



# Warrnambool City Council China Strategy 2018 - 2021

## Advancing Warrnambool as the leading 'China Ready' city in Australia

### Directions:

- Reinforcing and furthering government-to-government relations
- Expanding investment and trade
- Partnerships in Aged Care and Health
- Deepening Educational, Agricultural and Tourism exchanges and cooperation
- Enhancing the experiences and opportunities for Cultural, Arts and Sporting communities



# BACKGROUND

**Warrnambool City Council undertook a leadership role in developing the Warrnambool-Changchun Economic Development Demonstration Project, the first of its kind between Australian and Chinese sister cities. Supported by the Victorian Government, the investment in collaboration, shared goals, strong partnerships and leadership has created a gateway for Warrnambool and the Great South Coast allowing engagement and mutual gains, both cultural and economic, with China through the relationship with Changchun.**

Understanding Chinese culture and business practice is a key to engaging with China. Through the Economic Development Demonstration Project, Warrnambool and the Great South Coast have a unique opportunity to generate economic activity through trade.

The attraction of the Chinese market has resulted in many countries and cities seeking to establish or expand economic ties with China. The strength and diversity of Great South Coast's products and services position our region well to capitalise on China's economic growth. This strategy seeks to support, consolidate and further the work the Warrnambool City Council has undertaken so far while outlining the role Council must play to leverage trade and investment opportunities, and ensure our regional economy and its businesses are prepared for China, are globally competitive and capable of providing prosperity for future generations.

## Directions:

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# DIRECTION ONE:

## 1) Reinforcing and furthering government-to-government relations

### Overview:

Establishing intergovernmental relationships are an essential component of doing business with China. Creating and sustaining successful relationships in China requires clear goals. It is particularly important to work with Government to facilitate market access, business deal structure and government approvals. In recognition of this, Warrnambool and Changchun (Jilin Province) entered into the Sister-City agreement in 2012, with a view to provide social and economic outcomes for the two communities.

### Objectives:

**1. Harmonize and leverage government activity across Australia and China to build a trade and investment framework to support the economic drivers of Warrnambool city and surrounding Great South Coast.**

### Actions:

- a. Develop a 24-month calendar of business missions to Changchun and other relevant Chinese cities to pursue economic, social and cultural activity.
- b. To formalise the continuation and commitment of the Warrnambool City and Changchun City's Sister-City relationship.
- c. Ensure allocation and focus of government resources to support the Warrnambool City Councils China Strategy.
- d. Support visits to Warrnambool by key decision makers from Changchun and other cities deemed important to Warrnambool and surrounding Great South Coast economic, social and cultural goals.
- e. Develop case studies to demonstrate and promote the opportunities for our region from the activation of the Free Trade Agreements with China.
- f. Develop and advocate to Federal and Victorian Governments for alternative funding models to finance economic development initiatives presented in the China Strategy.
- g. Engage with the Chinese government sector with the aim of entering into formal agreements to support long term cooperation in areas of mutual gains.

## Warrnambool – Changchun Economic Demonstration Project – Success through Mutual Gains

The Warrnambool China Bureau was created to function as a Chinese market business incubator, providing free customised support to small and medium-sized local businesses in the Great South Coast of Victoria. In co-operation with Asialink Business, the Warrnambool China Bureau assisted local businesses by offering end-to-end China market engagement support.

Camperdown based, Total Livestock Genetics has sent shipments of product to new markets in China after using the Warrnambool China Bureau's services. As a result, Total Livestock Genetics also received an AustCham Westpac Australia-China Business Award in Shanghai in 2018.



Other benefits from the Warrnambool China Bureau include:

- a sister city university scholarship program for 12 students coming to the region with a potential economic return to the Great South Coast region of \$1.2million;
- a wine company shipping product to China and partnering with a distribution company in Beijing;
- The regional tourism body presenting the city and surrounds on Chinese television to more than 10 million Chinese viewers.
- an aged care provider partnering with a China-based counterpart for a knowledge-based commercial exchange;
- the Bureau's experts accompanied a delegation from the Warrnambool region to Changchun to prepare an itinerary, provide commercial guidance and language support. High level meetings included meetings between the Mayor of Changchun and the Mayor of Warrnambool.

Over a 12-month period the Bureau received more than 60 inquiries from Great South Coast businesses, offered range of workshops attended by more than 250 participants including wine retailers, hospitality and accommodation operators.

Ultimately the Bureau generated a region-wide engagement with businesses which were able to consider – or take – the first step into a new, potentially vast market.

# DIRECTION TWO:

## 2) Expanding Investment and Trade

### Overview:

The size and scale of China as a trade and investment partner for Warrnambool and Great South Coast offers the potential to provide a game-changing element for our region's economy. Chinese interest in Australian-based investment is strong and growing. This investment has grown 2,700 per cent between 2004 and 2014. The China-Australia Free Trade Agreement will see stronger opportunity and potential for this growth to accelerate further.

Trends currently see investors looking to partner, engage and lock in supply of agricultural products, education, health and aged care services. Fostering these market opportunities with China will require support from Warrnambool City Council to ensure our region's internationally engaged industries remain globally seeking to enter the Chinese market.

### Objective:

**2. Target and attract Chinese investment and trade activity aligned with our region's competitive strengths to support economic development.**

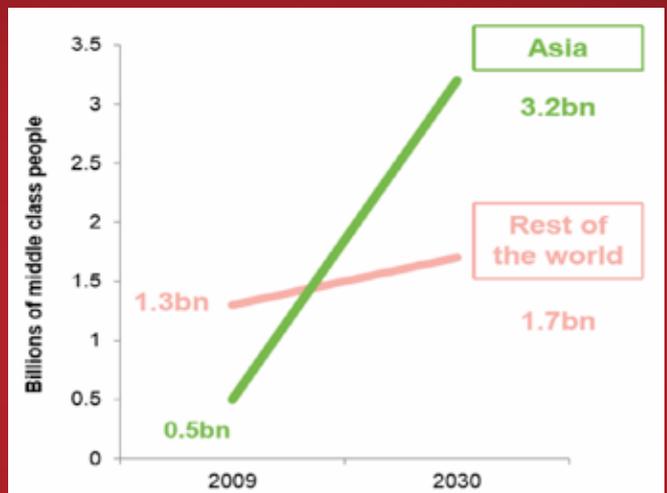
### Actions:

- Engage with our local businesses community to develop an understanding of export capabilities and support requirements.
- Build cross cultural capability, networks and relationships that supports our regions economic drivers and trade opportunities with China.
- Explore and develop information resources which support attraction of potential investors and understanding our high value industries to support our economy and growth opportunities.
- Collaborate with our regional, state and federal governments to improve trade-related infrastructure that supports investment opportunities and economic development.

### FAST FACTS

- Asia's growing population and rising incomes drive demand for food
- Diets changing to include dairy, meat and other high value goods (e.g. wine, processed foods)
- Warrnambool and surrounding area is a producer of premium food, fibre and tourism experiences to the growing new middle class
- Chinese Foreign Direct Investment (FDI) is increasing

### THE RISE OF ASIA 2009 AND 2030



Source: OECD, The emerging middle class in developing countries, 2010





## DIRECTION THREE:

### 3) Partnerships in Health and Aged Care

#### Overview:

Health and aged care exports to China are a significant source of growth for the Australian economy, arising from the expanding middle-class in China. In 2015, the Chinese middle-class comprised 109 million adults, the largest middle-class in the world and almost five times the size of Australia's total population. This middle class will continue to grow (and age) over the next decade.

Currently those aged more than 60 years in China number more than 200 million – a figure expected to increase to 440 million by 2050. An opportunity exists to support Warrnambool's alignment towards our established and emerging industries – Health, Aged Care and Education.

#### Objective:

**3. To promote and position the Health and Aged Care services of our City to maximise research, investment and economic growth opportunities.**

#### Actions:

- a. Support our local Health, Aged Care and Education sectors understand more about the Chinese healthcare system and economic development opportunities.
- b. Promote Warrnambool's expertise in healthcare, education and medical research across key sectors to assist in the development of new commercial partnerships.
- c. Endorse and support private health service providers, universities and innovative firms explore and formalise economic growth opportunity and partnerships with China.

# DIRECTION FOUR:

## 4) Deepening Educational, Agricultural and Tourism exchanges and cooperation

### Overview:

China's growing middle class population and rising incomes are driving changes in diets which are now including more dairy, meat and other high value goods including wine and processed foods). This presents producers of premium food and fibre in the Great South Coast with a strong opportunity for Growth in Chinese Tourism and Spending per capita compared to other tourism markets.

China surpassed New Zealand as our largest source market for inbound tourists in 2018.

Chinese tourists are the number one outbound tourism market since 2012, with 145 million overseas trips taken in 2017 and they have been the number one spender on overseas travel since 2012. Key drivers for this are a growing middle class in China, improved connectivity, relaxed visa restrictions and a more open-minded younger generation.

in 2017, there was 990,105 international visitors to the Great Ocean Road, with that number expected to rise to over 2 million day trippers by 2026/27.

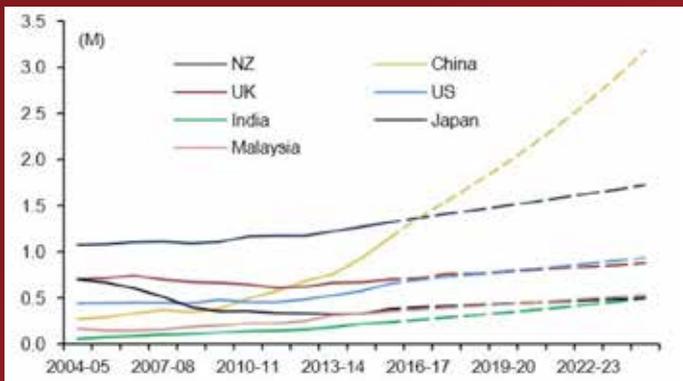
### Objectives

**4. To support the building of Chinese business capability and capacity in Warrnambool and surrounding region to support Chinese demand and maximise mutual gains across agricultural, tourism and educational sectors.**

### Actions:

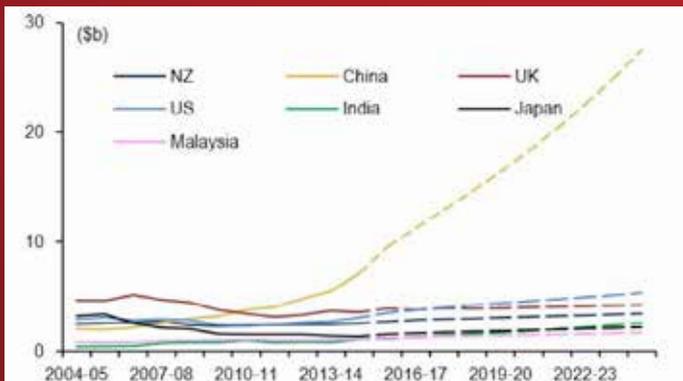
- Explore business incubation and business support models to reduce export activity risks while building knowledge, capability and stronger economic outcomes for our region.
- Create industry development initiatives (workshops\mentoring) that upskill the region to capitalise on the inbound Chinese tourists to our region.
- Provide an annual official ceremonial welcoming for international students to our region.
- Explore and develop information and research resources which support the building of knowledge and strength of our agricultural, tourism and education sectors.
- Support Deakin University with their international engagement strategy to identify, attract and increase international students to our region.
- Collaborate across all levels of government, businesses and industry bodies in the development of Chinese market opportunities ensuring alignment with Victorian government, external agencies and regional strategies and initiatives.

Arrivals from China to match arrivals from NZ in 2016-17



Source: BofA Merrill Lynch Global Research, TRA, ABS \*Dashed lines indicate forecasts

China to dwarf all other markets



Source: BofA Merrill Lynch Global Research, TRA \*Real, Q1 2016= base year. Dashed lines indicate forecasts

### Most important factors when selecting a holiday destination



# DIRECTION FIVE:

## 5) Enhancing the experiences and opportunities for Culture, Arts and Sporting community

### Overview:

Located 260km to the south-west of Melbourne, Warrnambool has a thriving arts, sporting and creative community. Supporting the Warrnambool community to build social and cultural connections and a stronger understanding of China links strategically with the Victorian Government's engagement strategy for China, Partnerships for Prosperity. The vision for the state is that **"Victoria becomes China's gateway to Australia based on the strength of our connections and the depth of our understanding of each other's people"**.

The direction and actions set out below aim to encourage connections between China and those within Warrnambool's arts, sporting and creative community.

### Objectives:

**5. To promote Warrnambool as a cosmopolitan city that embraces diversity, seeks global engagement and fosters a culturally and socially connected city.**

### Actions

- a. Continue to support and endorse educational, cultural, sporting initiatives and events (ie. The Changchun marathon).
- b. Support educational initiatives that foster international engagement and connections through sister-school programs and student exchange.
- c. Recognise and celebrate the cultural, creative and sporting community engaging internationally to position Warrnambool as a leading cultural destination.
- d. Support social inclusion initiatives to integrate international visitors, students and residents with our local community.

### **WOODFORD PRIMARY SCHOOL SIGNS OFFICAL SISTER SCHOOL RELATIONSHIP WITH CHANGCHUN FIRST EXPERIMENTAL SCHOOL**

Eash class at Woodford Primary School participates in regular Chinese Language lessons.

Woodford Primary School currently has strong ties to China, working closely with Warrnambool City Council and our sister city, Changchun.

Sister city relationships are seen as lead examples in education for schools and Woodford Primary School is an example of how these relationships can be mutually rewarding.



# INTO THE FUTURE...

## China Host Program

In 2018, the Warrnambool City Council secured \$150,000 of Victorian Government funding to lead an Australian-first business mentoring program to help businesses in the Great Ocean Road region to capitalise on the booming Chinese tourism industry.

The China Host program will see businesses in the Great Ocean Road region take part in a series of high-level workshops and activities to create the industry-leading services and experiences that will help take Chinese tourism in the region to the next level.

The program will include one-on-one mentoring, advanced marketing support identification and analysis of world-class case studies and an introduction to popular Chinese social media platform WeChat.

This will allow for expansion of the award winning Changchun sister city relationship.

This program will be delivered by industry experts Asialink Business, The Australian Tourism Export Council, Dragon Trail and South West TAFE.

