REPORT ON VISIT TO CHINA

30 August to 5 September 2015

Hon Terry Redman, MLA, Minister for Regional Development;
Lands
Minister Assisting the Minister for State Development
Overview

The principal purpose of the visit was to attend the signing of an Aboriginal Development Package between the Miriuwung Gajerrong Corporation and Kimberley Agricultural Investment (KAI) Pty Ltd.

This was a significant milestone event for the continued expansion of the Ord Irrigation Scheme and an excellent opportunity to strengthen the existing relationship between the Shanghai Zhongfu Group (KAI parent company) and the Western Australia Government. This relationship supports the State Government’s long-term commitment to facilitating the development of the Ord’s potential, including the partnership with the Miriuwung Gajerrong Traditional Owners.

In addition to spending time with the Shanghai Zhongfu Group, the Minister held 12 meetings with Chinese central and provincial government agencies, state owned enterprises, diplomatic corps, consultants and private investors.

The visit provided an opportunity to strengthen relationships with Chinese provincial and local governments, key investors active in Western Australia and Chinese agencies involved in trade and development. The delegation gained greater understanding of the:

- opportunities for Western Australia in outbound trade to China, particularly in agriculture, fine foods and wine, and tourism
- appetite, opportunities and challenges for Chinese investors looking for overseas investment opportunities
- emphasis given to overseas trade and investment by the Chinese Government particularly under the “One Belt, One Road” strategy.

Key learnings from the visit include:

- The Chinese market is very large and seems set for continuing growth as the process of urbanisation continues.
- Despite strong growth, the Chinese economy is undergoing significant structural change as it shifts from investment to consumption and this will present challenges and opportunities for Western Australia.
- There is increasing competition for trade and investment opportunities in China.
- Governments from around the world (and the private sector) are very active in working to maximise these opportunities – a proactive approach is required.
- The breadth of the Chinese economy, and the size and comparative advantage of the Western Australian economy, mean that a coordinated and focused approach is imperative.
- Government effort to facilitate trade and development effort with China will enhance efficiency and effectiveness.

These learnings will enhance the design and delivery of a number of regional development initiatives, particularly the Seizing the Opportunity Agriculture initiative.

This report provides a summary of the meetings and key outcomes. Attachment 1 contains the Ministerial Statement made to Parliament by Minister Redman on Wednesday 11 November 2015. Attachment 2 contains a detailed summary of costs.
Delegation

- Hon Terry Redman MLA, Minister for Regional Development; Lands; Minister Assisting the Minister for State Development
- Mr Jamie Henderson, Chief of Staff, Office of the Minister for Regional Development; Lands; Minister Assisting the Minister for State Development
- Mr Ralph Addis, Director General, Department of Regional Development

The delegation was very well supported and accompanied by the Director and staff of the Department of State Development's Western Australian Trade and Investment Office in China who provided the highest quality of insight and advice.
Day 1 – Sunday 30 August 2015

Travel from Perth to Shanghai via Singapore arriving 8pm.

Day 2 – Monday 31 August 2015

Meeting with Zhejiang Provincial Government, Hangzhou City

Meeting attended by:
- Madam Liang Liming, Vice Governor of Zhejiang Provincial Government
- Mr Chen Zongyao, Vice General Secretary of Zhejiang Provincial Government
- Mr George Lu, Deputy Director General, Zhejiang Foreign Affairs Office
- Mr Li Yiyun, Deputy Director General, Zhejiang Development and Reform Commission
- Mr Zhang Guobin, Deputy Director General, Zhejiang Department of Land and Resources

Western Australia shares a 28 year old sister state relationship with Zhejiang Province. The WA-Zhejiang Exchange Committee (Committee) was formed in 1995 to foster stronger economic linkages and subsequently expanded to allow for other areas of engagement including education, training, culture and the arts and agriculture.

The Committee meets biennially, alternating between Zhejiang and Western Australia. The 6th meeting of the Committee is expected to be held in Perth in late 2015, approximately 25 Zhejiang representatives are proposing to attend the meeting.

The strong sister-state relationship between Zhejiang and Western Australia was acknowledged, including the range of sister-city relationships that exist. The work of the Committee in developing the relationship was discussed, including the upcoming meeting of the Committee in Perth.

The Minister thanked Madam Liang for the support provided by the Zhejiang Government for Western Australia’s initiatives in live cattle, aquaculture and ocean science. The progress of the China Australia Free Trade Agreement was discussed as an important step for promoting stronger trade ties.

Madam Liang outlined a positive view of China’s economic engagement with key partners such as Australia and noted the emphasis in China on strengthening overseas economic linkages such as the “One Belt, One Road” policy.

Following the meeting, the delegation was hosted for a luncheon banquet by Madam Liang.

Meeting with Tianma Bearing Group / Ferngrove Wine Group / Balfour Downs

Meeting attended by:
- Mr Ma Xingfa, owner of Tianma Bearing Group, Ferngrove Wine Group and Balfour Downs
In December 2014, Tianma Bearing Group, through its Australian subsidiary TBG Agri Holding Limited, purchased Balfour Downs, cattle-producing pastoral leases in the Pilbara covering 639,500ha. The owner of the company, Mr Ma, also owns Ferngrove Wine Group in the Great Southern, through Zhejiang Tianma Holding Group, and Emu Downs Farm near Cervantes.

Ferngrove Wine Group is one of the world’s most isolated, cool climate wine estates. It is situated in Frankland River about 360 kilometres south of Perth in the Great Southern region. In February 2011 Mr Ma took a controlling investment in Ferngrove Wines as he expanded his business interests to focus on a growing market opportunity in food and wine for China’s rising middle class.

With a total of over 300 hectares of vines, Ferngrove is now one of the largest premium vineyards in Australia. The Hangzhou Ferngrove Food Company has built a distribution network throughout China which it continues to grow. It has opened more than 50 Ferngrove retail wine shops and employs over 100 sales people.

Mr Ma was accompanied for dinner by his son, Paul, who is closely involved in the marketing and distribution of Ferngrove Wine products in China. Mr Ma outlined that he is interested in expanding his business interests in Australia, but is taking time to understand how the Australian business environment works, including how the land tenure system operates.

The Minister outlined the recent development of policy by the Western Australian Government to facilitate land tenure approvals for agricultural development on pastoral leases and offered to provide a briefing for Mr Ma in Western Australia.

**Day 3 – Tuesday 1 September 2015**

**Meeting with Western Australian State Government nominated business migrants**

The Business Talent visa (subclass 132) is the only one step Permanent Resident visa in Australia. The 132 visa class provides for migration tied to the establishment of new or the development of existing businesses in Australia. Western Australia is the most popular 132 visa class destination in Australia attracting over 50 new applicants every year with Zhejiang being a major migrant source.

The State-nominated business migration program is facilitated by the Small Business Development Commission in Western Australia, which conducts annual roadshows in China.

The meeting was arranged as an opportunity for discussion with Chinese businessmen who are considering or progressing through the 132 visa class. Approximately 20 visa candidates were in attendance together with two China-based migration consultants.

The Minister welcomed the attendees and outlined the range of opportunities offered in Western Australia. Discussion provided insights into the motivations, opportunities and challenges for intending Chinese business migrants, including identification of suitable and “investable” business opportunities.
Meeting with Jiaxing City Government

In 2000, the Bunbury City Council and Jiaxing City, in conjunction with the then Bunbury Port Authority and Zha Pu Port, signed a Friendship City agreement. The agreement committed to exchanges and cooperation in the fields of the economy, education, trade, science and technology.

Following reciprocal delegations and the development of a close relationship, the Bunbury-Jiaxing Business Relations Office was formed in 2009 to assist local business people wishing to trade with China, as well as Jiaxing citizens intending to conduct business in the South West region of Western Australia.

The Business Relations Office is housed within the South West Development Commission (SWDC) and is complemented by its counterpart in the Jiaxing Foreign Economic and Trade Cooperation Bureau in China.

The SWDC-led trade strategy has had significant success in promoting wine exports and manufacturing relationships in areas of toughened glass production and solar panels. It has also led to significant interest in investment in tourism and food as a consequence of the relationship.

The meeting was held with the Mayor of Jiaxing City and officials from the Cities trade office. Discussion covered the Friendship City relationship between Jiaxing and Bunbury and the related exchange and trade activities that have developed including wine, agriculture and tourism.

Following the meeting, the delegation was hosted for a luncheon banquet.

Meeting with Tourism Western Australia (Shanghai)

Meeting attended by:
- Mr Johnny Nee, Director International Marketing – North Asia
- Mr Charley Shen, Country Manager – China

Tourism Western Australia (Tourism WA) operate a small marketing and development team in China, based in Shanghai. Mr Nee and Mr Shen provided a briefing of opportunities for Western Australian tourism in China and outlined Tourism WA's China strategy.

Tourism WA's China strategy (Our Direction in China 2012-2015) aims to more than double the volume and value of this trade (to 100 000 visitors and $500 million per annum) by 2020 through a five-plank strategy:
- Aviation development – development of direct and indirect services into and within Western Australia
- Consumer marketing – confirming our brand proposition and identifying appropriate marketing channels
- Industry development – ensuring Western Australian industry is prepared for the increase in Chinese visitors
• Trade development – engaging our trade partners in market to educate and gain support
• Stakeholder relationship – leveraging the activities of existing products and business in market and aligning our activity

The briefing highlighted the rapidly growing importance of China as a source of growth for Western Australia’s tourism industry, with inbound tourism from China now ranking as the State’s second largest market by value and seventh in terms of visitor numbers. Importantly, growth continues to be strong with total spend estimated to have grown over 15 percent per annum in recent years.

The briefing highlighted the significance of tourism opportunities in the China market, and the importance of a proactive approach to trade and industry development relative to these opportunities.

Mr Nee and Mr Shen outlined efforts to:
• build awareness through promotional activity such as the forthcoming “Where are we going Dad?” travel show in China
• drive consumer action through working with key Chinese travel agents and major airlines (Singapore and China Southern), and
• building industry capability through initiatives such as the Aussie Specialists program in China and the China Ready Accreditation program for operators in Western Australia.

Meeting Shanghai Zhongfu Group

Meeting attended by:
• Mr Wu Puingai, Chairman, Shanghai Zhongfu Group
• Mr Jian Zhong Yin, Chief Executive Officer, Kimberley Agricultural Investment Pty Ltd
• Mr Jim Engelke, General Manager, Kimberley Agricultural Investment Pty Ltd

During the meeting Mr Wu outlined his plans for agriculture development in the East Kimberley, including the Goomig and Knox Plain lands, the potential for other land development in the region, and the interest of Kimberley Agricultural Investment Pty Ltd to invest to improve related infrastructure such as the Wyndham Port.

The Minister noted the Western Australian Government’s continued commitment to developing the potential of the Ord and highlighted the importance given in Western Australia to achieving sustained participation in regional development for Aboriginal people and of maintaining the highest environmental standards.

Following the meeting, Mr Wu hosted the delegation at a formal banquet.

Day 4 – Wednesday 2 September 2015

Meeting and visit Huawei Shanghai Research and Development Centre

Meeting attended by:
• Mr Yu Fuyong, Director, Enterprise Wireless Marketing
• Mr Kong Tao, Chief Engineer, Enterprise Wireless Solutions
Huawei is a Chinese multinational networking and telecommunications equipment and services company headquartered in Shenzhen, Guangdong and is the largest telecommunications equipment maker in the world. Huawei has sales in excess of $US30 billion and over 140 000 employees, around 46 per cent of whom are engaged in research and development. In 2014, Huawei became the world's number one applicant for international patents.

Huawei Australia has a team of over 800 employees with offices in Sydney, Melbourne and recently established in Perth with a focus on remote operations technology.

The meeting was held at Huawei's Shanghai Research and Development Centre, which is one of the largest buildings in Shanghai and is the base for over 10 000 technical experts focused on developing Huawei's wireless technologies.

The site visit provided insights to the fast-moving mobile communications technologies sector, including:

- rapid deployment, portable mobile base stations that could have application in remote and emergency situations
- small area, inter-connected wireless network systems that can be “designed into” urban landscapes to improve speed, access and avoid bottle-necks
- remote monitoring, metering and operations control systems that are likely to have significant impact and application in a range of settings in Western Australian’s regions.

**Meeting with Tourism Australia**

Meeting attended by:
- Mr Andrew Hogg - Regional General Manager Greater China

Mr Hogg outlined his experience working as a senior executive in the China region with Qantas Airways and his perspective on priorities for Australia to capitalise on growing Chinese demand for overseas travel.

In particular, Mr Hogg highlighted the view that increasing market awareness through stronger and more focussed in-market promotion should be Western Australia’s first priority.

**Signing ceremony for Knox Plain Aboriginal Development Package between Kimberley Agricultural Investment Pty Ltd and Miriuwung Gajerrong Corporation**

Meeting attended by:
- Mr Wu Puingai, Chairman, Shanghai Zhongfu Group
- Mr Jian Zhong Yin, Chief Executive Officer, Kimberley Agricultural Investment Pty Ltd
- Mr Jim Engelke, General Manager, Kimberley Agricultural Investment Pty Ltd
- Mr Desmond Hill, Chairman, Miriuwung Gajerrong Corporation
- Mr Neil Fong, Chief Executive Officer, Miriuwung Gajerrong Corporation
- Mr Graeme Meehan, Australian Consul-General in Shanghai
- President of Shanghai Association for Investment Abroad
- President of Shanghai Chamber of Commerce for Import and Export
The signing of an Aboriginal Development Package between the Miriuwung and Gajerrong Corporation and Kimberley Agricultural Investment (KAI) Pty Ltd is required under the terms of the Ord Final Agreement - the native title agreement signed in 2005.

This was a significant milestone event in relation to the continued expansion of the Ord Irrigation Scheme and demonstrates the willingness and ability of the Miriuwung Gajerrong Corporation and KAI to work together to enable investment and development in the Ord to continue.

This agreement is a precursor to land clearing on the Knox Plain land, which will be part of the expanded Ord Irrigation Scheme. The Knox Plain development will see around an additional 6,000 hectares of land come into agricultural production.

The Knox Plain Aboriginal Development Package has an estimated value to the Miriuwung Gajerrong Corporation and people of $8.8 million to be realised over a period of years as the project develops.

Speeches by Mr Wu, Minister Redman and Mr Hill were followed by the signing of the Aboriginal Development Package Agreement, which outlines significant benefits to be created for Miriuwung Gajerrong Corporation and members, including employment and business development, through the proposed development of the Knox Plain land as part of the Ord Expansion.

A formal banquet for approximately 60 guests was hosted by Mr Wu to mark the significance of the occasion.
Figure 1: Signing of the Knox Plain Aboriginal Development Package
Figure 2: Minister Redman with Mr Yin and Mr Wu

Figure 3: Mr Hill, Mr Yin and Minister Redman at the signing of the Knox Plain Aboriginal Development Package
Day 5 – Thursday 3 September 2015

Briefing from the Western Australia Trade and Investment Office

The briefing was arranged by Mr Nathan Backhouse, Region Director of the Western Australia Trade and Investment Office (Department of State Development) and provided a case study review of the strategic models developed by several government jurisdictions, including California and Alberta, to enhance the facilitation of international trade and investment. The briefing covered the basic tenets of the various models and identified the relative pros and cons, and considerations for tailoring responses to suit each circumstance.

Of particular relevance was the varying extents to which different jurisdictions have pursued their trade and investment goals by partnering and leveraging the non-government sector, and in particular the value of effective collaboration between government, non-government organisations and the private sector. In a number of jurisdictions, government has played a key role by encouraging the formation of capable and mandated non-government trade and development networks and this appears to support effective innovation.

The briefing provided an excellent opportunity to review the key learnings from the trip, and to distil key ideas and priorities relevant to the regional development portfolio’s work in priority sectors such as agriculture and tourism.

Travel from Shanghai to Hong Kong

Day 6 – Friday 4 September 2015

Meeting with the Consul General of Hong Kong and Macau

Meeting attended by:
- Mr Paul Tighe, Consul General of Hong Kong and Macau
- Ms Yvonne Chan, Senior Trade Commissioner, Austrade Hong Kong
- Mr Wilson Tang, Senior Business Development Manager

Mr Tighe outlined his role in Hong Kong and the importance of Hong Kong as a centre and conduit for financial and trade services into and out of mainland China. The role and potential of Hong Kong to be a platform for access in food and wine was discussed, building on the mature business environment of Hong Kong and its established trade logistics channels.

The meeting also covered the growing importance of Hong Kong as a travel destination for visitors from mainland China seeking high-value shopping and eating opportunities, which provides opportunity for Western Australian businesses and products.

Hong Kong has a population of more than 7 million and receives 54 million visitors per year, including 40 million visitors from mainland China. Hong Kong is Australia’s largest export market for seafood and fruit and the twelfth largest market for wine. Australia is the number one supplier of chilled beef to Hong Kong, second for wine and seafood and third for dairy.
Meeting with Hong Kong Trade and Development Council (HKTDC)

Meeting attended by:
- Mr Johnny Wan, Director of Exhibitions Market Development
- Mr Daniel Lam, Senior Exhibitions Manager
- Ms Angel Leung, Project Manager
- Ms Dawn Chan, Project Manager

The HKTDC provides a range of services including Expo event management, market research and intelligence, and business matching.

HKTDCs approach to business matching (for trade and investment) provides a fixed fee approach to identifying a firms objectives and requirements, and uses HKTDCs database and networks to provide effective matching services. This highlights the potential to use existing networks and services, reducing the need for bespoke arrangements in support of Western Australian trade facilitation.

HKTDC provided a range of material to assist in understanding the service and partnering opportunities they could provide to assist regional development effort in this area.

Meeting with InvestHK

Meeting attended by:
- Dr Jimmy Chiang, Associate Director-General
- Ms Stephanie Yau, Manager, Business and Professional Services

Established in 2000, InvestHK is a department of the Hong Kong government responsible for facilitating inbound investment to Hong Kong. Their vision is to strengthen Hong Kong’s status as the leading international business location in Asia.

InvestHK work with overseas and mainland entrepreneurs, small to medium-sized enterprises and multinationals that wish to set up an office – or expand their existing business – in Hong Kong.

The approach taken to this task by InvestHK was outlined, and comparisons drawn to how the Western Australian government can facilitate trade and investment through Hong Kong.

Visit to AsiaWorld-Expo Center and Asia Fruit Logistica - meeting with Western Australian exhibitors

Australia has an international reputation as a reliable supplier of some of the best fresh horticultural produce in the world. This reputation is enhanced by clean and green credentials forged by a world-class food safety management, quality assurance systems and the environmental stewardship of our farmers and land managers.

Strong safety and quality controls have boosted demand for Australia’s horticultural products in 2013 as growers exported nearly two million tonnes worth $2.1 billion, up 7 per cent from a year earlier. This figure includes 440 000 tonnnes of fresh fruit and vegetable exports worth $703.5 million. Australia exports more than 90 fresh fruit and vegetable products to more than 60 countries.
Asia Fruit Logistica 2015 attracted more than 9 200 trade visitors from 70 different countries to Hong Kong’s AsiaWorld-Expo Center. The event showcases fruit and vegetable products from across the world, including both country and producer promotions. 40 Australian growers and grower groups were exhibiting, including a number of Western Australian representatives such as, AUSVEG (an association of vegetable products being promoted under a common promotional and branding approach), the Southern Forests Food Council (from the Manjimup region) and a number of other Western Australian producers.

The visit highlighted the intense competition in the world trade for fresh food products, including significant promotion and branding effort at a region and country level. Rapidly changing technologies in packaging and logistics is clearly a major driver of change in the industry, highlighting the importance of industry innovation. A consistent theme raised by participants is the importance of strong and consistent brand development at the country level.

Day 7 – Saturday 5 September 2015

Travel from Hong Kong to Perth
Attachment 1

Minister for Regional Development
Brief Ministerial Statement – Visit to China
Wednesday 11 November 2015

I rise today to inform the House of my recent visit to China. I travelled from 30 August to 5 September to visit Shanghai and Hong Kong and the province of Zhejiang.

The principal purpose of the visit was to attend the signing of an Aboriginal Development Package between the Miriuwung Gajerrong Corporation and Kimberley Agricultural Investment, a subsidiary of the Shanghai Zhongfu Group.

This was a significant milestone event for the continued expansion of the Ord Irrigation Scheme and the development of the Knox Plain, which will see around 6000 additional hectares of land come into agricultural production.

The Aboriginal Development Package has an estimated value to the Miriuwung Gajerrong Corporation and people of $8.8 million to be realised over a period of years as the project develops.

I took the opportunity to strengthen the existing relationship between the Shanghai Zhongfu Group and the Western Australia Government and reinforce our shared and long-term commitment to facilitating the development of the Ord's potential in partnership with the Miriuwung Gajerrong traditional owners and the local community.

In addition to spending time with the Shanghai Zhongfu Group, I held 12 meetings with Chinese central and provincial government agencies, state owned enterprises, diplomatic corps, consultants and private investors.

In Hong Kong I attended the Asia Fruit Logistica which attracts more than 9200 trade visitors from 70 different countries. The event showcases fruit and vegetable products and producers from across the world, including a number of Western Australian representatives such as, AUSVEG and the Southern Forests Food Council from the Manjimup region.

The visit reinforced the significant opportunities for Western Australia in outbound trade to China, particularly in agriculture, fine foods and wine, and tourism. The potential for export is not limited by Chinese capital or demand; it is limited by our ability to meet this demand at scale and competitively against other developed countries. Government support to target, coordinate and facilitate trade and development effort with China is critical.

This visit has served to reinforce the importance of the Liberal–National government's Seizing the Opportunity Agriculture policy and in particular the WA Open for Business initiative as a valuable entry point for midscale overseas investment.
Lastly, I take this opportunity to express my appreciation to the diligent and hard-working staff of the Department of State Development's China office, who arranged the visit and accompanied my delegation.
## Attachment 2 - Breakdown of Costs

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<tr>
<th>Name</th>
<th>Airfares</th>
<th>Accommodation</th>
<th>Meals</th>
<th>Associated Costs (Taxi / Visa / Gifts)</th>
<th>Total Cost</th>
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</thead>
<tbody>
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<td>$1,657.34+</td>
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<td>$1,776.11+</td>
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<td>Ralph Addis</td>
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<td>$1,611.00+</td>
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All costs are inclusive of GST where applicable and reported in Australian dollars.

**Source of funding:**
- * Department of Regional Development
- + Minister Redman’s office