work of the Foundation and, as a New Zealander of Indo-Fijian heritage, he embodies the evolving multicultural dimension of New Zealand society.

I would like to welcome John Austin as Asia:NZ's executive director form October 2005.

I am pleased to submit this annual report and these financial statements for the year ended 30 June 2006.

Sir Dryden Spring Chairman

150 Stung

25 August 2006

EXECUTIVE DIRECTOR'S REPORT

John Austin became executive director of Asia:NZ in October 2005. He replaced Christopher Butler who left the Foundation in July 2005.

Never before has Asia:NZ's mission to increase New Zealanders' knowledge and understanding of the countries of Asia and simultaneously build Asian awareness of New Zealand been more relevant or more urgent.

Right across East and South Asia significant economic, social and political transformations are occurring, many of which will have a profound impact upon New Zealand's future in the region. Such dramatic change challenges the strategic focus and priorities of Asia:NZ's work.

In 2005/06 Asia:NZ's board and management commenced a fundamental strategic review of its operations to ensure New Zealand's continuing relevance in the region. The review will help refocus and realign Asia:NZ's resources in its role as a leader and facilitator in preparing New Zealand for its future with Asia.

Since the *Seriously Asia* conference in 2003, there has been a distinct increase in the breadth and depth of our relations with Asia. The past 12 months in particular have seen an upsurge of Asia-related activity on every front, with increased momentum by the Foundation towards improving New Zealand's engagement with the countries of Asia across a broad range of activities.

During the year Asia:NZ continued to pursue a series of *Seriously Asia* follow-up projects. One significant initiative was our participation in the inaugural Japan-New Zealand dialogue between the New Zealand Institute of International Affairs and the Japan Institute for International Affairs, which clearly showed that New Zealand is perceived to have value in the region.

A Summit was held in February 2006 to bring together political and security organisations and selected government agencies to discuss recommendations from a 2005 report on how to strengthen New Zealand's regional engagement. Summit participants agreed on 12 action points, including a regular meeting to ensure greater co-ordination at a domestic level.

Another important project to arise from *Seriously Asia* was the Asia Knowledge Working Group, in partnership with the Ministry of Education. Convened to identify strategies that will increase understanding of Asia at all levels of New Zealand society, the project involved 12 months of extensive consultation with leaders in key sectors of New Zealand society and is a fundamental building block upon which Asia:NZ and interested stakeholders will organise themselves to deliver on improved national capacity to engage Asia effectively.

There was also an impressive increase in the Foundation's research output during the year. Some of the interesting issues studied to deepen our understanding of Asia included: regionalisation and the China factor; labour mobility; immigration; New Zealand's business engagement with India; and Asian perceptions of New Zealand business people.

Our ongoing commitment to building awareness of Asia through the education sector also continued throughout 2005/06, a highlight of which was the inaugural New Zealand Japanese Language Teachers' Programme, which saw three New Zealand school teachers participate in a language and cultural field trip to Osaka, Japan. This initiative, co-ordinated by Asia:NZ in partnership with the Kansai New Zealand Centre in Osaka, has far-reaching benefits for New Zealand that go beyond the immediate advantages to the teachers who participated.

Popular events like the Chinese Lantern and Indian Diwali festivals continued to build awareness of these cultures in New Zealand. Both festivals attracted larger audiences than ever before, illustrating the success of Asia:NZ's domestic agenda to

make New Zealanders more aware of the countries of Asia and to integrate Asian culture into mainstream New Zealand society.

Our work on building public awareness through the media included support for New Zealand journalists to travel to Asia and bringing Asian journalists to New Zealand. The level of coverage of Asia-related issues in the New Zealand media this year demonstrates the ever-increasing exposure of Asia and its people, cultures, business practices and ways of life in New Zealand.

The holding of workshops, conferences and forums, both onshore and offshore, was another tool used to enhance New Zealanders' understanding of Asia and raise our profile in Asia.

As a backdrop to the Foundation's work during the year, the New Zealand government's commitment to regional integration was an appropriate and welcomed policy reaction to our primary interests of trade and regional security.

New Zealand's participation in the East Asian Summit in December symbolised the beginning of potentially the most important foreign policy initiative and trade development opportunity that this country will take in the first decades of the 21st century.

Further opportunities for engagement with Asia included New Zealand's involvement in the APEC Summit in Korea, and Governor-General Dame Silvia Cartwright's visit to Vietnam – the first-ever Official State Visit there. In June we welcomed Singapore Prime Minister and Asia:NZ honorary adviser HE Lee Hsien Loong to our country for bilateral talks. Prime Minister Lee's visit enabled us to reflect on what makes up the special relationship between New Zealand and Singapore and also allowed us to look to the future and discuss ways in which our two countries can further deepen our relationship.

I am very grateful to members of parliament, the chairman and board of Asia:NZ, to our private sector sponsors and supporters, and to our partners in many sectors of the New Zealand community for supporting me in my new role this year and for continuing to assist the Foundation in its task of building New Zealand's relationships with Asia. I also feel privileged to be working with such a dedicated and talented team of staff and wish to commend them on their continuing hard work. As 2005/06 has illustrated, what we do, we do extremely well. Next year we will continue to consolidate some of the excellent work our people and partners have been doing, while also seeking new opportunities.

There is still much to be done if New Zealand is going to take advantage of all the opportunities the Asian region offers. Business capability needs to be developed rapidly to meet the challenge of new trading arrangements with Asian partners. Young people need to acquire the skills to deal with the different world in which they will live. New networks of understanding need to link New Zealand's diverse communities with each other, and with Asian counterparts.

Action is urgently needed by both private sector enterprises and public institutions if New Zealand is to benefit from the opportunities arising from this rapid transformation. In the very nature of these changes, there is no second chance to participate as a first mover in a maturing and stabilising market environment.

John Austin
Executive Director
25 August 2006

6

PARTNER

The strategic objective - Develop active partnerships to deliver initiatives of mutual benefit.

Asia:NZ throughout the year has maintained and developed a number of on- and offshore networks in addition to enhancing sponsor and stakeholder relations and strengthening Asia connections.

PREPARING NEW ZEALAND FOR ASIA

During the year Asia:NZ and the Ministry of Education completed a year-long project to identify strategies that will increase understanding of Asia at all levels of New Zealand society.

One of the main recommendations that came out of the *Seriously Asia* conference in 2003 was that a knowledge working group be convened to develop a report that will guide New Zealand's improved understanding of Asia.

The report, entitled *Preparing a Future with Asia*, was released in July 2006, and is based on 12 months worth of extensive consultation with leaders in key sectors of New Zealand society.

According to the report, the Asian region "is growing faster than any other, has rapidly expanding markets for goods and services, already influences our culture and way of life and is set to play a major role in world affairs for decades to come".

Never before has the need to increase our knowledge and understanding of our Asian neighbours been more crucial. But, according to Asia Knowledge Working Group co-ordinator Pamela Barton, who is also Asia:NZ's director, education, we're not doing enough to adapt to this changing global environment.

"As the report states, we simply don't take Asia seriously enough, and that must change rapidly if we are to grasp the opportunities the region offers," she says.

An important part of the process, says Ms Barton, was the focus groups – one each for the media, education, business and cultural sectors. The groups, each made up of 20 to 30 sector leaders, presented their views on what is important in engaging with Asia in their respective areas of work.

"The report provides a broad pathway that will help New Zealanders to understand Asia better and embrace more effectively the many opportunities the region offers. It also includes a vision of what increased understanding will look like in 2020, and the strategies to achieve it," Ms Barton says.

Still, Ms Barton warns, the work of the Asia Knowledge Working Group is just one step in New Zealand's journey towards greater understanding of Asia.

"In coming months, Asia:NZ will be asking people of influence – leaders in the education, media, business and cultural sectors – to consider how their sectors can contribute. Through this process, the strategic priorities identified in this report will be translated into specific plans for action."

LIGHTING UP NEW ZEALAND

For the fourth year running, Asia:NZ and its partners delivered spectacular Diwali festivals in Wellington and Auckland, providing New Zealanders with a unique opportunity to experience traditional Indian culture.

The 2005 Wellington Diwali festival, held in October, was officially opened by Mayor Kerry Prendergast with the lighting of a diya (lamp) and puja (prayer). More than

40,000 spectators enjoyed the colourful celebrations, making Diwali one of the year's most popular cultural events.

A sell-out Bollywood Dance competition featuring performances by 12 groups was held at a concert at the Wellington Town Hall, followed by the full-day festival in the Town Hall, Capital E children's theatre and Civic Square. Public programmes featuring visiting performers were also held at Te Papa, as well as a mid-week programme at Capital E and Wellington City Gallery.

Auckland City has worked with Asia:NZ since the festival's inception, and with some 75,000 people attending the spectacular event in 2005, it is clear the festival has been widely embraced by the Auckland community as well.

In Auckland, Prime Minister Helen Clark opened the festival at an official ceremony attended by representatives from the Indian community, MPs and other dignitaries and sponsors. Two days of school programmes at the Auckland City Library and Auckland Art Gallery were followed by the full-day Diwali festival at the Aotea Centre, Aotea Square and adjacent areas of Queen Street. Thirty-two groups performed on an open stage in Queen Street as part of the Auckland Bollywood dance competition.

MoreFM Auckland and SkyCity also support Diwali in Auckland, and say the festival not only is an important way for the Indian community to celebrate its traditional festivals, it also gives Kiwis the chance to experience the tastes, sounds and sights of India.

TV3's head of news and current affairs, Mark Jennings, says the Bollywood dance competition, which is now an integral part of the festivals in New Zealand, has certainly helped to popularise Diwali. "Bollywood dance competitions are now a phenomenon around the world and it is wonderful to be part of the excitement this competition produces," he says.

Radio Tarana managing director, Robert Khan, agrees the Bollywood dance competitions have added a new, exciting dimension to the annual festival.

But it's not all about Bollywood. Other highlights of this year's festivals included a Rajasthani musician and folk dance group and a Rajasthani puppet troupe, both brought to New Zealand with assistance from the Indian Council for Cultural Relations. Visiting Madhubani artist, Shanti Devi, who produced beautiful wall paintings at the City Gallery, Wellington and the Auckland Art Gallery, was also a unique addition to the 2005 festivals.

And of course it wouldn't be a festival without a delicious array of food. For authentic Indian food brand, Patak's, having a display at both the Auckland and Wellington festivals provided a great opportunity to impart information about Indian cuisine to consumers.

Ultimately though, the success of Diwali comes down to what the audience thinks and it seems this year no one was disappointed. As one festival goer put it: "I would never have guessed that this occasion would be celebrated with such entertainment and infusion of the culture."

List of grants and activities under this strategic objective during 2005/06

Research

Danny Butt: \$2,000 to support the attendance of Fatima Lasay, one of Southeast Asia's leading figures in new media art, at the Cultural Futures symposium in Auckland.

James Beatty, Otago University: \$1,900 to support a one-day symposium to broaden New Zealanders' understanding of Asia's contemporary and historical environmental issues.

INFORM

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

Asia:NZ throughout the year undertook a series of research and media programmes targeting influencers in New Zealand-Asia relations.

BETTER INFORMED ON ASIAN MATTERS

The Asia:NZ media programme has been developing opportunities for New Zealand journalists to Indonesia and India, to extend with existing relationships with media organisations in other Asian countries.

New host relationships with two newspapers and a journalism school in the southern Indian cities of Chennai and Bangalore complement a similar arrangement with *The Jakarta Post* in Indonesia, the *Phnom Penh Post* in Cambodia and the *Shanghai Daily* in China.

Editors at both *The Hindu* in Chennai and the *Deccan Herald* have indicated their willingness to host New Zealanders seeking work experience, while the Asian College of Journalism, also in Chennai, has indicated it would take journalism tutors on temporary secondment.

Also in 2006, Asia:NZ supported an extended two-month stay by TVNZ *Agenda* journalist Duncan Wilson at *The Jakarta Post*. Mr Wilson is the first New Zealander to work at the newspaper as part of an agreement established in 2005.

The media programme also supported the attendance of two overseas speakers at the *Indonesia: Foreign Policy, Islam and Democracy* seminar on 1 May. Nearly 100 people attended and heard high-quality presentations by Jakarta-based New Zealand journalist John McBeth and the managing editor of the English language edition of *Tempo* magazine, Yuli Ismartono, among the other speakers.

Media grants allocated to journalists and media organisations seeking to go on reporting assignments totalled 22 in the 2005/06 year, averaging nearly two each month. The countries visited by Asia:NZ-funded journalists were South Korea, China, the Philippines, India, Sri Lanka, Indonesia, Vietnam, Nepal, Pakistan, Malaysia, Cambodia and Mongolia.

Asia:NZ's monthly media newsletter now has a subscriber list of more than 600, of which over half are journalists or news media organisations. The publication is an effective promotional vehicle for the activities of the Foundation and for highlighting story ideas and angles for journalists. An online journalists' guide to Asia, a resource that was previously published as a booklet, is now a feature of the Asia:NZ website, www.asianz.org.nz. Efforts will be made to maintain and update the resource.

EDUCATING NEW ZEALAND TEACHERS ABOUT ASIA

In September 2005, Asia:NZ took part in the inaugural combined Social Sciences conference – *Interconnections & Directions* – which was held at Te Papa, Wellington.

Associate Professor in Asian studies at the University of Auckland and Asia:NZ trustee Dr Manying Ip spoke at the conference about the experiences of recent Asian immigrants. Her presentation, entitled *The New Asian Wave*, discussed issues of identity, acculturation and racism towards Asians living in New Zealand.

Asia:NZ's director, policy and research, Dr Rebecca Foley, presented a series of demographic forecasts for selected Asian countries, looking at the consequences for economies, societies and families in the region.

Lynette Shum, a third-generation Chinese, led a walking tour to Haining Street, Wellington's historic Chinatown, to relive the past when gambling, drugs and prostitution were the subject of many a headline in the first half of the last century.

At the Technology Educators of New Zealand Conference in Christchurch, Asia:NZ schools co-ordinator Janine Chin, with expert lantern maker Jim Lee, &livered a lantern-making workshop to upskill technology teachers in the art of lantern making in preparation for the Asia:NZ's Chinese New Year Lantern Festival. Links to different areas of the curriculum were also shared.

List of grants and activities under this strategic objective during 2005/06

Media

Andrew Janes: \$3,176 to visit the Philippines to research articles for *The Dominion Post*.

Dan Eaton, The Press: \$1,550 to report on the ASEAN ministerial meetings in Kuala Lumpur, Malaysia.

Fran O'Sullivan, *The New Zealand Herald*, **Auckland:** \$1,600 to visit Hangzhou to attend the Fortune Global Forum and Zhejiang Province Writers' Week and to Beijing to produce a series of articles investigating New Zealand's closer relations with China.

Gael Woods, Radio New Zealand: \$3,827 to visit Australia to research and produce a radio feature on Australia's "Asia literacy".

Grant Fleming, New Zealand Press Association: \$2,000 to visit the Philippines to report on the Interfaith Dialogue Meeting attended by Prime Minister Helen Clark.

Kay Johnson, New Zealand journalist based in Bangkok, Thailand: \$400 for contributions to a chapter on Vietnam for Asia:NZ's online Asia journalists' handbook.

Keri Welham, The Dominion Post: \$4,970 to visit Shanghai and Beijing, China to produce a series of features

Jane O'Loughlin: \$4,277 to visit Sri Lanka to report on the one-year anniversary of the Indian Ocean Boxing Day tsunami.

Jeff Hampton/Lea Scott Donelan, TV3: \$3,200 to visit Beijing, China to produce a series of features on the preparations for the forthcoming Olympic Games.

Jon Stephenson: \$2,500 to visit north-eastern Pakistan to produce an article for the *New Zealand Listener*, a report for Radio New Zealand and a short documentary film/TV news item.

Melissa Lee: \$3,000 to visit South Korea to produce three stories for TVNZ's Asia Downunder.

Miriama Kamo, Television New Zealand: \$5,533 to visit India to produce two stories for TVNZ's 20/20 programme.

Peter Calder: \$5,000 to visit Mongolia to produce a series of features for *The New Zealand Herald*, the *New Zealand Listener* and the *Herald on Sunday*.

Peter Marra: \$4,000 to visit East Timor to make a documentary, *Children of a Nation*, for broadcast on Maori Television.

Rachel Pannett, New Zealand Press Association: \$1,800 to visit Vietnam to report on the visit by the Governor-General, Dame Silvia Cartwright.

Robyn Cubie, Radio New Zealand: \$5,534 to visit Nepal to produce a series of radio documentaries.

Simon Morton, Radio New Zealand: \$9,542 to visit and produce a series of radio documentaries exploring the information and communications technology sector in South Korea.

Steve Wilde, Radio New Zealand: \$6,102 to visit China to produce a series of radio features.

Sue Eden, New Zealand Press Association: \$2,300 to report on the inaugural East Asian Summit in Kuala Lumpur, Malaysia.

Sue Ingram, Radio New Zealand: \$3,064 to visit Vietnam to produce an *Insight* documentary and report for Morning Report.

Research

Canterbury University: \$4,000 to research and write the fifth *Outlook* paper for Asia:NZ on "New Zealand, the Pacific and China".

Economist Intelligence Unit: US\$37,000 research contract forecasting the demand for labour and assessing the regulatory environment and labour mobility in Asia.

Lance Beath: \$5,500 to research and write the fourth *Outlook* paper for Asia:NZ on "New Zealand's Strategic Capability: Learning from Asian examples".

 $\textbf{Landcare Research NZ Limited: } \$70,000 \ to \ analyse \ the \ New \ Zealand \ viewpoint \ \ on \ challenges \ of resource competition and environment issues.$

New Zealand/Singapore Symposium: \$23,920 for delegation costs to attend the event in Singapore hosted by the New Zealand High Commission and the Institute of Southeast Asian Studies.

TNS: \$76,440 research contract to survey Asian perceptions of New Zealand business people.

Victoria University of Wellington: \$47,380 research contract to develop a base of knowledge and practical information on New Zealand business relationships with India.

EXPERIENCE

The strategic objective - Promote interaction and enable personal experience and learning of Asian countries and peoples.

Asia:NZ throughout the year undertook and supported a series of festival and cultural events in addition to study programmes and media visits engaging New Zealanders in Asia.

KIWI STUDENTS EXPERIENCE ASIA

As part of its commitment to facilitate understanding and communication between Asia and New Zealand, Asia:NZ provided a number of grants to New Zealand students to experience the countries of Asia.

Esther Deans

"I hadn't realised just how essential language was until I came to Korea. We'd always berated the Asian kids at high school who had clustered together babbling in strange languages. I now feel utterly ashamed of how unaccommodating we were of international students. When I first arrived here the shock of hearing only incomprehensible noises made me gravitate toward the comfort of people who spoke English. I spent hours on the Internet, expressing in my own language everything that was new and unfamiliar, perhaps as a process of making it familiar."

Esther Deans spent four months at Ewha Womans University in Seoul, Korea in 2005.

Ainsley Thompson

"My experience in Korea gave me an insight into a world to which a university student would never normally be admitted. With that I can understand things I couldn't before and see things from another perspective, which can only be beneficial to the rest of my life. It has also fostered an interest in other cultures which will help me in my learning and understanding of different ways of life from my own. On my future business and personal travels I will know people living in amazing places all around the globe. What other 20-year-old can say that?"

University of Waikato student Ainsley Thompson was one of only four New Zealand representatives to join a special team of university students from around the Pacific Rim at the Asia-Pacific Economic Cooperation's (APEC's) Voices of the Future seminar, which was held alongside the APEC CEOs' Summit and Leaders' Meeting in Busan, Korea in November 2005.

Esther Rohs

"One of the highlights of my time in China was the opportunity to make friends from all over the world, including a few Chinese friends. I had a good Chinese friend whose family lived opposite the campus, so Id often go there for meals and to practise my Chinese with her and her parents."

In 2005, University of Canterbury Bachelor of Arts graduate Esther Rohs studied at Zhejiang University in Hangzhou, in Zhejiang province, southeast China. Each year 10 New Zealand students travel to China for a year of advanced language study at a Chinese university.

KIWI TEACHERS EXPERIENCE ASIA

New Zealand Japanese Language Teachers' Programme

In April 2006 three New Zealand school teachers participated in a language and cultural field trip to Osaka, Japan, under a new Asia:NZ language teachers' programme. The New Zealand Japanese Language Teachers' Programme was coordinated by Asia:NZ in partnership with the Kansai New Zealand Centre, Osaka, Japan.

Rob Boomer, Motueka South School

"This experience has made me more interested in and passionate about Japan and I'm keen to share my new-found cultural knowledge and improved language skills with the students in my class."

Mitch Dieudonne, Principal of St Joseph's School, Lyttelton

"It has been one of the highlights in my 30 years of teaching. People regardless of culture desire the same things: love of family, security, freedom and opportunity to celebrate."

Angela Pedder, Raroa Normal Intermediate School, Wellington

"As the world continues to open up and New Zealand's multicultural society continues to grow, it is even more important to encourage students to have a greater awareness and understanding of other cultures."

Asia:NZ/ AFS teacher study awards

During July and September 2005, six New Zealand teachers had the opportunity to live and teach in a different culture thanks to Asia:NZ and the American Field Scholar Intercultural Programme (AFS).

The Asia:NZ/AFS teacher study programme offers scholarships for up to six teachers each year to spend two weeks in Thailand, Malaysia, Indonesia or the Philippines to experience school and home life in an Asian setting. The aim of the programme is for teachers to share and apply their knowledge and skills upon their return to New Zealand with their schools and the wider community, such the production of teaching resources.

Successful recipients in 2005/06 were: Ngaire Riley, head of drama, New Plymouth Girls' High School; David Shea, head of music/arts, Greymouth High School; Christine Carrell, head of English, Columba College, Dunedin; Sandra Murphy, Food Technology, Tikipunga High School, Whangarei; Philippa Hart-Smith, lecturer, Faculty of Education, Victoria University of Wellington; and Gail Mitchell, Bucklands Beach Intermediate School, Auckland.

TRANSCENDING THE CULTURAL DIVIDE

To promote understanding and interaction between New Zealanders and the peoples of Asia, Asia:NZ hosted traditional Asian festivals, such as the increasingly popular Chinese Lantern Festival, and provided grants to artists to explore contemporary issues relating to Asia and New Zealand.

Lantern festivals

Lantern festivals have long been part of Chinese New Year celebrations in China, Taiwan, Hong Kong and Singapore, and with nearly 200,000 people attending lantern festivals in Auckland and Christchurch in 2006, they have also proven to be a fantastic way for New Zealanders to experience and learn about the cultural traditions of Asia.

Auckland's seventh Chinese Lantern Festival, held in February 2006, was a colourful celebration of Chinese food, crafts and culture, drawing some 150,000 people to Albert Park over its three days. An equally colourful celebration took place in Christchurch in early March, attracting around 40,000 spectators.

In Auckland, the spectacular event was formally opened by Hon Phil Goff, Minister of Trade, while in Christchurch, Mr Norman Wilson, CEO of the Festival's principal sponsor, HSBC, opened the event. Both were followed by an opening ceremony by the visiting Jalan Besar Dragon and Lion Dance Group from Singapore, who wowed audiences with their award-winning luminous dragon and lion dancing – an integral part of traditional Chinese New Year celebrations the world over.

The Christchurch Art Gallery borrowed red lanterns from Asia:NZ for its entire glass frontage, while more than 300 red lanterns hung the length of Queen Street in Auckland for several days before the Festival.

According to Asia:NZ director, culture, Jennifer King, the Foundation imported many new lanterns from both China and Singapore for the 2006 festivals, with the generous support of COSCO Shipping Company.

Adding to the authenticity of the event in Auckland, Asia:NZ brought out four traditional craftspeople from Shanghai, including traditional toffee figure maker, Chen Yu Shu, traditional dough figurine maker, Chen Zuegao, paper cutter Shi Chunli and lantern maker Li Zheng. In Christchurch, Taiwanese lantern maker Ms Lin Yu-Chu demonstrated her lantern-making skills.

There were also dancers from Guilin and calligraphers from Hubei, and a full programme of high-quality performance provided by local communities, ranging from dance to martial arts, lion and dragon dancing, classical and contemporary music and Peking Opera.

According to Chris Carter, Minister for Ethnic Affairs, much of the credit for the success of Chinese New Year celebrations throughout New Zealand lies with the proactive effort of Chinese New Zealanders themselves.

"By working with central and local government, and organisations like Asia:NZ, the Chinese community has worked hard to reach out and share their cultural traditions."

Katlyn Wong

In 2006 playwright Katlyn Wong received an Asia:NZ cultural grant to assist her with developing her storylines about contemporary issues relating to Asian immigration to New Zealand.

"My sense of humour on stage is never meant to be comic, but being funny can certainly bridge certain cultural gaps. I find that people laugh because they can

appreciate the cultural differences, or they can recognise the truth of something. That is a good gauge as to whether I am getting my message across."

Artist residencies in Asia

In partnership with Creative New Zealand, Asia:NZ provided support to two New Zealand artists to undertake residencies in China and India. This is the second year that Asia:NZ and Creative New Zealand have offered the Asian residencies. Creative New Zealand covers accommodation costs and provides \$10,000 stipends, while Asia:NZ meets the costs of the return airfares.

During the year, Ri Williamson spent three months in Beijing as an artist-in-residence at the Red Gate Gallery, while Wanganui painter Prakash Patel spent three months as artist-in-residence at the Sanskriti Foundation's Sanskriti Kendra campus on the outskirts of New Delhi.

While in Beijing, Ms Williamson developed the work she had been researching in Europe and Asia as a recipient of the Ethel Susan Jones Travelling Scholarship, awarded by Canterbury University's School of Fine Arts.

For Mr Patel, the residency was an opportunity to immerse himself in Indian life and philosophy, creating work in the "contemplative, creative environment of the Sanskriti Kendra campus".

List of grants and activities under this strategic objective during 2005/06

Culture

Adam Art Gallery: \$4,500 to assist the Adam Art Gallery director to visit Singapore and research with curator Lee Weng Choy an exhibition of works by artists from Singapore.

Adam Art Gallery: \$1,000 to assist with travel costs of the gallery director in association with the New Zealand International Festival of Arts exhibition *Islanded* in Taiwan.

Art and Industry Biennial Trust: \$6,000 to assist the participation of three artists from the Asia region – Jeonghwa Choi (Korean) and Singaporeans Lim Tzay Chuen and Heman Chong – in the 2006 SCAPE Art and Industry Biennial in Christchurch.

Art and Industry Biennial Trust: \$4,000 to assist with travel and accommodation costs for the director and two curators to travel to Asia to build networks with funding partners and research the potential for touring exhibitions in the region.

Arti Gentejohann: \$1,885 to assist in the exhibition of Indian lamps and other materials as a special display for the Indian Diwali Festival of Lights in Wellington.

Auckland Embroiderers' Guild: \$800 to assist in staging an exhibition *Threads from around the World* focusing on embroidery traditions amongst Auckland's multicultural society, including Indians and Chinese.

Auckland Festival of Photography Trust: \$4,000 to assist in the staging of the Auckland Lantern Festival photography project.

Auckland War Memorial Museum: \$1,800 to assist in the staging of the Museum's 2006 series of public programme events for Chinese New Year.

Behind the Nightlight: \$2,500 to assist in the production of Katlyn Wong's one-woman play *The Translator* at Bats Theatre, Wellington.

Capital E: \$2,000 to assist in the production of a family show based on the Balinese creation myth, with music by New Zealand composer Gareth Farr and Balinese composer I Wayan Gde Yudane.

Centre of Contemporary Art: \$3,500 to assist in hosting an exhibition in Christchurch of Chinese calligraphy from the Hubei Institute of Art and Calligraphy.

Chinese Arts Association: \$2,000 to assist in the staging of the Association's musical *Star Creative* in the Christchurch Town Hall.

Chinese Lantern Festivals: a \$42,498 contribution to staging the event in Auckland and \$25,406 to stage the event in Christchurch in February 2006.

Chinese New Settlers Trust: \$1,500 to assist in a youth art exhibition and music festival.

Christchurch Zhonghua Chinese Society: \$1,000 to assist in the staging of the second Spring Festival Garden Party in Victoria Square to mark the Chinese New Year.

Creative New Zealand: \$4,668.12 to reimburse airfares for two artists selected for the second Creative New Zealand/Asia:NZ arts residencies in Delhi's Sanskriti Foundation in India and at the Red Gate Gallery in Beijing, China.

Diwali Festival of Lights: staging the event in Auckland and Wellington in October 2005.

Drum Productions: \$4,000 to assist in staging the Asia-Pasifika category in the Westfield Style Pasifika fashion awards held in Auckland.

Dunedin City Council: \$2,000 to assist in the staging of the Council's fifth Asian/Chinese New Year festival.

Embassy of the People's Republic of China: \$4,500 to support a concert by Chinese violinist Li Chuanyun at Victoria University of Wellington.

Govett Brewster Art Gallery: \$1,000 to assist with airfares from Japan to New Zealand for Japanese artist Tetsuo Kogawa to carry out a workshop and exhibition *From Mini-FM to hacktivisim: A guide to art and activism.*

Govett-Brewster Art Gallery: \$3,850 to assist in bringing three Indian artists from Auckland to New Plymouth and to install their work and take part in public programmes.

Hastings District Council: \$1,000 to assist in the staging of events marking the 25th anniversary of the Council's sister city relationship with Guilin in China.

Hastings District Council: \$2,000 to assist in the hosting of two students from Guilin Normal College in China

Hye Rim Lee: \$4,500 to assist this Korean New Zealand artist to take up a three-month residency at the SSamzie Space Studio in South Korea.

Japan Information and Cultural Centre: \$3,000 to assist in the staging of a contemporary Japanese music concert featuring vocalist Shigeko Suzuki.

Jarrod Wood: \$500 to this New Zealand flautist to undertake study of the Indian bansuri flute in India in order to promote its use in New Zealand.

Judy Turner: \$1,000 to assist in continuing the work of documenting the Asian textile holdings in Te Papa, Wellington.

Korean Studies Centre, New Zealand Asia Institute: \$1,000 to assist in the preparation of a bilingual catalogue for the *Breath of Nature* exhibition of some 200 works by contemporary Korean artists held at The Edge, Auckland.

Laurence Aberhart: \$3,000 to assist in the first stages of a major photographic project documenting historical foreign influences and cultural cross-overs in rapidly disappearing architecture in Manila, southern China and Vietnam.

Lincoln University Students' Association: \$500 to assist Asian students to showcase their talents at an International Night.

Mudra Dance Company: \$4,500 to assist with the performance of Indian dance drama in the traditional Bharata-Natyam dance style by this Wellington-based company, under the direction of Indian classic dancer Vivek Kinra.

Museums Aotearoa: \$20,000 to support an annual fellowship designed to increase awareness of Asia and to develop professional skills, networks and projects between Asian and New Zealand museums and galleries.

Narthana Aalayam School of Indian Classical Dance: \$800 to assist in the staging of the School's annual student dance performance at the Dorothy Winstone Centre, Auckland.

Natraji School of Dance: \$4,000 to assist in the staging of the School's second major public production, *Vande Mataram,* in Wellington.

New Plymouth District Council: \$1,800 to assist in the staging of the Council's second Chinese Lantern Parade as part of the annual TSB Bank Festival of Lights.

New Zealand International Arts Festival: \$10,000 to support a concert by Indian violinist Dr L Subramaniam in the biennial festival in Wellington.

New Zealand Kung-fu Wushu Federation: \$1,580 to assist Laotian New Zealander Sone Vannathy, current New Zealand Muay Thai kick boxing champion, to attend the International Wushu Federation's Eighth World Wushu Championships in Hanoi, Vietnam.

New Zealand Kung-fu Wushu Federation: \$2,300 to assist kung-fu practitioner and instructor Shi Mei Lin to attend a coaching course in Beijing, China.

New Zealand National Tai Chi Chuan Association: \$800 to assist in the publicity of the annual World Tai Chi and Qigong Day in Auckland.

New Zealand National Tai Chi Chuan Association, Christchurch Branch: \$1,000 to assist in holding a public "Let's Try Tai Chi Day".

Otago University Sri Lankan Students Association: \$500 to assist in the staging of a Sri Lankan Cultural Night.

Pacific Culture Arts Exchange Centre: \$4,000 to assist in the staging of the third New Zealand film festival in Beijing, Guangzhou and Shanghai, China.

Philippine Central Association: \$1,000 to assist in staging the Association's Labour Weekend Festival and cultural day in Palmerston North.

Pooshan Navathe: \$3,500 to assist in the staging of the second Festival of Indian Classical Music comprising workshops and public performances in Wellington and Auckland.

Queenstown Lakes District Council: \$1,000 to assist in holding the Council's Summerdaze Multicultural Celebration at Chinese New Year in Arrowtown.

Roseanne Liang: \$1,500 to assist in the completion of a documentary film Banana in a Nutshell.

Silkworm Productions: \$4,000 to assist actress/writer Sonia Yee to spend three weeks in China studying at the Beijing Opera Theatre as part of a programme of research for the redevelopment of her play *The Wholly Grain*.

Sri Lanka Association: \$2,000 to enable the Association to retain the services of two dance, drama and musical instructors and to run workshops for 60-70 young Sri Lankans.

Sub Continent Artists' Guild: \$1,000 to assist in organising four concerts entitled *Charag* (Light) and a series of workshops showcasing the work of some 40 South Asian-New Zealand dancers and musicians for a general audience.

The Edge: \$1,500 to assist in staging a repeat performance by renowned sarod player Ustad Amjad Sultan Khan at the Concert Chamber of the Auckland Town Hall.

Those Indian Guys Limited: \$2,000 to assist the company in touring its award-winning comedy show *From India with Love* to Wellington, Hamilton and Dunedin.

Tze Ming Mok: \$1,500 to assist this Chinese-New Zealand author to travel to Thailand and Indonesia to undertake research into the experiences of asylum seekers for her novel *Stapler of the System*.

United Chinese Association of New Zealand: \$1,000 to assist in the staging of the Association's annual Moon Festival at the Aotea Centre, Auckland.

United Chinese Association of New Zealand: \$3,000 to assist in the staging of the Association's annual Moon Festival and Chinese New Year Festival at the Aotea Centre, Auckland.

Victoria University of Wellington: \$2,000 to assist a programme devised by Jack Body of Victoria University School of Music in memory of the Asian tsunami victims, entitled *Vita Brevis*, and staging at the National Memorial.

Waikato Museum: \$4,500 to assist in the publication of a catalogue for *Wrapped*, an exhibition of Korean pojapi (wrapping cloths).

Waitakere City Council: \$3,000 to assist in the staging of the Mid-Autumn Mooncake Festival.

Wellington Access Radio: \$1,800 to assist in producing the Asian section of an 18-page booklet celebrating 25 years of broadcasting in Wellington.

Wellington Arts Centre: \$500 to assist in staging the opening reception for the New Zealand component of a touring series of creative workshops entitled *Mulana: the art of people*, run by Indian textile artist Ray Mahabir.

Wellington Chinese Association: \$1,000 to support a one-night performance by the Yip Children's Choir from Hong Kong at the Wellington Opera House.

Wellington Chinese Culture and Sports Centre: \$3,324 to assist with airfares and fees for the Singapore-based dragon dance teacher Johnny Tan and an assistant to come to teach and perform at the Chinese New Year Festival in Wellington.

Whangarei Art Museum: \$2,400 to assist the director to travel to Korea to develop a touring exhibition of early photographs of Korean life titled *Scenes for Early Modern Korea: Through the Looking Glass.*

World Buskers Festival: \$2,000 to support one of a series of Asian events in the New Zealand Festival in Christchurch.

Wushu Culture Association: \$500 to assist in staging the Association's fourth Auckland Wushu Festival at the Tamaki College Community Recreation Centre.

Education

AFS: \$18,000 to send six New Zealand teachers to Southeast Asia for a three-week study visit.

Amuri Area School, Christchurch: \$2,000 to assist a study visit of eight students and two staff to Thailand.

Aotea College, Porirua: \$1,500 to assist a study exchange of 20 students and three teachers to Nishio, Japan.

Asia:NZ: \$8,119.99 research contract for a researcher to conduct research on studies of Asia in New Zealand secondary schools.

Asia:NZ Singapore Scholarships: \$19,713 to support Asia:NZ's Singapore Scholarship programme for undergraduates to study at the National University of Singapore.

Auckland Chinese Language Association: \$500 to assist with the annual Chinese Language Speech Competition.

Auckland University Students' Association: \$3,000 to assist a group of four politics and law students to visit Beijing, China to participate in the Harvard World Model United Nations hosted by Perking University.

Auckland University of Technology: \$5,000 to administer Asia:NZ's China Scholarship Programme for New Zealand Chinese language students to study in China.

Chinthaka Samaranayake: \$500 to assist school contestants representing New Zealand in the International Biology Olympiad competition in Beijing, China.

Christchurch Boys' High School: \$2,000 to assist a group of 16 students to undertake a study and sister school visit to Beijing High School Number 4 in China.

Christchurch Kurashiki Sister City: \$1,600 to assist a group of 14 students and two leaders to undertake a sister city student exchange with Kurashiki, Japan.

Diwali Festival Schools Programme: \$10,000 to assist with the costs of hosting two scroll painters from India in both Auckland and Wellington.

Hauraki District Council: \$2,000 to assist a group of 13 students and three staff to undertake a study and sister school visit to Jiading District in Shanghai, China.

Henderson Intermediate School: \$1,000 to assist a group of 17 students and accompanying staff to undertake a sister school exchange with Henderson Secondary School, Singapore.

Heretaunga Intermediate School: \$2,000 to assist a group of 16 students and three staff to undertake a visit to Guilin, China to perform at the Children's Festival.

Higher Education Exchange Programme

Auckland University of Technology: \$11,250 to support a reciprocal exchange of staff with the University of Health Sciences, Phnom Penh, Cambodia.

Christchurch Polytechnic Institute of Technology: \$2,000 to support a reciprocal exchange of students with Hiroshima Shudo University, Japan.

Lincoln University: \$10,940 to support a reciprocal exchange for staff with Silpakorn University, Thailand. Lincoln University: \$9,900 to support a reciprocal exchange for staff with the Southwest University of Science and Technology, Mianyang, Sichuan, China.

Massey University: \$14,000 to support an exchange for staff and students with Kanazawa University, Kanazawa, and Toyama University, Toyama, Japan.

Massey University: \$19,000 to support a reciprocal exchange of staff and students with Can Tho University, Vietnam, the Rajamangala University of Technology Lanna, Lampang. Thailand and Kasetsart University, Bangkok, Thailand.

University of Auckland: \$10,000 to support a reciprocal exchange of staff and students with Nanyang Technology University, Singapore.

University of Canterbury: \$9,350 to support a scholarly placement of an Asian academic from the University of Mongolia, Mongolia.

University of Waikato: \$16,000 to support a reciprocal exchange of staff and students with Huazhong Agricultural University, Wuhan, China.

University of Waikato: \$11,200 to support a scholarly placement of an Asian academic from Universidade Nacional Timor Lorosa'e (the National University of East Timor), Timor Leste.

University of Waikato: \$15,000 to support a scholarly placement of New Zealand academics from Waikato Management School to Nankai Institute of Economics, Nankai University, China.

Victoria University of Wellington: \$10,000 to support a reciprocal exchange for staff with the Indian Institute of Management, Kozhikode, Kerala, India.

Waikato Institute of Technology: \$12,000 to support a reciprocal exchange for staff with Beijing Medical University, Beijing, China.

Horomaka Whanau Inc: \$2,000 to support a group of 20 Hillmorton High School kapahaka members to participate at the Baekjae Festival in Songpa-Gu, Korea and additional performances at Cheju Island, Korea and Kurashiki, Japan.

Kelston Boys' High School: \$1,000 to assist a group of seven students to undertake a study and sister school visit to Won Kwang High School in Iksan, South Korea.

Lynfield College: \$2,000 to assist a group of 18 students and three staff to undertake a study and sister school visit to High School 109 in Guangzhou, China.

Merrin School: \$3,000 to assist a group of 31 students and supporting staff and parents to undertake a sister school exchange with Se Ryun Elementary School in Seoul, South Korea.

New Zealand Asian Studies Society Inc: \$20,000 to provide funding for the Asia:NZ/NZASIA Post-Graduate Research Awards to enable post-graduate students specialising in Asian studies to undertake thesis-related field work in Asia.

New Zealand Association of Language Teachers: \$5,000 to assist in the professional development of Asian language teachers.

New Zealand Poetry Society: \$1,500 toward the annual haiku competition for New Zealand students.

New Zealand Secondary Students Choir: \$1,000 to assist a group of 60 members to undertake a visit to Xiamen, China and Hong Kong to compete in choral festivals and to Shanghai to share a performance with the Shanghai Philharmonic Chorus.

Rewi Alley Education and Cultural Centre: \$750 to assist the Centre to conduct a lantern-making, paper cut and dance workshop for the students and the wider Christchurch community.

Royal Society of New Zealand: \$6,500 to enable the Royal Society of New Zealand to select and support outstanding young science and technology students to participate in a range of challenging programmes in Asia.

Tauranga Intermediate School: \$3,000 to assist a group of 41 students and six teachers to undertake a school study visit to Bangkok, Thailand.

Teacher Study Visits Programme: \$3,067.77 to enable one outstanding New Zealand educator to participate in a two-week *Access Asia* programme to Vietnam and Cambodia, organised by the Asia Education Foundation, Australia.

Victoria University of Wellington: \$3,000 to assist a group of 10 business and design students to visit Beijing, Shanghai, Nanjing and Wuhan, China

Victoria University of Wellington: \$12,500 to support specific projects by the chair of Malay studies.

Virtual Trade Mission: \$10,000 to support both on - and offshore components of the Mission's part of the 2006 *Voice of Youth at APEC.*

Wairarapa College: \$2,500 to assist with a study visit of 30 students and two teachers to Vietnam.

Wellington Girls' College: \$1,500 to assist a group of 12 students from the College's Performing Arts department on a study visit to St Anthony's Canossian Secondary School in Singapore.

Westlake Boys' High School: \$1,500 to assist with a study visit of 10 students and two teachers to Beijing and Xian, China.

Media

Chen Liying: \$1,850 to assist this business journalist on an exchange visit from the *Shanghai Daily* to join *The New Zealand Herald* for one month to experience working in a New Zealand newsroom.

Duncan Wilson: \$2,000 for work placement at The Jakarta Post, Indonesia.

Massey School of Journalism: for work placement at the *Phnom Penh Post*, \$2,250 each to Dan Poynton, Mandy Smith and Esther McLaren, and at the *Shanghai Daily*, Amanda Strong.

Managed funds

Korea Studies Programme

To enable five outstanding New Zealand educators to participate in a 14-day workshop on Korean history and culture in Korea: \$12,500 and encouraging New Zealand South Korea exchange by providing one-off funding assistance for exchanges between New Zealand and South Korea universities: \$3,000 to each – Gloria Kim, Hyok Jun Kwon, Wook Jin Lee and Katie Luke.

New Zealand Japan Young People's Exchange Programme Board of Trustees

To assist young New Zealanders with the costs of organised study tours to Japan.

Catherine Brown: \$5,000, Kerryann Campbell-Barton: \$5,000, Sam Hall: \$5,000, Paul Edwards: \$3,000, Matthew Turner: \$2,000, Lexie Brown: \$1,750, Samuel Shirriffs: \$1,750, Mitchell Day: \$1,750, Trent Willis: \$1,750, Te Rangimoeroa Thomson-McCall: \$1,500, Linden Hartford: \$500 and Ben Rout: \$500.

CONNECT

The strategic objective - Connect people through networks on Asia-related issues.

Throughout the year Asia:NZ continued to maintain and grow its website, introducing a series of online research directories. During the year the website attracted 218,260 visitors who viewed over two million pages.

In addition to propagating general communications, Asia:NZ staged a series of targeted events for specialised groupings on New Zealand-Asia related issues.

Some of those activities included the staging of the Chinese Lantern Festivals and the Diwali Festivals of Lights as well as facilitating and assisting New Zealand-based business and media groupings with Asia-related issues. In February 2006, Asia:NZ brought together political and security organisations and selected government agencies to discuss recommendations from a 2005 report on how to strengthen New Zealand's regional engagement.

AP-Net continued its focus throughout the year on providing regular quarterly email newsletters to a registered database of more than 900 business subscribers as well as combining events with business organisations and supporting the New Zealand APEC Business Advisory Council (ABAC).

A chief executive officer/prime ministerial dinner was held in December 2005 that attracted participation from some 54 business leaders and 18 business entities. Asia:NZ also organised a function for the business community with guest of honour Singapore Prime Minister and Asia:NZ honorary adviser HE Lee Hsien Loong, with some 100 people attending.

DELIVER

The strategic objective - Ensure Asia:NZ has the capability and capacity to meet its mission.

Over the past 12 months Asia:NZ has undertaken an array of activities to ensure financial and compliance responsibilities are managed, with good results. A one-team organisation culture was encouraged with outcomes across the range of activities measured against the goals established.

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.

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, that is, 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 currently has an Audit Committee that meets at least once each year with external auditors.

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 and management have acknowledged their responsibility by signing the Statement of Responsibility on page 24 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 2006

The Board and management of Asia:NZ accept responsibility for the preparation of the annual financial statements and the judgements used in them.

The Board and management of Asia:NZ accept responsibility for establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial and non-financial reporting.

In the opinion of the Board and management of Asia:NZ the annual financial statements for the year ended 30 June 2006 fairly reflect the financial position and operations of Asia:NZ.

SIR DRYDEN SPRING

Chairman 25 August 2006

JOHN AUSTIN Executive Director 25 August 2006



TO THE READERS OF ASIA NEW ZEALAND FOUNDATION'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

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 of the financial statements of the Asia New Zealand Foundation, on his behalf, for the year ended 30 June 2006.

Unqualified opinion

In our opinion the financial statements of Asia New Zealand Foundation on pages 25 to 46:

- comply with generally accepted accounting practice in New Zealand; and
- fairly reflect:
 - the Asia New Zealand Foundation's financial position as at 30 June 2006:
 - the results of its operations and cash flows for the year ended on that date; and
 - its service performance achievements measured against the performance targets adopted for the year ended on that date.

The audit was completed on 25 August 2006, 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 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 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. 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. 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 Trustees;
- confirming year-end balances;
- determining whether accounting policies are appropriate and consistently applied; and
- determining whether all financial statement disclosures are adequate.

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

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

Responsibilities of the Trustees and the Auditor

The Trustees are responsible for preparing financial statements in accordance with generally accepted accounting practice in New Zealand. Those financial statements must fairly reflect the financial position of the Asia New Zealand Foundation as at 30 June 2006. They must also fairly reflect the results of its operations and cash flows and service performance achievements for the year ended on that date. The Trustees' responsibilities arise from the Public Finance Act 1989.

We are responsible for expressing an independent opinion on the financial statements 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

Clave Helm

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 2006 included on Asia New Zealand Foundation's web site. The Asia New Zealand Foundation's Trustees are 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 25 August 2006 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 ACCOUNTING POLICIES FOR THE YEAR ENDED 30 JUNE 2006

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.

Measurement base

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

Accounting policies

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

BUDGET FIGURES

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 1994 and consequently is exempt from income tax.

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 \$200, are capitalised and fully depreciated in the first month of use.

The useful lives and associated depreciation rates of major classes 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

Finance and operating 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.

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

 ${\it Cash}$ 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.

Wools New Zealand Fund

This fund is included as part of the Asia:NZ investments. Asia:NZ has the right to interest earned on the fund. Any transfer from the fund to an Asia:NZ programme is shown as income under the relevant programme. This fund has been fully utilised during this period.

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 \$1-million 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 2006, 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. 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 2006.

Asia:NZ will adopt New Zealand equivalents to IFRS (NZ IFRS) for the year ending 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 in 2005/06 to manage the transition to NZ IFRS reporting. The project involves assessing the impacts of NZ IFRS, designing and implementing changes required to current accounting policies and procedures, in order to successfully transition to NZ IFRS.

STATEMENT OF OBJECTIVES AND SERVICE PERFORMANCE

In 2005/06, 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. This included 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.

Financial performance under this output is summarised below.

	Actual 2006 \$	Budget 2006 \$	Actual 2005 \$
Revenue			
Crown Output Agreement	2,276,444	2,479,334	2,698,666
Other revenue	1,740,703	1,230,093	1,416,150
Total revenue	4,017,147	3,709,427	4,114,816
Total expenses	(3,874,640)	3,749,427	(4,117,429)
Net surplus/(deficit) for the period	142,507	(40,000)	(2,613)

All activities are funded either by the Crown Output Agreement \$2,276,444 (2004/05 \$2,698,666) or from Other Revenues of \$1,740,703 (2004/05 \$1,416,150).

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
- Managing and enhancing sponsor and stakeholder relations
- Undertaking collaborative research with partner organisations
- Strengthening the Asian connections of organisations in all sectors

Outcomes

- Asia:NZ extends its impact by delivering programmes with and through partners
- Asia:NZ is a partner of choice on Asia-related issues
- Funding base is supported and diversified

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

Measure	OA* Goal	Total Goal	Achieved
Quantitative			
Programmes/projects delivered with reputable partners	-	25	31
Qualitative			
Goal - Evidence of positive feedback from	sponsors and part	tners	
Achieved – Asia:NZ holds a hard copy file partners	of positive feedbac	ck from sponsor	s and

^{*}OA - Output Agreement

INFORM

This objective is about:

- Undertaking research projects on Asian issues including:
 Asian studies in secondary schools, Engaging with India, Asian Perceptions of New Zealand, Developing FTA (Free Trade Agreement) Architecture of Asia-Pacific Region
- Providing leadership on educational policy issues through the Knowledge Working Group
- Participation in relevant forums, conferences, advisory boards and committees
- Facilitating business-government dialogue through AP-Net
- Hosting eminent visitors from the region to highlight selected issues
- Developing NZ/Asia Policy Clusters to promote research and debate on policy issues
- Using Asia:NZ communication skills and capacity to disseminate information

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:

Measure	OA Goal	Total Goal	Achieved
Quantitative			
 Major research papers released to targeted influences in relevant sectors 	-	5	9
Positions held on national and regional forums, boards and committees	10	15	26
People have opportunity to engage with Asia:NZ visitors	200	400	595
Media items with Asia:NZ branding from grantees	-	100	100
Media items on Asia:NZ activities	40	40	40

Qualitative

Goal – Evidence by feedback that research and information has added value to New Zealand-Asia understanding

Achieved – Asia:NZ holds a hard copy file of positive feedback from partners, academics and grantees

EXPERIENCE

This objective is about:

- Creating and supporting study programmes in Asia for students, teachers, journalists and academics
- Supporting Asian educational programmes for schools and businesses for delivery in New Zealand
- Organising festivals and cultural events for the enjoyment and education of the general public
- Offering grants to community groups and cultural organisations to support their own events and initiatives

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:

Measure	OA Goal	Total Goal	Achieved
Quantitative			
People assisted to visit Asia	100	150	463
 Schools participating in Asia:NZ activities 	30	50	52
• People given the opportunity to experience Asian culture within New Zealand	250,000	250,000	260,000
• Organisations enabled to deliver projects directly supporting Asia:NZ objectives	50	50	64

Qualitative

Goal - Evidence that outcome of experiences deepen understanding and promote relationships between New Zealanders and the peoples of Asia

Achieved – Asia:NZ holds a hard copy file of positive feedback from partners, academics, grantees, members of the public and other stake-holders including cross-party political support

CONNECT

This objective is about:

- Developing the Asia:NZ website and portal to facilitate relevant networks (e.g. policy clusters, young leaders)
- Targeting events and communications to connect and inform networks and constituencies, including the Asia:NZ Honorary Advisers

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:

Measure	OA	Total	Achieved
	Goal	Goal	
Quantitative			
• Introductions between enterprises and individuals within Asia:NZ networks	-	100	186
Visits to the Asia:NZ website Note: Asia:NZ has an online database outlining conn particularly business and media contacts, by staff.			

Qualitative

Goal

• Evidence that Asia:NZ is recognised by New Zealand and Asian interest groups as a key player in building relationships

Achieved

- 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

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

Outcomes

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

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

Measure	OA	Total	Achieved
	Goal	Goal	
Quantitative			
New funding relationships formed	-	3	3
Qualitative			
Goals			
 Excellent audit result is maintained 			
• Evidence that staff are supported to achieve org	ganisational goals		
• Evidence of positive feedback from stakeholders	s on organisational a	and staff ef	fectiveness
Achieved			
 Both the interim and final audit 			

- Staff training and development programme undertaken
- Key tasks and responsibilities identified and performance appraisal exercise completed
- Positive feedback from stakeholders on organisational and staff effectiveness

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

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

The measures set up to monitor these outcomes include those shown below:

Measure	OA Goal	Total Goal	Achieved
Quantitative			
 Research projects completed 	9	9	10
 Workshops and seminars held and research published (see Note 1) 	19	19	15
 Ministerial meetings and networking activities 	5	5	6
Media exchange projects	2	2	3
E-newsletters published	14	14	14

Note 1

Four workshops and publications were scheduled for the research projects *Engaging India* and *Asian Perceptions of New Zealand*. Due to timing of research, these events and publications are now scheduled for September and October 2006.

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2006

	Note	Actual 2006	Budget 2006	Actual 2005
		\$	\$	\$
Revenue				
Crown revenue	1	2,567,700	2,676,667	2,851,082
Specific project funding	1	792,309	605,735	673,686
Interest income		280,142	207,025	232,699
Core sponsorship		170,000	200,000	170,000
Donated services income	1	168,940	0	155,617
Other revenue		38,056	20,000	31,732
Total operating revenue		4,017,147	3,709,427	4,114,816
Expenditure				
Crown funded activities		2,441,410	2,644,334	2,705,623
Project expenditure		1,017,490	658,336	770,340
Other expenditure		486,023	523,075	730,982
Less: Management income	1	(70,283)	(76, 318)	(89,516)
Total operating expenditure)	3,874,640	3,749,427	4,117,429
Net surplus/(deficit) for the period	2	142,507	(40,000)	(2,613)

STATEMENT OF MOVEMENTS IN EQUITY FOR THE YEAR ENDED 30 JUNE 2006

	Actual 2006 \$	Budget 2006 \$	Actual 2005 \$
Accumulated funds as at 1 July	2,892,858	2,985,532	2,895,471
Net surplus/(deficit)	142,507	(40,000)	(2,613)
Total recognised revenues and expenses for the year	142,507	(40,000)	(2,613)
Accumulated funds as at 30 June	3,035,365	2,945,532	2,892,858

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2006

	Note	Actual 2006	Budget 2006	Actual 2005
		\$	\$	\$
A GGULLUL AMED TUNDG				
ACCUMULATED FUNDS General funds		3,035,365	2,945,532	2,892,858
TOTAL ACCUMULATED FUNDS		3,035,365	2,945,532	2,892,858
Represented by:				
• •				
ASSETS				
Current assets Cash and bank		36,535	5,250	17,449
Receivables and prepayments	3	237,265	178,081	273,180
GST	3	9,594	170,001	<i>د</i> 73,100
Short-term deposits	4	4,297,100	4,050,000	3,920,000
Total current assets		4,580,494	4,233,331	4,210,629
Total cultent assets		4,000,101	4,200,001	4,210,020
Non-current assets				
Investments	4	-	-	470,000
Fixed assets	5	89,966	91,411	66,951
Total non-current assets		89,966	91,411	536,951
Total assets		4,670,460	4,324,742	4,747,580
LIABILITIES				
Current liabilities				
Payables and accruals	6	425,465	295,000	626,514
Employee entitlements	7	71,323	30,000	53,871
GST	•	-	45,000	23,439
NZ / Japan YPEP Trust	8	9,482	1,170	9,170
Total current liabilities		506,270	371,170	712,994
Non-current liabilities				
Non-current nabilities				
Funds managed by Asia:NZ				
Korea Studies Programme	9	757,593	722,702	724,768
Orion Fund	10	329,981	235,000	370,000
Wools New Zealand	11	-	12,000	8,526
Mervyn Barnett Fund	12	41,251	38,338	38,434
Total non-current liabilities		1,128,825	1,008,040	1,141,728
Total liabilities		1,635,095	1,379,210	1,854,722
NET ASSETS		3,035,365	2,945,532	2,892,858
		0,000,000	~,0 10,00×	~,00~,000

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2006

Note	Actual 2006	Budget 2006	Actual 2005
	\$	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES	S		
Cash was provided from:			
Supply of outputs to the Crown	2,332,444	2,549,667	2,718,223
Other income	958,145	954,318	946,578
Interest received	282,124	207,025	228,120
Income on behalf of funds	76,803	74,735	160,188
	3,649,516	3,785,745	4,053,109
Cash was applied to:			
Payments to suppliers	(2,508,638)	(2,932,144)	(2,544,229)
Payments to employees	(1,022,071)	(1,051,279)	(1,045,954)
Payments on behalf of funds	(114,219)	(56,008)	(60, 439)
Net GST paid	(15,266)	(18,058)	(10, 168)
	(3,660,194)	(4,057,489)	(3,660,790)
Net cash flow from operating 14	(10,678)	(271,744)	392,319
activities	(20,010)	(~ (~) (~)	
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash was applied to:	/	(==	
Purchase of fixed assets	(63, 136)	(80,455)	(41,421)
Net cash flow from investing activities	(63,136)	(80,455)	(41,421)
Net (decrease)/increase in cash held	(73,814)	(352, 199)	350,898
Plus opening cash	4,407,449	4,407,449	4,056,551
Closing cash balance	4,333,635	4,055,250	4,407,449
Cook and hank	00.505	F 050	17 440
Cash and bank	36,535	5,250	17,449
Short-term investments	4,297,100	4,050,000	3,920,000
Term investments	4 000 007	4.055.050	470,000
Closing cash balance	4,333,635	4,055,250	4,407,449

STATEMENT OF COMMITMENTS AS AT 30 JUNE 2006

	2006	2005
	\$	\$
Non-cancellable operating lease commitments, payable:		
Due in less than one year	163,784	151,577
Due in more than one year and no more than two	163,784	151,577
years		
Due in more than two years and no more than five	441,941	454,732
years		
Due in more than five years	-	113,372
TOTAL	769,509	871,258

Operating leases include a photocopier lease and the office premises lease. A new office lease became effective on 1 April 2005. This lease 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.

STATEMENT OF CONTINGENT LIABILITIES AS AT 30 JUNE 2006

There were no contingent liabilities as at 30 June 2006 (2005 - Nil).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

Note 1: Analysis of Revenue

·	2006 \$	2005 \$
CROWN REVENUE	3	.
From the Ministry of Foreign Affairs & Trade		
Output Agreement	2,276,444	2,698,666
Funding carried forward	44,000	(44,000)
Additional funding	53,346	-
Underwriting for ABAC NZ Meeting	-	19,556
ABAC travel funding	91,730	65,404
	2,465,520	2,739,626
From NZ Aid		
Education programme	92,180	111,456
From Te Puni Kokiri		
Maori participation in ABAC	10,000	-
Total Crown Revenue	2,567,700	2,851,082
Lantern Festivals	388,661	339,366
Diwali Festivals	329,141	175,453
ABAC NZ meeting	-	92,500
Singapore Scholarships	65,981	60,125
ABAC meeting costs	8,526	6,242
Total project funding	792,309	673,686
DOMETTO WOOM		
DONATED INCOME		
Donated Assets:		700
Office equipment	-	799
Donated Services:	70.000	70.070
Lantern Festivals	78,008	73,273
Diwali Festivals ABAC NZ Meeting	90,932	71,545 10,000
Total donated income	168,940	155,617
Total donated income	100,540	133,017
MANAGEMENT INCOME		
Lantern Festivals	35,300	32,375
ABAC NZ meeting	-	27,500
Diwali Festivals	17,300	14,376
Singapore Scholarships	7,330	6,688
Korean Fund	3,818	5,021
NZ/Japan YPEP Fund	5,056	3,556
Orion project	1,479	
Total management income	70,283	89,516

Note 2: Net surplus/(deficit)

, , ,	2006 \$	2005 \$
The net surplus/(deficit) is after charging for:		•
Fees paid to auditors		
External audit	19,439	18,513
Taxation audit	-	4,500
Depreciation:		
Computer equipment & software	19,177	26,139
Festival Equipment	11,948	25,527
Furniture & fittings	4,283	4,143
Leasehold improvement	-	3,095
Office equipment	3,024	2,259
Total depreciation for the year	38,432	61,163
Rental expense on operating leases	163,538	147,957
Board of Trustees expenses	13,303	11,159
(Note: No fees were paid to the Trustees)	,	•

Note 3: Receivables and prepayments

	2006 \$	2005
		\$
Trade debtors	9,654	112,643
Interest receivable	197,627	143,650
Prepayments	29,984	14,700
Other receivables	-	2,187
Total receivables and prepayments	237,265	273,180

Note 4: Investments

	2006	2005
	\$	\$
Current - Short-term deposits	4,297,100	3,920,000
Non-current - Term deposits	-	470,000
Weighted average effective interest rates		
Short-term deposits	7.31%	6.86%
Term deposits	-	7.11%

REPRICING MATURITIES

	Less than 6 months	6-12 months	1-2 years	Total
2006				
Short-term deposit	2,342,100	1,955,000	-	4,297,100
TOTAL	2,342,100	1,955,000	-	4,297,100
2005				
Short-term deposit	2,380,000	1,540,000	-	3,920,000
Term deposits	-	-	470,000	470,000
TOTAL	2,380,000	1,540,000	470,000	4,390,000

Note 5: Fixed assets

	Cost	Accumulated Depreciation	Net Book Value
	\$	\$	\$
2006			
Festival equipment	146,482	94,579	51,903
Computer equipment	135,028	115,037	19,991
Furniture and fittings	64,567	54,482	10,085
Office equipment	35,401	27,414	7,987
Leasehold improvements	22,520	22,520	-
Total	403,998	314,032	89,966
2005			
Computer equipment	131,425	105,268	26,157
Festival equipment	106,771	86,940	19,831
Furniture and fittings	63,466	50,199	13,267
Office equipment	32,795	25,099	7,696
Leasehold improvements	22,520	22,520	-
Total	356,977	290,026	66,951

Note 6: Payables and accruals

	2006 \$	2005	
		\$	
Trade creditors	105, 822	80,253	
Grants payable	127,118	298,466	
Revenue in advance	46,154	197,500	
Accrued expenses	146,371	50,295	
Total payables and accruals	425,465	626,514	

Note 7: Employee entitlements

	2006	2005
	\$	\$
Annual leave	71,323	53,871

Note 8: New Zealand-Japan Young People's Exchange Programme (YPEP) Trust Account Asia:NZ manages this independent trust. The movements on the trust account

during the year are as follows:

	2006	2005
	\$	\$
Balance of trust account at 1 July	409,170	402,259
Income		
Interest received on bank deposits	28,367	24,966
Donation from Nakato Scholarship Foundation	25,000	-
Contribution to fund from Ministry of Foreign Affairs	130,000	-
Total income	183,367	24,966
Less: Expenditure		
Grants awarded	4,500	14,500
Nakato Scholarship grants awarded	25,000	-
Administration expenses	3,555	3,555
Total Expenditure	33,055	18,055
Balance of trust account at 30 June	559,482	409,170
Represented by:		
Investments	420,000	400,000
Balance with Asia:NZ	9,482	9,170
Contribution owing from MFAT	130,000	-
Balance of trust account at 30 June	559,482	409,170

Note 9: 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.

	2006 \$	2005 \$
Balance at 1 July	724,768	722,748
Income		
Interest apportioned	53,142	47,142
Donation from SangHa Co Ltd	21,304	-
Grants returned	376	5,089
Total Income	74,822	52,231
Less: Expenditure		
Grants & scholarships	38,179	45,190
Management fee	3,818	5,021
Total Expenditure	41,997	50,211
Balance at 30 June	757,593	724,768

Note 10: 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.

	2006 \$	2005 \$
Balance of fund at 1 July	370,000	-
Income:		
Funds transferred from current liabilities	-	235,000
Donation	-	135,000
Total income	-	370,000
Expenditure:		
Japanese teachers to New Zealand Programme (managed by Kansai NZ centre, Japan)	(23,742)	-
New Zealand Language Teachers to Japan Programme (managed by Asia:NZ)	(14,798)	-
Management fee paid to Asia:NZ	(1,479)	-
Total expenditure	(40,019)	-
Balance of fund at 30 June	329,981	370,000

Note 11: Wools New Zealand - Endowment Fund

The donation from Wools New Zealand is such that Asia:NZ has the right to any income from the fund. Capital may be utilised with the permission of the donor. During the year, this fund was fully utilised by funding part of the ABAC costs that were not covered by the Ministry of Foreign Affairs and Trade.

	2006 \$	2005 \$
Balance of fund at 1 July	8,526	14,768
Funds applied to ABAC costs	(8,526)	(6,242)
Balance of fund at 30 June	-	8,526

Note 12: Mervyn Barnett Fund – Endowment 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.

	2006 \$	2005 \$
Balance of fund at 1 July	38,434	16,125
Grant returned from 2002/03	-	19,924
Interest allocated to fund	2,817	2,385
Balance of fund at 30 June	41,251	38,434

Note 13: Employees' remuneration

Total remuneration and benefits	Number of Employees	
	2006	2005
Executive Director		
\$130,000 - \$140,000 (In office from 3 October 2005)	1	-
\$180,000 - \$190,000 (In office until 15 July 2005)	-	1
\$ - \$100,000	1	-
Other employees		
\$100,000 - \$110,000	2	-

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

	2006 \$	2005 \$
Net surplus/(deficit) from operations	142,507	(2,613)
Add/(less) non-cash items:		
Depreciation	38,432	61,163
Fund management charges	(8,853)	(8,577)
Income from Wools NZ Fund	(8,526)	(6,242)
Donated assets income	-	(799)
Debts written off	-	952
Other non-cash items	(2,910)	(787)
Total non-cash items	18,143	45,710
Add/(less) movements in working capital items:		
Decrease/(increase)/ in receivables	51,199	(94,545)
(Increase)/decrease in prepayments	(15,284)	35,992
(Decrease)/increase in payables	(29,700)	36,361
(Decrease)/increase in grants payable	(171,348)	178,599
Increase/(decrease)in employee entitlements	17,452	9,780
(Decrease)/increase in GST liability	(33,033)	8,218
Net working capital movements	(180,714)	174,405
Add/(less) movements in Funds Managed:		
Donation received for Orion Fund	-	135,000
Payments made on behalf of funds	(122,745)	(59,689)
Interest received on behalf of funds	84,327	74,493
Other income received on behalf of funds	47,804	25,013
Net movements in Funds Managed	9,386	174,817
NET CASH FLOW FROM OPERATING ACTIVITIES	(10,678)	392,319

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 and state-owned enterprises 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.

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 2006 (2005 – Nil). The interest rates on Asia:NZ investments are shown in Note 4.

ORGANISATION INFORMATION

Board of Trustees (as at 30/6/2006)

Chairman, Sir Dryden Spring

Peter Biggs, Jo Brosnahan, Ken Douglas ONZ, Howard Fancy, Lex Henry, Tim Gibson, Dr Manying Ip, Simon Murdoch, Michael Park, Vino Ramayah, Peter Springford, Wally Stone, Henry van der Heyden, Pansy Wong MP

Board of Honorary Advisers (as at 30/6/2006)

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 Sung-joo **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 30/6/2006)

Executive Director, John Austin **Deputy Executive Director,** Adele Mason

Director, Education, Pamela Barton **Director, Culture,** Jennifer King

Director, Communications, John Saunders **Director, Research and Policy,** Dr Rebecca Foley

Media Adviser, Charles Mabbett Schools Co-ordinator, Janine Chin

Project Co-ordinator/Webmaster, Melanie Crawford

ABAC Senior Adviser, Brian Lynch

Accountant, Leigh Taggart

Executive Assistant, Paula McLaughlin **Administrative Assistant,** Deborah Dredge **Communications Assistant,** Brent Wilson

Project Officer, Alice Story

DIRECTORY

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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

SPONSORS

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

Partners

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

Asia:NZ also receives support from:

ANZCO
Bell Gully
New Zealand Wool Board
Singapore Airlines
Meat New Zealand
NZAID
Korean supporters of the Korea Studies Programme
The Orion Programme

Sponsors:

The following made major monetary or in-kind contributions to specific Asia:NZ 2005/06 projects:

Diwali Festival 2005

The Diwali Festival of Lights was held in partnership with Auckland City in Auckland and Wellington City Council in Wellington. Main sponsors were Patak's, Telecom, Lion Foundation, SkyCity Auckland, AIA, More FM Auckland and Wellington, The Edge, TV3, Western Union, Radio Tarana, COSCO (New Zealand) and the Indian Council for Cultural Relations.

The Festival also received support from Te Papa Wellington, Capital E Wellington, City Gallery Wellington, Auckland Art Gallery and Auckland City Libraries.

Chinese Lantern Festival 2006

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, Telecom, Cathay Pacific, More FM Auckland and Canterbury, COSCO (New Zealand), New Zealand Messenger, Christchurch Red Bus, Canterbury Television, Christchurch Casino, The Canterbury Community Trust, Lion Foundation, The Southern Trust and COSCO (New Zealand).

The Festival also received support from Pride of Auckland, South City Centre, Christchurch Centre of Contemporary Art and Empress Garden Restaurant.

Singapore Scholarship Programme

The Lee Foundation (Singapore) and Singapore Airlines.



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