

**BUSINESS AND INTERNATIONAL
RELATIONS COMMITTEE REPORT**

Agenda Item 5.5

21 November 2006

MELBOURNE OFFICE TIANJIN BUSINESS PLAN 2006-2007

Division Marketing, Tourism & Major Events

Presenter Jane Sharwood, Manager Melbourne International

Purpose

1. The purpose of this report is to present the proposed Melbourne Office Tianjin (“MOTJ”) Business Plan for 2006-2007.

Recommendation from Management

2. The Business and International Relations Committee approve the MOTJ Business Plan for 2006-2007.

Key Achievements

3. This report acknowledges that the MOTJ Business Plan for 2006-2007 has already been in effect for close to five months.
4. Substantive achievements include:
 - 4.1. the Tianjin Agricultural Reclamation Industry Group signed a Joint Venture with the China Cattle Ltd to export Victorian dairy cattle to North China;
 - 4.2. significant Victorian Wine companies have visited Tianjin to discuss potential cooperation and expanded development of China’s wine industry;
 - 4.3. in July, Cr Shanahan visited Tianjin to officially open the Melbourne Children’s Garden, which is a permanent symbol of the 25th anniversary of sister city relations and the first environmental and child centred play space in North China;
 - 4.4. MOTJ organised business matching for the second group Victorian Government’s Service Industry as part of the Victorian Government’s Services Export Advisory Committee;
 - 4.5. the AFL development officer has trained two local teams, who have competed against Australian expat sides in Beijing and Shanghai and will form the nucleus of the 2008 Chinese National side for the International AFL Cup to be held in Melbourne;
 - 4.6. in August, former Victorian Minister for Sport, the Honourable Brian Dixon, visited Tianjin and MOTJ to oversee plans for the construction of an AFL ground in Dagang district Tianjin to be the base of AFL in China and to host the first exhibition match planned for 2007;

- 4.7. MOTJ assisted with the organisation of the 3rd Tianjin Government Leaders work placement program with the General Manager of the International Division of the Tianjin City Commercial Bank undertaking a 10 week placement with ANZ, who recently purchased a 20% stake in the Tianjin bank;
 - 4.8. in September, a seven member group of experts visited Tianjin to conduct concept design of Tianjin EPB environment re-fit using the technologies and processes from CH2. The building will become a first in China and will be a showcase for Australian and Melbourne environmental expertise;
 - 4.9. in November, Sport Knowledge Australia will deliver the first of its sports capability workshops (based on Sydney 2000 and Melbourne 2006) to Tianjin Sports Bureau following the MoU signed during the Commonwealth Game;
 - 4.10. former Australian Basketball coach and living legend Lindsay Gaze spent three months in Tianjin as specialist coach assisting the local team advance in the national rankings; and
 - 4.11. MOTJ is playing a central role in the organisation of Tianjin newly weds program, which will see up to 99 couples celebrate their honeymoon in Melbourne with a huge TV audience and tourism opportunities expected.
5. The proposed Business Plan for 2006-07 is provided at Attachment 1.

Time Frame

6. The Business Plan covers the period July 2006 to June 2007. It is proposed to report to the Business and International Relations Committee on the outcomes at the end of the financial year.

Relation to Council Policy

7. The objective under the Strategic Direction 1.3 in *City Plan 2010* is to strengthen and develop long-term strategic relationships with sister cities, Business Partner Cities and other key partners.

Consultation

8. There has been extensive internal consultation in the development of this Business Plan with MOTJ Chief Executive and senior Business Melbourne staff.

Government Relations

9. There is regular contact with the Federal and Victorian Governments and in particular the Victorian Department of Innovation, Industry and Regional Development, Invest Victoria, Austrade and the Department of Foreign Affairs and Trade. The office has operated since 2004 under the Trade Correspondent status on behalf of Austrade.

Finance

10. Funding of \$212,000 is provided in the 2006-07 Melbourne International Budget for the operation of the Melbourne Office Tianjin to pay for office rent, salaries of four staff, and general expenditure in support of programs and activities as listed in the Business Plan.
11. This is off-set against a projected \$25,000 income from MOTJ clients and fees. Business Melbourne has also provided up to \$100,000 from the Business Development Fund to support MOTJ business and trade development activities and to further market and profile the office in Tianjin and Melbourne markets.

Legal

12. No direct legal issues arise from the recommendation of the report. Legal advice has and will continue to be provided on issues arising from the Melbourne Office Tianjin.

Sustainability

13. The Melbourne Office Tianjin is the central point for all formal exchanges between Melbourne and Tianjin under the sister city relationship. These involve civic, cultural, educational and youth exchanges.
14. One of Melbourne's strengths being promoted in Tianjin is environmental management. This has led to exchange of information between the cities and opportunities for Melbourne companies to be involved in environmental management services, in particular around the Green Building project, which will borrow from the City of Melbourne's CH2 experience.
15. The 2006-07 Business Plan includes a number of environmental initiatives.

Comments

16. The overall direction of the Melbourne Office Tianjin Business Plan for 2006-07 is to consolidate its role as a key conduit for business, educational and sister city exchanges between Melbourne and Tianjin and to take advantage of the current Binhai New Area Development Program.

Background

17. The Melbourne Office Tianjin was opened in January 1998 with the following aims.

Facilitate the entry of Melbourne, Victorian and Australian businesses into the Tianjin market and vice versa.

18. MOTJ has been recognised by the Victorian State Government and Australian Federal Government as one of the most active and effective trade facilitation offices in China. The office benefits from incredible access and thorough understanding of Tianjin's highest levels of business and government networks through the 26 year sister city relationship.

Support education exchange and recruitment of students for Melbourne institutions.

19. Melbourne accounts for over 30% of all international student enrolments and according to the Victorian Education Minister attracts more international higher education students than any other city in the world. In 2002, education earned Australia \$5.2 billion in export revenue, more than we gained from our traditional exports of wool and wheat. Australia is currently the third most popular destination for international students after the UK and the USA. MOTJ has moved away from the recruitment of full time students to focus on the development of short term training programs based on the success of the Tianjin Government Leaders Training program. The office continues to work with Melbourne based education institutions to profile Melbourne as a knowledge city.

Support the Melbourne-Tianjin city to city relationship.

20. MOTJ played a crucial role in last year's successful activities and events to mark the 25th anniversary of Australia and China's first sister city relationship. The Tianjin Foreign Affairs Office is currently preparing a report that will promote Melbourne as the most active sister city relationship among Tianjin's current 22 international partnerships. Tianjin Mayor Dai Xianglong has also indicated that Melbourne and Tianjin serves as an excellent role model for how to conduct effective Sino-Australian relations.
 21. The Melbourne Office Tianjin currently operates under a Heads of Agreement between the City of Melbourne, Australia China Business Council (Victorian Division), RMIT and Taylors College. The Office is registered in the name of the Australia China Business Council because of legal issues in operating an off-shore office in China in the name of the Melbourne City Council.
 22. Work is currently underway to establish a wholly-owned Council company to manage the operations of the Melbourne Office Tianjin, as per the *Local Government Act 1989*, and a report will be presented to Committee on this matter at a future date.
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Attachment:

1. Melbourne Office Tianjin Business Plan 2006-2007

MELBOURNE OFFICE TIANJIN BUSINESS PLAN 2006-2007

Melbourne Office Tianjin 2006-07

Objective 1: Facilitate trade and investment between Melbourne / Victorian businesses and Tianjin counterparts

Objective 2: Facilitate education and professional development programs for Melbourne based institutions

Objective 3: Support active city to city exchanges including 25th anniversary legacy programs

Objective 4: Effective operation and management of the Melbourne Office Tianjin

* Commonly Used Acronyms

MOTJ: Melbourne Office Tianjin
TMBEC: Tianjin Melbourne Business Exchange Centre
MI: Melbourne International Branch
BI: Business Melbourne Branch

Objective 1. FACILITATE TRADE AND INVESTMENT BETWEEN MELBOURNE / VICTORIAN BUSINESSES AND TIANJIN COUNTERPARTS

STRATEGIC PRIORITY 1: AUSTRADE TRADE CORRESPONDENT SERVICES

KEY PERFORMANCE INDICATOR

1. Provide Trade Correspondent service in the Tianjin Market for Austrade Beijing Office (2 days per week).
2. Austrade Export Impacts : Minimum **6** achieved (Or as agreed with Austrade Beijing Office)
3. Monthly reports back to Melbourne.

STRATEGIC PRIORITY 2: EXPORT FACILITATION SERVICES TO MELBOURNE / VICTORIA BASED CLIENTS

KEY PERFORMANCE INDICATORS

1. Effective relationships built with **20** major importers/buyers (private sector) in Tianjin, especially in the areas of building materials, architectural/urban design services, automotive components, professional services, biotechnology and environmental services.
2. **6** strong business leads identified and presented to Melbourne based companies
3. **Monthly** market intelligence reports back to Melbourne
4. Chief Representative to participate in **quarterly** market opportunity update briefings held in Melbourne
5. Export value (facilitated by MOTJ) of **\$ 2 million** achieved

STRATEGIC PRIORITY 3: MARKET MELBOURNE AS AN INVESTMENT DESTINATION

KEY PERFORMANCE INDICATORS

1. Effective relationships built with **10** major companies in Tianjin, which have overseas expansion plans.
2. On-going profiling of Melbourne's capability on the ACBC (Victoria) website – Melbourne Office Tianjin Section.
3. Link the Business Melbourne website to several major websites in Tianjin (eg. Tianjin government website).
4. 5 potential business migrants identified.
5. Effective relationships built with major business migration agents in Tianjin.
6. 2 seminars held to promote Melbourne as an ideal investment destination. (together with the promotion of IBC)
7. Total investment value of **\$ 1 million** into Melbourne achieved

**STRATEGIC PRIORITY 4:
TIANJIN BUSINESS DELEGATIONS TO MELBOURNE****KEY PERFORMANCE INDICATOR**

1. Facilitation of at least **2** business delegations from Tianjin to Melbourne with no less than 5 companies participating in each delegation.

**STRATEGIC PRIORITY 5:
MELBOURNE DELEGATIONS/BUSINESSES TO TIANJIN****KEY PERFORMANCE INDICATOR**

1. Facilitation of at least **6** individual Melbourne enterprises/organisations to Tianjin including visit programs and interpretation.

**STRATEGIC PRIORITY 6:
FURTHER PROMOTE TIANJIN MELBOURNE BUSINESS EXCHANGE CENTRE
(TMBEC)**

Tianjin Melbourne Business Exchange Centre is a membership based organisation established in Tianjin in partnership with the MOTJ and China Council for the Promotion of International Trade (CCPIT).

KEY PERFORMANCE INDICATORS

1. Maintain number of members at **25**.
2. Deliver tailored events in Tianjin for TMBEC members: Minimum **10**.
3. Develop and deliver visits by TMBEC members to Melbourne: Minimum **3**.

**Objective
2.****FACILITATE EDUCATION AND PROFESSIONAL DEVELOPMENT
PROGRAMS FOR MELBOURNE BASED INSTITUTIONS****STRATEGIC PRIORITY 1:
TIANJIN TRAINING PROGRAMS IN MELBOURNE****KEY PERFORMANCE INDICATORS**

1. Tianjin Government Leaders Training Program: **1** per year.
2. Tianjin Government Leaders Work Placement Program: Minimum **3** leader placements with the City of Melbourne or external agencies.
3. Additional training programs from Tianjin (eg youth, sports management, retail, etc): **3** per year.

**STRATEGIC PRIORITY 2:
PROVIDE SUPPORT SERVICES FOR VISITING MELBOURNE EDUCATIONAL
INSTITUTIONS****KEY PERFORMANCE INDICATORS**

1. Organise program for visiting Melbourne educational institutions: Minimum **2**.
2. Educational agreements (MOU) signed between Melbourne and Tianjin: Minimum **2**.

**STRATEGIC PRIORITY 3:
DEVELOP TIANJIN GOVERNMENT LEADERS ALUMNI CLUB****KEY PERFORMANCE INDICATORS**

1. Organise and deliver focused alumni functions in Tianjin for graduates of the Tianjin Government Leaders Training Program: Minimum **3**.
2. Maintain / track and update alumni database: annual update.

Objective 3. ACTIVE CITY TO CITY EXCHANGES

STRATEGIC PRIORITY 1: SUPPORT SPORTING EXCHANGES

KEY PERFORMANCE INDICATORS

1. Support development of AFL in Tianjin through hosting AFL development officer at MOTJ and proposed AFL exhibition match with Melbourne Football Club.
2. Provide facilitation service for the Peter Thomson International Golf Challenge.

STRATEGIC PRIORITY 2: POTENTIAL FOR TOURISM ATTRACTION

KEY PERFORMANCE INDICATORS

3. Initiate activities to promote Melbourne to out bound tourism operator in Tianjin in partnership with Tourism Victoria and Australian Tourism Commission: Minimum **1** activity
4. Promote Tianjin in Melbourne through targeted media and other events as a tourist destination; Minimum **1** activity
5. Support Tianjin's development of inbound tourism market through organising Melbourne citizens tour: Minimum **2** groups

STRATEGIC PRIORITY 3: SUPPORT FOR CITY TO CITY EXCHANGES

KEY PERFORMANCE INDICATORS

1. Develop specific projects and outcomes discussed and raised as part of 25th anniversary: Minimum **2** projects / activities
2. Develop specific projects and outcomes to commemorate the 10th anniversary of the opening of MOTJ: Minimum **2** projects / activities

STRATEGIC PRIORITY 4: SUPPORT ENVIRONMENTAL EXCHANGES

KEY PERFORMANCE INDICATORS

1. Support International Council for Local Environmental Initiatives (ICLEI) development of sister city environmental management program: Minimum **2** activities.
2. Promote Melbourne's environmental management expertise to Tianjin: Minimum **2** activities.

**Objective
4.**
**EFFECTIVE OPERATION/MANAGEMENT OF THE MELBOURNE OFFICE
TIANJIN**
**STRATEGIC PRIORITY 1:
RISK MANAGEMENT**
KEY PERFORMANCE INDICATORS

1. Conduct MOTJ Risk Assessment

**STRATEGIC PRIORITY 2:
OFFICE RESTRUCTURING AND COST RECOVERY**
KEY PERFORMANCE INDICATORS

1. Implement new MOTJ fee for service policies and procedures.
2. MOTJ legally and officially registered to trade commercially in China.
3. Increase in revenue over 2006-2007: Minimum income \$AUD 25,000

**STRATEGIC PRIORITY 3:
PROFILING AND PROMOTING THE OFFICE**
KEY PERFORMANCE INDICATORS

1. Increasing awareness of MOTJ among Tianjin business community.
2. Build MOTJ website in Chinese targeting the Tianjin and Chinese investment community.

**STRATEGIC PRIORITY 4:
MANAGEMENT AND STAFFING**
KEY PERFORMANCE INDICATORS

1. Quarterly reviews of Chief Representative's projects/outcomes.
2. Develop and implement staff development program to meet identified needs of the MOTJ staff.
3. Visit to Melbourne and personal business briefing by Chief Representative: minimum 4 visits.
4. Visit to Melbourne by MOTJ staff for training and client development: minimum 1 visit.
5. Visit to Tianjin by City of Melbourne staff: minimum 1 visit.

FINANCE ATTACHMENT

MELBOURNE OFFICE TIANJIN BUSINESS PLAN 2006-2007

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This is off-set against a projected \$25,000 income from MOTJ clients and fees.

Joe Groher
Manager Financial Services

LEGAL ATTACHMENT

MELBOURNE OFFICE TIANJIN BUSINESS PLAN 2006-2007

No direct legal issues arise from the recommendation to the report. Legal advice has and will continue to be provided on issues arising from the Melbourne Office Tianjin.

Section 3C(1) of the *Local Government Act* 1989 (“the Act”) provides that:

“The primary objective of a Council is to endeavour to achieve the best outcomes for the local community having regard to the long term and cumulative effects of decisions.”

Section 3C(2) of the Act provides that in seeking to achieve its primary objective the Council must have regard to facilitating objectives including:

“(d) to promote appropriate business and employment opportunities;”

Section 7 of the *City of Melbourne Act* 2001 provides additional objectives including:

“(a) to ensure a proper balance within its community between economic, social, environmental and cultural considerations within the context of the City of Melbourne’s unique capital city responsibilities;” and

“(b) to work in conjunction with the Government of the State on projects which that Government or the Council determines are significant to Melbourne”.

The subject-matter of the report is within the objectives of Council.

Kim Wood
Manager Legal Services