OUTER SUBURBAN INTERFACE SERVICES AND DEVELOPMENT COMMITTEE

Inquiry into growing the suburbs in outer suburban Melbourne

Melbourne—4 March 2013

Members

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Witnesses

City of Melbourne:
Rt Hon. R. Doyle, Lord Mayor; and
Ms J. Sharwood, Manager Business and International.
The CHAIR—I would like to formally welcome you. My name is Jan Kronberg and I am the chair of the Outer Suburban and Interface Services and Development Committee. We thank you both for coming and participating in this hearing. We have a couple of formalities. Our lord mayor is very familiar with these processes but for Ms Sharwood's perspective we are conducting a formal hearing and, as you can see, it is going to be recorded. Anything you say during the course of this hearing is going to be afforded parliamentary privilege but anything pertaining to the topics or issues and questions and matters arising, that would not be afforded outside this immediate forum at this time and date. You will be able to avail yourself of a copy of the transcript which is normally available within about two weeks and you can make minor changes, not contextual ones. Welcome to you both.

I am going to set the scene. We have undertaken pretty significant research on the perspective of the terms of reference that have been given to us for the growing of Melbourne's outer suburbs. We reported on Melbourne's liveability which was our first reference that the committee was given by the Victorian government and we reported on that in December and I recommended to you—it is quite a time—605 pages and 132 recommendations, but it looked at Melbourne's liveability as a whole with an extra special emphasis on are we having a two-tiered structure happening in Melbourne with lots happening in inner Melbourne and that middle ring of suburbs and what is really going on, who is missing out and by what measures in the outer suburbs.

We found that in our formal submissions, especially from the general population and the 10 interface councils, they were somewhat missing in terms of their commentary on sister city relationships. It was a little bit thin. There has been obviously an investment on behalf of the committee's research effort here to bring up to speed our knowledge of sister city relationships in a generic sense, and we have had some commentary from a number of the councils. I really want to tease out, and I would be very interested to know, your opinions in terms of again we seem to be suffering from across the board in the outer suburbs the sense of a two-tiered system where outer suburban councils do not see the benefit and they would rather rely on a more centralised effort for deriving benefits from sister city relationships. We want to focus on those points.

I am very happy that Ms Sharwood is with us today because we are really looking for your detailed and technical input on this. I think we could start off by saying that the terms of reference require the committee to investigate the value of sister city relationships with key trade and innovation markets. We would put to either of you, to what extent are the sister city relationships currently maintained by the City of Melbourne focused on access to key trade and innovation markets? Which of the City of Melbourne's sister city relationships currently deliver the greatest benefits in terms of access to key trade and innovation markets? If I could put that to either of you.

Lord Mayor DOYLE—Let me start, Jan, and thank you for the chance to put it. I wanted to come and present personally because it has been the subject of a lot of careful discussion of the city. First of all when I arrived at the city we had six sister city relationships which we continue to have, and a number of other international engagements that are around business partners and there are a further 13 cities that are involved in that. It is fair to say that of all of them ranged from being extremely active at one end, down to more than cordial but peripatetic at the other end. Let me go to the successes and why they work, how we have changed our thinking about sister cities and where we see the benefit in the future.

Without a doubt the most beneficial to us is Tianjin. Tianjin is a relationship that is now 33 years old. To give you an indication of how beneficial it is, when Mayor Huang was here in 2010 we signed actual agreements—not MOUs—contracts for $840 million. In taking a trade mission back to Mayor Huang myself the next year, we added nearly $70 million, and that was around one little hub which was basically urban design services. It is our anecdotal understanding that, of a similar mission that went to China, the most successful part was with Tianjin. We organised, I think, something like 80 business to business connections through an office that we maintain in Tianjin. We have an office with one full-time person and two part-time people in Tianjin. It is the most active of all our relationships, and it is one that we treasure. Your strategy in China cannot be across the board, it is too big, it is too broad, it is too scattered. We focus on Tianjin and we derive enormous benefit from that. Part of that is the personal relationship that I have with Mayor Huang and partly it is also that very long association.
As a result of two discussions we had at the city, one was through Enterprise Melbourne, which is the entire business focus for the city which I brought together both inward and outward looking when I became Lord Mayor, and partly through a lunch, one of the engagement lunches we have, with expatriate CEOs. They are CEOs of large companies who are not Australian and whose companies are not Australian. We refocused our international engagement. What we found was that although we probably get asked every time an ambassador meets with me to be a sister city with a particular city in their country that is not the way of the future. The way of the future is really around trade and business, and to develop those relationships on a project by project basis. If it happens to fall into the sister city relationship basket, well and good, but pursue them on that basis and do not proliferate the number of sister cities because it does not really add value.

There are exceptions to that, and the exceptions might be where you cannot grow a relationship unless you have almost a protocol relationship, and there are some Asian cities where that is certainly true, some South American cities, but make sure you understand the reason you are entering the relationship is to begin a trade relationship. If it is not for that then our advice would be do not do it. Enter into those city to city, project by project type arrangements where it is going to benefit both of you.

The other part is, the most successful ones we have are two-way. It does not work one way or for the sake of doing it. We would find that even though we have not a large amount of exchange with Boston it is in medical research exchange and it is a productive one at that level. We do not have a huge amount of exchange with Thessaloniki, but the cultural exchange between the Greek community—and Thessaloniki being the second biggest city in Greece, and we are the third biggest city in the world with a Greek population—that is of value to us.

Milan is very specialised. It tends to be around fashion and design. St Petersburg tends to be around the creative arts. Osaka, our oldest relationship, grew out of a trade relationship. In 1976 there was an agreement between the Port of Melbourne and the Port of Osaka which then became a sister city relationship which developed from there. My central message is they grew kind of haphazardly, they were a benefit if you can derive trade from them, but you need to have that two-way exchange and they will be variable in quality. Our point is that rather than trying to enter into these relationships, and because our city is what it is, everyone wants to have a sister city relationship with the City of Melbourne. We will resist that.

Interestingly we belong to two other organisations, the business partner cities, and there are 13 besides us. They are meeting here in September of this year. They are all encouraged to bring trade delegations and they do, and it is much more business focused. It is not to do with being a sister city, it is saying, 'We want to do business together,' and that is the basis of that relationship. The other very profitable one we are in is C40 which are the big cities around the world chaired by Mike Bloomberg out of New York, previously David Miller out of Toronto as mayors. We meet around—basically it is sustainability but it is all elements, and especially the business elements of sustainability and best practice in sustainability, and how do you develop an urban network of sustainability. That is the other very profitable arrangement we have. We recently sponsored a workshop here that was attended by most of the C40 but at officer level, not at mayor level. We were looking at sustainable urban development. It was sponsored by Lend Lease, it was held down in Docklands, and that was a very important gathering of world cities around that particular business.

We would say, in concluding that part of my remarks, that it is a very traditional mechanism. It can work for you but you would need to understand how you have to make it work for you, but there are many more mechanisms you can use now to drive trade and business between cities and between countries. The final thing I would say is that I am not sure about the state to state relationships. To be honest, around the world they are not sure what Victoria is. Subnational governments are not a recognised unit. Cities are really easy and that is why that traditional link has grown. That is around where we are now in international engagement. We feel it gives us the best of both worlds.
Ms SHARWOOD—Thank you, Lord Mayor. I think the other thing that the City of Melbourne over many years has recognised is that longevity is really important in relationships. It is a bit like a marriage. I think the Lord Mayor and Mayor Huang exchanged a joke that at the 30th anniversary in 2010 we had stayed together much longer than many marriages, as cities, and we have certainly had our bumpy periods but you need to be very clear-eyed about why relationships are established. I absolutely endorse the Lord Mayor's comments, and I have been working in this job for 17 years this Friday and the number of approaches we have had over the years from a whole range of groups around forming new relationships, the rationale is incredibly varied and you really need to have a very clear set of reasons as to why you want to do it and what the benefits are going to be for the city. I also endorse the Lord Mayor's remarks that it needs to be a mutually beneficial relationship.

One of the great examples in the Melbourne-Tianjin relationship is the Tianjin Government Leaders Training Program which is not your typical sister city activity, where since 2011 we have had 15 groups of Tianjin middle to senior level government leaders come and live and study in Melbourne for three months. There are over 246 people in that alumni now who are incredible advocates for Melbourne. They have lived here, they have worked here, they have moved through a very intensive training program as part of the Tianjin government's investment in modernising their city and their administration and their economy. That has been a huge opportunity for Melbourne to showcase everything that we are good at.

The CHAIR—Ms Sharwood, is there any way you could measure all of that goodwill that comes from the exchange where people invest time here and we provide enlightenment, expertise and so forth? Is there any way to measure that in terms of a return back to us?

Ms SHARWOOD—It is hard to put an actual dollar figure on it but I would say that when the Lord Mayor went to Tianjin in 2011—and previous lord mayors have been to Tianjin, and other senior delegations—that pool of people represent 10 per cent of the senior decision-makers in Tianjin now and that means that we get doors opened very readily and I think the Lord Mayor would be able to testify to that in terms of the quality of meetings we were able to facilitate for the Melbourne businesses—

Lord Mayor DOYLE—Let me give you one concrete example of that: because we were there and we had access to those meetings, there was one business who came with us who was a little off centre for the businesses we took. They were mostly education providers, design, architectural services. We had one biotech company who came with us and a particular CEO of that biotech company. His report back to us said because of the doors that we opened while we were there, he would have a manufacturing plant opened in Tianjin but it happened 18 months earlier than they had planned and that was a direct result of the access they were given. It was not a tangible result in a contract signed between us, but for his company ready to go right now, having that 18-month jump—and he was under no illusions and neither were we. It was that we were there, the doors were opened, he was able to meet with the right bureaucrats and he was able to get a decision. That was the big thing.

Although we talk about that reciprocity it does not mean that it is even terms of trade, they pay 10 to one to us, but to them that is important that it is not entirely one way and that is something I valued very much that they were prepared to do that. One of the insistences from Mayor Huang was, following his visit, he asked me to come the next year, and so you had to follow up on that. He promised to send us three delegations and we had to service those, and he wanted to receive three delegations and they received very good service as well. It is working at the relationship where you know it is going to bear fruit. Tianjin is our shining example but it really does drive huge business.

For your council is it of benefit for those councils to have access to sister city relationships of their own? Probably not. But should there be some formal mechanism by which they can piggyback on us and come in under our umbrella? Absolutely.

The CHAIR—Would you be amenable to—

Lord Mayor DOYLE—we do that.
The CHAIR—You do that?

Lord Mayor DOYLE—Yes.

The CHAIR—Can you elaborate?

Lord Mayor DOYLE—I have not done so in this term, but in the last term, from time to time, I gathered all of the Melbourne metropolitan mayors and their CEOs and we put various things on the agenda—land use planning is one of them, international engagement is another—where we offered to them, ‘We are taking a delegation to X. If you would like to piggyback on the back of that and you have particular businesses in your constituency, we’re very happy to take care of them and, in fact, if you want to come with us as well!’—and we did have, did we not, local government?

Ms SHARWOOD—Yes, we had, with the mayors delegation, Sunraysia—the Sunraysia Regional Development Authority, the chair of the Sunraysia Hospital Board, who is also the chair of the Regional Development Authority. One of the big markets for China, and particularly Tianjin, but all across China is food and beverage, because there is a whole series of issues around food safety and things like that in China. Sunraysia went to talk about food and beverage from Sunraysia. Then the Lord Mayor mentioned the Victorian Government Super Mission last year in September, and the group that was in Tianjin was all about food and beverage because Tianjin is a city of 12 to 13 million, depending on whose stats you look at, a growing middle-class, very interested in high-quality food that is green and clean and, of course, that is one of the calling cards for Victoria and Victoria’s food.

Again it is through those network connections of knowing the key industry sectors, the key suppliers, for both wholesale and retail that was the important opportunity that we were able to work with the Victorian government but particularly our office was able to work to facilitate those face-to-face meetings. In fact one of my colleagues is taking a delegation from Tianjin tomorrow to an abattoir. I do not envy her at all.

The CHAIR—An abattoir here?

Ms SHARWOOD—Yes, at Cranbourne. It is either Pakenham or Cranbourne. This is a large meat-buying company in Tianjin that is wanting to access good, clean Australian meat, and that is a direct follow-on from—we do go outside the boundaries.

The CHAIR—Yes, that is quite extraordinary. I am going to invite Cindy McLeish to put a question.

Ms McLEISH—I wanted to follow on from the comments that both of you were making about the benefits and to see if some of the outer suburban or even other councils would gain the benefits. What are the specific reasons that you said that it would be better for them to piggyback on you rather than have some of their own relationships?

Lord Mayor DOYLE—I will be blunt here—Jane probably cannot. The City of Knox is three times bigger than we are but the City of Knox does not have the same cache as the City of Melbourne and that is the reality. When you are dealing with a Tianjin that becomes important. We have to remember that we try to think sometimes of Melbourne as one brand and I think that is the reason for it. A lot of them do and that is terrific if they derive benefit from it, but realistically if you want to do business, if you want to open doors, particularly in Asia, then it is about that central relationship.

The CHAIR—Being seen to be doing business in Melbourne.
Lord Mayor DOYLE—Yes. But the people who come to them are from Melbourne. The City of Knox cannot sell itself as Melbourne. Big values, diverse and prosperous values. It is partly about the branding and that is important. That is why I said before, for some cities we would consider a new relationship if a precondition of doing good business was to have that relationship developed. That is the advice from DFAT to us as well. Don't rule it out. It may be if there's a city where you need that precondition, just do it.' I do not mean to be impertinent about those other councils, it is the reality.

The CHAIR—It comes back to the power of what Melbourne offers by way of agglomeration. It seems to be almost a global city now.

Lord Mayor DOYLE—Well, it is. We should be using that brand, not diluting the brand. That is why I would say that if those councils want to form their own relationships—and it may well be that they have things in common but they are at the edge of a fast-growing city and there are issues in common that you want to share, and that is fine, or it may be a cultural imperative, that is fine too, but if you want to do business then that brand becomes really important.

Mr ONDARCHIE—I absolutely agree that Melbourne is an internationally recognised brand and we should do nothing to water that down, but there are councils who want to establish their own relationships in trade and business. What sort of things should they be thinking about in terms of determining the criteria and who they go to.

Lord Mayor DOYLE—The first is not to rush it, it is not going to happen straightaway. Jane's point about longevity is very important. You need to be trusted friends. Really what you are asking them to do is conduct family business, 'Conduct business with me as a priority,' and Tianjin are very blunt about that with us. They do not want us doing business with Shanghai or Beijing or Hong Kong. They do not want that. They say, 'Tianjin first,' and they are very blunt about that. Understand that is what you are entering into, a preferred business relationship. I would say, secondly, understand your strengths. 'What is it that you have to offer as well as to get?' That becomes very important. Think very clearly about why you are entering the relationship. Melbourne is not by accident but because we are the capital city we have been able to morph them, in the best examples, into something quite different from how they began. There are a lot of elements in there. The other part is, if it is a prestige and protocol thing, that is fine as long as you understand that is what it is, but that will not drive business for you.

The CHAIR—You might well have a backlash from a questioning ratepayer base.

Lord Mayor DOYLE—Well, absolutely.

The CHAIR—If you cannot account for the benefits, it looks like you are pinning jelly to the wall.

Lord Mayor DOYLE—You have to be able to measure the benefit. That is why we are very proud of the Tianjin relationship. Even in Tianjin—Jane has done a lot of work in the last four or five years—we maintain an office there which is highly unusual for a city to have what is essentially an outpost of the city's business in Tianjin that we staff extremely well, and we have two or three other people, one in Delhi that is very useful to us, but without having that formal relationship. But even there we had to insist on what would be Australian standards accountability and measurability. It is not only about, 'Give me a list of the businesses that have passed through your office over the last four weeks,' it is really about, 'What have you achieved and what are the outcomes of those business contacts?' That part of measuring becomes very important.

The CHAIR—What sort of budget would you need to direct to the office in Tianjin and the one in Delhi?

Lord Mayor DOYLE—We do not have an office in Delhi, we have a person who acts for us in an honorary capacity but is very well connected and has a love of Melbourne.
Ms SHARWOOD—The budget figure for the Melbourne office in Tianjin is $290,000 and that is three staff, rental of office and all the things that need to run an office, but that is a very low cost compared to the cost of running—the chief representative is a permanent resident in Australia but lives principally in Tianjin and the other two are locally engaged staff. We also have a representative from RMIT as part of the office. RMIT have been the deliverer of the Tianjin government leader training program since its inception and have leveraged that to now deliver a whole range of other training programs into China using the government leader training program as a model. We have had people in finance, environmental management, a whole range of other spheres as well. As the Tianjin economy sort of evolves they have all of a sudden identified that they need and desire other forms of training as well. They have developed a great working relationship with Tianjin.

Adding to what the Lord Mayor said about the relationships is that you do need to resource them properly. It is not just a matter of having a big gala signing ceremony and then leaving it. If you are going to make it work you need to put resources in and also have a reasonable time frame around delivering outcomes. There are lots of sister city relationships that are not about economics, that are about culture, education and, certainly, if you look at Australia in the Asian Century White Paper, the federal government has identified five key markets that Victoria and Australia need to deal with, and through friendship relationships between cities and communities, they are the ideal platform to build those relationships and people to people understanding. As the Lord Mayor said initially, you need to know why you are getting into it. If it is around the promotion of Indonesian language or educational exchanges and sister school relationships, that is your operating platform, that is why you are going into it. You are not going in necessarily to build business. That might flow from it but at the start you need to be very clear.

The CHAIR—If there were relationships established in the past, not necessarily the City of Melbourne, this is the generic response I am looking for, over a 30-year horizon, and it might have been based around existing priorities or personalities at the time, then you have something that ticks over when you do not have the main force generating through. Have you any knowledge of how people extricate themselves? Do they have an exit strategy from these relationships or do they peter out?

Lord Mayor DOYLE—We would not do that. We would not exit from a relationship. If you do it is a concession of failure because it means you have not done the hard thinking up-front.

The CHAIR—Yes. I put the question not from the City of Melbourne but more or less a philosophical discussion.

Lord Mayor DOYLE—My view would be do not do it. Let me give you an example: the main thing between Osaka and ourselves was an ocean race, and it was partly sponsored by us and partly sponsored by Osaka. It was a very big event when it began and it proceeded for a number of years very well, but it came to the point a few years ago where really from their end and our end we needed to bring it to a conclusion and yet we did not want to give offence, either them to us or us to them, in saying, 'We're the ones who want to cancel it.' It was a very delicate dance around each other and exchange of letters to where we mutually agreed that this ocean race as an event had run its course, but our relationship remained completely undamaged. Osaka started the Business Partner Cities Network and is the centre for them, so we wanted to maintain that relationship with them. Even getting ourselves out of what was simply an event that had run its course took a great deal of careful diplomacy. My view would be, be very careful because you can find ways of winding back your relationship to a level that you are both happy with, but there is a face issue and that is not only with the Asian countries.

Ms McLEISH—What if it became very one way?

Lord Mayor DOYLE—Between cities?

Ms McLEISH—Yes.
Lord Mayor DOYLE—I think if you are happy with that then accept that is what the relationship is. Our relationship with Boston is pretty well one way but we are comfortable with that partly because it is a medical research exchange. We have sent a number of senior researchers from the Royal Melbourne Hospital to Boston. They have yet to reciprocate, but for those researchers it is a very important part of their work to go and work in one of the great medical centres of the world. That comes down to the personal, it is every two years, it is from one institution and it is one way, yet for the recipients of that particular fellowship, it is huge in their careers.

The CHAIR—A question to either of you. In terms of the skill set, if an outer suburban local government entity wanted to start matching it in terms of approach and skills and the ability to maintain some sort of credibility in terms of establishing relationships and then keeping that relationship nourished and enhanced over time, what sort of skill sets would local government need to bring on board, the outer suburban councils?

Lord Mayor DOYLE—One of the things they would have to do, I think—I mean, Jane is a very senior manager of the City of Melbourne and international engagement strategy falls onto her portfolio. She has a number of very highly-skilled people who work in her department. That is a major commitment of resource by the City of Melbourne to international engagement. It cannot be, as Jane said earlier, something that you sign and then put on a shelf, it needs to be managed. If you are not prepared to do that, then why are you entering the relationship. They would need not only the resource allocation but the skill base that is required to do that, and we have that. We would say to them to come and talk to us. We are happy to offer advice and help.

It depends on what they want. You are focused on trade, Jan, which is where you started. If I were an outer suburban council now who, for instance, was one of those councils that was very interested, if you are out in Casey, Cardinia, that type of area, with food production, or you are out in the City of Hume, you reach out to Sunbury, and vineyards and viticulture is an important part of what you do, you would be coming along to us to say—it might be all very well writing off to Beijing to be a sister city with Beijing and they may well say yes, but I am not sure where that will get you.

As Jane said, think through what you want. If the answer is, 'You know what, we would really like to be paired up with a city that has the same interests in food production or viticulture or education or whatever else,' talk to us, I would say talk to the state government because you have a system of offices, business offices around the world and it may well be not a primary city, it may well be a next tier city where your relationship is going to be much more productive because it is more valued. I suspect one of the reasons that Boston is not too fussed about Melbourne is because they have a list of sister cities that is as long as your arm, so they cannot service them all and they do not. They say, 'We're Boston, all the very best.'

When we are looking at further engagement in China, Jane's most recent thinking, which I am very supportive of, is not to say, 'Where else in China do we look?' We don't leap to Wuxi or to Hong Kong. There is a range of cities that are underneath Tianjin that really looked at Tianjin, so they are under the umbrella but they are quite major cities. They are cities the size of Melbourne. You might find in that second tier of cities something that suits your purposes admirably where you are piggybacking on the City of Melbourne, you have your own relationship but it is not as if you had to start from scratch. I would say that is one thing to think about if I were them.

The CHAIR—People would have to be prepared in terms of establishing a budget and resourcing sister city relationships, a considerable gestation period, wouldn't they? I have had the opportunity to do business with Asia before this role and it is really important to have that trust. A lot of time is invested in building that trust and it does take a considerable amount of interchange and dialogue, and then the barriers fall away and things are very harmonious and hopefully successful. Do you have a rule of thumb in terms of how long a gestation period typically would be if we look at sister city relationships in China in particular, or any other Asian destination?
Ms SHARWOOD—Lord Mayor, if I may. I would not hazard a guess but I would offer a note of caution that the whole concept of sister cities has got a bit slurried by all sorts of things. I do not need to elaborate.

The CHAIR—We can imagine.

Ms SHARWOOD—That as a starting point is problematic, I think. The other thing is that part of the reason why the City of Melbourne has, over the years, this concept of international engagement has Grown, is that for a very good planning reason it is very embedded in our key council planning documents. It is not something where I woke up on a Friday morning and decided it would be a good idea, it is very much integrated with the overall council's key strategic goals, both in relation to economic prosperity but also arts and culture and people to people. It is a very integrated approach across the council. That is important. It is really impossible to say how long it would take to develop a relationship because the first thing you have to work out is why do you want it. What are the benefits that you are seeking to achieve from it, and getting the buy-in across community, be it the business community, the cultural community, whatever it is, the communities within your municipality that you are wanting to work with.

I absolutely agree with the Lord Mayor that utilising things like the Victorian Super Trade Missions, I have had discussions with local government colleagues who have companies interested in going on the Super Trade Missions and I have said to them, 'Well, go as a cluster, don't just go on your own. Go as a cluster within the Super Trade Mission because there's more of you, you're not just a sole provider and then you can learn from each other,' because it is a long journey and people need to see it as a journey to engage in that trade.

Lord Mayor DOYLE—Can I add one more thing though. You might want to consider whether it is possible to turn the model on its head. In fact, instead of signing an agreement and then developing over a long period of time a relationship during which you build up work, what I was suggesting at the very outset where you identify a project that you might want to do in a particular city, and you do that project and then just as RMIT have built business from that first project which was leader training, you build further business, and it might be in food security, it might be in education services, it might be in urban design. If there is something that you see, as an outer council, that you are good at, and you can identify an opportunity somewhere in the world, who cares what city it is, but do the work together and you might find bit by bit as you do the work you get to the point where you want to formalise that through a sister city relationship. In fact it may be possible to turn the whole thing upside down.

Ms McLEISH—Is that beginning with the concept of a business partner city?

Lord Mayor DOYLE—Find a single thing that you want to do. We have the dairy industry in our whole area, we know that powdered milk is an issue in China. How can we use the trade industries here to find somewhere—and we might use the government business offices, we might use the City of Melbourne, we might use the chamber of commerce—where our expertise and our product is going to be usefully exchanged. You start with a business project and then build from there up to the relationship. It may never get there but I would not rule out beginning small and growing larger.

Mr ONDARCHIE—Robert, the value of trade and industry associations in negotiations or business engagement between municipalities—and I am not talking about chambers of commerce, I am talking about industry associations and trade associations. What value do you think they bring to the table in terms of our capacity to trade in investment activities?
Lord Mayor DOYLE—They herd the cats. As Jane said, they are the best at creating those clusters for you to take away and helping them to understand what the interplay should be. Yes, they are very helpful. When we went we took VECCI with us and that was very useful because that general umbrella of employment was very important to us. The other people who came with us were the airport. The CEO of the airport came with us, because they were doing a number of things where they wanted to jump off us and go out there and do it. What I am trying to say is, one is a cluster and one was a single business. The airport is perfectly comfortable taking care of themselves, but those industry associations were useful in getting the clusters together for us.

The CHAIR—Who provides the support for the follow-up past the first encounter, the actual forging of the relationship thereafter, and in fact whose responsibility is it? Is it the government Super Mission? Is it a VECCI? Is it an enlightened project leader? Give me some idea, because people go out on these things and I am worried about cost to government, cost to industry. People go out and come back, it might be a bit daunting, it might be more complex or more expensive than they thought. There was a bit of rush of blood to the head, and sometimes some of the things they learn are sort of like a wash-off factor as well. It is very hard to keep that momentum or tour de force that drive it through. Sometimes you can go one step forward and two steps back as well. You can have some disappointments, some affronts, it is tough.

Lord Mayor DOYLE—Jane will answer that for you.

The CHAIR—We are taking the blinkers off people.

Lord Mayor DOYLE—Remember it is their business. The responsibility lies with them. We can do the facilitation of it but it really is up to them to drive it and drive results. We can help them and advise them and Jane can talk about what she does to follow up, but in the end it is not government's or the city's responsibility to do that. We will provide the mission, we will provide the contacts, we will open the doors, we will advise them about how best to drive business, but in the end it is their responsibility, not ours. Jane, do you want to talk about the follow-up you do?

Ms SHARWOOD—Thank you, Lord Mayor. In terms of our specific follow-up, from the Lord Mayor's mission in 2011 we have done specific follow-up with all of our clients at six months, 12 months and now the 18 month mark in terms of their business progress so that we can measure the input and extent that our work contributed to them building business opportunities. The wonderful thing is that we can say all of those people—well, for a number of people—going on a mission is a really important learning opportunity. They realise, often on the second or third day they are there, that this is not where they want to be, it is not right for them at the time, but that is a great learning too because if they had not gone they would have never learnt and spent their whole lives wondering. There is that.

As a result of the September Victorian Government Super Mission, I know the Australia China Business Council have run a number of post-mission master classes since. That is not the government, that is a well managed and well recognised industry association helping businesses. 'Okay, you've been to China, what's the next steps?' If you are new in China you are dealing with a whole set of cultural and linguistic issues that are very different from doing business in Australia. It is about reiterating and reinforcing the need to follow-up your contacts. You know, you can exchange a business card with someone at a function, but if you really want to build a business relationship you need to keep moving. That is the type of thing we do. Obviously through the food and beverage delegation with the Super Mission we have been following up a number of those businesses, Victorian based businesses, in terms of their clients from China as well. We are doing that through the Melbourne office.

The CHAIR—Congratulations, that is fantastic.
Lord Mayor DOYLE—The one thing I would counsel against, I am not entirely convinced by these Super Missions for exactly that reason. How do you service 400 businesses that have gone away with you?

The CHAIR—It is massive.

Lord Mayor DOYLE—Yes. We take much more targeted, smaller ones but they have been entirely result and outcome focused. We can service them at the six month, 12 month and 18 month mark because there are not 400 of them. You need to be very careful because they can become a roadshow. You come back with a Rolodex of business cards but no contracts.

The CHAIR—We took evidence on that from some of the outbound trade missions from the UK and they had a model and they are not taking more than 20.

Lord Mayor DOYLE—We would agree with that.

The CHAIR—Purely for the follow-up.

Lord Mayor DOYLE—It is also managing the quality of the experience while they are there.

The CHAIR—Do you screen them?

Lord Mayor DOYLE—To be honest, the answer is yes but we are pretty open. We had one business last time that we took to China that probably in hindsight we might have said to them, 'You're not quite ready and you don't quite understand. You're not ready for a trade mission yet,' but they looked like they were. But, yes, we would; there would be some businesses we would advise not to do it, particularly if their expectations were well out of kilter with what we know that we can deliver. Sunraysia was one out of the bag but they knew what they wanted. They were going to the right place and we could contact them with the right people. We were entirely happy taking them although they did not fit into the general thrust of the mission. That was fine because we knew that within that mission they would fit and they would get a good result themselves.

Ms McLEISH—When you talked about before your relationship with Tianjin, the living and the studying for three months and how successful that has been, is that something you have looked at doing with other cities, or considered, or do you know if they do it with other cities as well?

Ms SHARWOOD—Lord Mayor, if I may.

Lord Mayor DOYLE—Yes.

Ms SHARWOOD—This training program was an initiative out of the 20th anniversary in the year 2000 when the chief of the personnel bureau—it is a fairly nondescript sort of title, but it is an incredibly important title in Tianjin because Madam Xiang, she is a lovely woman, but she decides the career direction of every major person in Tianjin in terms of where they will go next.

Lord Mayor DOYLE—Do not get on the wrong side of her.

Ms SHARWOOD—This was at the time when China was in the final stages of going into the WTO. They have done a lot of economic development and a lot of modernisation of their factories and manufacturing processes and all that type of thing. What she was concerned about was that there had not been a similar modernisation of personnel skills within government and government-owned enterprises. They were still running on a command economy, sort of model of leadership training. Quite literally this idea grew over a lunch and transpired—as all good ideas grow over lunches—into this fantastic program. The focus of the program has changed over the years. It was very economic development focused initially but still a strong component of it. Now there is a lot more about modern human resource management practices, a huge emphasis on anti-corruption and good governance.
One of my colleagues does a presentation which is always seen as the highlight presentation on codes of conduct and how we run clean organisations in Australia. They also interact with a whole range of other agencies, both state and federal agencies as well during that program. It has really evolved to meet the changing and evolving business and governance needs of Tianjin. They do do the program with other cities. We put in enormous effort, not only in terms of the program but the Lord Mayor hosts a welcome reception and a closing reception and gives them all certificates. I take them to the footyball. We really do that whole thing to get them engaged with life in Melbourne while they are here, and they all are incredibly proud of being part of the program. The Lord Mayor might like to talk about the 10th anniversary reunion in Tianjin which I was told there had never been a party like it since the revolution.

Lord Mayor DOYLE—No, they were serious. It was quite touching really. They had alumni photos and they had done film roles. They were like a graduating year 12 class.

Mr ONDARCHIE—It was important to them.

Lord Mayor DOYLE—This connection they felt with Melbourne was palpable. I know we have to finish but the other thing I would say is—and that is what I would say to your councils—do not be frightened. If you have been through all that thought process and you are on the way there—or to regional cities as well—do not be frightened of it. You never know where it will take you for good or for ill. Tianjin we have talked about a lot as our most successful and we have a great relationship with Mayor Huang who calls me his 'own buddy'. It was Mayor Huang who got me in to see the mayor of Beijing. It is not an easy thing to do, but he insisted that the mayor of Beijing meet with me as well, so a very great face issue with us.

The secretary of the party in Tianjin has been elevated to be the most junior member of the nine member Politburo who run China, and Mayor Huang will probably be confirmed as the new Chinese Minister for Trade. Yes, we have had this relationship with Tianjin and with its leaders, but those leaders have now moved into the highest echelons of Chinese bureaucracy. On the good side you never know where it would take you.

On the other side, and perhaps a more difficult one, we have a good, warm relationship with St Petersburg but recently St Petersburg have enacted laws that were anti same sex couples and the justification for them in my mind is less than rational. But there is this focus in Russia on what they would call traditional values. That notwithstanding there is a petition that I have received of 9,000 signatures protesting these laws and asking me to terminate the relationship with St Petersburg. Now, that would be a foolish thing to do because you never stop talking to people. You do not have any influence if you are not talking to them. What that relationship enabled us to do was to ask the Russian ambassador to come and meet with me, to talk with him—and one does so after advice from DFAT, and Jane and I did it—not a particularly pleasant conversation, but it is a conversation where you put Melbourne's values—and one of those is diversity, another one is tolerance—on the table, and one would never interfere in the running of another country. You could nevertheless make your feelings known to a partner like St Petersburg.

That will travel back to St Petersburg. Will it have an effect? I doubt it. But we have put our views on the table and we continue to talk. One of the reasons that that is so important is that we have the photographs of when we signed the relationship with St Petersburg, and the vice-governor of St Petersburg who was standing in that line is one Vladimir Putin. You never know where the reverberations are going to take you. Whether it is for good or whether it is sometimes the less than pleasant but blunt things you have to say, the relationship can be of benefit to you and the people you represent. I would say do not be frightened of them but be clear-eyed about what you wish to achieve with them.

The CHAIR—Be careful you have the people with the diplomatic skills to finesse the relationship if something requires that—
Lord Mayor DOYLE—If it goes awry. When the Uygur film was shown—and the Chinese feel very strongly about the Uygurs and would regard the leader as a terrorist, and during the Melbourne Film Festival they showed a film in the town hall. The consul-general came in for a very formal meeting to make a very formal government protest to me about us showing that film. Again we had to make the point we neither praise nor condemn but we believe in free speech in this country. Therefore I am not going to prohibit the showing of the Uygur film in the town hall. They were upset about that but our relationship was mature enough for us to travel past that.

Similarly, they would much prefer it if we did not allow Falun Gong, Falun Dafa, to march in the Australia Day parade, but again our view is the Australia Day parade is about the cultural diversity of Melbourne in particular and we have resisted that request too. If you have these robust relationships they stand up to testing times, as well as rewarding times, but that does take you a while to get there.

The CHAIR—Well, I have to offer my congratulations, Lord Mayor, for those positions that you have taken.

Lord Mayor DOYLE—You are more than welcome.

The CHAIR—It gives us immense pride to think that—

Lord Mayor DOYLE—Good liberal values, Jan.

The CHAIR—Absolutely, especially when it comes to the rights of the individual and the freedom of speech. It is really wonderful to hear that resonating through. But it was interesting to see in terms of that period of time over that three-year horizon how people have been promoted because nothing is static, is it? That is where, hopefully, the people you are developing a relationship with are going to be held in favour or seen to be worthy. That is fantastic.

All right. We might bring our formalities to a close at this point. I do want to thank you very much both sincerely for the input that you have provided and the openness of the exchange as well, and how forthcoming you have been, and great generosity of spirit today in terms of helping us in our deliberations.

Lord Mayor DOYLE—Can we also offer, as Jane said, she has very deep expertise which I rely on in taking advice. If the committee want any more or further information, please feel free to contact Jane directly and we would be very happy to help.

Ms SHARWOOD—Very happy to help.

The CHAIR—Thank you, Jane. Thank you very much, Lord Mayor. We might bring the formalities to a close now.

Committee adjourned.