

APPENDIX S

EXTRACT FROM MINUTES OF THE ORDINARY MEETING OF KEMPSEY SHIRE COUNCIL HELD
20 DECEMBER 2016

ITEM 12.1 POST-CHINESE DELEGATION VISIT

Contact Person: Liz Campbell – Mayor

File: F12/282-05

PURPOSE

To update Councillors on progress arising from the recent Kempsey Shire Council trade delegation visit to Fujian and Hainan provinces, China

2016.312 RESOLVED

Moved: Cl. Campbell

That the information be noted.

BACKGROUND

This report follows the Mayor's report (Item 12.2) to the Council Meeting held on 15 November 2016, to appraise Council of the progress made in fostering the opportunity within the local community for increased investment, particularly in the areas of agribusiness and tourism. It supports Council's resolution that a report be brought back to Council on the benefits to the community.

On Wednesday, November 16, 2016 a delegation comprising Kempsey Shire Council and local industry representatives travelled to Fujian and Hainan provinces, China, to meet with a number of government and business representatives associated with Green Leaf Farm at Clybucca and the Australian International Aviation College, based at Kempsey Airport.

The reciprocal invitation to visit businesses and government representatives in China follows a Chinese delegate visit to the Macleay Valley in August 2016 to discuss mutually beneficial trade opportunities relating to exports and local investment. With its economic strengths in food production and tourism, as well as its existing trade links with China through a number of local businesses, the Macleay Valley is considered to be uniquely poised to leverage further value from its contacts and attributes through the establishment of a Macleay Valley-China Trade Relationship (2016/2017 Delivery Plan).

The visit to China included two itineraries focused on two different areas of geographic interest and economic priority. The first itinerary was to Fuqing city in Fujian province, a coastal region located south of Shanghai, which is home to the parent company of Green Leaf Farm at Clybucca. The focus of this itinerary was agricultural opportunities, including those related to intensive horticulture and seafood production. Aligned tourism businesses were also included in the itinerary.

The second itinerary was to Haikou city in Hainan, a sub-tropical island province located off the southern China coast which is a popular tourism destination for domestic holiday-makers. Haikou city is home to the headquarters of Top 500-listed company, HNA, parent company of Hainan Airlines and the newly established Australian International Aviation College commercial pilot training facility at Kempsey Airport.

APPENDIX S

A detailed itinerary of the Macleay Valley delegation visit is provided at the end of this report, however the purpose of this report is to highlight the visit's benefits to the community, as summarised below.

1. Benefit 1 – Strengthened relationships for future export and investment opportunities in agribusiness, food production and tourism sectors

Formal and informal discussions between the Macleay Valley delegation and China based businesses already actively trading with the Macleay revealed a high level of satisfaction and interest in expanding their investment interests. Through its existing contacts, delegates were introduced to other successful local businesses with ideas and interests in expanding or investing into Australia. Agribusiness ventures in Fujian provinces benefit from a high level of government funding aimed at encouraging best practice, sustainability and collaboration. This has created a strong level of entrepreneurial activity and commercial returns, which has in turn encouraged local investors to look to replicate their success elsewhere in the world. Australia is particularly attractive for agribusiness investment and to consumers because of its clean, green environment. The Macleay Valley can expect to host a return delegation visit from China in the first half of 2017. It is expected the delegation will include investors, business owners and government officials interested in broadening their investment portfolios to the Macleay Valley.

Particular synergies have been identified with Shapu Town, as identified during the visit with government officials from this area to the Macleay and the reciprocal visit to Fujian Province and Shapu Town. It is considered that a formal Sister City relationship between the Macleay Valley and Shapu Town could be of long-term benefit to both parties.

2. Benefit 2 – Identification of commercial growth priorities for companies already investing in the Macleay Valley

China-based companies who have already invested in the Macleay have expressed interest in diversifying their business interests, particularly in the agribusiness sector. While details of these interests remain confidential at this time, the Macleay Valley delegation provided an ideal forum for sharing ideas and information in support of this investment interest.

3. Benefit 3 – Identification of current Chinese consumer trends and buying channels

As was highlighted in the November report to Council, Australia's energy and resources commodities were in demand by China to assist in its infrastructure development and manufacturing industries in the late 1990s and early 2000s. Consumer demand now is for services like finance, engineering, legal and architecture, food products, pharmaceuticals and cosmetics, tourism and education. In line with international retail trends, Chinese consumers have embraced online shopping and are actively seeking out, both independently and through online shopping platforms, high quality global brands, and healthy products, at competitive prices. This presents an opportunity for Council to create market awareness and online capacity building business opportunities amongst the local business sector.

4. Benefit 4 – Demonstrated support for the continued expansion of commercial pilot training operations at Kempsey Airport

While many regional airports throughout Australia remain under-utilised at a cost to ratepayers,

APPENDIX S

Kempsey Airport has significantly advanced its efforts to become an international commercial pilot training precinct. The delegates' visit to HNA headquarters in Haikou city, Hainan province, provided the parent company of Kempsey Airport's Australian International Aviation College with a clear signal of Council's support for the company's long-term plans to significantly expand the school's footprint and diversify its training offerings into other aviation-related training areas.

Australian Delegation Itinerary				
Delegate Members				
Cr Liz Campbell, Mayor, Kempsey Shire Council Susannah Smith, KSC Manager, Economic Sustainability Daniel Abela, Kempsey RSL General Manager Paul McGregor, Chair, Kempsey RSL Board Roger Newport, General Manger, Green Leaf Farm, Kempsey				
Date	Activity	Company/Rep	Purpose	Location
Thur, 17 Nov, 2016	Fuqing Shapu Experimental Primary School	Mr Lin (Green Leaf Farm) & Shapu Town Council reps	View school, meet staff & students, example of investment in education (\$12M).	Shapu Town
	Fuqing Qingyu Aquafarm	Fuqing Qingyu Aquafarm and Shapu Town Cr, Mr Jihuang Chen.	View farm. 500 x staff, 30 x mgt team. Harvest pipi spawn for international export.	Shapu Town
	Fuqing Taizityu Aquafarm	Fuqing Taizityu Aquafarm and Shapu Town Cr, Mr Jihuang Chen.	View development of seafood tourism precinct targeting domestic tourism market.	Shapu Town
	Village Committee of Chijiao Village & Home of Secretary Chen Jihuang	Village Committee	Discussion with Committee members re successful transition from traditional to contemporary farming methods.	Chijiou Village (popn 5000) Council
	Lunch – Shapu Bros Seafood Restaurant	Restaurant owner & Deputy Director, Agricultural Service Centre, Shapu Town, Mr WEI, Baocai.	Restaurant provides for dining, karaoke, conference spaces.	Shapu Town
	Fuqing Green Leaf Agricultural Development Co Ltd, Donsheng base & Xiye base	Mr Lin	View sister farm to Green Leaf Farm (Australia's) parent company. In recovery from recent tornado which caused extensive infrastructure and crop damage.	Shapu Town
	Fuqing Green Leaf Agricultural Development Co Ltd, Jiangnan base	Mr Lin's farm	View farm and discussions regarding major barriers to	Shapu Town

APPENDIX S

			investment in Australia (visa restrictions)	
	Dinner	Mr Lin's farm	Dinner & meet with 30 local business owners & investors, including all reps from Chinese delegation visit	Shapu Town
Fri, 18 Nov, 2016	Shizhushan Scenic Spot with Fuqing City Council Deputy Mayor (Diplomacy), Mr Lu	Fuqing City Council Deputy Mayor (Diplomacy), Mr Lu	Make contact with Fuqing City Council; view local tourism investment.	Fuqing City
	Fuqing Lvfeng Agricultural Development Co Ltd	Mr Lin, Jason & company reps	View another government funded agricultural enterprise. Higher level of funding. Purpose is model farm. Not productive at time of visit.	Fuqing City
	Fujian Xingyuan Agricultural & Husbandry Technology Co Ltd	Owner since 2002, Mr PAN Liming	View operations (recycling technology, circular agricultural model)	Fuqing City
Sat, 19 Nov, 2016	Travel from Fuqing to Fuzhou City			
	Visit historic riverside precinct including monument/historic house commemorating civic leader Lin Zoxu (anti-drug champion and opium wars leader)	Mr Lin/Jason	View history/cultural tourism precinct	Fuzhou City
	Dinner with Reserve Bank representative			
Sun, 20 Nov, 2016	Fly to Haikou city, Hainan province	Meet with HNA company reps David Tian & Rita Zhang	Collect delegation from airport and check in to hotel.	Haikou City
Mon, 21 Nov, 2016	HNA Plaza	Tour of HNA HQ	History/presentation of HNA company history	Haikou City
		Meet with HNA Education President, David Tian, Rita & Project Manager Sara Hee	General discussion regarding flying school development at Kempsey & future needs.	Haikou City
	Boao Seaside Tourism Precinct	Rita Zhang	View local tourism operations	Hainan Province

APPENDIX S

	Asia Boao Forum site	Rita Zhang	Tour of Asian economic forum site	Hainan Province
	Welcome Dinner	David Tian	General discussion	Haikou City
Tue, 22 Nov, 2016	Visit Haikou Arcade Old Streets & lunch	Rita Zhang & Mr Whang	View city tourism & accommodation precinct.	Haikou City
	HNA Tourism Meeting	HNA Chief Operating Officer, Tourism Group, Mr Xie. David Tian, Rita Zhang & Kempsey RSL delegates.	Tourism priorities – Kempsey & HNA	Haikou City
Wed, 23 Nov, 2016	Return travel to Sydney, Australia.			