
REPORT 3
(1215/52/IM)

REPORT BACK ON MAYORAL VISIT TO HONG KONG IN JANUARY AND FEBRUARY 2012

1. Purpose of Report

To report back on Mayor Wade-Brown's visit to Hong Kong as guest of the Hong Kong Government 29 January to 4 February 2012.

2. Recommendations

It is recommended that the Strategy and Policy Committee:

- 1. Receives the information.*

3. Background

As the Mayor of Wellington I was invited to visit Hong Kong as guest of the Hong Kong Government. The Hong Kong Government prepared a one week tailored programme of meetings with senior government officials and visits to sites of interest.

The visit dates were chosen to coincide with the dates of the World of Wearable Art (WoW) performances in the Hong Kong Arts Festival.

4. Discussion

The following section provides an overview of the programme, including key lessons.

4.1 *The Hong Kong Sponsored Visits Programme*

The Sponsored visits programme has been going for more than 20 years. Visitors are invited from all over the world. While I was in Hong Kong there were also visitors from Estonia, Australia and Hungary. The programme was extremely well organised, and the officials were well prepared and briefed on issues relevant to New Zealand. Each meeting provided opportunities for questions and discussions on topics of interest. Overall the visit exceeded expectations.

While there were lessons for Wellington, the visit also gave an external viewpoint on areas where Wellington and New Zealand lead the way, such as our high level of transparency, and our lack of corruption.

4.2 *World of Wearable Art*

WoW performed seven sold out shows in Hong Kong as part of the Hong Kong Arts Festival. The shows were very well received and a number of government officials and business people mentioned that they had been to a show and really enjoyed it. The overseas potential for WoW is significant.

4.3 *Raising the Wellington profile in Hong Kong*

In conjunction with the New Zealand Consulate in Hong Kong we held a reception to showcase Wellington and WoW. The Wellington reception was attended by more than 60 local and expatriate business people and supported by a local kapa haka group.

A number of Wellington companies, including Catalyst and Metra, are already doing business in Hong Kong. The reception provided an opportunity to show that Wellington is not only an attractive, vibrant city, filled with talented people, but also that we are ready and willing to engage with Hong Kong, China and the world.

4.4 *Cheung Kong Holdings*

Mr H L Kam, Deputy Managing Director of Cheung Kong Holdings Ltd, voiced his view on foreign investment in New Zealand. The Cheung Kong Group owns Wellington Electricity and is a major investor in Hong Kong, Mainland China, the United Kingdom, Australia, and Canada.

Mr Kam believes that New Zealand does not treat foreign investors equally; i.e. investment from some countries is more welcome than investment from others. He is not concerned whether as a sovereign nation New Zealand chose to have certain restrictions on overseas ownership of land or other property, just that any rules should be applied fairly not in a biased way.

4.5 *Ocean Park*

A meeting with senior management of Ocean Park provided valuable insights on how to turn around a struggling attraction.

Ocean Park now combines aspects of aquarium, zoo, theme park and amusement rides.

Following the Asian financial crisis of 1997 the park made losses for several years. Cost reductions were made, but the park could not “save its way out of debt”. However, the fortunes of the park were turned around, partly through the introduction of annual events (Halloween, Chinese New Year, Christmas, Easter, and Summer) which increased cash flow.

The park also differentiated itself from Disneyland by emphasising its themes of conservation, education, and entertainment. The park has recovered strongly and receives more annual visitors than Hong Kong Disneyland.

4.6 Shaw Studios

Shaw Studios was the largest movie production company in Hong Kong, producing over 800 titles. Shaw Studios moved from film to television in the 1980s. More recently Shaw Studios has developed the world's most advanced film production and digital post production facility, including the largest sound and vibration-insulated soundstage in Asia.

Shaw Studios has cooperated with Park Road Post on some small projects, but is looking for further opportunities to cooperate with Wellington.

One barrier to further cooperation between New Zealand and Hong Kong is the lack of a film coproduction treaty. The New Zealand-China coproduction treaty does not cover Hong Kong. A coproduction treaty would benefit both sides and increase the potential market. Also New Zealand-Hong Kong productions would also be considered domestic productions on the Chinese mainland, so would not be subject to China's 20-foreign-films-a-year quota.

4.7 Urban planning

Much of Hong Kong's terrain is mountainous. Only 25% of Hong Kong's land area has been developed, while 40% of Hong Kong's land mass is set aside as country parks or nature reserves.

Substantial development has taken place on reclaimed land on Victoria Harbour. In order to protect the marine environment, including the Chinese white dolphin, no further reclamation will take place on the harbour. In future land reclamation will only be used for essential projects in other parts of Hong Kong, such as the proposed third runway for Hong Kong International airport. The waterfront area above a tunnelled new freeway is set aside for public recreation and planting.

4.8 Environmental issues

Hong Kong had planned to move from coal to nuclear and renewable energy sources by 2020. Following the Japan earthquake, tsunami and nuclear disaster it is has begun to rethink its plans. Although the chance of Hong Kong being hit by a significant earthquake is low, it could be affected by a tsunami and it is impacted occasionally by typhoons.

To reduce pollution and emissions Hong Kong recently banned the idling of parked cars and trucks. Those who ignore the ban will be fined. The ban will present a challenge to taxi drivers, who will not be able to wait with their air conditioning on during Hong Kong's hot summer.

All plastic bags are levied 50c each at point of sale.

4.9 Public transport, walkways, and the environment

Hong Kong has an excellent public transport system. Over 90% of daily journeys are on public transport, the highest rate in the world.

Hong Kong has had “Octopus” cards (like our Snapper) since 1997. Octopus cards can be used on trains, buses, trams, ferries and minibuses, and also parking meters, shop and supermarkets, and fast-food restaurants.

On Hong Kong Island there is an extensive network of footbridges, which connects offices, train stations, ferry terminals and shopping malls. The footbridges are all covered and some are air conditioned. Here is an example:



MTR Corporation runs the rapid transit railway system in Hong Kong. New train lines are largely funded by development above ground. The Hong Kong farebox recovery ratio is the highest in the world. MTR has also begun to operate in a number of other countries.

4.10 Democracy in Hong Kong

The Chief Executive of Hong Kong is elected by a 1200-member Election Committee. The Election Committee members represent sectors of the economy, religious organisations, and ex officio members taken from the government.

The Hong Kong Legislative Councillors (Legco) has 30 members elected directly from geographical constituencies and 30 elected from functional constituencies (special interest groups). The total number will expand to 70 members this year. Hong Kong will transition to universal suffrage (i.e. the CEO by direct public vote and the phasing out of “functional constituencies for Legco) by 2017.

4.11 *The Hong Kong economy*

In 2011 Hong Kong was included in the China Government's five-year plan for the first time. China sees Hong Kong's future as an international centre for financial services, trade and shipping. China also plans to help Hong Kong nurture priority industries, such as medical services, innovation and technology, cultural and creative industries, environmental industries and education services. These industries are compatible with Wellington's strengths.

4.12 *Hong Kong as a gateway to China*

While the Wellington-Hong Kong relationship is important in its own right, Hong Kong also serves as a gateway to mainland China. China became New Zealand's second biggest trading partner in 2011.

New Zealand businesses wishing to do business in China can set up an office in Hong Kong and receive the same treatment as local businesses, including support to enter the Chinese mainland market.

The Hong Kong Trade Development Council (HKTDC) is the international marketing arm for Hong Kong-based manufacturers, traders and service providers. The HKTDC has an office in Sydney, which also covers New Zealand. Any New Zealand business which sets up in Hong Kong is eligible for HKTDC support. The HKTDC holds trade fairs and leads business missions to the mainland, including the upcoming Beijing International Fair for Trade in Services.

4.13 *Growing integration between Hong Kong and China*

Under the "one country-two systems" principle Hong Kong will retain a high degree of autonomy until at least 2047. However, Hong Kong and China are becoming increasingly integrated through infrastructure, such as border crossings and transport links, and government policies to increase the economic cooperation.

4.14 *Transparency, ease of doing business*

Hong Kong ranks first in the world for ease of doing business and twelfth for lowest levels of corruption. In comparison New Zealand ranks third and first respectively. Hong Kong and New Zealand share the common law legal system.

5. Travel costs

Apart from the cost of offsetting CO₂ emissions, all of my travel and accommodation costs were met by the Hong Kong Government.

6. Climate change impacts and considerations

My flights to Hong Kong resulted in approximately 7.5 tonnes of CO₂ emissions, which cost \$74.50 to offset.

7. Conclusion

The visit was extremely worthwhile. The meetings with Hong Kong Government departments were extremely interesting and informative. Many of the issues the Hong Kong Government faces are relevant to those faced by the Wellington City Council, albeit at different scale. The lessons inform ongoing Mayoral and staff liaison in key areas.

The visit also provided a great opportunity to raise Wellington's profile in Hong Kong, and cement our city's relationship with the World of Wearable Art.

Mayor Celia Wade-Brown

Supporting Information

1) Strategic Fit / Strategic Outcome

The visit was consistent with Council Policy, and in particular Wellington 2040, the Economic Development Strategy and Digital Strategy.

2) LTCCP/Annual Plan reference and long term financial impact

The visit had no long term financial impact. Costs associated with the Mayor's attendance were met by the organisers.

3) Treaty of Waitangi considerations

Not applicable

4) Decision-Making

This report does not seek a decision

5) Consultation

a) General Consultation

Not applicable

b) Consultation with Maori

Not applicable

6) Legal Implications

Not applicable

7) Consistency with existing policy

This visit was consistent with Council Policy.