

QLDC Council
26 June 2014

Report for Agenda Item 5

Department:

CEO Office

5. Sister City Relationship with Hangzhou, China

Purpose

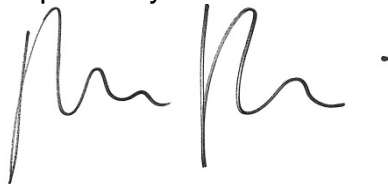
- 1 To extend the Council's Sister City Relationships to include Hangzhou, China; and
- 2 To approve the Mayor's travel to the City and Transport Conference, October 15-18, 2014 in Hangzhou, China in order to formalise the Sister City Agreement and to sign a Memorandum of Understanding.

Recommendation

3 That Council:

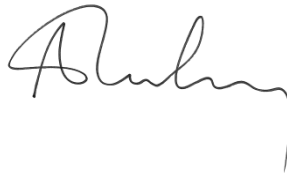
- a. **Agrees** to a Sister City Relationship with Hangzhou, China;
- b. **Approves** the Mayor's travel to Hangzhou, China in October 2014.
- c. **Agrees** to commit \$10,000 per annum to the Hangzhou Sister City Fund and to fund the proposed travel from the existing Sister City Fund of \$3,000.

Prepared by:



Meaghan Miller
Director, CEO's Office
16/06/2014

Reviewed and Authorised by:



Adam Feeley
Chief Executive
16/06/2014

Background

- 4 The Council holds two Sister City Relationships, namely, Aspen, Colorado, USA (Queenstown) and Hikimi, Shimane, Japan (Wanaka). Hangzhou is offering a district-wide sister city relationship.

- 5 Queenstown Lakes District Council Chief Executive, Adam Feeley, travelled to China in November 2013 as part of the delegation to Hangzhou.
- 6 A delegation from Hangzhou Municipal Foreign Trade and Economic Cooperation Bureau visited Queenstown in April 2014.
- 7 A delegation from Hangzhou Financial Investment visited Queenstown in April 2014 with a view to setting up a Memorandum of Understanding for economic development between the two regions.
- 8 An additional delegation from Hangzhou Municipal government will visit Queenstown in early August 2014.
- 9 A Sister City fund of \$3,000 per annum already exists. The recommendation is to increase this amount to \$10,000 per annum to match funding by DQ (\$5,000) and Chamber of Commerce (\$10,000).

Comment

- 10 During the delegation visit from the Hangzhou Foreign Trade and Economic Cooperation Bureau, the Mayor was formally invited to attend the international Mayoral Forum on roading and transport in Hangzhou in October 2014. It is anticipated the Sister City relationship will be formally signed at this time.
- 11 The Sister City Report (attached) highlights the following benefits to both communities: economic growth and development, business relationships, travel and tourism, education, employment and internship opportunities, film and television.

Financial Implications

- 12 Council contribution of \$10k as per recommendation. The Mayor is travelling as a guest of Hangzhou Province.

Local Government Act 2002 Purpose Provisions

- 13 This request aligns with the LGA purpose provision (ss10) stated as:
 - b) to meet the current and future needs of communities for good-quality local infrastructure, local public services, and performance of regulatory functions in a way that is most cost-effective for households and businesses.
- 14 The topic and focus of the conference is City and Transport which relates to the specific provision listed above. This provision applies to the formalisation of the Sister City agreement and Memorandum of Understanding which will benefit the present and future community services of the district.

Council Policies

- 15 The following Council Policies were considered:
 - Elected Member and Allowances Policy (2012/13) – mileage allowance, communications allowance.

- Policy on the rules which apply to the Reimbursement of Expenses and/or Payment of Allowances to Elected Members – reimbursement of expenses related to travel and attendance of conference.
- Elected Members Attendance at Conferences (2001) – conference attendance over \$1,000 must be approved by Council.
- Elected Members Code of Conduct – purpose and accountabilities of role of Mayor, relationships and behaviour, external communications, gifts hospitality and expenses, public duty and representing the Council.

Consultation

16 Invitation to the conference was received from the Hangzhou delegation. Sister City agreement details have been discussed with the Queenstown Chamber of Commerce and Destination Queenstown.

Publicity

17 A media advisory would be drafted and distributed to announce the Mayor's attendance at the upcoming conference. Conference outcomes (primarily the Sister City Agreement and signing of a Memorandum of Understanding to be featured in Scuttlebutt).

Attachments

- A City and Transport Conference Programme
- B Sister City Report
- C Invitation to Mayor van Uden

Program of Conference on City & Transport 2014

Oct. 15 (Wednesday)

Check in and Register

17:30-18:00 **Greetings by Mayor of Hangzhou and Photo Taking**

18:00-20:00 Welcoming Banquet

Oct. 16 (Thursday)

09:30-11:30 Opening Ceremony & Theme Forum

Including: Addresses by Senior Officials

Expert Keynote Speeches

Sister City Agreement & MOU Signing Ceremony

Group Photo

11:30-13:30 Buffet

13:30-17:30 Panel Discussions at the Forum

18:00 Buffet

Oct.17 (Friday)

09:00-10:00 West Lake Exposition Opening Ceremony

11:00-11:30 **Sister City Tree Planting**

11:30-12:30 Buffet

Afternoon Alternatives

1. **Field trip of public transport facilities**

2. **Meeting with intended departments of Hangzhou**

3. Experience Hangzhou (boating on West Lake, city tour, etc)

19:45-20:45 West Lake Impression (alternative)

Oct. 18(Saturday)

Morning Alternatives

1. Field trip of public transport facilities

2. Experience Hangzhou

Lunch

Check out & Departure

Queenstown/Hangzhou Sister City

Recommendations:

- Council to contribute \$10k p.a. towards the Hangzhou (and Aspen Sister City) relationships. The Chamber will contribute \$10k and DQ \$5k. These funds will cover costs associated with the following:
 - Part-time contractor: 4 hours per week x 48 weeks
 - Hangzhou delegations to Queenstown: 2 p.a. - 6-8 officials - hospitality & events
 - Queenstown delegation to Hangzhou: 1 p.a. - transport, gifts, stationary, printing
 - Incidental costs for Aspen Sister City while this relationship is being revitalised
 - All delegates pay their own expenses including travel, accommodation & meals

Background:

Why China - Commercial Logic

- Chinese took 57 million trips abroad in 2010, forecast to rise to 100 million trips by 2020.
- China has now replaced the United States as NZ's second-largest export market at US\$2.66 billion.
- New Zealand was the first OECD country to sign a high quality, comprehensive and balanced FTA with China (April 2008).
- China's economic dominance and place in the world is here to stay and China will be the largest economy in the world by 2018.
- The most substantial cost benefit analysis on a New Zealand sister city was conducted by Auckland City. Auckland has 20 Sister City relationships with 92% of the commercial benefit is driven from the SS relationship with China.

Why China – Relationships

- In China, all business starts with the government and the guanxi (relationship) networks.
- Without the municipal guanxi it is difficult for towns to build a relationship with commercial partners.
- These connections can be influential for Queenstown business seeking to operate within the wider Chinese business environment i.e. not only with the Sister City, Hangzhou.
- However, compartmentalising this huge market by municipality makes China more accessible and manageable to New Zealand businesses.
- Mayors of Chinese cities have significant political power and influence, therefore NZ mayors can play an important role in opening doors in China. A business delegation led by a high-ranking political figure gets far more traction.
- There are currently 29 sister city and sister port relationships between New Zealand and China.

Why Hangzhou

- Hangzhou - “The happiest City in China” was identified as being an appropriate city to develop this relationship with based on wealth and connectivity factors (and perhaps also that Queenstown has been voted the 4th happiest place in the world!) These synergies included:
- Daily flight connectivity from nearby Shanghai to Auckland, meaning Queenstown is only 2x flight sectors away from this affluent tourism market.
- Hangzhou’s main industry is tourism, but also has a strong creative, education and financial services industries plus a mature wine retailing market.
- Hangzhou is an outwardly looking international city and was rated by Forbes as the ‘Top City in China for Business’ in 2004, 2005 and 2006. The World Bank also listed Hangzhou as having the best investment environment in China in 2003 and 2004.
- Hangzhou currently has 23 Sister City partners but none in NZ. This city is proactive in seeking and maintaining Sister City relationships and is available to a NZ municipality.
- Because of Dunedin’s long-time relationship with Shanghai (over 20 years) as well as its proximity to Hangzhou, Queenstown can leverage off this already established relationship.

Delegation to Hangzhou November 2013

- Adam Feeley, CEO, QLDC; Ann Lockhart, CEO, Queenstown Chamber; Charlie Phillips, CEO, QRC; Tony Everitt, GM - Asian Markets, Tourism NZ; Graham Budd, CEO, DQ; Trent Yeo, Executive Director, Ziptrek Ecotours; Craig Erasmus, CEO, Amisfield Wines; Jim Moore, GM, Novotel Queenstown Lakeside; Julian Grimmond, GM, Global Film Solutions Ltd; Shuangji Zhou, Manager, New Dynamic; Sandeep Bahl, GM Asia, Air NZ; Swallow Wang, China Representative, SOUTH

Delegations to Queenstown 2014

- Delegation from Hangzhou Municipal Foreign Trade and Economic Cooperation Bureau visited in April this year. At that time, they formally invited Mayor Van Uden to attend the international Mayoral Forum to be held on roading and transport in Hangzhou October 2014. It is anticipated the Sister City relationship will be formally signed at that time.
- Delegation from Hangzhou Financial Investment also visited in April with a view to setting up an MOU for economic development between the 2 regions.
- An additional delegation from Hangzhou Municipal government will visit Queenstown early August 2014

Opportunities:

Education

- Internship opportunities.
- Licencing opportunities via Institutions in China wanting to adopt QRC's Adventure Tourism Management programme – this has potential in centres other than Hangzhou - opportunities are presented on a 'higher trust and credibility' platform as a result of the relationship.
- Agent connectivity is allowed to be more concentrated with higher intensity as a result of partnership with Hangzhou.
- Employing staff in China – QRC have engaged the services of a contractor to enable these contacts to progress – especially the ASgent Network.
- The relationship has also increased credibility and visibility with Education NZ.

TVC/Film/TV

Queenstown is renowned for its location filming, Hangzhou is renowned for its animation.

Screen and film can also fold into the opportunities around Education and Tourism.

Short Term (1-2 years)

- Queenstown tourism content for broadcast on local TV and Radio stations, to raise the profile of Queenstown. (No or Low cost)
- Develop new Hangzhou content for Queenstown radio and webcast. (Low cost)
- Develop journalist exchanges – paper, web, radio, and screen. (Low cost)
- Screen content for education (low cost)

Medium Term (3-5 years)

- Hangzhou/Queenstown animation collaboration with increased data bandwidth
- Develop co-productions between New Zealand and China, especially Queenstown and Hangzhou with the New Zealand China Co-Production Treaty.
- Content generation – Chinese animation for Queenstown/Queenstown landscapes for Chinese productions, developing opportunities in TVC, Film, and TV.

Long Term (6 years +)

- Expansion of content generation, filming in both regions, Queenstown producers scaling productions using Hangzhou animation, China using Queenstown talent, locations.
- New technology and investment from Hangzhou.
- Next steps – considered approach to identify, resource and develop early ideas to set precedent of relationship, grow trust, and ensure the brand is protected.

Tourism

- New Zealand has only a 0.2% share of the Chinese tourism market and despite tourism being NZ's biggest industry, there is a huge opportunity to grow this market share.
- Hangzhou is an important 'second tier' city which is included in Tourism NZ's target markets in China.
- Hangzhou is an affluent city with significant outbound travel numbers and the ability to travel to international destinations.
- Hangzhou visitors are likely to fit our target visitor profile of higher value, longer staying, FIT (Free Independent Traveller) visitor.
- There are established tourism companies who package and sell NZ holidays in Hangzhou through travel agencies and online.
- Air connections from Hangzhou are easy with direct or one stop options.
- Queenstown already enjoys some brand profile and recognition in Hangzhou, as well as wider in China, as a 'must visit' aspirational destination (The Deputy Director of the Hangzhou Tourism Commission has visited Queenstown twice).
- A SS relationship with Hangzhou would be beneficial to tourism growth from Hangzhou to Queenstown as government/party endorsement and influence is an important endorsement and provides credibility in China.

How is a relationship administered?

- Dunedin maintains its Shanghai Sister City relationship by committing ¼ of an FTE to administer the relationship.
- The administration person (mandarin speaking) is seconded to the Chamber for one half day per week.
- All Commercial appointments and delegations for local businesses are arranged via the Chamber.
- It is suggested the Queenstown Chamber share a similar arrangement with QLDC, or alternatively, the Chamber undertake the administration in house but financially supported in part by council.
- It is expected the costs for Year 1 - 2014/2015 will be approx. \$20K including administration; mayoral/municipal visit to Hangzhou in October (signing of Sister City); delegation (maximum 6 officials) from Hangzhou.

Ann Lockhart

12 June, 2014



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Invitation to 2014 Hangzhou Int'l Sister City Mayors' Conference

Ms. Vanessa van Uden
Mayor of Queenstown, New Zealand

Dear Mayor Ms. Vanessa van Uden,

With rapid growth of economy and population, we all meet with similar problems in the progress of urbanization, as transport traffic in particular is one of the ailments hard to tackle. On base of the previous success, Hangzhou Municipal Government will host the 5th Int'l Sister City Mayors' Conference with the theme of "City and Transport" from October 15th to 18th, 2014. Expected at the conference are participants, including mayors and vice mayors from Hangzhou's international and domestic sister cities as well as experts and scholars in the fields of transport, to shed their light on how to manage city's traffic problems and provide a platform for sharing and learning from each other..

The conference will encompass a variety of well-designed programs with highlights such as Forum on City and Transport, Friendship City Agreement Signing Ceremony, Sister City Tree Planting Ceremony, and Experience Transport Alternatives in Hangzhou. The City of Hangzhou will cover the cost of ground transport and accommodations for you and other 2 representatives for the 4 days' participation at the conference.

Hereby I cordially invite you to attend the conference and look forward to sharing your ideas and insights by the lovely West Lake on building better cities together.

Yours faithfully,
Zhang Hongming
Mayor of Hangzhou