

2019

**THE LEGISLATIVE ASSEMBLY FOR
THE AUSTRALIAN CAPITAL TERRITORY**

PAPER

Ministerial Delegation to China – March 2019

Presented by

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Chief Minister

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I am pleased to present this paper, reporting on a mission I led to Hong Kong and China between 24 and 30 March this year.

The aim of the mission was to further grow the visibility of Canberra in the key capability areas of tourism, ICT and e-Government and education and research, seek opportunities for increased aviation connectivity and progress the renewal of our Sister City Agreement with Beijing.

China is among the top ten priority countries in the ACT Government's *International Engagement Strategy* and is a priority market in the ACT Government's broader economic development strategies.

China is the ACT's number one inbound international visitor market, with nearly 50,000 international visitors to Canberra originating in China as at September 2018.

China is also Australia's largest trading partner in the exporter market and source of imports. This long-term and deepening relationship presents a significant opportunity for Canberra businesses to establish strong and mutually beneficial relationships with like-organisations in China.

Hong Kong

In Hong Kong, the delegation and I first met the Acting Consul-General to receive an in-country briefing and discuss our continuing trade and cultural relationship with Hong Kong.

This provided the opportunity to receive an update on the Australia – Hong Kong Fair Trade agreement, as well as gain a greater understanding of the role Hong Kong plays as a gateway for business to mainland China. It also provided the opportunity to discuss progress on changes to the Hong Kong – Australia air service agreement, which may allow greater flexibility for direct aviation connection between Hong Kong and Canberra in the future.

The delegation and I then met with the Hong Kong Productivity Council (HKPC). The Council operates in a similar capacity to the Canberra Innovation Network (CBRIN) and has potential for future collaborations with CBRIN.

We discussed many areas of mutual interest including smart living, reindustrialisation and advanced manufacturing, the digital world, autonomous vehicles, fresh food and STEM Education.

We were particularly interested in the HKPC's approach to working with local entrepreneurs to assist Government bodies in solving problems. This reversal in the flow of technology allows the government to easily leverage the talent of entrepreneurs and business to provide innovative solutions to problems put forward by Government that can also often have broader market appeal.

We then met with representatives of the Langham Hospitality Group to inform them of Canberra's growing tourist market and highlight the potential for investment in Canberra.

The Langham Hospitality Group is one of Hong Kong's leading property development companies with a focus on developing, investing and managing high quality residential, office, retail and luxury hotel properties.

We took the opportunity to highlight the need for additional international branded 5 star hotels in the Canberra market, and the potential benefits they may have from brand recognition of visitors from China as our number one international visitor market.

We extended an invitation for their representatives to visit Canberra in the near future to explore further opportunities.

Next we met with the Senior Vice President of Swiss-Belhotel. Swiss-Belhotel International is one of the world's fastest-growing international hotel and hospitality groups that manage a vast portfolio of hotels and resorts located in more than 20 countries.

We took the opportunity to acquaint them with Canberra, and highlight the potential opportunities that exist at all levels of the local hotel market.

The company showed a great interest in the potential, and as a result of the meeting the Chairman and President have since visited Canberra as part of an Austrade tourism infrastructure familiarisation tour. The "famil", in Canberra from 6-7 May this year, provided context on the local

tourism economy and showcased potential sites for sale and opportunities to invest in Canberra. A great outcome from the mission, and we look forward to watching how the relationship progresses.

The delegation and I also met with AustCham Hong Kong where we were able to provide an update on the state of the ACT economy, activity in the business sector and the Government's infrastructure program.

AustCham gave an overview of their current activities in Hong Kong, and highlighted the significance of the Greater Bay Area (GBA), and the potential that exists for innovation-driven businesses to use the GBA to leverage the combined cooperation of Hong Kong, Macao and Guangdong as a gateway to greater China.

China

The cities of Shenzhen and Guangzhou in the Guangdong Province are both identified in the *International Engagement Strategy* as priority cities. While visiting Guangzhou we had the privilege of meeting with the Vice Governor of the Guangdong Province. At this meeting, discussion centered on closer relations between the Province and Australia, particularly in the key capability areas of education and research and tourism. Specifically we discussed the potential of increasing air connectivity between the Provence and Canberra of which the Vice Governor was fully supportive.

We also discussed the building of infrastructure, joint education programs, the potential for innovation and research exchanges, cultural partnerships and the teaching of the Chinese language.

Following the meeting with the Vice Governor the Australian Consul-General to Guangzhou and I led a Business Roundtable to discuss opportunities with the Guangzhou based businesses in two way trade between the two cities.

As mentioned earlier, China is now the number one market for international visitors to Canberra, providing almost a fifth of our international tourists.

China is also Australia's number one market for visitors and spend. In the past 12 months more than 1.3 million Chinese visitors travelled to Australia, contributing more than \$11 billion in total spend. It is critical the ACT positions itself to realise the potential of the Chinese market across leisure education and business.

There is no better way to do this than to enable easier access to Canberra by air and a key part of this mission was to open negotiation with Chinese carriers and promote the opportunity Canberra presents as a market for two way traffic.

As part of the mission, we met with three Chinese airlines to put the case for direct aviation connections between China and Canberra.

We were pleased to be accompanied by two representatives from Canberra Airport on the mission to support the effort to open meaningful negotiations.

The first airline we met with was China Southern Airlines. China Southern is based in Guangzhou and is one of the three largest Chinese airlines together with China Eastern and Air China.

China Southern is the world's sixth-largest airline measured by passengers carried and also has Asia's largest fleet of aircraft. The airline operates more than 2,000 flights to more than 200 destinations daily.

It was a pleasure to meet with the senior officials from China Southern and put the case for direct flights to Canberra. We made the case that growing Chinese visitation to Canberra and Australia presents an opportunity to leverage Canberra's diverse market mix covering leisure, education, government, diplomatic and business travel. Canberra's unique tourism offering based on its natural beauty, being the home to the national cultural institutions and Canberra Airport being cap and curfew free presents a great opportunity for Chinese airlines.

We look forward to continuing productive discussions with China Southern into the future.

Prior to departure from Guangzhou we were given a tour of Guangzhou Airport, which is the home base of China Southern. We also met with representatives from Guangzhou Aircraft Maintenance Engineering Company (GAMECO) and were given a tour of the maintenance facilities.

The delegation then travelled from Guangzhou to Beijing.

The first meeting in Beijing was with representatives from the Australian Embassy to provide detail to officials on the purpose and objectives of the mission and to be briefed on their view of opportunities for greater collaboration between the ACT and Beijing.

Our meeting with the Deputy Head of Mission, Mr Thomson was enlightening and gave insight into where the China-Australia two-way trade and bi-lateral relations currently stand and where they could potentially go into the future, with a particular focus on opportunities for Canberra.

The meeting with the Mayor of Beijing was particularly productive, with the Mayor looking to grow and expand the relationship between the two Capitals. The Mayor expressed a strong desire for enhanced cooperation between our cities, with which I heartily agree.

Areas of cooperation discussed included climate change, renewable energy, transport, tourism, culture, education and trade.

The Mayor and I spoke of the Sister City Agreement and how we could commemorate the 20th Anniversary of the agreement next year. As a consequence of those discussions we have agreed to progress renewing the Sister City Agreement for even greater outcomes, which I have tasked the Commissioner for International Engagement to oversee on behalf of the ACT Government.

We also took the opportunity to extend an official invitation to the Mayor of Beijing to come to Canberra to help celebrate the 20th Anniversary in 2020.

Air China was the second of the three Chinese airlines that we met with. In our presentation, supported by representatives of the Canberra Airport, we discussed the growth of Chinese visitation to Canberra and the unique offering that the Canberra market presents, while making the case for direct flights between China and Canberra.

It was a positive and constructive meeting, we particularly discussed the short term actions that could be undertaken to strengthen the case for direct aviation connectivity in the longer term. This included the potential of increasing promotional efforts with Star Alliance partners, such as Singapore Airlines, to further build awareness of Canberra as a destination in the Chinese market.

In Beijing there are many alumni from Canberra's excellent universities. To renew the connection and help build new networks, the Deputy Head of Mission and I hosted a Canberra Delegation Reception at the Australian Embassy in Beijing. Alumni were invited, along with members of AustCham Beijing and representatives from across the Beijing administrative and private sector.

The reception allowed us to present our key capabilities in the market, and further promote the objectives of the mission. Serving Canberra wine, special thanks to Graeme Shaw, it was a very successful event bringing together our friends in Beijing.

The following day we were generously given a tour of the new Daxing International Airport, south of Beijing. The magnitude of the new airport was incredible, both from a scale and infrastructure delivery perspective.

Once fully completed it will have seven runways and a capacity to handle 100 million passengers per year. The opportunities that it presents for Canberra cannot be understated. The increased capacity will enable more flights to and from Beijing - hopefully including links to Canberra.

AustCham has a very active branch in Beijing and it was useful to meet with their representatives to discuss opportunities for Canberra businesses in Beijing. The CEO, Nick Coyle is a former Canberra resident who well understood Canberra's offering and the potential of the relationship.

The focus of the discussions were on aviation, tourism, doing business in China and the opportunities presented by next year's celebration of the 20th Anniversary.

I thank Nick and his staff for their assistance in helping organize meetings for the mission.

The final meeting of the mission, and the third airline meeting was with Beijing Capital Airlines. Part owned by the Beijing Municipal Government, Beijing Capital will operate out of the new Daxing International Airport. With this increased capacity the opportunity to present to the management of Beijing Capital was timely.

Again the case was put, that based on the growing Chinese visitation to Canberra, the fact the Canberra Airport does not have a curfew or cap and the attraction that the nation's capital presents - that the ACT Government and the Canberra Airport would like to work with Beijing

Capital to consider the feasibility of direct flights from Beijing to Canberra.

Overall the mission was a successful and great continuation to building a strong relationship with China and in particular with our Sister City, Beijing.

I would like to acknowledge the support provided to the delegation in Hong Kong by the acting Australian Consul-General Mr Ken Gordon and Ms Amy Liang, as well as the great support in Guangzhou from Consul-General Mr Jason Robertson and the Deputy Head of Mission Mr Chris Halford.

I would also like to thank the Deputy Head of Mission in Beijing, Mr Gerald Thomson and his team for their assistance and Ms Ella Kinnear in particular.

Finally, I would like to thank Mr Michael Thomson and Ms Melissa Evans from Canberra Airport Group who travelled with us and contributed to making this mission such a great success.

Altogether, this mission has fostered new opportunities and renewed existing relations that I look forward to seeing continue grow.