Parliament of Victoria

International study tour report of Speaker’s delegation to China

Jiangsu Province
Inner Mongolia Autonomous Region
Shandong Province
Beijing
Shanghai

17 September – 6 October 2011
Contents

Introduction 3

Jiangsu Province 10

Inner Mongolia Autonomous Region 18

Shandong Province 29

Beijing 40

Shanghai 46

Appendices 51

Memorandum of Understanding – Inner Mongolia
Memorandum of Understanding – Shandong
List of Chinese officials who hosted the Speaker’s delegation
Introduction

Rationale for Study Tour

Between 17 September and 6 October 2011 a delegation from the Victorian Parliament, led by the Speaker of the Legislative Assembly, Hon. Ken Smith MP, visited the People’s Republic of China (PRC), to undertake a study tour to enhance and create new ties with two provinces (Jiangsu and Shandong); one autonomous region (Inner Mongolia); and one municipality under national governance (Beijing).

In addition to the Speaker, the official delegation comprised the President of the Legislative Council, Hon. Bruce Atkinson MLC, Australian Labor Party Secretary and Member for Yuroke, Ms Liz Beattie MP, Clerk of the Parliaments and Clerk of the Legislative Assembly, Mr Ray Purdey, and then Parliamentary Adviser to the Speaker, Mr Sean Coley.

Over thirteen working days the delegation visited thirteen cities and towns and met with over 200 people in an official capacity involving almost 60 meetings and site visits.

The delegation signed two high level Memorandums of Understanding (MoUs) to increase understanding and foster a mutually beneficial relationship, in both Inner Mongolia and Shandong; the first agreements of their kind between Victoria and these two regions. Copies of the MoUs are attached as an Appendix. It is the view of the Speaker and his delegation that these MoUs provide the basis for further, issue-specific agreements, such as is the situation with the Jiangsu-Victoria sister state/province relationship in which there are currently six MoUs in operation.

The primary reason for the study tour was two-fold:

1. enhance ties with Jiangsu Province (which Victoria has had a sister state relationship with since 1979) and Beijing (as the nation’s capital);

2. develop ties further with the Inner Mongolia Autonomous Region and Shandong Province (which the Speaker has a well established relationship, including being the first westerner to be granted the prestigious award of Honorary Citizenship by the Shandong Provincial People’s Congress in 2004). To enhance this relationship – especially in the education, sister city and health sectors – invitations to visit were received from the respective People’s Congresses of Inner Mongolia and Shandong, while the Speaker initiated the agreement and signing of two Memorandums of Understanding between these two jurisdictions.
The study tour provided the Speaker and his delegation with first hand knowledge of how the four jurisdictions operate and how Victoria can better cooperate and link with China.

This report outlines the four areas visited and the site visits and meetings held. It also lists the two MoUs signed and the people whom the delegation met with.

The Speaker and his delegation are most grateful to all the people who helped organise and participate in this study tour, in both Australia and China. In particular, the work of James and Catherine Ling from AMZ Travel in Melbourne was invaluable: they provided a highly professional, adept and responsive service. Similarly, the outstanding organisational work of Madame Qi Xin Hua and her staff from the Foreign Affairs Office of the Jiangsu Provisional People’s Congress, was above and beyond the call of duty.

The delegation was highly impressed with the professionalism, expertise, courtesy and hospitality of all those people we had the privilege to meet: they offered more to us than they realised. This report, and the follow up undertakings from the various meetings, is a testament to their experience, insights and generosity.

Summary of key undertakings

The following undertakings were agreed to between the Speaker and President, representing the Victorian Parliament, and the respective provincial People’s Congresses:

**Jiangsu**

- Investigate the establishment of a joint Victoria – Jiangsu agricultural forum, to advance mutual agricultural issues;
- Expand information exchanges and staffing secondments in the following fields:
  - Victorian and Jiangsu hospitals
  - Victorian and Jiangsu education institutions – both secondary and tertiary
  - New sister city relationships with provincial cities

**Inner Mongolia**

- MoU signed between Inner Mongolia Provincial People’s Congress and the Parliament of Victoria;
- Investigate education secondments, especially in the agricultural field between Victorian universities and TAFEs and Inner Mongolian universities;
- Develop methodology to best share resources in the education, cultural, health, trade and tourism sectors;
The Speaker and President committed to talk with Victorian Education and Health ministers to initiate the sharing of education and health information, including staffing secondments;

Enhanced business opportunities, including a future Victorian ministerial trade delegation travelling to Inner Mongolia;

Further invitation to visit Inner Mongolia and for a reciprocal visit to Victoria;

Expand on MoU to include tangible undertakings involving the executive government and municipal councils.

**Shandong**

- MoU signed between Shandong Provincial People’s Congress and the Parliament of Victoria;
- Commitment from the Speaker to visit Shandong once every year;
- Speaker, acknowledging education scholarships available to Chinese students to study in Victoria, committed to talk with Premier about marine university funding;
- Expand on MoU to include further education links between Qingdao and Melbourne, in addition to the food industry (especially diary) and sporting and cultural sectors;
- Invitation extended by Shandong Provincial People’s Congress for Victorian representatives to both attend and support the 2014 Horticultural Exhibition in Qingdao.

**Beijing**

- Commitment to promote bilateral issues through a business delegation to Beijing, focusing on enhancing connections with the following sectors: education, trade, health and municipal governments.

**China’s importance to Victoria**

China is the world’s most populous county, with a population of 1.34 billion people. It is also the world’s second largest economy, with a nominal GDP of US$6.52 trillion and is the world’s largest exporter.¹

China is Australia's largest trading partner, with total trade valued at AU$97.59 billion in 2009-10; an increase of 24.6 per cent over the previous year. In 2010, Australian goods exports to China were valued at AU$58.34 billion and services exports were valued at AU$5.95 billion. In that period, the leading goods exports

were iron ore, coal, crude petroleum, and wool and other animal hair, while major services exports were education-related travel and personal travel.\(^2\)

China is also Victoria’s largest trading partner. Trade in goods between Victoria and China was valued at more than AU$12.8 billion in 2009-10, or 18 percent of total trade.\(^3\)

China was Victoria’s largest export market for goods in 2009-10, with AU$2.38 billion worth of goods exported, an increase of 10 percent on the previous year. Major Victorian goods exports to China include wool, hides, liquefied propane, live animals and edible products. In addition, Victorian businesses are engaging with China in areas including education, tourism, food and wine, urban development, environment and clean energy technologies, nano and biotechnology, clean energy technology, ICT and agribusiness.\(^4\)

In relation to the education sector, which was of particular focus during the study tour, China is credited with operating the largest education system in the world, enrolling 20 per cent of the world’s students with only two per cent of the world’s education funding.

China is the largest source of international students in Victoria with 38,392 Chinese international student enrolments in Victoria, accounting for 27 per cent of all enrolments Australia-wide in May 2010.

The Victorian Government Department of Business and Innovation (DBI) is charged with supporting local businesses to engage with China. DBI, through its Shanghai, Nanjing and Hong Kong Victorian Government Business Offices (VGBOs), are responsible for supporting Victorian businesses operating in the Chinese market. The Victorian Government has identified the following trends:

- The Chinese visitor market is of great significance to Victoria. Chinese visitor expenditure is the highest of all international markets in Victoria, accounting for $752 million in the year ending March 2011 (representing an increase of 35 per cent compared to the previous year)

- Chinese overnight visitors to Victoria are more than five times the level recorded a decade ago. There were 221,000 Chinese overnight visitors to Victoria in the year ending March 2011 – a 40 per cent increase on the previous year

- The importance of the Chinese market to regional Victoria is evidenced by Phillip Island Penguin Parade and Sovereign Hill each attracting more than 70,000 Chinese visitors every year


\(^3\) Ibid.

\(^4\) Ibid.
• China is expected to become Victoria’s largest international visitor market by the end of 2011 (it currently sits behind New Zealand)

• DBI have advised that Victoria is devising a China Tourism Plan (due to be released in late 2011) which outlines strategies to achieve higher growth of around 11 per cent per annum to 2020. This plan will propose initiatives relating to market positioning, airline connections, investment, improving the Chinese visitor experience and building on Victoria's education, migration and business links with China.

• The Victorian Government has attracted the major Chinese airlines to Melbourne, including China Eastern now operating daily services from Shanghai to Melbourne and Jetstar flying Beijing to Melbourne via Singapore.5

**Education sector**

The education sector has also experienced the following developments and trends:

• International education is Victoria’s largest export sector, valued at $5.5 billion in 2010.

• China is Victoria’s most important source country with total exports to China valued at approximately $1.3 billion in 2010.

• In 2011, Chinese students make up 30 per cent of international student enrolments in Victoria.

• In 2002 there were 12,696 international student enrolments from China in Victoria. By 2010, the number had grown to more than 50,000.

• Victoria’s TAFE institutes have also developed strong training links with Chinese institutions and industry bodies, including with the China Electricity Council, the Clothing Industry Training Authority, Wuhan Textile University and the Chongqing Electrical Engineering College.

• Victorian universities are also developing substantial research relationships with Chinese researchers and institutions, to the benefit of both Victoria and China, such as:
  
  – RMIT has developed research collaboration with the Guangdong Provincial Academy of Chinese Medical Sciences in southern China into the potential use of traditional Chinese herbs for treating Chronic Obstructive Pulmonary Disease (COPD). Trials began in Melbourne in 2010, with the Guangdong Academy due to begin trials this year.

5 Victorian Government, Department of Business & Innovation information paper provided to Speaker’s Office, September 2011
− Swinburne University, in conjunction with the Victorian Government, has partnered with Suntech Power to establish the Victoria-Suntech Advanced Solar Facility (VSASF). This is a collaborative venture between Swinburne Suntech Power Holdings Co Ltd, one of the world’s largest manufacturers of solar panels.

− The University of Melbourne also hosts the Australia – China Centre on Water Resources. In China the centre is based at the Chinese Institute of Geographic Sciences and Natural Resources Research and the Chinese Academy of Sciences. The Centre provides the framework for the two countries to collaborate in comparative and parallel research and in knowledge exchange, and to bring together researchers, students, policy makers, managers, technology providers and water users.

− La Trobe University has established the La Trobe China Health Program, which aims to contribute to the development of health care in China through teaching, research and project cooperation. The program works in partnership with a range of China’s leading universities, including Harbin Medical University, Peking University and Sichuan University to support the development of China’s health system.⁶

• Despite this, there are challenges in attracting Chinese students to the state, including:

  − the high Australian dollar;
  − growing competition from other countries, particularly the United States of America, Canada and the UK;
  − changes to Australia’s student visa and skilled migration programs.

**Key education outcomes**

• DBI has advised that Chinese (Mandarin) is the 6th most popular language studied in Victorian government schools, and the most widely studied language in the Victorian School of Languages. In total, 19,730 students were enrolled in Chinese across government primary, secondary and VSL, forming 6.1 percent of total LOTE (Languages Other Than English) enrolments.

• There are 2 government schools offering Chinese bilingual programs: Abbotsford Primary School and Richmond West Primary School.

• The Chinese Teacher Training Centre (CTTC) was established at the University of Melbourne by the Department of Education and Early Childhood Development (DEECD) in partnership with HANBAN⁷ in 2009. The CTTC

---

⁶ Ibid.

⁷ Hanban/Confucius Institute Headquarters is affiliated with the Chinese Ministry of Education and promotes itself as being ‘committed to providing Chinese language and cultural teaching resources and services worldwide’ (see: http://english.hanban.org/index.html).
supports a range of activity, including direct support to schools and students, professional learning, resources and research.

- China is the second most popular country for sister school relationships for Victorian government schools, with 47 such sister school relationships in Victoria.

- At a system level, 60 school leader and teacher went on study programs to China, in collaboration with the Asia Education foundation in 2011, while Victoria receives up to 200 Chinese educators in Victorian schools per year.

- At a system level, China is the second largest source country of students for Short Term Study Programs; with 56 Victorian students from low socio-economic backgrounds being part of the Overseas Learning Experience to China in 2010.

- As at 2011, there were approximately 2000 Chinese international students currently enrolled in Victorian schools to undertake their VCE studies.8

---

8 Victorian Government, Department of Business & Innovation information paper provided to Speaker’s Office, September 2011
Jiangsu

Population: 78,659,903
Area: 106,190 km²
GDP: $US612 billion
Capital: Nanjing

Background

- The Province has the highest population density in China.
- The capital city of Nanjing has a population of 8 million.
- The province has 24 major cities with populations of at least 1 million.
- Shanghai sits on the edge of Jiangsu Province. The joint population of Shanghai and Jiangsu Province is just over 100 million people.

Jiangsu consists largely of the alluvial plain of the Chang River. The warm climate, moderate rainfall, and fertile soil make Jiangsu one of the richest agricultural regions of China and also one of the most densely populated. The province covers two agricultural zones, with wheat, millet, kaoliang, corn,
soybeans, and peanuts cultivated in the north and rice, tea, sugarcane, and barley raised in the south. Cotton is grown along the coast (north and south) in the saline soil, which is not suited for other crops. Tea is planted in the western hills, and some experimenting with oak trees for silk culture has been initiated.

The province has been involved with intensive land reclamation, with extensive dikes and the use of the raised-field system. Jiangsu, which is known to the Chinese as "the land of rice and fish," is rich in marine products. It is also a major salt-producing area.

**Industry**

- A major part of China's foreign trade clears through the port of Shanghai into Jiangsu. Nanjing has been developed into an industrial centre, producing petrochemicals, motor vehicles, machinery, and construction materials. In addition, Suzhou, Wuxi and Zhenjiang are major silk production areas. Textile, food-processing, cement, and fertilizer industries are also found throughout the province.9
- Jiangsu Province has 20 economic and technological zones.
- Located in the middle of China’s east coast and bordering the north of Shanghai, Jiangsu province is a key transit port connecting the north and south. It will also be an important regional hub for the Beijing-Shanghai High-Speed Railway.
- Nanjing is home to many of China’s leading schools and universities including Nanjing University a member of the C9 League – China’s top-9 most prestigious universities.
- The economy is in a period of transition, moving from traditional agriculture and light industry to high value added industries.
- Key to Jiangsu’s success has been its commitment to supporting private enterprise. Nearly 80 per cent of companies in Jiangsu are mostly privately-owned, with 129 of the top 500 Chinese private enterprises based in Jiangsu.
- R&D expenditure will increase to RMB161 billion in 2015. In line with this, Jiangsu is focusing more on high tech, emerging new industries and service industries.
- Jiangsu has coal, petroleum, and natural gas deposits, but its most significant mineral products are non-metal minerals such as halite (rock salt), sulphur, phosphorus, and marble.
- Jiangsu is very wealthy among the provinces of China, with the second highest total GDP, after Guangdong Province.

**Sister cities:**

Victoria - Jiangsu Province  
Greater Geelong - Lianyungang City, Jiangsu  
Kingston - Zhenjiang City, Jiangsu

---

<http://www.encyclopedia.com>
Greater Dandenong - Xuzhou City, Jiangsu
Maroondah - Danxi City, Jiangsu
Greater Green Triangle Region$^{10}$ - Yangzhou City, Jiangsu
Ballarat - Kunshan, Jiangsu
Dubbo New South Wales – Wujiang, Jiangsu
La Trobe City – Taizhou, Jiangsu
Perth – Nanjing, Jiangsu
Portland – Zhangjiagang, Jiangsu
Townsville – Changshu, Jiangsu
Geelong – Lianyungang, Jiangsu
Gosford – Jinhua, Jiangsu

**Victorian sister city relationship:**

- The sister city relationship was established in 1979.
- Signed by the late Hon Sir Rupert Hamer MP, former Premier of Victoria, and His Excellency Hu Jiatun, Governor of Jiangsu, making it one of the first Sister State relationships between Chinese and Australian States.
- In order to officially focus on the economic potential of the relationship, the Victoria Jiangsu Joint Economic Committee (VJJEC) was established by the then Minister for Industry, Technology and Resources in 1985. The aim of the Committee was to provide a high level forum for discussion between Victoria and Jiangsu on general areas for cooperation, specific projects of interest to both sides and general issues or problems associated with commercial projects or trade.

- The following six MoUs have been signed through the VJJEC:
  - MoU on Tourism Industry Collaboration between Jiangsu Tourism Department and Tourism Victoria;
  - MoU on Innovation between Jiangsu Science and Technology Department and DIIRD;
  - MoU on Collaboration in Primary and Secondary Education between Jiangsu Education Department and DEECD;
  - MoU on Higher Education Collaboration between Jiangsu Education Department and DIIRD;
  - MoU on Health Collaboration between Jiangsu Health Department and DOH; and
  - MoU on Cultural Exchanges between Jiangsu Culture Department and Arts Victoria

---

$^{10}$ The Greater Green Triangle Region extends from north of Horsham in Victoria to west of the Coorong in South Australia, east to Apollo Bay in Victoria, and south along the coast in between. It includes the towns of Ararat, Camperdown, Casterton, Colac, Hamilton, Horsham, Millicent, Mt Gambier, Naracoorte, Portland, Stawell and Warrnambool.
Meetings

Sunday 18 September 2011

The delegation left for the Shanghai train station at 8.30 AM and travelled to Nanjing.

On arrival in Nanjing, the delegation was met by Madame Bai Suning, Deputy at the National People’s Congress and Vice Chair of the Standing Committee of the Jiangsu Provisional People’s Congress.

Madame Qi Xin Hua, director of the Foreign Affairs Office of the Jiangsu Provisional People’s Congress, and Vice Chair of the Foreign Affairs Committee, accompanied the delegation on a familiarisation tour of Nanjing, involving meeting the director and senior staff of Nanjing Museum, who guided the delegation and this was followed by a visit to a Confucius Temple site.

Madame Qi then formally welcomed the delegation to Jiangsu Province and talked about the following issues of mutual interest and benefit:

- Tangible ways that both sides can strengthen the sister province-state relationship, building on Vice Governor Mr Xu Ming’s visit earlier in 2011, the Speaker’s delegation and the Premier’s visit in September 2011. Of particular interest was further collaboration between the agricultural industries in both Jiangsu and Victoria, including trade in agricultural commodities and expertise which could be demonstrated through establishing a joint agricultural forum to enhance mutual interests.

- Acknowledgement that the visit will be a forerunner to a reciprocal Jiangsu visit by Madame Bai Suning to Victoria in 2012.

Monday 19 September 2011

The delegation travelled to Yangzhou City, where they met with the director and senior staff of Yangzhou Museum. Following a tour of the museum, the delegation was hosted by the Yangzhou Municipal People’s Congress. At the meeting, Madame Mao Qi, representing the Yangzhou Municipal People’s Congress, relayed to the delegation, the following points:

- Expansion of Yangzhou into a ‘model city’ with a strong manufacturing base

- The need to investigate ways to enhance ties between Yangzhou and Victoria, such as developing an agreement to share expertise and best practice between hospitals (especially in acute and emergency care provision), trade, higher education - which was of specific focus at the meeting - and the development of new sister city relationships.
The delegation travelled back to Nanjing, where they attended a meeting hosted by Mr Xu Ming, in which the following issues were discussed:

- Recognition and reinforcement of the high level nature of the Jiangsu-Victoria relationship

- Further visits between both sides, with a trade and education delegation suggested as the next step to follow up on commitments made.
Tuesday 20 September

The delegation was invited to attend the sitting of the Jiangsu Provincial People’s Congress. The delegation’s visit was televised and shown on Jiangsu television news and the Presiding Officers were also interviewed by radio and print media. Of particular note, the visit was the first time a foreign parliamentary delegation had been invited to attend a session of the People’s Congress.

Following the session of the JPPC, the delegation was hosted by Madame Bai Suning and officials. The meeting discussed parliamentary processes and how regulations are made in Jiangsu, which involves the announcement of a new regulation, followed by discussion (one speaker is responsible for talking on the regulation and outlining its provisions) after which time it is voted on and becomes law.

The delegation then attended a lunch meeting hosted by Mr Luo Zhijun, Party Secretary and JPPC Chairman. Mr Luo is also the former governor of Jiangsu and has significant standing in Jiangsu. Discussions centred on economic ties between Jiangsu and Victoria and ways these can be enhanced as part of the sister province-state relationship.

Mr Luo noted that not only was the Victorian Parliamentary delegation the first foreign delegation to be hosted at a session of the JPPC, but it was also the first delegation to be applauded by the party deputies. Mr Luo talked about the strong
relationship between the two sides spanning over 32 years and how the relationship works on many levels, including in the areas of education and trade in goods and services.

Mr Luo also talked about provisional issues and said that some people have said that Jiangsu isn’t sufficiently democratic, but it is difficult to provide all things for all people, especially with a population of 78 million people. Mr Luo believed the relationship with Victoria is now sufficiently robust to provide for a new phase, such as secondments and staff exchanges between the Congress and the Parliament.

In response, the Speaker stated there are two key areas he would like to focus on; health and education. The Speaker then provided some background and context to Mr Luo and the delegation, noting that many of the early settlers in Victoria were Chinese, which has led Victoria to become a multicultural state with a rich and long cultural history. The Speaker then noted that over 50,000 Chinese nationals are currently studying in Victoria. The Speaker then invited Mr Luo and the JPPC to visit Victoria.

The President was then invited to speak and noted the strong sister province-state relationship. He believed the relationship has a bright future as it involves the promotion of ideas leading to innovations, especially in the field of education. The President said greater collaboration is required in the secondary and tertiary sectors as well as in the health sector. He supported Messrs Luo and Smith in their view that the relationship will grow with further exchanges between people from Jiangsu and Victoria.

Mr Luo then invited the delegation to lunch. During lunch he outlined the rate of economic reform in Jiangsu and the Speaker relayed how impressed he was with the pace of growth and that Victoria could learn from Jiangsu, especially in the areas of economic development and urban renewal. During the lunch the following issues were canvassed: cultural exchanges, economic development, privatisation of electricity, the global financial crisis, Australia’s mineral wealth, and trade and staffing secondments to learn more about each other culturally and in work/business practices. Gifts were then exchanged and the Speaker and President presented Mr Luo and other officials with gifts and an Aboriginal painting was then presented to the JPPC on behalf of the Victorian Parliament.

The party then left for the airport and travelled to Hohhot in Inner Mongolia.
Jiangsu Provincial People’s Congress (JPPC), 20 September 2011

Mr Luo Zhijun, Party Secretary and JPPC Chairman, 20 September 2011
Inner Mongolia

Population: 24,706,321  
Area: 1,178,755 km²  
GDP: US$172.1 billion  
Capital: Hohhot

Background

Inner Mongolia, which is also known as Nei Mongol to the Chinese, is largely steppe country that becomes increasingly arid toward the Gobi Desert in the west. The climate is continental with cold dry winters and hot summers. Stockraising, mainly of sheep, goats, horses, and camels, is a major industry, with wool, hides, and skins counting as important exports. Rainfall is low and agriculture is possible through irrigation techniques, while a lot of grazing land has been converted to raising crops, such as wheat. The main farming areas are in the bend of the Huang He (Yellow River) and in the Hohhot plains.

Economy

Major crops are wheat, sorghum, millet, oats, corn, linseed, soybeans, sugar beets, and rice. There are also valuable mineral deposits (coal, lignite, iron ore, lead, zinc, and gold), as yet only partially exploited. The region's industries, centered at
Baotou, include iron and steel mills and plants producing fertilizer, cement, textiles, and machinery.

History

Until 1911, Inner Mongolia was only under nominal Chinese rule; however, Chinese settlers in the region soon forced the Mongol tribes into the steppe and arid parts of the region. After the Revolution of 1911, Inner Mongolia became an integral part of the Chinese Republic. In 1928 it was divided among the Chinese provinces of Ningxia, Suiyuan, and Chahar. After the outbreak (1937) of the Sino-Japanese War, the Mongols of Suiyuan and Chahar established the Japanese-controlled state of Mengkiang or Mengjiang, with its capital at Guihua.

The Chinese Communists, after their conquest of Inner Mongolia in 1945, formed the Inner Mongolian Autonomous Region in May 1947. It was the first autonomous region established by the Chinese Communist Party (CCP).

There have also been a number of geographical boundary/border – as well as capital city – changes, with Hohhot being the capital since 1952.11

Economic and Technological Development Zones

There are four major ‘zones’ in inner Mongolia, which focus on developing the region’s economic, technological and export potential.

- Baotou National Rare Earth Hi-Tech Industrial Development Zone
- Erenhot Border Economic Cooperation Area
- Hohhot Economic and Technological Development Zone
- Hohhot Export Processing Zone

Sister city:

Anmatjere, Northern Territory – Dongsheng, Inner Mongolia

Victorian business presence:

Minimal presence but opportunities exist.

Meetings

Wednesday 21 September

On the evening of 20 September, the delegation arrived at Hohhot airport and was greeted by officials from the Inner Mongolia Provisional People’s Congress.

On the morning of 21 September the delegation travelled to the grasslands where they met with the director of the visitor centre and local municipal party officials. The grasslands are famous for their spectacular seasonal colours as well as being home to traditional yurts. The delegation was given a tour of the yurts and the centre director spoke of the traditional nomadic lifestyle of the Mongolian people, including the process of assembling and dismantling the yurts and how this nomadic, adaptive practice has been required in order to cater for the harvests and the harsh seasons. The director and party officials also spoke about ‘banners’ or tribes and how traditional practices exist alongside modernisation.

Discussion centred on education provision and the group was told that school fees are paid for early schooling (school age starts at 6 years). The director said that Mongolians and Han Chinese live in harmony with one another and that while the Chinese constitution is the highest legal code, there are many autonomous local laws, with there being the freedom to organise local laws in autonomous regions.

The Speaker then asked whether Inner Mongolia believes that the national government will take a greater role in Inner Mongolia and if so, what will this mean for its ‘autonomous’ status. He made reference to Hong Kong and whether there is any correlation between how Hong Kong residents see the influence of Beijing on its local affairs. The director replied that Hong Kong is very different to Inner Mongolia due to the latter’s geographical position and economy, so he didn’t see any concerns over a potential weakening of Inner Mongolia’s autonomy.

The President then commented on the bus trip from Hohhot to the grasslands, noting that there were few settlements along the journey but where there are towns, they are bustling and dense. The director replied that this is due to people gravitating to the towns and cities in search of work, while the government has also been paying farmers (herdsmen) to leave the land and go to the towns, in order to protect the grasslands. Herdsmen receive compensation, housing and money in order to leave the land.
The delegation then travelled to a lunch meeting hosted by the director and provincial officials. At the meeting, in which the delegation were treated to traditional Inner Mongolian fare and various theatrical performances, these issues were further discussed, including government initiatives to protect grasslands, which has led to approximately 10,000 herdsmen leaving the land for the towns and cities in the past year. The director said that industrialisation and commercial development is putting pressure on the environment, which is also creating opportunities for growth.

Thursday 22 September

In the morning the delegation visited the Inner Mongolia Museum before attending a formal ceremony hosted by Madam Yun Xiumei, deputy director of the Standing Committee of the Inner Mongolian People’s Congress. Local television and print media were present at the signing of a Memorandum of Understanding between the Inner Mongolian Provision People’s Congress (IMPPC) and the Victorian Parliament.

Similar to the MoU signed subsequently with Shandong Province, the agreement was the first of its kind for this province and aims to further develop relations between the two regions, starting at a congressional-parliamentary level and ideally leading to exchanges at inter-governmental (especially in the health, agricultural and education sectors) and private sector - namely in trade missions to enhance economic development - levels.
At the meeting, Madam Yun talked about the need for the MoU to encompass tangible initiatives and for both sides to work together. She referenced educational secondments in agriculture between Victorian universities and TAFES and those in Inner Mongolia. The Presiding Officers then responded and gave their commitment to formally take up with Victorian ministers with portfolio responsibilities in education, health, business and agriculture, to put in place these information sharing undertakings and secondments/exchanges.

Following the meeting and formal lunch, the delegation was taken to the Meng Niu Dairy Factory in Helingeer County outside Hohhot. The company, which employs 30,000 workers on a total area of 8,848 mu (590 ha), contains 11,000 milking cows from Australia, producing 700-800 tons per year. It is the largest independent farm in China and produces UHT, yoghurt, cream, etc, for local and export markets.

The group was given a tour of the production area, which is highly automated, and then of the farm. The guide advised that it is the largest independent farm in China. With four types of milking machine, one of which is the rotary milking machine imported by Austasia International Farm, which milks 60 cows at one
time and 268 cows per hour, with one machine capable of operating for 16-18 hours per day.
**Friday 23 September**

The delegation travelled from Hohhot to the city of Ordos, where they met with Mr Jia Hongdong, Director of Nationalities, and other officials from the Standing Committee of the People’s Congress of Ordos City. Following a formal lunch meeting, in which the MOU was discussed and Mr Jia talked about tourism developments and the high rate of development in Ordos, the delegation then toured the Genghis Khan Mausoleum and gallery.

The group then had a formal meeting with Ordos Standing Committee officials, who talked about the rate of development in Ordos. Currently there are 10,000 apartment complexes being constructed, with over 60 per cent of the development funds being from private sector interests. The ‘new’ Ordos will be completed in the next seven years. The director noted that development precedes occupancy, which is why there are a number of ‘ghost cities’ scattered in the surrounding countryside: the development comes first and then the residents arrive.

![New urban development, Inner Mongolia](image)

**Saturday 24 September**

The delegation visited various sites in the new Ordos, including the mining museum (Museum of Land and Resources), water development fountains on the river and the Ordos Bronzeware Museum. The new city has a capacity of 300,000 people, although is nowhere near this capacity at present.
Planning Bureau, Ordos City, 23 September 2011

Water features with construction in the background of ‘new’ Ordos City, 24 September 2011
Following the site visits, the delegation attended a meeting in which officials discussed education, trade and tourism issues. The director, who has visited Brisbane, Sydney and Melbourne, noted his appreciation of Australia and its developed infrastructure provision. He believed there was a lot to learn from one another and extended an invitation to the delegation to return to Inner Mongolia and especially Ordos.
Sunday 25 September

Early in the morning the delegation travelled to Bao Tou City, which comprises 9 districts covering 330,000 sq km and includes a national industrial zone. The delegation was hosted by the deputy director of the Standing Committee of the People’s Congress of Bao Tau City, Mr Bao Zhu and officials. The group toured an ecological park in the city (known as ‘Garden in the City’) which is protected from development and is home to wildlife including hares, badgers and deer.

The delegation was advised that Bao Tau is viewed a ‘rising city’ and in the 1980s areas that are currently middle suburbs were farmland, which provides an idea of the rapid pace of urban development.

During the late morning, the delegation visited the Bao Tou Museum and viewed the impressive geographical exhibition and gallery. This was followed by a lunch, in which the following issues were discussed: the importance of a multicultural society, ways to develop closer linkages between Bao Tou and Melbourne, such as through education and health partnerships and exchanges.

Following the working lunch, the delegation travelled by bus 80 km to a Buddhist monastery in Wudang Lamasyer, then returned to Bao Tau for a final meeting in which links were reinforced and both sides made a firm commitment to follow up with reciprocal visits and undertake commitments made during the various meetings in Inner Mongolia, linked to the MOU signed in Hohhot on 22 September. In Bao Tau the delegation was treated to a farewell banquet as appreciation for its visit to the region.
Shandong

Population: 95,793,065
Area: 152,850 km²
GDP: US$596 billion
Capital: Jinan

Background

Shandong is an important wheat-producing and cotton-producing province; sorghum, millet, corn, soybeans, peanuts, sweet potatoes, rice, fruits, and tobacco are also grown. Livestock raising is an important industry, and pongee silk is produced by wild silkworms fed on oak leaves. Fishing is excellent along the rocky coast and offshore islands. Salt is also produced in the province. Oil, extracted near the mouth of the Huang He (Yellow River), has become a vital component of the provincial economy. Abundant coal and iron reserves are also exploited, and Shandong has deposits of gold, copper, and kaolin. Qingdao and
Jinan are leading light and heavy industrial centres. Shandong is also the birthplace of the ancient philosophers Confucius and Mencius.\textsuperscript{12}

**Industry**

In the first half year of 2010 Shandong’s trade volume with Australia was AU$695 million. The trade partnership mainly focuses on mining, coal, machinery and equipment, electrical appliances, textile products, garments, steel products and containers, but industries such as urban planning, technological services, beverage and marine economy show great potential. In 2009, Shandong’s marine economy had a gross output of AU$83.2 billion.\textsuperscript{13}

Shandong is one of the richer provinces of China, and its economic development focuses on large enterprises with well-known brand names. Shandong is the biggest industrial producer and one of the top manufacturing provinces in China. Shandong has also benefited from South Korean and Japanese investment, due to its geographical proximity to those countries. The richest part of the province is the Shandong Peninsula, where the city of Qingdao is home to three of the most well-known brand names of China: Tsingtao Beer, Haier and Hisense. In addition, Dongying's oil fields and petroleum industries form an important component of Shandong's economy.

**Major wine producers:**

- Changyu Pioneer Wine Co.
- China Great Wall Wine Co. Ltd.

Shandong’s wineries produce almost half the Chinese national output.

**Sister cities:**

- Shire of Yarra Ranges - Pingdu City, Shandong Province
- Ballarat - Zhaoyuan City, Shandong
- East Gippsland - Weifang City, Shandong
- Monash - Dezhou City, Shandong
- Maribyrnong - Rizhao City, Shandong
- Healesville - Pingdu, Shandong
- Port Adelaide - Yantai, Shangdong

**Victorian business presence:**

Currently there is a minimal presence but opportunities exist for expansion.


Meetings

Monday 26 September

The delegation flew to Qingdao in Shandong Province, arriving at 3.30pm.

The group was hosted at a dinner by Mr Wang Guangzheng, Vice Mayor of Qingdao. Mr Wang thanked the Speaker and his delegation for visiting Shandong Province and reiterated the importance of the Victorian-Shandong relationship, especially given the Speaker’s strong and committed links with the province.

Mr Wang thanked the Speaker personally for his planning advice to the province and for his unwavering commitment to Shandong. In 2004 the Speaker was made an Honorary Citizen of Shandong Province and told the delegation that he viewed this as a personal honour.

Discussion then centred on the following three issues:

- **Aquaculture**: the Vice Mayor acknowledged that over-fishing has been identified as the most important issue negatively impacting on economic growth and more cooperation was required between different jurisdictions to ensure fishing stocks remain healthy and sustainable.

- **Education**: both parties viewed this sector as the single most important area to better link Shandong and Victoria into the future, alongside trade in goods and services, especially given China’s economic boom being based on exports. The Speaker reiterated the Premier’s recent announcement that 20 scholarships (at $AU15,000 each) have been made available to Chinese students to travel to Melbourne to undertake study for 20 weeks. The Speaker said he would speak with the Victorian Premier to see whether the agreement would make provision for students specifically from Qingdao to come to Melbourne. Reciprocally, fifty students from Victoria will be entitled to travel to China to study, with each scholarship costing at $10,000. Both sides agreed this was a positive initiative to develop a greater cultural understanding between Shandong and Victoria. The Speaker also committed to talk with the Premier about options to develop a marine university, as an acknowledgement of Shandong’s strong investment in aquaculture and fishing.

- **MoU between Shandong Provisional People’s Congress and the Victorian Parliament**: the President noted the agreement will pave the way for enhanced cultural and business understanding between the two sides. The promotion of education initiatives is just one example of strengthening the relationship. The Speaker then restated his commitment to the Shandong-Victorian relationship and said that he would promote ‘Qingdao in Australia’. The Speaker believed the MoU between the two jurisdictions illustrates the importance of two parallel high level delegations (Speaker’s
parliamentary visit and that of the Premier’s Victorian Government delegation) on the Shandong-Victorian relationship.

Tuesday 27 September

In the morning the delegation travelled to Qingdao’s City Hall to meet with Mr Li Qun, Party Secretary of CPC Qingdao Committee, Mr Wang Luming, Secretary General of the CPC Qingdao Committee and Mr Cui Weidong, Director General of Qingdao Municipal Foreign Affairs Office.

Mr Li thanked the delegation for visiting Shandong Province. The Speaker then talked about the visit to China and areas the delegation had travelled to. He noted that the Sister City relationship between South Australia and Shandong Province was the impetus behind brokering a MoU between Victoria and Shandong. The Speaker then offered his personal thanks and gratitude to Mr Li and his officials in Shandong.

Mr Li provided a summary of Shandong’s commercial base and especially its importance as a port, with Qingdao set to become the world’s biggest ports. Mr Li advised that 1.5 million of the 8.7M residents of Qingdao, are migrants. It is estimated that 5 million more migrants will arrive in the near future, bringing the population to 12 million. Mr Li also provided a summary of Qingdao’s history, culture and architecture.

With trade, Victoria-Qingdao trade has increased by 20 per cent in recent years. There was also discussion about the increase in imports from Australia, which has almost doubled in the YTD in 2011, with over 300 products invested by Australian companies. Mr Li then talked about the next stage of the relationship, which Mr Li saw as progressing the reputation and influence of both jurisdictions, especially in the field of energy provision.

Discussion then moved to the upcoming 2014 International Horticultural Exhibition, to be held in Qingdao. Mr Li extended an invitation to the Speaker’s delegation to attend the event and asked for Victorian Government support. The Speaker made a commitment to talk to the Premier and senior ministers about having a Victorian presence at the event.

The Speaker then outlined the advantages of investment in Victoria and Victoria’s export capacity and noted that Murray Gouburn is an example of a Victorian company that will make significant investment in Shandong. The Speaker then discussed education developments and pushed for students from China to study in Victoria and reiterated his desire to see the development of a closer relationship between Victoria and Shandong.
Meeting at Qingdao City Hall with Mr Li Qun, Party Secretary of CPC Qingdao Committee, Mr Wang Luming, Secretary General of the CPC Qingdao Committee and Mr Cui Weidong, Director General of Qingdao Municipal Foreign Affairs Office, 27 September 2011

Presentation to Hon. Ken Smith MP from Mr Li Qun, 27 September 2011
Following the meeting with Mr Li et al., the delegation then travelled to Murray Goulburn Dairy Company on the outskirts of Qingdao.

The General Manager, Mr Lee, outlined the operations of Murray Goulburn in Shandong. Murray Goulburn’s plant in Qingdao, which began operations in 2007, is credited with manufacturing high quality dairy products including infant nutrition. The company also operates as a benefactor, such as its donation in May 2009 of AU$3.1m to establish the MG Charity Fund to help infants in need. Murray Goulburn’s 2010 annual sales in China were AU$46.2 million, which the company expects to double by the end of 2011.14

Murray Goulburn is one of the top 5 milk provider brands in China. The company has participated in a number of trade fairs and exhibitions in China and currently has 4,532 outlets in China. Sales in 2011 (YTD) are Yuan 137 million and the company expects revenue of Yuan 200 million for 2012.

The Speaker and President thanked Mr Lee and management and staff of Murray Goulburn in Shandong, for hosting his delegation and talked about the Premier’s announcement to expand Victoria’s dairy presence in China (especially in Qingdao). The Speaker noted that half the milk produced in Australia derives from Victoria.

---

Mr Lee then presented the delegation and company representatives with a PowerPoint presentation outlining the company’s financial position, market share, product line and opportunities for further cooperation and development.

Following the presentation and meeting, the Chengyang District Government and Murray Goulburn management, then hosted the delegation to a roundtable discussion, in which messages of goodwill and friendship were reinforced.

Meeting hosted by General Manager, Mr Lee, Murray Goulburn Dairy Company, Qingdao, 27 September 2011
Delegation at Murray Goulburn Dairy Company, Qingdao, 27 September 2011

Meeting with Murray Goulburn Dairy Company, Qingdao, 27 September 2011
The delegation then visited the port areas of Qingdao, including the Olympic Sailing Centre, in which they met with the centre director and staff.

The delegation left Qingdao by train late afternoon and arrived into Jinan in the early evening.

Wednesday 28 September

The delegation attended an early morning award presentation and ceremony by students of the Shandong Special Education Secondary School. The Shandong Vice Governor, Mr Guo Zhaoxin, gave the opening address and the Speaker and President were also invited on the stage.

The group was highly impressed with the facilities, support and special needs students’ ability in creative arts and performance and following a number of theatrical displays by students, attended two pottery, painting and folk art workshops displaying impressive wares made by the students.

Shandong Special Education Secondary School performance, Jinan, 28 September 2011

The visit to Shandong Special Education Secondary School was followed by a lunch meeting hosted by Mr Zhang Guoliang, deputy director of Shandong Provincial Foreign Affairs Office. At the lunch Mr Zhang and the Speaker discussed the importance of the Victorian-Shandong relationship. Specific
attention was directed to education initiatives as a way of further developing the relationship.

The delegation was then provided with a guided tour of Shandong Museum, followed by a visit to a pagoda and lake.

The group then attended the signing of the MoU at a formal function hosted by Mr Cui Yuechen, Vice Chairman of Shandong Provincial People’s Congress.

Mr Cui spoke about friendship between the two areas, which the MoU will help deepen. Mr Cui noted that trade between China and Australia stands at US$100 billion, and between Shandong-Australia this figure is US$8 billion. The meeting discussed the key areas that make the relationship successful: energy, education cooperation, cultural events and agribusiness (including marine and viticulture). Mr Cui then spoke about Shandong and its growing economy, with its high GDP taking it to the third highest ranking in China.

The MoU ceremony was followed by a dinner hosted by Mr Cui, in which the bilateral relationship was reaffirmed and future initiatives in the health and education sectors were promoted.
Mr Cui Yuechen signing the MoU with the Parliament of Victoria, Jinan, 28 September 2011

Meeting with Mr Cui Yuechen and MOU signing ceremony, Shandong Provincial People’s Congress, Jinan, 28 September 2011
Population: 19,612,368
Area (municipality): 16,801 km²
GDP: US$209.3 billion

Industry

Although it has its own elected and appointed government officials, Beijing is one of three municipalities in China (the other two are Tientsin and Shanghai) that are ultimately under the control of the national government rather than the surrounding province (in the case of Beijing, this is Hebei Province).

As China's national capital, Beijing is also home to almost all major government institutions, including the National People's Congress and the State Council.
Beijing ranks second only to Shanghai in industrialization, with highly developed machinery, textile, and petrochemical sectors. Agriculture also plays a significant role in Beijing's economy, with a large farming belt on the city's periphery serving to reduce its dependence on food supplies shipped in from the Yangtze Valley. Beijing has a rapidly growing service sector, consisting mostly of government agencies and financial institutions. Wholesale and retail commerce and tourism also play a major role in the city's economy. The free-market economic reforms of the 1990s created an economic boom for Beijing with the influx of foreign capital and technology.15

Beijing is amongst the most developed cities in China, with tertiary industry accounting for 73.2 percent of its GDP.

Beijing is home to 26 Fortune Global 500 companies, the third most in the world behind Tokyo and Paris.

The Beijing central business district (CBD), centred on the Guomao area, has been identified as the city's new central business district, and is home to a variety of corporate regional headquarters, shopping precincts, and high-end housing. Beijing Financial Street, in the Fuxingmen and Fuchengmen area, is a traditional financial centre. The Wangfujing and Xidan areas are major shopping districts. Zhongguancun, dubbed "China's Silicon Valley", continues to be a major centre in electronics and computer-related industries, as well as pharmaceuticals-related research.

Meanwhile, Yizhuang, located to the southeast of the urban area, is becoming a new centre in pharmaceuticals, information technology, and materials engineering. Shijingshan, on the western outskirts of the city, is among the major industrial areas. Specially designated industrial parks include Zhongguancun Science Park, Yongle Economic Development Zone, Beijing Economic-technological Development Area, and Tianzhu Airport Industrial Zone.

**Sister city:** Canberra

**Meetings**

**Thursday 29 September**

The delegation travelled from Jinan to Beijing, where they visited the Summer Palace, followed by a formal banquet dinner hosted by Madame Qi and Mr Shi from Jiangsu Provincial People’s Congress. During dinner the group discussed bilateral issues and tangible ways, such as through secondments, delegations and placements, to promote one another’s education, trade and health sectors.

---

The Presiding Officers made a commitment to talk with ministers, industry groups, educationalists, health sector practitioners, and local government representatives, to progress the undertakings.

Friday 30 September

The delegation visited the National People’s Congress and were hosted by Messrs Zhe Pei Xin, Vice Chair of the Foreign Affairs Committee, National People’s Congress, and Xu Dong, Director International Exchanges, along with two accompanying officials from the Foreign Affairs Committee.

During the meeting, Mr Xu noted the detailed and busy itinerary of the delegation, which he considered would generate further opportunities and assist in improving the bilateral relationship to new heights. He talked at length about the trade relationship, especially the capacity for growth in trade in services and commodities between China and Australia. In the fields of education, science and technology and arts and culture, there are increasing numbers of companies involved and the PRC is supportive of this growth trend. As part of this, the two countries have signed a Science and Technology Agreement.

Discussion moved on to education, with reference to the approximately 160,000 Chinese students studying in Australia. Mr Xu then talked about increases in the number of Chinese tourists visiting Australia, acknowledging that over 500,000 Chinese nationals visited Australia in the past year.

Discussion then focused on the 78 sister cities/state/provinces relationships that have developed between the two countries, which is viewed as an important channel to enhance the bilateral relationship. Building on this friendship, Mr Xu believed the two sides have a responsibility to safeguard the Asia-Pacific region, as well as the world at large.

Mr Xu then personally thanked the Speaker and acknowledged his strong and genuine ties to China, and the work he has done over the years to enhance the bilateral relationship. In response, the Speaker noted areas where there had been significant progress, especially in trade and education. As part of this, the Governor of Victoria and the Premier have been in China at the same time as this high level delegation; reinforcing the commitment to China by Victoria, and also the high esteem placed on this close relationship.

The Speaker stated that the MoUs were a further example of this and then referred to the successful Murray Goulburn investment in Shandong as an example of Victoria’s commitment to enhancing the China-Australian (and especially Victorian) relationship.

The Speaker then talked about Inner Mongolia and its level of sophistication and hospitality. He also reiterated his commitment to visit Shandong once a year. He believed the trip has been extensive and invaluable and this will be followed up
with a business delegation led by the Speaker on the next occasion, likely to be in 2012-2013.

The meeting was closed and Mr Zhe then hosted the delegation to a lunch in their honour. During the lunch the bilateral relationship was further discussed, in addition to commentary on the global financial crisis and global economic indicators. The Speaker then extended an invitation to Mr Zhe to visit Melbourne, in response to Mr Zhe’s intention to visit Australia later this year.

National People’s Congress, Beijing, 30 September 2011
Meeting hosted by Messrs Zhe Pei Xin, Vice Chair of the Foreign Affairs Committee, National People’s Congress and Xu Dong, Director International Exchanges, Beijing, 30 September, 2011

Delegation at the meeting of National People’s Congress hosted by Mr Xu, 30 September 2011
Mr Xu receiving a gift from the Speaker and President, 30 September, 2011
Shanghai

Source: www.chinatouristmaps.com

**Population:** 16.75 million  
**Area:** 6,218 km$^2$  
**GDP:** US$ 252 billion

**Background**

Shanghai city is in, but independent of, Jiangsu province and is an independent unit administered directly by the central government. Shanghai is China's largest city, followed by Beijing.
Shanghai handles much of the country's foreign shipping and a large coastal trade. A new deepwater port, Yangshan, located on islands 27.5 km SE of Shanghai in the South China Sea, opened in 2005; the port is connected to the mainland by the 32.5 km Donghai Bridge. Although water transport is of prime importance, highways radiate outward, and there are rail connections with Nanjing and Hangzhou, with links through those cities to the N and S China networks. A new international airport opened in Pudong (East Shanghai) in 1999.

Despite a lack of fuel and raw materials, Shanghai is China's leading industrial city, with large steelworks, textile mills, shipbuilding yards, oil-refining, gas-extracting, and diamond-processing operations, in addition to plants making light and heavy machinery, electrical, electronic, and computer equipment, machine tools, turbines, chemicals, pharmaceuticals, aircraft, tractors, motor vehicles, plastics, and consumer goods.

The city also is a major financial and publishing centre, and is a regional headquarters for many multinational companies. Shanghai includes much of the surrounding rural area (over 5,000 sq km), in which farms produce crops to support the city's population.

In the 1970s and 1980s, Shanghai's industrial base was shifted to include more light industries in order to reduce the high levels of pollution.16

Monday 3 October

The delegation travelled from Beijing to Shanghai. The delegation was met at Beijing Airport by the Assistant President of China Eastern Airlines, Mr Chu Yang and his personal assistant. During the meeting, he discussed air services opportunities, especially services expansion with beyond rights and further route access into Australia.

Tuesday 4 October

The delegation was provided with a tour of Shanghai city’s central business district.

The group also visited the Shanghai Municipal Bureau of Planning and Land Resources, where they received a thorough briefing on Shanghai’s growth strategy, including land use comprehensive planning, mining resources protection and development planning.
Shanghai Urban Planning Exhibition Hall, Shanghai Municipal Bureau of Planning and Land Resources, 4 October 2011
**Wednesday 5 October**

The study tour concluded and the delegation departed Shanghai for Melbourne.

Shanghai skyline
Appendices

1. Memorandum of Understanding – Inner Mongolia
2. Memorandum of Understanding – Shandong
3. List of Chinese officials who hosted the delegation