

Report to the Future Melbourne (International Engagement) Committee

Agenda item 6.3

Proposed travel by Lord Mayor to Indonesia and China, May 2019

5 March 2019

Presenter: David Livingstone, Manager International and Civic Services

Purpose and background

1. The purpose of this report is to seek committee approval for the Lord Mayor to travel to Indonesia (Bandung, Jakarta) and China (Greater Bay Region, Nanjing and Tianjin) during May 2019.
2. Melbourne is a global city, and its international connections significantly contribute to Melbourne's prosperity. This trip will provide an opportunity for City of Melbourne to strengthen and sustain engagement in the key markets of Indonesia and China. The visit to Indonesia will focus on strengthening relations between Melbourne and Bandung to capitalise on collaboration opportunities in the areas of smart cities, innovation and liveability. The China visit will focus on leveraging the 40th anniversary of Jiangsu-Victoria Sister State relations, and showcasing Melbourne's expertise and enhancing engagement with target cities in the sectors of innovation and startups and liveability. The proposed market opportunities and are included in Attachment 2.

Key issues

3. The proposed trip aligns with Council Plan 2017–2021, Goal: A Prosperous City, where Melbourne prospers through global business relationships and investment attraction. Additionally, it supports Council's strategic international engagement approach for enhancing trade and investment, through concentrating on increased engagement with China and the ASEAN region, with a focus on Bandung in Indonesia.
4. Government to government engagement is important to economic relations. Chinese state owned enterprises and significant Chinese companies are closely attuned to Chinese government guidance on where they trade and invest. In this context, Melbourne is well placed to foster and capitalise on this year's 40th anniversary of Victoria's sister state relations with Jiangsu.
5. Melbourne's prosperity continues to be closely linked to China through trade, investment and students. Increasingly, innovation is an important element of that relationship, with the China connection being a strong contributor to Melbourne's further development as a knowledge-based economy.
6. The trip will include stops in China – Nanjing (40th anniversary and startups), Tianjin (World Artificial Intelligence Congress, and planning for the business mission and celebrations of 40th anniversary of Melbourne-Tianjin Sister City relations in 2020), Hong Kong and Guangzhou (startups and investment).
7. In Indonesia, Bandung has been identified as a city that shares close alignment with Melbourne in a number of key sectors. The Mayor of Bandung's visit in August 2018 confirmed the strong, mutual interest in the areas of smart cities, innovation and liveability. During that visit, the former Mayor of Bandung also invited the Lord Mayor to visit. This proposed trip presents an opportunity for the Lord Mayor to meet the new Mayor of Bandung, engage with the former Mayor (now Governor of West Java), and to identify specific project and market opportunities which Melbourne businesses could participate in. The visit to Jakarta will reinforce key relationships with stakeholders.
8. It is proposed that a senior officer accompany the Lord Mayor to facilitate introductions with overseas counterparts and assist the Lord Mayor through coordinating on-the-ground logistics and arrangements.
9. The trip is arranged in collaboration with the Victorian Government, Austrade and DFAT to maximise the economic benefits of the trip and ensure the efficient allocation of resources.
10. Council is expected to incur total costs of up to \$13,000 for the Lord Mayor's travel.

Recommendation from management

11. That the Future Melbourne Committee:
 - 11.1. Approves participation for the Lord Mayor to travel to Indonesia (Bandung, Jakarta) and China (Hong Kong, Guangzhou, Nanjing, and Tianjin) in May 2019.
 - 11.2. Approves an amount of \$13,000 to cover the Lord Mayor's travel costs.
 - 11.3. Notes that the Lord Mayor will prepare a report to the Future Melbourne Committee or Council within 60 days of return from travel.

Attachments:

1. Supporting Attachment(Page 3 of 5)
2. Market Opportunities in China and Indonesia (Page 4 of 5)

Supporting Attachment

Finance

1. The total estimated costs associated with this proposed travel for the Lord Mayor are up to \$13,000 and will be met from within the 2018-19 budget for the Lord Mayors Office branch.

Proposed travel costs for support staff will be met from within the 2018–19 budget for the International and Civic Services branch.

Conflict of interest

2. No member of Council staff, or other person engaged under a contract, involved in advising on or preparing this report has declared a direct or indirect interest in relation to the matter of the report.

Occupational Health and Safety

3. In developing this proposal, no Occupational Health and Safety issues have been identified.

Relation to Council policy

4. The Director, City Economy and Activation has confirmed that the travel proposal accords with the requirements of the travel guidelines outlined in the Councillor Expenses and Resources Guidelines.
5. The trip aligns with Council Plan 2017–2021, Goal: A Prosperous City where global city to city and other partnerships will contribute to the city's business prosperity and attracts investment.

Environmental sustainability

6. The mission will showcase Council's sustainability initiatives and commitment to the environment will be profiled during the mission. The carbon emission resulting from air travel to India and Indonesia will be offset with the purchase of credits.

Market Opportunities

Indonesia

1. The City of Bandung is the capital and economic heart of West Java Province and Indonesia's third most populous city, with 2.6 million residents. It is known for its top-tier universities and creative industries, and is also considered to be one of Indonesia's top three smart cities. Bandung's start-up sector has been fostered by the presence of Indonesia's leading technology university (Institut Teknologi Bandung), a supportive local government and a young, tech-savvy population base.
2. Bandung has undergone rapid transformation in the last five years, under the previous leadership of Mayor Kamil. Mayor Kamil focussed on making Bandung a city of innovation and creativity, with a vision to position Bandung as the most liveable city in Indonesia. His initiatives included embracing smart city principles, developing technology infrastructure, tech-oriented governance and citizen empowerment. Flagship projects include: Bandung Command Centre, a state-of-the-art facility to monitor and manage city operations using new technologies and mobile applications to connect with the people of Bandung; and Bandung Creative Hub, an innovation space designed to support the city's creative and tech industries. Future plans include using the Internet of Things to manage city operations and building a light rail transit system.
3. The Mayor of Bandung's visit to Melbourne in August 2018 confirmed the strong, mutual interest in the areas of smart cities, innovation and liveability. Both cities expressed a desire to establish a formal, substantive relationship focussed on these areas of common interest and an eagerness to explore collaboration opportunities. It is proposed that this engagement encompass city management, capacity building programs, business and economic exchanges, and people to people activities.
4. Both Austrade and the Victorian government have representation in Jakarta. Jakarta is also part of the Business Partner Cities network, which offers a further connection that can be utilised to explore opportunities in Indonesia.

China

Startups and Innovation

5. Achieving innovation-led development is one of the main priorities of China's 13th Five-Year Plan for 2016-2020. With approximately 5000 makerspaces, incubators and accelerators now established, China has experienced massive growth in its regional start-up ecosystems, including the establishment of platforms for seed funding, angel investors, venture capitalists and private equity funds. This growth continues at a fast pace, with Chinese investors actively looking for technology investment opportunities and strategic alliances with international companies, therefore presenting real opportunities for Melbourne entrepreneurs to leverage relations with China, and enter the Chinese market.
6. Innovation and entrepreneurial clusters/centres have developed quickly in first tier cities such as Beijing, Shenzhen, and Shanghai. Significant activity in other cities like Nanjing and Guangzhou is also readily apparent. Government policies aimed at further enhancing sectors provide valuable incentives for foreign engagement, including financial support and favourable taxation concessions in high-tech parks. Consequently, almost all major international startup events and competitions have representation in, and strong links to China.
7. The continued growth of the China's middle class presents great opportunities for Australian entrepreneurs aiming for global scale and impact.

Liveability

8. The concept of liveability as an urban priority is gaining traction in China. Key cities see it as a means of attracting talent and investment for long-term economic growth, as well as improving the lives of their citizens. China's rapid expansion of urbanised areas has resulted in major water management issues, including floods, droughts and environmental degradation that is affecting the liveability of Chinese cities. The Chinese Government has initiated a number of pilot sponge cities in an attempt to address these issues, allocating each sponge city with funding to develop filtration pools and wetlands; and build permeable roads and public spaces that enable stormwater to be absorbed and reused. These initiatives present good opportunities for Melbourne businesses with expertise in integrated water cycle management, sustainable urban design, water-sensitive urban design and green infrastructure.