

2008 2009



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

For the year ended 30 June 2009



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MISSION STATEMENT

The Asia New Zealand Foundation (Asia:NZ) mission is to build and sustain New Zealanders' knowledge and understanding of the countries, people, cultures and languages of Asia, so they can develop more extensive and effective economic and cultural relationships in the region.

CHAIRMAN'S REPORT

Asia's impact on New Zealand is more important now than ever and New Zealanders are starting to take note. According to a recent national opinion survey by Colmar Brunton, Asia's influence can be felt throughout New Zealand – across regions, industry sectors and demographic groupings.

Since the Asia New Zealand Foundation was established in 1994 it has been at the forefront of building New Zealanders' knowledge and understanding of Asia. But the work of Asia:NZ today is not just about equipping New Zealanders to be more effective in Asia, it is also about preparing New Zealanders for a world increasingly focused on a globalised Asia, led by the Asian superpowers – China, Japan and India.

For a while, given their relatively healthy financial positions, many of the economies of Asia seemed to be insulated from the economic malaise that has characterised the 2008/09 financial year. But no part of the world is immune from a global crisis and Asia has begun to feel its impacts.

Fortunately some of New Zealand's most significant relationships and agreements were forged with Asian countries well before the global downturn hit. New Zealand has long been a dialogue partner for ASEAN and it is now a member of the East Asia Summit.

The signing of a free trade agreement with the People's Republic of China in April 2008 was a clear sign of the importance New Zealand government and businesses place on strengthening relationships with Asia. In addition to China, there are now in place free trade agreements with Singapore and Brunei, with Thailand, and with ASEAN. Negotiations are underway with Malaysia, Korea and India and a joint study with Japan has commenced. Today, New Zealand's export trade is more Asia-centric than ever with 10 of our top 20 markets in Asia.

As the economic turmoil deepens, Asian economies are strengthening their regional integration and co-operation and New Zealand is in a good position to participate in these processes.

New Zealand can and should play an important role in the emerging architecture of Asia. The last Asian crisis in 1997 was not seen to be of much consequence to New Zealand, but this time it is different. Indeed our own recovery from the current economic crisis will depend to a significant extent on how well our Asian trading partners fare.

While the immediate future may look grim, we can be reassured that our close ties with the countries of Asia will pay dividends when the global economy starts to pick up. Leveraging off our relationships in the region during this period of uncertainty is crucial. As the crisis has brought to light – we are more part of the Asian region than we thought we were.

For the past 20 years, successive New Zealand governments, as well as the business and education sectors, have been seeking to position New Zealand as an active participant in Asia. An important component of this has been the opening up of New Zealand to immigration and tourism from Asia. As a result, the number of people from Asia wanting to live in New Zealand has risen steadily over the past two decades. New Zealand's Asian populations will continue to grow as our country's dependence on the Asian region increases.

In New Zealand, the Foundation plays a crucial role in bridging cultural gaps by bringing thousands of New Zealanders into contact with Asian cultures through festivals, exhibitions and performances.

This year, big crowds once again enjoyed exciting performances at the Diwali Festivals in Wellington and Auckland, and the Chinese Lantern Festivals in Auckland and Christchurch. February 2009 marked the tenth anniversary of the Auckland Lantern Festival and it is a tribute to the important contribution made by Chinese New Zealanders and our supporters that the festival has been such a long-running success.

Today, nearly one in five Aucklanders are of Asian heritage, making Auckland as much an 'Asian' city as it is a Pacific one. With cultural diversity comes new industry, creativity and humanity, adding colour, vigour and variety to New Zealand's largest and most cosmopolitan city.

The contemporary picture reveals that Asians in New Zealand are of significant social and economic importance to this country. They are highly motivated, ambitious and achievement-oriented and they are playing a key role in shaping New Zealand's future.

In 2008/09, Asia:NZ continued to make significant progress towards developing links in education. One of the highlights of the year was the continuation of the Asia Aware Principals' forums aimed at providing principals, as leaders of change within school communities, with the opportunity to explore ways to add an Asian dimension to students' learning experiences. Held in eight regional centres around the country, the forums, which were run in association with the Ministry of Education, have been a resounding success.

The Young Leaders Network, now in its third year, is another way that Asia:NZ is helping to encourage our young people to connect with others throughout the region. It also provided experiences to build skills for the more than 289 network members.

Fifteen years ago, convincing New Zealanders that their future prosperity and security would be linked with the Asian region was still a challenging prospect. Today, one of the most compelling factors driving young New Zealanders to learn more about Asia is their openness to change and their keenness to be equipped with new skills and knowledge.

The media, through its coverage of Asian affairs plays a significant role in making the countries of Asia more accessible to New Zealanders. During the year Asia:NZ continued to support and fund high quality reporting of Asian issues to ensure better knowledge and understanding of the peoples and cultures of Asia.

During the year we continued to commission valuable research to explore all aspects of New Zealand's engagement with Asia. One such study was a string of reports as part of the *Outlook* series examining the changing demographics and growing Asian populations in Christchurch, Dunedin and Wellington, following earlier research in Auckland.

Asia:NZ's *Perceptions of Asia 2008* report released by Asia:NZ in late January 2009 was another important study which showed that an increasing number of New Zealanders recognise Asia's importance to New Zealand's future. Trade and the impact of economic growth and tourism were among the positively viewed elements of New Zealand's relationship with Asia.

The year also witnessed the acceptance by the New Zealand Governor-General as the patron of Asia:NZ – a clear indication of the Foundation's increasingly relevant role – and the first meeting of the Foundation's honorary advisers, all of whom are leaders of distinction in Asia, which was held in Singapore in February. The Governor-General visited India in September 2008, accompanied by the deputy executive director of the Foundation.

The past 12 months have seen New Zealand's relations with the countries and peoples of Asia deepen and expand dramatically. I would especially like to thank Richard Grant, our executive director, and his team for their ongoing energy, enthusiasm and professionalism, without which the achievements of the past year would not have been possible.

May I also take this opportunity to thank departing board member, Hon Pansy Wong, for her significant contribution to the Foundation and congratulate her on her appointment as New Zealand's first Asian minister in government. In addition I extend my appreciation to H.E. Mr Lee Hsien Loong, Prime Minister of Singapore for his commitment and support to the Foundation over his 15 years as honorary adviser.

My thanks also to His Excellency the Governor-General, the Prime Minister, the Minister of Foreign Affairs, other ministers and parliamentarians from all parties who have participated in and supported Asia:NZ activities throughout the year, and to our board of honorary advisers, to my fellow members of the board of trustees and to our business partners for their continued support.

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



HON PHILIP BURDON

Chairman

24 September 2009

EXECUTIVE DIRECTOR'S REPORT

The countries of Asia are important to New Zealand. In the future they will become even more so. Asia New Zealand Foundation's ongoing challenge is to build New Zealanders' knowledge and understanding of the region to reflect this reality.

New Zealand is looking more and more to Asia and New Zealanders are increasingly viewing Asia as the most significant region to this country's future. Our connections with the countries of Asia are deepening and diversifying and the Foundation has a crucial role to play to ensure New Zealanders continue to interact with the peoples of Asia with confidence and sophistication.

In the 2008/09 year the team at Asia:NZ continued to work tirelessly to raise awareness of Asia in New Zealand. It is a credit to their dedication and hard work that we are achieving a stronger Asian dimension in New Zealand and that New Zealanders' perceptions of Asia are changing.

Last year was the first opportunity for the Foundation to explore the impact of its three-year strategic plan on those who have benefited directly from our programmes, initiatives and grants. The overall survey results, conducted by Colmar Brunton, were very positive, clearly indicating that Asia:NZ has helped its stakeholders to engage effectively with Asia. Three-quarters of stakeholders say that over the past 12-months Asia:NZ has helped the engage with the peoples and countries of Asia.

During the year Asia:NZ continued to touch thousands of New Zealanders in all walks of life and it is clear the Foundation's activities are attracting more and more attention through its wide range of business networks, cultural events, grants, education programmes, support for quality journalism, research and website.

Against the backdrop of the global financial crisis, Asia:NZ continued to provide opportunities for New Zealand business people to engage with the region. During the year Asia:NZ hosted a series of business networking functions, which included presentations by senior New Zealand businesspeople whose companies have been successful in the Asian region, including Richard Aitken, group chief executive officer of BECA, Stephen Tindall, founder of The Warehouse and Tindall Foundation, John Palmer, chairman of Air New Zealand and Andrew Ferrier, CEO of Fonterra. In addition, the Foundation held networking events aimed at company CEOs in Auckland, Dunedin and Palmerston North.

The Action Asia Advisory Group, an Asia:NZ initiative which evolved from the successful Action Asia Business Summit in 2007, held a series meetings throughout the year, chaired by Asia:NZ chairman, Hon Philip Burdon. The Advisory Group is a network of high-level business people and provides a forum for business leaders to discuss ways of developing greater involvement with Asia.

In October, Asia:NZ supported the India Business Forum organised by Auckland University of Technology (AUT). Attended by some 250 business people from a variety of industry sectors, the Forum offered participants advice on doing business in Asia by well-known New Zealand and Indian businessmen.

Another highlight was the Korea-New Zealand Business Roundtable Forum organised by the New Zealand International Business Forum, and supported by Asia:NZ. Held in Seoul, South Korea in June to coincide with the first round of negotiations for a South Korea New Zealand free trade agreement, a delegation of 30 senior New Zealand business people with interests in South Korea and 40 Korean representatives with interests in New Zealand attended the two days of events to discuss about the collaborative projects South Korean and New Zealand firms are engaged in.

Asia:NZ was invited by the APEC Business Advisory Council (ABAC) Singapore to host the first ABAC meeting of 2009 on behalf of New Zealand. Held in February in Wellington, the meeting looked at such issues as regional economic integration, sustainable growth and capacity building.

In 2008/09, Asia:NZ expanded its professional development opportunities for the arts sector. Now in its third year, the Asia:NZ/Korea Foundation artist-in-residence exchange placed Kushana Bush at the National Art Studio at the National Museum of Contemporary Art, Seoul, Korea and Korean artist Jimin Kim with the Arts Centre, Christchurch.

Writer Carl Shuker spent three months at Tokyo Wonder Site as the inaugural New Zealand artist-in-residence under the JENESYS programme run by the Japan Foundation. New media artist Janet Lilo travelled to Sapporo, Japan in the first half of 2009 as the second New Zealand artist in the programme.

The Wellington Asia Residency Exchange, supported by Asia:NZ and Wellington City Council, entered its second year, with Ai Sasaki and Sayaka Ishizuka, both from Japan, spending two months each at the Bolton Street Cottage, and installation artist Ding Jie from China undertaking the residency in late 2008. The Foundation is also working with institutions in Auckland to host an artist from the Taipei Artist's Village, and developing other residency programmes in Beijing and Singapore.

Asia:NZ's cultural grants programme continued to support prominent events that feature Asian content, including the Auckland Writers and Readers Festival, the Hamilton Gardens Summer Festival, the Cuba Street Carnival, the Christchurch Arts Festival and the Royal New Zealand Ballet's trip to China.

Another highlight of the year was the launch by the Governor-General (and patron of Asia:NZ) of *Crescent Moon: the Asian Face of Islam in New Zealand*, a book authored by Adrienne Jansen with photos and parallel exhibition by renowned documentary photographer Ans Westra.

2008/09 was a bumper year for festivals – both new and established. In August some 20,000 people attended Wellington's first Southeast Asian night market at the TSB Bank Arena, Queens Wharf. The night market, organised in partnership with Wellington City Council with the help of ASEAN diplomatic posts and community representatives, was a huge success with spicy snack stalls, Thai, Philippine and Vietnamese martial arts performances, Indonesian wayang kulit puppets, dance and gamelan, and demonstrations of batik printmaking. It is planned to shift this exciting new event to an outdoor venue in the summer months in future years.

In October, huge crowds gathered in Auckland and Wellington for the seventh annual Indian Diwali Festival of Lights, organised in partnership with the two city councils. In Auckland, the Festival moved to a new home at the prestigious Viaduct Basin. In Wellington, for 10 days prior to the actual Festival day at the TSB Bank Arena, Queens Wharf a full Diwali programme run which included exhibitions, a classical concert and a Garba night.

As well as the ever-popular Bollywood dance competitions, the festivals featured a Bihu dance group from Assam, classical musicians accompanied by a Kathak dancer from India's holy city of Varanasi, and a Bollywood dance teacher from the Sydney-based India Dance Centre.

The festival season concluded in February with magical Chinese New Year Lantern Festivals in Auckland and Christchurch. To mark the tenth anniversary of the Festival in Auckland, the city council held a VIP reception at Old Government House. Guests were led in procession by the lion dance to the Albert Park stage for the opening ceremony with New Zealand Prime Minister, John Key.

The Year of the Ox saw the biggest lantern display to date. Auckland's Guangzhou sister city contributed a large 'Year of the Ox' lantern installation, and the Hong Kong Economic and Trade Office commissioned a spectacular Hong Kong skyline lantern. Red lanterns provided by Auckland City Council lined neighbouring streets in the run up to the event.

Visiting performers from China included the 23-member Wu Opera group from Zhejiang, with its Nine Lion puppet performance, the Zizhong rod puppets from Sichuan and the Yangpu District Children's Palace from Shanghai.

Auckland City Council estimated that some 220,000 people visited the Festival over its three days, while in Christchurch it was estimated that some 50,000 attended the city's fifth Lantern Festival.

Asia:NZ's commitment to building awareness of Asia through its Lantern and Diwali Festivals' parallel schools programme continued in 2008/09. Approximately 6000 students from 39 schools participated in performance workshops and/or lantern-making competitions this year, with a number of schools now incorporating the festivals into their classroom programmes every year.

As part of the Foundation's three-year education strategy, more than 200 primary and secondary school principals attended Asia Aware forums in regional centres across New Zealand. The forums, which were run in partnership with the Ministry of Education, were designed to raise awareness of the importance of Asia to New Zealand and provide principals with skills, knowledge and resources to enable them to improve Asia awareness in schools.

Principals accepted the impact Asia was having on New Zealand with the statistics presented but also identified a number of challenges to increasing Asia awareness in schools such as lack of knowledge about Asia, limited resources and funding, competing priorities and resistance from some quarters. To support schools, Asia:NZ has a number of initiatives such as professional development opportunities for principals and teachers both on- and off-shore, awards and scholarships for students, website with links to resources and grants to support school study tours and 'Asia Aware' initiatives.

Many principals have pledged to incorporate Asian studies into their curricula, and to introduce cross-cultural activities such as international days and food festivals. Many are also keen to offer professional development opportunities to their staff including study trips to Asia.

Indeed Asia:NZ study visits continue to be one of the highlights of the Foundation's education programme. During 2008/09 nearly 150 students from over 30 schools and 16 teachers participated in study visits to Asia to enhance their learning and consolidate relationships with their Asian counterparts.

The Young Leaders Network, now in its third year, is continuing to connect young people throughout the region. This year's Young Leaders Forum brought 37 participants to Wellington in November. During the week-long programme, participants were set the challenge of raising money for UNICEF. Through a variety of activities, the teams raised more than \$26,000 in just four days. At the conclusion of another successful year, the network has some 289 members, with more than 30 of these either studying or working in Asia.

A new addition to the Young Leaders events was a very successful offshore forum in Singapore. Nineteen young leaders from Singapore, Asia and New Zealand spent three days learning more about Singapore-New Zealand relations at briefings and roundtable sessions.

A key focus during the year was to grow the network across New Zealand through regional clusters. Each cluster took the initiative to build Asia:NZ relations through a variety of activities, such as the successful "Asian Scarfies" event, which enabled Otago University students to learn about the experiences of four international students settling into life in New Zealand, and a roundtable discussion in Wellington led by two Muslim young leaders from Indonesia.

Exciting events in which young leaders took part during the year included the International Sustainable Cities Forum held in Auckland in March and the Asia Society's 19th Asian Corporate Conference in Vietnam. Young leaders also took part in a number of Track 2 events, such as the first ASEAN-Australia-New Zealand tripartite Track 2 Dialogue in December and the 23rd Asia-Pacific Roundtable meeting in June, both held in Kuala Lumpur, Malaysia.

Two young leaders undertook internships at KPMG in Viet Nam and two at the Industrial Technology Research Institute in Taiwan. Another two young leaders accompanied Asia:NZ deputy chairman, Richard Nottage and Asia:NZ business director, James Penn to the Korea New Zealand Business Roundtable in Seoul, Korea.

Over the past 12 months Asia:NZ has continued to support quality current affairs reporting of Asia and professional development opportunities for New Zealand journalists, reflecting the region's growing importance to New Zealand.

Events that received extensive coverage in the New Zealand media included the Beijing Olympic Games, China's economic stimulus package, North Korea's nuclear weapons programme, the 20th anniversary of the Tiananmen Square massacre, political turmoil in Thailand, Japan's economic woes and elections in India and Indonesia.

Many of these issues were also explored at the Asia:NZ 'Foreign Policy in Asia' media seminar which was held in Auckland in November and attended by about 50 journalists. Speakers included New Zealand journalists Anna Fifield (*Financial Times*, Beirut) and Jamil Anderlini (*Financial Times*, Beijing), as well as Dr Sidney Jones of the International Crisis Group in Jakarta, independent Bangalore-based journalist Dr Sudha Ramachandran, former Al Jazeera news executive Trish Carter, Dr Jian Yang of the University of Auckland and Ministry of Foreign Affairs and Trade trade negotiator Vangelis Vitalis.

New Zealand Listener business feature writer Rebecca Macfie received a 2009 Qantas print media award for best magazine feature writer in the business sub category for her outstanding reporting of the China New Zealand free trade agreement. Ms Macfie's May 2008 cover story 'Key to the Kingdom' was made possible by an Asia:NZ media travel grant that enabled her to travel to China in April 2008.

Ms Macfie also received a 2009 Asia:NZ media travel grant to return to China for a follow-up to her Qantas award-winning assignment. Ms Macfie is one of 30 journalists who received funding from Asia:NZ's media programme during the year for assignments or work placements in a range of Asian countries including India, China, Japan, Viet Nam, Indonesia, Sri Lanka, Philippines, Cambodia and South Korea

Asia:NZ also supported internships and field trips for 14 young graduate journalists from AUT, Massey University and the University of Canterbury journalism schools to Indonesia, India, Cambodia, Philippines and China.

For the first time Asia:NZ supported AUT's Pacific Media Centre Visiting Asian Fellowship programme. The inaugural recipient is Burmese journalist Violet Cho, an ethnic Karen refugee who writes for *Irawaddy* magazine in Thailand. Asia:NZ also hosted two Chinese reporters on work placement at *The Dominion Post* as part of its exchange programme with the *Shanghai Daily*.

Asia:NZ's flagship series of research publications, the Outlook papers, released reports on Asians in Christchurch, Dunedin and Wellington (all written by Auckland University geographer Dr Wardlow Friesen). The next series of *Outlook* papers on the diaspora of New Zealanders in Asia, was also commissioned during the year and will feature reports on New Zealanders in South Asia, Southeast Asia and China, as well as a paper on why New Zealand should engage with its diasporic populations.

Asia:NZ released its annual tracking survey of New Zealanders' perceptions of Asia in November 2008 and followed that up with analysis on the impact of the Beijing Olympics on those perceptions. Surveys were also undertaken of Asia:NZ's young leaders and Asia:NZ's Diwali and Lantern Festivals.


2008/09 also saw Asia:NZ embark on external evaluations of two of its initiatives – the Young Leaders Forums and research grants. Research was also commissioned to explore Asian graduates from business schools in New Zealand and New Zealanders' experiences of doing business in Japan and South Korea.

During the year Asia:NZ hosted visits from Dr Malcolm Cook and later, Alex Duchon, both from the Lowy Institute for International Policy in Sydney and attended the Track 2 ASEAN-ISIS Asia Pacific Roundtable in Kuala Lumpur, Malaysia and the Shangri-La Dialogue in Singapore. Asia:NZ also held or participated in Track 2-related meetings and dialogues in Australia, Malaysia, the United States, China and Japan.

In late November 2008 Asia:NZ relaunched its website – asianz.org.nz – as *Asia:NZ online*. *Asia:NZ online* is now the Foundation's principal means of communication, providing readers with a virtual pool of expertise on New Zealand-Asia relations in the fields of business, arts and culture, media, research, Track 2 and education. In addition to daily updates of the Foundation's activities, readers can stay informed through a free monthly e-newsletter or receive on-demand alerts through subscriptions to RSS newsfeeds on the areas of their choice.

Feedback from users has been very positive, an impression confirmed by Asia:NZ's web traffic statistics. On average, the number of visits to the website had increased by about 74 percent compared to last year. In addition, readers now spend longer on the site and view more pages per visit. Readers are returning more frequently, and repeat visitor numbers have increased by 95 percent.

All in all, 2008/09 was another busy year for Asia:NZ. I would like to thank our talented and dedicated staff who have consistently gone the extra mile to achieve outstanding results for the year. May I also take this opportunity to thank the Board of Trustees and Honorary Advisers for their guidance and support along with members of parliament, our core sponsors and external partners for their continued support and commitment.



DR RICHARD GRANT

Executive Director

24 September 2009

A detailed list of the 2008/09 grants can be found on Asia:NZ's website at www.asianz.org.nz/about-us/governance/annual-report

GOVERNANCE AND ACCOUNTABILITY STATEMENT

Role of the Board

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

- Communicating with the Responsible 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 Responsible Minister on plans and progress against them.
- Maintaining effective systems of internal control.
- Setting strategic direction.
- Approving policies.
- Delegating authority to the executive director.

Structure of the Asia New Zealand Foundation

ASIA:NZ OPERATIONS

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

MFAT/TREASURY REVIEW OF ASIA:NZ

Following an external review of Asia:NZ in 2006/07 by the New Zealand Treasury and the Ministry of Foreign Affairs and Trade, Asia:NZ has implemented a number of recommendations. These contribute to Asia:NZ's effectiveness, processes and capability and changes to its governance and financial management.

BOARD COMMITTEES

The board may set up committees to provide a more detailed level of focus on particular issues. Committees are delegated responsibility for governance, policy making and monitoring of the organisation's progress toward meeting objectives stated in policies. Committees do not involve themselves in operational matters. The board has established an Executive Committee to assist in strategy planning, managing and monitoring the performance of the executive director and monitoring organisational performance and reporting. In addition the board maintains an audit and risk committee that meets twice each year, including a meeting with the external auditors. At the 10 August 2008 board meeting, authority was delegated to a committee to approve the policy on declarations of interest.

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 held three meetings during 2008/09 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.

DECLARATIONS OF INTEREST

The board maintains an interests register and ensures board members are aware of their obligations to declare interests. A new declaration of interests policy has been developed as part of responding to the external review of Asia:NZ.

INTERNAL CONTROLS

While many of the board's functions have been delegated, the overall responsibility for maintaining effective systems of internal control ultimately rests with the board. Internal controls include the policies, systems and procedures established to provide assurance that specific objectives of the board will be achieved. The board has acknowledged its responsibility by signing the Statement of Responsibility on page 15 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 2009

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

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

In the opinion of the board of Asia:NZ the financial statements and statement of service performance for the year ended 30 June 2009 fairly reflect the financial position and operations of Asia:NZ.



HON PHILIP BURDON
Chairman
24 September 2009



RICHARD NOTTAGE
Deputy Chairman
24 September 2009

**AUDIT REPORT
TO THE READERS OF THE
ASIA NEW ZEALAND FOUNDATION'S
FINANCIAL STATEMENTS AND STATEMENT OF SERVICE
PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2009**

The Auditor-General is the auditor of Asia New Zealand Foundation (Asia:NZ). The Auditor-General has appointed me, Stephen Lucy, using the staff and resources of Audit New Zealand, to carry out the audit. The audit covers the financial statements and statement of service performance included in the annual report of Asia:NZ for the year ended 30 June 2009.

Unqualified Opinion

In our opinion:

- The financial statements of Asia: NZ on pages 24 to 46:
 - comply with generally accepted accounting practice in New Zealand; and
 - fairly reflect:
 - Asia:NZ's financial position as at 30 June 2009; and
 - the results of its operations and cash flows for the year ended on that date.
- The statement of service performance of Asia:NZ on pages 19 to 23:
 - complies with generally accepted accounting practice in New Zealand; and
 - fairly reflects for each class of outputs:
 - its standards of delivery performance achieved, as compared with the forecast standards outlined in the statement of forecast service performance adopted at the start of the financial year; and
 - its actual revenue earned and output expenses incurred, as compared with the forecast revenues and output expenses outlined in the statement of forecast service performance adopted at the start of the financial year.

The audit was completed on 24 September 2009, and is the date at which our opinion is expressed.

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

Basis of Opinion

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

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

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

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

Audit procedures generally include:

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

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

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

Responsibilities of the Board and the Auditor

The Board is responsible for preparing the financial statements and statement of service performance in accordance with generally accepted accounting practice in New Zealand. The financial statements must fairly reflect the financial position of Asia:NZ as at 30 June 2009 and the results of its operations and cash flows for the year ended on that date. The statement of service performance must fairly reflect, for each class of outputs, Asia:NZ's standards of delivery performance achieved and revenue earned and expenses incurred, as compared with the forecast standards, revenue and expenses adopted at the start of the financial year. The Board's responsibilities arise from the Public Finance Act 1989 and the Trust Deed.

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

Independence

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

Other than the audit, we have no relationship with or interests in Asia:NZ.



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

Matters Relating to the Electronic Presentation of the Audited Financial Statements and Statement of Service Performance

This audit report relates to the financial statements and statement of service performance of Asia New Zealand Foundation for the year ended 30 June 2009 included on the Asia New Zealand Foundation's website. The Asia New Zealand Foundation Board is responsible for the maintenance and integrity of the Asia New Zealand Foundation's website. We have not been engaged to report on the integrity of the Asia New Zealand Foundation's website. We accept no responsibility for any changes that may have occurred to the financial statements and statement of service performance since they were initially presented on the website.

The audit report refers only to the financial statements and statement of service performance named above. It does not provide an opinion on any other information which may have been hyperlinked to or from the financial statements and statement of service performance. 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 statement of service performance and related audit report dated 24 September 2009 to confirm the information included in the audited financial statements and statement of service performance presented on this website.

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

STATEMENT OF OBJECTIVES AND SERVICE PERFORMANCE

In 2008/09, 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:

“The promotion of increased knowledge and understanding of Asia by New Zealanders so they can develop more extensive and effective economic and cultural relationships in the region”

Outcomes

This output is focused on the following outcomes:

- Contribute to New Zealand’s increased economic development
- Build New Zealand’s relationships and profile
- Prepare New Zealanders to increase their engagement with Asia

Strategies

Strategies to be adopted to deliver against these outcomes include:

- Take a leadership role in advancing a business-driven agenda responding to the Action Asia business conference
- Create the environment for New Zealanders to build influential networks in the region
- Build capacity of New Zealanders to leverage opportunities and linkages in the region

Activities

Particular note has been made of the recommendations of the external review of Asia:NZ that the organisation should seek to align its offshore programmes with New Zealand’s specific foreign and trade policy priorities. It should enhance private sector linkages, take a leadership role in Track 2 relationships, step up outreach with international networks including the Asia:NZ honorary advisers programme and existing offshore partnerships and build influential networks in the region. Activity included:

- Activity to advance the Action Asia recommendations
- Influencing and advising policy related to economic development and a leadership role in Track 2 engagement between New Zealand and Asia
- a programme of international engagement in the Asian region
- a Young Leaders Network and associated programmes
- introducing new capacity-building measures for businesses and supporting complementary Asian literacy programmes through education, culture and community activities and pathways with appropriate partners
- professional development for New Zealanders to build capacity of Asian knowledge
- working with local government to extend knowledge of Asia in the community
- initiatives and research to ensure transfer of Asia knowledge across New Zealand

STATEMENT OF OBJECTIVES AND SERVICE PERFORMANCE (CONTINUED)

Financial performance under this output is summarised below.

	Actual 2009 \$	Budget 2009 \$	Actual 2008 \$
Revenue			
Crown Output Agreement	4,000,000	4,000,000	3,691,786
Other revenue	2,129,307	2,263,269	1,884,326
Total revenue	6,129,307	6,263,269	5,576,112
 Total expenses	 6,117,284	 6,577,639	 (5,506,336)
 Net surplus for the period	 12,023	 (314,370)	 69,776

All activities are funded either by the Crown output agreement \$4,000,000 (2007/08 \$3,691,786) or from other revenues of \$2,129,307 (2007/08 \$1,884,326).

The output agreement specifies certain activities and outcomes to be achieved with the funding provided. For each activity and outcome, performance measures have been established and results are detailed below. Please note activities funded from other revenues may also contribute towards the same output agreement outcome.

STATEMENT OF OBJECTIVES AND SERVICE PERFORMANCE (CONTINUED)

Measure	Result
Survey of Asia:NZ constituents and grantees indicating increased capacity to engage with Asia	<p>An on-line survey developed by Colmar Brunton “<i>Measuring the Success of the Asia New Zealand Foundation</i>” was sent out to Asia:NZ constituents and grantees involved during the reporting period. This survey was designed to measure the impact of Asia:NZ programmes.</p> <p>Three-quarters of stakeholders (74 percent) say that, over the past 12 months, Asia:NZ has helped them to engage with the peoples and countries of Asia. The main reasons for saying this centre on the range of networking opportunities provided by Asia:NZ (42 percent), an enhanced knowledge of Asian culture (29 percent), and assistance with travel to Asia (25 percent).</p>
Documented evidence of increased activity and engagement with Asia by constituents and grantees	<p>The survey “<i>Measuring the Success of the Asia New Zealand Foundation</i>” requested information from constituents and grantees about what Asia:NZ has helped them to achieve over the past 12 months. Three-quarters of stakeholders (77 percent) say that Asia:NZ has assisted them to meet new people and make new contacts, while one-fifth say that Asia:NZ has assisted them to deliver a presentation or speak at an event (22 percent), and one fifth say Asia:NZ has helped them to begin a new project or initiative (21 percent).</p> <p>Those involved in Asia:NZ’s business programme and Young Leaders Network appear particularly likely to benefit from the assistance that Asia:NZ provides to meet new people and make new contacts (93 percent and 96 percent say Asia:NZ has helped them do this, respectively).</p>
Feedback from government stakeholders indicating progress in alignment of Asia:NZ programmes and activities to government priorities in Asia	<p>This measure comes from the recommendations of the external review of Asia:NZ commissioned by the Ministry of Foreign Affairs and Trade (MFAT) and New Zealand Treasury. It includes recommendations on strategy, engagement with business and with networks of influence in the Asian region, strengthened governance arrangements and changes to financial reporting.</p> <p>Asia:NZ has implemented the first year of a three-year strategy developed with the recommendations of the external review in mind. It has worked with MFAT and diplomatic posts in Asia to support government priorities in Asia through supporting business dialogues, a programme for the board of honorary advisers, planning and implementing a programme of Track 2 engagement, and liaising with diplomatic posts when sending grantees to Asia.</p> <p>Strengthened governance systems and policies have been introduced, including an updated board charter, committee terms of reference, risk management plan, legislative compliance reporting, a code of conduct, and a declaration of interests policy.</p>

STATEMENT OF OBJECTIVES AND SERVICE PERFORMANCE (CONTINUED)

Measure	Result
Increased awareness of Asia:NZ and the importance of Asia by New Zealand public	<p>From the Colmar Brunton <i>"Perceptions of Asia"</i> report during the period:</p> <p>Awareness of Asia:NZ:</p> <p>Those surveyed were asked if they were aware of Asia New Zealand Foundation and what they know about this organisation.</p> <p style="padding-left: 40px;">2007/08 actual 23 percent 2008/09 goal 25 percent 2008/09 actual 24 percent</p> <p>Importance of Asia:</p> <p>Three-quarters (75 percent) of New Zealanders see the Asia region as 'important' to New Zealand's future, up from 71 percent in 2007. The Asia region is rated as 'more important' than Europe (67 percent rated this region as 'important') and North America (55 percent rated this region as 'important'). Only the South Pacific region (including Australia) is rated as 'more important' to New Zealand's future than Asia (86 percent of New Zealanders rate the South Pacific region as 'important' to New Zealand's future).</p> <p style="padding-left: 40px;">2007/08 actual 71 percent 2008/09 actual 75 percent</p>
Increase in number of unique and return visits to Asia:NZ website	<p>Unique visits:</p> <p style="padding-left: 40px;">2007/08 actual 54,189 2008/09 goal 59,607 (10 percent increase) 2008/09 actual 94,282 (74 percent increase)</p> <p>Return visits:</p> <p style="padding-left: 40px;">2007/08 actual 17,576 2008/09 goal 20,212 (15 percent increase) 2008/09 actual 34,320 (95 percent increase)</p>

STATEMENT OF OBJECTIVES AND SERVICE PERFORMANCE (CONTINUED)

In addition to the performance measures noted in the output agreement, Asia:NZ provides for external evaluations of two elements of its strategic plan every year. The results of these are used to inform further development of programmes. During the 2008/09 year, evaluations were undertaken as follows:

Measure	Result
Operational evaluation of the November 2008 Young Leaders' Forum	An evaluation carried out by Scanlan Communications Limited, Christchurch, showed that it is a successful event that acts as an intensive catalyst for binding and upskilling a discrete community of young people who are likely to be at the forefront of New Zealand-Asia relations in the future.
Operational evaluation of the research grant programme	<p>An evaluation was carried out by Alexander Duchon of the Lowy Institute, Sydney, Australia, during March 2009. The following are extracts from that report:</p> <p>“Asia:NZ is highly respected by the research community and others involved in or exposed to its research work. Asia:NZ is building its reputation as a voice of reason, using its limited means energetically and passionately to achieve its goals of fostering Asia-New Zealand engagement. Both the research grants programme and the broader research programme of the organisation are conducted with a sound strategic approach and are generating important and useful work.”</p> <p>“The grants are encouraging a new generation of Asia specialists, contributing to the body of research work generated by Asia:NZ and creating a valuable resource for a wide audience of interested academics, policy makers and business groups. Asia:NZ is one of few organisations which contribute usefully to the New Zealand policy landscape by producing an evidence base for decision-making and public debate. Its research was described by respondents as a helpful repository of knowledge - interesting, objective, robust, and practical in orientation.”</p>

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2009

	Note	Actual 2009 \$	Budget 2009 \$	Actual 2008 \$
Income				
Crown Revenue	2	4,328,952	4,420,000	3,800,507
Project Funding	2	1,029,661	1,162,155	931,651
Interest Income		304,535	299,879	259,231
Core Sponsorship		145,000	145,000	145,000
Donated Income	2	242,804	236,235	419,579
Other Revenue		78,355	-	20,144
Total income		6,129,307	6,263,269	5,576,112
Expenditure				
Crown funded activities		4,251,149	4,420,000	4,235,456
Project expenditure		1,347,862	1,398,390	1,148,344
Other expenditure		541,719	814,370	220,315
Less: Management Income	2	(23,446)	(55,121)	(97,779)
Total expenditure		6,117,284	6,577,639	5,506,336
Net surplus/(deficit) for the period		12,023	(314,370)	69,776

Explanations of significant variances against budget are detailed in note 24.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2009

	Actual 2009 \$	Budget 2009 \$	Actual 2008 \$
Accumulated funds as at 1 July	3,694,999	3,415,347	3,625,223
Net surplus/(deficit) for the year	12,023	(314,370)	69,776
Total recognised revenues and expenses for the year ended 30 June	12,023	(314,370)	69,776
Accumulated funds as at 30 June	3,707,022	3,100,977	3,694,999

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

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2009

	Note	Actual 2009 \$	Budget 2009 \$	Actual 2008 \$
ASSETS				
Current Assets				
Cash and cash equivalents	5	425,697	273,545	90,950
Trade and other receivables	6	56,468	80,000	57,019
Investments	7	4,289,645	2,299,124	4,793,689
Total current assets		4,771,810	2,652,669	4,941,658
Non-current assets				
Property, plant and equipment	8	280,150	295,122	212,874
Intangible assets	9	46,584	26,635	4,783
Investments	7	906,890	2,022,576	315,253
Total non-current assets		1,233,624	2,344,333	532,910
Total assets		6,005,434	4,997,002	5,474,568
LIABILITIES				
Current liabilities				
Trade and other payables	10	430,485	230,000	382,790
Employee entitlements	11	123,396	85,000	91,224
GST		34,026	15,000	120,192
NZ/Japan YPEP Trust		-	-	19,240
Total current liabilities		587,907	330,000	613,446
Non-current liabilities				
Provisions	12	95,966	82,372	90,366
Funds managed by Asia:NZ				
Korea Studies Programme	15	800,954	753,000	783,867
Orion Fund	16	160,283	165,653	243,731
Mervyn Barnett Fund	14	51,299	-	48,159
NZ/Japan Young People's Exchange Programme	13	602,003	565,000	-
Total non-current liabilities		1,710,505	1,566,025	1,166,123
Total liabilities		2,298,412	1,896,025	1,779,569
NET ASSETS		3,707,022	3,100,977	3,694,999
ACCUMULATED FUNDS				
General funds		3,707,022	3,100,977	3,694,999
TOTAL ACCUMULATED FUNDS		3,707,022	3,100,977	3,694,999

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

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2009

	Note	Actual 2009 \$	Budget 2009 \$	Actual 2008 \$
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash was provided from:				
Supply of outputs to the Crown		4,000,000	4,420,000	3,691,786
Other income		1,250,340	1,157,000	974,934
Income on behalf of funds		28,000	701,775	634,721
Net GST received		-	-	123,154
		5,278,340	6,278,975	5,424,595
Cash was distributed to:				
Payments to suppliers		(3,817,627)	(4,876,735)	(3,523,861)
Payments to employees		(1,550,479)	(1,406,000)	(1,292,957)
Payments on behalf of funds		(186,698)	(238,449)	(679,679)
Net GST paid		(81,102)	(88,694)	-
		(5,635,906)	(6,609,878)	(5,496,497)
Net cash outflow from operating activities	17	(357,566)	(330,903)	(71,902)
CASH FLOWS FROM INVESTING ACTIVITIES				
Cash was provided from:				
Interest received		423,139	305,875	383,953
Investments maturing		5,664,000	5,100,000	5,080,000
		6,087,139	5,405,875	5,463,953
Cash was distributed to:				
Acquisition of investments		(5,175,000)	(4,756,951)	(5,514,000)
Purchase of property, plant and equipment		(165,392)	(155,000)	(107,724)
Purchase of intangibles		(54,434)	(80,000)	(1,139)
		(5,394,826)	(4,991,951)	(5,622,863)
Net cash inflow/(outflow) from investing activities		692,313	413,924	(158,910)
Net (decrease)/increase in cash and cash equivalents		334,747	83,021	(230,812)
Plus opening cash		90,950	190,524	321,762
Closing cash and cash equivalents	5	425,697	273,545	90,950

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

NOTES TO THE FINANCIAL STATEMENTS

Note 1 : Statement of accounting policies for the year ended 30 June 2009

Reporting entity

Asia:NZ is a 4th 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.

Asia:NZ's primary objective is to provide public services to the New Zealand public, as opposed to that of making a financial return.

Asia:NZ is in terms of the International Financial Reporting Standards and as such has applied the appropriate clauses in those standards.

The financial statements for Asia:NZ are for the year ended 30 June 2009, and were approved by the Audit and Risk Committee on 24 September 2009.

Measurement base and statement of compliance

The financial statements have been prepared in accordance with NZ GAAP. The financial statements have been prepared on a historical cost basis and are presented in New Zealand dollars, being the functional currency of Asia:NZ.

They comply with New Zealand equivalents to IFRS (NZ IFRS) and other applicable Financial Reporting Standards, as appropriate for public benefit entities.

Standards, amendments and interpretations issued that are not yet effective and have not been early adopted

Standards, amendments and interpretations issued but not yet effective that have not been early adopted and which are relevant to Asia:NZ include:

NZ IAS 1 Presentation of Financial Statements (revised 2007) replaces New Zealand IAS 1 Presentation of Financial Statements (issued 2004) and is effective for reporting periods beginning on or after 1 January 2009. The revised standard requires information in financial statements to be aggregated on the basis of shared characteristics and introduces a statement of comprehensive income. This will enable readers to analyse changes in equity resulting from non-owner changes separately from transactions with the Crown in its capacity as "owner". Asia:NZ intends to adopt this standard for the year ending 30 June 2010.

Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

Revenue

Revenue is measured at the fair value of consideration received.

Outputs to the Crown

Asia:NZ derives revenue through the provision of outputs to the Crown. A schedule detailing the timing of this revenue stream is agreed with the Ministry of Foreign Affairs and Trade (MFAT) at the beginning of the year and income is recognised according to this schedule.

Interest income

Interest income is recognised using the effective interest method.

Other revenue

Asia:NZ also receives revenue from core sponsorship and specific project funding from third parties. Such revenue is recognised when earned and is reported in the financial period to which it relates.

Donated assets and services

Asia:NZ also receives revenue from donated goods. Where a physical asset is acquired for nil or nominal consideration, the fair value of the asset received is recognised as revenue. Assets donated to Asia:NZ are recognised as revenue when control over the asset is obtained.

Asia:NZ receives revenue from donated services. These 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. Services donated to Asia:NZ are recognised as revenue when the service has been delivered.

Grant expenditure

Discretionary grants are those grants where Asia:NZ has no obligation to award on receipt of the grant application. These grants are only recognised as expenditure when a successful applicant has been notified of the Asia:NZ approval.

Foreign currency

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses arising from the settlement of these transactions are recognised in the statement of financial performance.

Income tax

Asia:NZ is a public authority in terms of the Income Tax Act 2004 and consequently is exempt from income tax. Accordingly, no charge for income tax has been provided for.

Leases

Finance and operating leases

A finance lease is a lease that transfers to the lessee substantially all the risks and rewards incidental to ownership of an asset, whether or not title is eventually transferred. At the commencement of the lease term, Asia:NZ recognises finance leases as assets and liabilities in the statement of financial position at the lower of the fair value of the leased item or the present value of the minimum lease payments. The finance charged is charged to the statement of financial performance over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability.

The amount recognised as an asset is depreciated over its useful life. If there is no certainty as to whether ownership is transferred at the end of the lease term, the asset is fully depreciated over the shorter of the lease term and its useful life. An operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership of an asset. Lease payments under an operating lease are recognised as an expense on a straight-line basis over the lease term.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held on call with banks and term deposits with original maturities of three months or less.

Trade and other receivables

Trade and other receivables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment.

A provision for impairment of receivables is established when there is objective evidence that Asia:NZ will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted using the effective interest method.

Investments

Asia:NZ classifies its financial assets as either held-to-maturity investments or loans and receivables.

Held to maturity investments are term deposits with fixed or determinable payments and fixed maturities that Asia:NZ has the positive intention and ability to hold until maturity. After initial recognition, they are measured at amortised cost using the effective interest method. Gains or losses when the asset is impaired or derecognised are recognised in the income statement. Investments in this category include term deposits with maturities in excess of three months.

Purchases and sales of investments are recognised on trade-date, the date on which Asia:NZ commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred.

Management determines the classification of its financial assets at initial recognition and reviews the classifications at each reporting date.

Property, plant and equipment

Property, plant and equipment is shown at cost or valuation, less accumulated depreciation and impairment losses

Additions

The cost of an item of property, plant and equipment is recognised as an asset if, and only if, the future service potential associated with the item will flow to Asia:NZ. Where an asset is acquired at no cost, or nominal cost, it is recognised at fair value as at the date of acquisition.

Disposals

Gains and losses on disposals are measured by comparing the proceeds with the carrying value of the asset. Gains and losses on disposal are included in the statement of financial performance.

Subsequent costs

Costs incurred subsequent to initial acquisition are capitalised only when it is probable that future economic benefits or service potential associated with the item will flow to Asia:NZ and the costs of the item can be measured reliably.

Depreciation

Depreciation is provided on a straight line basis on all plant and equipment, at rates that will write off the cost of the assets to their estimated residual values over their useful lives. Only items or groups of items, purchased with a value above \$500 are capitalised. Those under \$500 are expensed.

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%
Festival equipment	2 – 5 years	20 - 50%

The residual value and useful life of an asset is reviewed, and adjusted if applicable, at the end of each financial year end. 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.

Intangible assets

Software acquisition and development

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. Costs associated with maintaining computer software are recognised as an expense when incurred. Costs associated with the development and maintenance of Asia:NZ's website are recognised as an expense when incurred.

Staff training costs are recognised as an expense when incurred.

Amortisation

The carrying value of the software with a finite life is amortised on a straight line basis over its useful life. Amortisation begins when the asset is ready for use and ceases at the date that the asset is derecognised. The amortisation charge for each period is recognised in the statement of financial performance. The useful lives and associated amortisation rates of major classes of intangible assets have been estimated as follows:

Computer software	3 years	33%
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Impairment of non-financial assets

Property, plant and equipment and intangible assets that have a finite useful life are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised in the statement of performance for the amount by which the asset's carrying amount exceeds its fair value.

Trade and other payables

Trade and other payables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method.

Employee benefits

Employee benefits that Asia:NZ expects to be settled within 12 months of balance date are measured at nominal values based on accrued entitlements at current rates of pay. These include salaries and wages, annual leave earned to, but not yet taken at balance date and sick leave.

Asia:NZ recognises a liability for sick leave to the extent that absences in the coming year are expected to be greater than the sick leave entitlements earned in the coming year. The amount is calculated based on the unused sick leave entitlement that can be carried forward at the balance date, to the extent that Asia:NZ anticipates that it will be used by staff to cover those future absences.

Asia:NZ recognises a liability and expense for bonuses where they are contractually obliged.

Defined contribution superannuation schemes

Obligations for contributions to defined contribution superannuation schemes are recognised as an expense in the statement of financial performance when incurred.

Provisions

Asia:NZ recognises a provision for future expenditure of uncertain amount or timing when there is a present obligation (either legal or constructive) as a result of a past event, it is probable that expenditures will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as an interest expense.

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. The net GST paid to or received from the Inland Revenue Department, including the GST relating to investing and financing activities, is classified as an operating cash flow in the statement of cash flows.

Commitments and contingencies are disclosed exclusive of GST.

Budget figures

The budget figures are those approved by the Board prior to the beginning of the year. The budget figures have been prepared in accordance with NZ IFRS, using accounting policies that are consistent with those adopted by Asia:NZ for the preparation of the financial statements.

Critical accounting estimates and assumptions

The preparation of financial statements in conformity with NZ IFRS requires estimates and assumptions that effect the application of policies and reported amounts of assets and liabilities, income and expenses. These estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are detailed below:

Provisions

At each balance date Asia:NZ reviews the carrying amount of the make good provision for both the Auckland and Wellington offices. The carrying amount is based on information provided by third parties, and takes into account relevant market factors.

An incorrect estimate in the make good calculation will impact the depreciation expense in the statement of financial performance, and the carrying amount of the leasehold improvements asset in the statement of financial position.

Critical judgements in applying Asia:NZ accounting policies

Management has exercised the following critical judgements in applying Asia:NZ accounting policies for the period ended 30 June 2009:

Financial asset classification

There are four classification categories for financial assets. Determining Asia:NZ investments fit into the “held to maturity” category, requires judgement as to whether there are fixed or determinable payments and “fixed maturity”, that Asia:NZ has the positive intent and ability to hold to maturity.

Asia:NZ has exercised its judgement on the appropriate classification of our financial assets as held to maturity.

Lease classification

Determining whether a lease agreement is a finance or an operating lease requires judgement as to whether the agreement transfers substantially all the risks and rewards of ownership to Asia:NZ.

Judgement is required to various aspects that include, but are not limited to, the fair value of the leased asset, the economic life of the leased asset, whether or not to include the renewal options in the lease term and determining an appropriate discount rate to calculate the present value of the minimum lease payments. Classification as a finance lease means the asset is recognised in the statement of financial position as plant and equipment, whereas for an operating lease no such asset is recognised.

Asia:NZ has exercised its judgement on the appropriate classification of equipment leased and determined the lease arrangement as an operating lease.

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.

Managed funds

Asia:NZ has a number of funds that it manages. Each one is described below.

New Zealand-Japan Young People's Exchange Programme

In previous years, the New Zealand-Japan Young People's Exchange Programme has operated as a Trust account. On 30 June 2008, this trust was wound up, and the balance of funds are now managed by Asia:NZ. Funds are included as part of Asia:NZ investments and interest is allocated to the fund throughout the year. Asia:NZ charges a 10 percent management fee based on total expenditure in the year.

Korea Studies Programme

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

Mervyn Barnett Fund

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

Orion Fund

This fund is included as part of the Asia:NZ investments and represents the balance of a \$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. 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 New Zealand and 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 policy

There have been no changes in the accounting policies since the date of the last audited financial statements.

Note 2 : Analysis of revenue

	2009 \$	2008 \$
CROWN REVENUE		
<i>From the Ministry of Foreign Affairs & Trade</i>		
Output Agreement	4,000,000	3,691,786
ABAC Meeting Wellington funding	231,328	-
Additional funding	19,250	45,132
ABAC activity funding	78,374	63,589
Total Crown Revenue	4,328,952	3,800,507
PROJECT FUNDING		
Lantern Festivals	577,478	467,761
Diwali Festivals	275,071	281,231
Singapore Scholarships	84,112	68,342
ABAC Meeting Wellington sponsorship	93,000	-
Action Asia sponsorship	-	114,317
Total project funding	1,029,661	931,651
DONATED INCOME		
<i>Donated Services</i>		
Management Services	46,891	30,532
Lantern Festivals	112,934	88,502
Diwali Festivals	82,979	113,891
Action Asia	-	172,706
	242,804	405,631
<i>Donated Assets</i>		
Lantern Festivals	-	13,948
Total donated income	242,804	419,579
MANAGEMENT INCOME		
Lantern Festivals	-	50,000
Diwali Festivals	-	30,800
Singapore Scholarships	9,346	7,071
Korean Fund	4,077	2,859
NZ/Japan YPEP Fund	7,898	5,056
Orion project	2,125	1,993
Total management income	23,446	97,779

Note 3 : Employee benefit expenses

	2009 \$	2008 \$
Salaries and wages	1,547,712	1,284,132
Kiwisaver Employer contributions	19,185	18,041
Increase in employee benefit liabilities	32,172	18,549
Total Employee benefit expenses	1,599,069	1,320,722

Note 4 : Total expenditure

	2009 \$	2008 \$
<i>Fees paid to auditors</i>		
Audit fees for financial statement audit	26,815	26,550
Audit fees for New Zealand IFRS transition	-	5,000
	26,815	31,550
Depreciation and amortisation	100,441	61,037
Operating lease payments	249,304	221,873
Board of Trustees expenses (Note: no fees were paid to the Trustees)	64,417	50,722

Note 5 : Cash and cash equivalents

	30 June 2009 \$	30 June 2008 \$
Cash and bank	425,697	40,950
Investments – with maturities < three months at inception	-	50,000
Total cash and cash equivalents	425,697	90,950

Note 6 : Trade and other receivables

	30 June 2009 \$	30 June 2008 \$
Trade receivables	2,019	21,415
Prepayments	54,449	35,039
Interest receivable	-	565
Total trade and other receivables	56,468	57,019

Fair value

Trade receivables are non-interest bearing and receipt is normally on 30-day terms, therefore the carrying value of trade receivables approximates their fair value.

The status of trade receivables as at 30 June 2009 and 30 June 2008 are detailed below:

	2009 \$	2008 \$
Not past due	1,202	21,415
Past due 1 – 30 days	817	-
Past due > 30 days	-	-
Total trade receivables	2,019	21,415

Note 7 : Investments

	30 June 2009	30 June 2008
	\$	\$
Current portion		
<i>Held to maturity</i>		
Term deposits maturing in the following 12 months	4,289,645	4,793,689
Non-current portion		
<i>Held to maturity</i>		
Term deposits maturing in over 12 months	906,890	315,253
Total investments	5,196,535	5,108,942

The carrying value of term deposits with terms greater than three months approximates their amortised cost using the effective interest method. There were no impairment provisions for investments.

The classification criteria have been amended to measure investment values based on time remaining to maturity, not term at inception as used in prior years. 30 June 2008 figures have been recalculated.

Maturity analysis and effective interest rates

The maturity dates for held to maturity investments are as follows:

Maturity	<12 months	>12 months
2009		
Term deposits	4,289,645	906,890
Average maturity	361 days	429 days
Weighted average effective interest rate	5.96%	3.56%
2008		
Term deposits	4,793,689	315,253
Average maturity	286 days	387 days
Weighted average effective interest rate	8.76%	8.44%

The carrying amount of term deposits approximates their amortised cost using the effective interest method, an increase or decrease in interest rates during the period would not impact the measurement of the investments and hence there would be no impact on the surplus/deficit or equity.

Note 8 : Property, plant and equipment

	Leasehold improvements \$	Computer equipment \$	Festival equipment \$	Furniture & fittings \$	Office equipment \$	Total \$
2009						
At 1 July 2008						
Cost	109,893	110,723	247,282	79,274	37,722	584,893
Accumulated depreciation	(60,109)	(80,946)	(138,818)	(62,398)	(29,748)	(372,019)
Net book value	49,784	29,777	108,464	16,876	7,974	212,874
Additions	5,242	35,394	82,451	10,851	26,637	160,575
Disposals	(1,627)	(21,400)	(497)	(523)	(310)	(24,357)
Eliminate on disposal	-	19,770	342	523	310	20,945
Depreciation charge	(17,237)	(19,698)	(42,159)	(6,228)	(4,565)	(89,887)
Closing net book value	36,162	43,843	148,601	21,499	30,046	280,150
At 30 June 2009						
Cost	113,508	124,717	329,236	89,602	64,049	721,112
Accumulated depreciation	(77,346)	(80,874)	(180,635)	(68,103)	(34,003)	(440,961)
Net book value	36,162	43,843	148,601	21,499	30,046	280,150
2008						
At 1 July 2007						
Cost	101,838	109,675	188,073	64,567	35,401	499,554
Accumulated depreciation	(52,264)	(83,122)	(111,227)	(58,218)	(30,148)	(334,979)
Net book value	49,574	26,553	76,846	6,349	5,253	164,575
Additions	27,629	18,821	59,952	14,707	5,421	126,530
Disposals	(19,574)	(17,773)	(743)	-	(3,100)	(41,190)
Eliminate on disposal	-	17,773	720	-	3,100	21,593
Depreciation charge	(7,845)	(15,598)	(28,311)	(4,180)	(2,700)	(58,634)
Closing net book value	49,784	29,777	108,464	16,876	7,974	212,874
At 30 June 2008						
Cost	109,893	110,723	247,282	79,274	37,722	584,893
Accumulated depreciation	(60,109)	(80,946)	(138,818)	(62,398)	(29,748)	(372,019)
Net book value	49,784	29,777	108,464	16,876	7,974	212,874

Note 9 : Intangible assets

	30 June 2009 \$	30 June 2008 \$
Software		
At 1 July		
Cost	45,695	42,958
Accumulated amortisation	(40,912)	(38,509)
Opening carrying value	4,783	4,449
Additions	52,355	2,737
Disposals	-	-
Amortisation charge	(10,554)	(2,403)
Closing carrying value	46,584	4,783
Balance at 30 June		
Cost	98,050	45,695
Accumulated amortisation	(51,466)	(40,912)
Closing carrying value	46,584	4,783

Note 10 : Trade and other payables

	30 June 2009 \$	30 June 2008 \$
Trade payables	127,606	101,182
Grants payable	175,763	127,195
Revenue in advance	8,000	25,500
Accrued expenses	119,116	128,913
Total trade and other payables	430,485	382,790

Trade and other payables are non-interest bearing and are normally settled on 30-day terms, therefore the carrying value of trade and other payables approximates their fair value.

Note 11 : Employee entitlements

	30 June 2009 \$	30 June 2008 \$
Accrued salary and wages	31,181	17,099
Annual leave	92,215	74,125
Total employee benefit liabilities	123,396	91,224

No liability has been recognised for sick leave, as Asia:NZ does not anticipate future absence to be significant.

Note 12 : Provisions

	30 June 2009 \$	30 June 2008 \$
Non-current provisions		
<i>Lease make good provision</i>		
Opening balance	90,366	70,818
Additional provisions made during the year	5,600	19,548
Closing balance	95,966	90,366

The property lease agreements in both Wellington and Auckland require Asia:NZ to reinstate the office spaces to their original conditions, upon termination of the leases. This would include removing partitioning, redecorating and replacing carpets.

Note 13 : New Zealand/Japan Young People's Exchange Programme (YPEP)

	2009 \$	2008 \$
Balance at 1 July	600,370	568,798
Income		
Interest apportioned	47,006	57,156
Donation from Nakashimoto Scholarship Foundation	26,500	26,500
Total Income	73,506	83,656
Less: Expenditure		
Grants awarded	38,975	21,500
Nakashimoto Scholarship grant awarded	25,000	25,000
Administration expenses	7,898	5,584
Total Expenditure	71,873	52,084
Balance at 30 June	602,003	600,370

On 30 June 2008 the New Zealand-Japan Young People's exchange Programme Trust was wound up, management of the funds transferred to Asia:NZ. Asia:NZ allocates interest to the fund throughout the year and charge a 10 percent management fee based on total expenditure.

Note 14 : Mervyn Barnett Fund – Endowment Fund

	2009 \$	2008 \$
Balance at 1 July	48,159	44,490
Interest apportioned	3,140	3,669
Balance at 30 June	51,299	48,159

This fund is for mutually agreed upon projects that relate to private sector 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.

Note 15 : Korea Studies Programme

	2009 \$	2008 \$
Balance at 1 July	783,867	752,952
Income		
Interest apportioned	61,373	62,097
Grants returned	561	268
Total Income	61,934	62,365
Less: Expenditure		
Grants & scholarships	40,770	28,591
Management fee	4,077	2,859
Total Expenditure	44,847	31,450
Balance at 30 June	800,954	783,867

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.

Note 16 : Orion Fund

	2009 \$	2008 \$
Balance at 1 July	243,731	295,983
Expenditure		
Japanese Teachers to New Zealand Programme (managed by Kansai NZ Centre, Japan)	30,035	30,331
NZ Rugby Camp Programme 2008 (managed by Kansai NZ Centre, Japan)	30,035	-
New Zealand Language Teachers to Japan Programme (managed by Asia:NZ)	21,253	19,928
Management fee paid to Asia:NZ	2,125	1,993
	83,448	52,252
Balance at 30 June	160,283	243,731

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 programmes managed by Asia:NZ staff.

Note 17 : Reconciliation of the net surplus from operations with the net cash flows from operating activities

	2009 \$	2008 \$
Net surplus/(deficit) from operations	12,023	69,776
Add/(less) non-cash items:		
Depreciation	100,441	61,037
Fund management income	(12,600)	(8,408)
Increase lease provision	5,600	19,548
Donated assets income	-	(13,948)
Debts written off	-	450
Other non-cash items	3,640	-
Total non-cash items	97,081	58,679
Add/(less) movements in working capital items:		
Decrease/(increase) in receivables (incl interest)	8,369	129,531
Decrease/(increase) in prepayments	(19,409)	41,144
(Decrease)/increase in payables	20,114	(160,810)
(Decrease)/increase in grants payable	48,568	10,579
(Decrease)/increase in employee entitlements	32,172	18,549
(Decrease)/increase in GST liability	(86,166)	123,795
Net working capital movements	3,648	162,788
Add/(less) Investing activities		
Interest received	(423,139)	(383,953)
	(423,139)	(383,953)
Add/(less) movements in funds managed:		
Payments made on behalf of funds	(186,698)	(679,679)
Interest received on behalf of funds	111,519	65,766
Other income received on behalf of funds	28,000	634,721
Net movement in funds managed	(47,179)	20,808
NET CASH (OUTFLOW) FROM OPERATING ACTIVITIES	(357,566)	(71,902)

Note 18 : Capital commitments and operating leases

	30 June 2009	30 June 2008
	\$	\$
Capital commitments		
Festival equipment	-	987
Operating leases as lessee		
Not later than one year	263,340	244,724
Later than one year and not later than five years	226,892	457,642
Total	490,232	702,366

Operating leases include a photocopier lease and the office premises lease on both the Wellington and Auckland offices. The Auckland office lease became effective on 1 April 2008. This is a three year lease with two rights of renewal for a total of six years. The Wellington 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, the commitment above represents the current rental payable.

Note 19 : Contingent Liabilities

There were no contingent liabilities as at 30 June 2009 (2008 – Nil).

Note 20 : Related party transactions

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.

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

Fonterra Cooperative Group contributed \$75,000 as core sponsorship to Asia:NZ. Board member Henry van der Heyden is the chairman of Fonterra.

During the year a grant was made to the Virtual Trade Mission Trust for \$6,000 towards the costs of airfares for four selected students to attend the international student event associated with the APEC Leaders meeting in Singapore. Board members, Lex Henry and Tony Nowell, are represented on the board of the Virtual Trade Mission Trust. Decisions on grants to this organisation are made by executive management. Lex Henry and Tony Nowell did not take part in the discussion or decision making process for this grant.

A grant was also made to the Christchurch Arts Festival Trust for \$5,000 towards hosting the Tang Quartet with pianist John Chen from China. Board member Lex Henry is represented on the board of the Christchurch Arts Festival Trust. Decisions on grants to this organisation are made by executive management. Lex Henry did not take part in the discussion or decision making process for this grant.

Key management personnel compensation	2009	2008
	\$	\$
Salaries and other short term employee benefits	917,888	747,181
Total	917,888	747,181

Key management personnel include the executive director, deputy executive director, five programme directors, the accountant and members of the Board of Trustees.

Employee remuneration	2009	2008
Total remuneration paid		
\$100,000 - 109,999	-	-
\$110,000 - 119,999	-	1
\$120,000 - 129,999	1	-
\$130,000 - 139,999	-	-
\$140,000 - 149,999	-	-
\$150,000 - 159,999	1	1
\$160,000 - 169,999	-	-
\$170,000 - 179,999	-	-
\$180,000 - 189,999	-	-
\$190,000 - 199,999	-	-
\$200,000 - 209,999	-	-
\$210,000 - 219,999	-	-
\$220,000 - 229,999	1	-

Note 21 : Events after the balance date

There were no significant events after the balance sheet date.

Note 22 : Financial instrument categories

The carrying amount of financial assets and liabilities in each of the NZ IAS 39 categories are as follows:

	30 June 2009 \$	30 June 2008 \$
Financial assets		
<i>Loans and receivables</i>		
Cash and cash equivalents	425,697	90,950
Trade and other receivables	56,468	57,019
	<hr/> 482,165	<hr/> 147,969
<i>Held to maturity</i>		
Investments	5,196,535	5,108,942
Financial liabilities		
<i>Financial liabilities at amortised cost</i>		
Trade and other payables	430,485	382,790

Note 23 : Financial instrument risks

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.

Market Risk

The interest rates on Asia:NZ investments are disclosed in note 7.

Fair value Interest rate risk

Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. Asia:NZ's exposure to fair value interest rate risk is limited to its bank deposits which are held at a fixed rate of interest.

Cash flow interest rate risk

Cash flow interest rate risk is the risk that the cash flows from a financial instrument will fluctuate because of changes in market interest rates. Asia:NZ currently has no variable interest rate investments (2008 – Nil).

Asia:NZ's investment policy requires investment maturity dates to be spread based on operational and investment fund requirements, this limits exposure to short term interest rate movements. Asia:NZ currently has no variable interest rate investments.

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.

Sensitivity analysis

As at 30 June 2009, if market interest rates had decreased by 50 basis points with all other variables held constant, the surplus for the year would have remained unchanged.

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, investments, and trade receivables.

Asia:NZ places its investments with institutions that have a Standard and Poor's credit rating of at least A. 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.

Maximum exposure to credit risk

Asia:NZ's maximum credit exposure for each class of financial instrument is as follows:

	2009	2008
	\$	\$
Cash and bank and Investments	5,622,232	5,199,892
Trade and other receivables	56,468	57,019
Total	5,678,700	5,256,911

Credit quality of financial assets

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to Standard and Poor's credit ratings:

Counterparties with credit ratings	2009	2008
	\$	\$
Cash at bank and Investments		
AAA	420,048	-
AA	4,152,918	3,907,809
AA-	1,048,862	1,292,083
Total	5,621,828	5,199,892

Liquidity Risk

Liquidity risk is the risk that Asia:NZ will encounter difficulty raising liquid funds to meet commitments as they fall due. Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions.

In meeting its liquidity requirements, Asia:NZ maintains a target level of investments that mature within specified timeframes.

Contractual maturity analysis of financial liabilities

The table below analyses Asia:NZ's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed are the contractual undiscounted cash flows:

	2009	2008
	\$	\$
Trade and other payables		
Less than one year	430,485	382,790
Total	430,485	382,790

Note 24 : Explanation of significant variance against budget

In 2008/09 Asia:NZ continued working towards the outcomes in the new strategic plan. It was a particularly busy year with Asia:NZ hosting both the first ABAC meeting of 2009 on behalf of New Zealand and the first meeting of the Foundation's honorary advisers, in Singapore in February.

Statement of financial performance

The ABAC meeting was originally budgeted at \$350,000 under Crown activities. However, \$93,000 was received from sponsors (revenue and expenditure reported under project expenditure) and savings made of \$27,000 against budget.

The budgeted deficit of \$314,370 was to be partially managed internally during the year by prioritisation, thus resulting in other expenditure savings of \$272,000 against budget.

In particular the Action Asia Business and Educating for Asia in schools programme areas received support from partners when doing events.

Statement of financial position

The variances in investments balances against budget are due to changes in the classification criteria in note 7.

ORGANISATION INFORMATION

Patron of Asia:NZ

The Governor-General, His Excellency the Honourable Sir Anand Satyanand, GMZO, QSO

Board of Trustees

Chairman: Hon Philip Burdon

Deputy Chairmen: Ken Douglas ONZ and Richard Nottage CNZM

Trustees: Jo Brosnahan, Mai Chen, Ruth DeSouza, Gavin Ellis, Tim Gibson, Lex Henry, Professor Manying Ip, Simon Murdoch, Tony Nowell CNZM, Michael Park, Vino Ramayah, Karen Sewell, Ken Stevens DCNZM, Wally Stone and Henry van der Heyden DCNZM

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Asia:NZ Staff

Executive Director, Dr Richard Grant

Deputy Executive Director, Adele Mason

Director, Culture, Jennifer King

Director, Communications, John Saunders

Director, Education, Vanessa Lee

Director, Business, James Penn

Director, Policy and Research, Dr Andrew Butcher

Media Adviser, Charles Mabbett

Schools Coordinator, Janine Chin

Young Leaders Network Coordinator, Melanie Crawford

Web Content Manager, Antonia Kokalova-Gray; Paul Hand

Project Officer, Culture, Monica Turner

Project Officer, Policy and Research, Heather Judson

Accountant, Sunita Soma

Executive Assistant, Paula McLaughlin

Administration Assistant, Deborah Dredge

Auckland Office Manager, Fiona Haiko

SPONSORS

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

Partners:

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

Sponsors:

The following made major monetary or in-kind contributions to specific Asia:NZ 2008/09 projects:

Diwali Festival 2008

The Diwali Festival of Lights was held in partnership with Auckland City in Auckland and Wellington City Council in Wellington. Main sponsors were Accident Compensation Corporation (ACC), Barfoot and Thompson, TV3, Asian Home Gourmet, Bikanervala, HSBC, Cathay Pacific, Pelorus Trust, Pub Charity, Lion Foundation, Perry Trust, India Tourism Sydney, Radio Tarana, Indian Council for Cultural Relations, High Commission of India and New Zealand Immigration Service.

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

Chinese Lantern Festival 2009

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 Community Trust, Cathay Pacific, Big FM Auckland, More FM Canterbury, COSCO (New Zealand), Accident Compensation Corporation (ACC), TV3, Barfoot and Thompson, Hong Kong Economic and Trade Office, Lion Foundation, the Canterbury Community Trust, the Eureka Trust, The Copthorne Hotel on Colombo Street, The Southern Trust and New Zealand Immigration Service.

ABAC Meeting 2009

Ministry of Foreign Affairs and Trade, New Zealand Post, New Zealand Trade and Enterprise, Business New Zealand, Wellington City Council, New Zealand International Business Forum, Fonterra, Meat and Wool New Zealand, Wellington Regional Chamber of Commerce and Victoria University of Wellington.

Business Briefings Series

Bell Gully, Deloitte and Minter Ellison Rudd Watts.

Singapore Scholarship Programme

The Lee Foundation (Singapore).

New Zealand Japan Young Person's Exchange Programme

Nakashimoto Company Limited Fund.

Asia:NZ also acknowledges the following supporters:

ANZCO, Bell Gully, Korean contributors of the Korea Studies Programme, and The Orion Programme.

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