

Tuesday, 20 February 2018

Memorandum

**To: Environment and Community Committee**

**Subject: Tripartite Economic alliance – Guangzhou Summit 2017**

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**Purpose**

- To provide a review of the Tripartite Economic Alliance Summit 2017 (the Summit), held in Guangzhou on 8-10 November 2017.

**Key Messages**

- The 2017 Tripartite Economic Summit successfully improved connectivity and business opportunities for Auckland companies with counterparts in Guangzhou and Los Angeles, and was delivered within budget, at a cost of NZ\$46,000 to Auckland Council.
- During the Summit the three city Mayor's signed a memorandum of understanding to renew the Tripartite Economic Alliance for a further three years.
- Seven of the eight Key Performance Indicators for the Summit have been achieved, with one in progress – that 60% of delegates achieved business leads they believe are likely to lead to a deal (Attachment B). Outcomes will continue to be monitored over the coming year.
- Note that officers will report back to the Committee by December 2018 on Tripartite initiatives, trade/innovation events aligned to Tripartite-related activities, as well as any other business outcomes from the 2017 Summit.

**Background**

- In October 2014, the Regional Strategy and Policy Committee approved Auckland's participation and engagement in the Tripartite Economic Alliance [REG/2014/125].
- The Tripartite is aligned with the Auckland Plan and Economic Development Strategy to make Auckland a vibrant, creative, internationally connected and export driven city.
- Auckland Council's Global Partnerships and Strategy Unit (GPS) and Auckland Tourism, Events and Economic Development (ATEED) leveraged partner city relationships with Guangzhou and Los Angeles (LA) to formally establish the Tripartite Economic Alliance in November 2014.
- Under the Tripartite, Summits have been held annually on a rotational basis between the three cities. In 2015, the inaugural Tripartite Economic Summit was held in LA, with the theme of 'Innovation - through Commercialisation and Connectivity'. Auckland hosted the second Tripartite Summit in May 2016 with a focus on 'Making Connections'.
- Summits provide a platform for mayors and business leaders to support and develop business opportunities, as well as renew the collective commitment for the three partner cities to collaborate with each other on trade and economic initiatives.
- In July 2017, the Environment and Community Committee approved Auckland's participation and engagement in the Tripartite for another three years [ENV/2017/94]. The Committee also acknowledged that the Tripartite has enhanced Auckland's political, economic and trade relationship with two of Auckland's most strategically relevant partner cities (Guangzhou and LA).

## Tripartite Summit 2017

- On 8-10 November 2017, Guangzhou hosted the third Tripartite summit under the theme of “The Power of Three”. Over 850 people across the three participating cities registered to attend the Summit (See Attachment A for the Summit programme).
- The Summit focussed on: tourism, creative and digital, e-commerce, innovation and entrepreneurship.
- The Auckland delegation included 97 delegates from 70 businesses. As part of this delegation, Mayor Goff was accompanied by Councillors Darby and Clow, and Mr Taipari, Chairman, Independent Māori Statutory Board.
- In addition to the Summit, the Auckland delegate programme included briefings with the New Zealand Consulate; business matching/networking opportunities; an LA-hosted business luncheon; an Auckland Showcase event and a site visit to Huawei’s Headquarters in Shenzhen (see Attachment A).

## Outcomes of the Summit

- In 2016, the Economic and Development Committee endorsed a new reporting framework for the improved measurement and monitoring of outcomes of economic-led overseas delegation [CP2016/00669]. The framework outlines the objectives, the Key Performance Indicators (KPIs) and (where possible) the tangible outcomes achieved as a direct result of the delegation’s interactions.
- To help measure KPIs and track outcomes, and qualify anecdotal feedback, a survey was sent to all delegates asking for feedback on their experience at the Summit. Approximately 44% of the delegates (31 delegates from 70 businesses) responded to the survey.
- Seven of the eight KPIs set for the Summit have been achieved. Of note, 45 additional businesses were recruited for the Summit vis-à-vis a target of 25 (see Attachment B for the KPI report card).
- Highlights of the survey results are identified in Attachment D.

## Business Outcomes

- As reported to the Committee previously, there are always challenges with qualifying/quantifying the commercial outcomes derived from the annual Summits. The ‘commercial in-confidence’ nature of much of the information, particularly in competitive operating environments and in the period prior to the conclusion of transactions and deals, often precludes this information being shared. In some cases, this information will be captured at a later point in time, but commercial sensitivities will always prevail.
- Examples of initial opportunities generated from the Summit are listed below:

<b>Design</b>	<ul style="list-style-type: none"> <li>• The GALA (Guangzhou, Auckland, Los Angeles) Urban Design Alliance is providing opportunities for three designers (two from Guangzhou and one from LA) to participate in a three-month internship programme in Auckland, effective February 2018. Architectus/Jasmax, Reset Urban Design and LandLAB will host the interns.</li> <li>• Business partnerships were formed by Summit delegates i.e. Monk Mackenzie Architects and VRx joined forces to meet with a large urban redevelopment company leading to an invitation to further discussions and a site visit.</li> <li>• Auckland-based Reset Urban Design was awarded an urban design contract as a result of their participation in a Tripartite-related GALA Urban Design Workshop hosted by the Guangzhou Planning Institute in May.</li> <li>• The Designers Institute of NZ made connections for the benefit of members in NZ and created a relationship with LA delegates in the design area, particularly the LA Business Council.</li> </ul>
<b>Māori economy</b>	<ul style="list-style-type: none"> <li>• Māori fashion designers were well received at Guangzhou Fashion Week, and at the Auckland Showcase event. The Canton Fair in Guangzhou, the largest trade fair in China, has invited the rōpū of Māori fashion designers to next year’s fair.</li> <li>• NZ Goodness assessed the distribution channels in China and made a connection with e-commerce giant, VIP.com.</li> </ul>

<b>Innovation/Other</b>	<ul style="list-style-type: none"> <li>• Discussions were held with Huawei regarding their support for innovation labs in New Zealand and smart city/smart government programmes around the world.</li> <li>• An Auckland company gained procurement status with a major technology partner that would not have happened without the Summit.</li> <li>• KPMG China connected with Auckland companies to support their China activity, and have a greater understanding of the Auckland market so they can better assist their clients.</li> <li>• UniServices met with potential new partners and furthered existing relationships.</li> </ul>
<b>Creative Industries</b>	<ul style="list-style-type: none"> <li>• Diva Productions were invited to the Guangzhou International Documentary Festival to pitch for two television shows that would not have happened without the Summit.</li> <li>• A screen production company met a potential funder via one of the Auckland delegates.</li> <li>• A deal was finalised between an Auckland company and a Guangzhou company in the film industry.</li> </ul>
<b>E-commerce</b>	<ul style="list-style-type: none"> <li>• Auckland companies were connected to Chinese e-commerce giant VIP.com. Outcomes to date include one business listing products and is now in progress of sending shipments.</li> </ul>
<b>Food &amp; Beverage</b>	<ul style="list-style-type: none"> <li>• An Auckland business developed seven strong leads through business matching, including three to four which are significant/immediate opportunities and has quoted five containers worth of product to potential Chinese buyer.</li> </ul>

- The results from the Summit will be tracked over the next year given the time required for business deals to progress.

### **Memoranda of Understanding (MoU)**

- The mayors signed an MoU to formally renew the Tripartite for a further three years, acknowledging the importance of city-to-city relationships, understanding commonalities and cooperation.
- The renewal of the Tripartite MoU will enable Auckland companies seeking to enter the China and US markets to attend certain LA, Auckland and Guangzhou business and trade events e.g. Select LA Investment Summit (June 2018), Auckland TechWeek (May 2019) and potentially the Urban Innovation and Mayoral Forum in Guangzhou (November 2020).
- Seven other MoUs and agreements were also signed covering tourism, urban planning, vocational education and investment. These agreements will help generate cooperation and strengthen links between each city's business and tertiary institutes (see Attachment C).

### **Other engagement**

- During bilateral meetings, Mayor Wen (Guangzhou) and Deputy Mayor Gorell (Los Angeles) told Mayor Goff that they were committed to expanding cooperation between the three cities under the Tripartite.
- Mayor Goff attended a business luncheon with China Southern Airlines' Chairman, Mr Wang Changshun to acknowledge the airline's contribution to improving links between China and Auckland. The Mayor also met with Huawei's President of Global Government Affairs, Mr Victor Zhang to discuss Huawei's future investment (innovation and smart city technology) plans in Auckland. Auckland Council will continue to investigate Huawei's technologies in building a smart city, particularly alleviating traffic congestion.
- In connection with Auckland's interest in light rail and traffic management, site visits were organised to the Haizhu Electric Tram and the Guangzhou Traffic Command Centre.
- The NZ Consulate in Guangzhou provided valuable support in the lead up and during the Summit. This included hosting a Commercial Roundtable chaired by NZ Ambassador to China, John McKinnon. English-

speaking business leaders/specialists presented on the application of big data in urban management, pre-fabricated housing, bike sharing, and driverless cars and electronic vehicles.

- The Consulate also hosted a media roundtable with eight Chinese media outlets. This session generated over 30 media articles, including a video which has had over 500,000 views. Mayor Goff was also interviewed for the English language talk show, Face Time, which aired in late-December.

### **Maori impact statement**

- Auckland's unique Māori identity is our key point of difference in the world. Approximately 27% of the national Māori economy is in Auckland, contributing NZ\$4 billion to Auckland.
- Māori participation and outcomes are integral to Auckland's economic development and the success of the Tripartite, in particular relating to brand, visibility, skills, investment and business.
- The Tripartite was Auckland Council's first international city agreement to be signed in te reo Māori and enables Auckland Council to leverage its global connections to support and advocate for Māori business outcomes and foster opportunities for cultural exchange and entrepreneurship. The renewal of the Tripartite was also signed in te reo Māori.
- Collaboration between the Independent Māori Statutory Board (IMSB), Council and ATEED ensured Māori business and cultural dimensions were evident during Auckland's participation in the 2017 Guangzhou Summit. For example, IMSB Chairman David Taipari, accompanied the Mayor in the courtesy call with Guangzhou Mayor Wen. Mr Taipari played a key role in the engagement with the Chinese hosts
- Four Māori business and cultural representatives participated in the Summit. These included Marama Royal and Lance Hawke from Ngāti Whātua Orākei Trust; NZ Goodness Limited (whole food products); and Miraka Limited (dairy processing industry).
- Māori culture and design were key elements of Auckland's programme for the Summit. The Modern Māori Quartet (in Guangzhou at the time) performed at the Tripartite Gala Dinner. The NZ Schools' National Kapa Haka Champions - Raukura Kapa Haka Group from Rotorua – were also in-Guangzhou and wowed the 300 guests at the Auckland Showcase event which took place at the conclusion of the Summit.
- Entrepreneur and designer Kiri Nathan led a rōpū of seven Māori fashion designers who attended the Guangzhou Fashion Week and staged a Fashion Show featuring unique Māori fashion design. Their participation was supported by ATEED, Poutama Trust and the NZ Ministry of Foreign Affairs & Trade. The Māori Fashion Show highlighted the strength of the Māori fashion industry.
- Officers will continue to engage with Māori businesses to promote their involvement in future Tripartite-related activities.

### **Financial implications**

- The overall cost of Auckland Council's participation in the GZ17 summit, excluding sponsorship, was NZ\$106,000. This included flights, accommodation, in-market transport, meeting room hire, on-ground expenses (e.g. printing, food & beverage) and the Auckland Showcase. However, the cost to Auckland Council less NZ\$60,000 sponsorship was within budget at NZ\$46,000. The 97 business delegates were self-funded.
- The NZ\$60,000 sponsorship came from Bank of New Zealand, Huawei, and New Zealand Trade and Enterprise. There was also NZ\$3,500 value-in-kind sponsorship from Matakana Wine Estate.
- The Bank of New Zealand led their own delegation within the Council group of 15 delegates and reported that the programme was a success against their measures.
- As per the Committee's resolution from July 2017 [ENV/2017/94], ongoing participation in the Tripartite will be funded through existing operational budgets and corporate sponsorships. For participation in significant overseas initiatives Environment and Community Committee approval will be sought.

### **Next Steps**

- Outcomes from the Summit will continue to be monitored through participant surveys again in six months and then once more 12 months after the Summit. The results of these surveys will be reported back to the Committee by 31 December 2018.
- Officers from the three cities met after the 2017 Guangzhou Summit to share details of future trade/innovation events in their respective cities that could be aligned to Tripartite-related activity.

Ongoing discussions resumed in January 2018 to explore events that respective businesses could potentially attend, starting with the Select LA Investment Summit in June 2018.

- Officers will explore innovative ways to further enhance the Tripartite. Discussion will centre on what is practical and in the shared interests of the three city partners. Interest by other cities in participating in the Alliance will also be discussed.

#### **Attachments**

- Attachment A – Tripartite Summit Programme
- Attachment B – KPI report card
- Attachment C – MoUs signed at the Summit
- Attachment D – Tripartite post – event evaluation survey key findings.



## Attachment B: Key Performance Indicators report card

Objectives				
<ul style="list-style-type: none"> <li>Promote Auckland as an ideal destination for investment, business, trade, tourism, education, creativity and innovation</li> <li>Connect Auckland local government and businesses to opportunities in Guangzhou and Los Angeles and the broader China and US markets</li> <li>Attract investors to Auckland and investment into Auckland businesses</li> <li>Increase international awareness of Auckland, Auckland's key sectors and business and investment opportunities</li> <li>Ensure positive media coverage of the Summit to the wider Auckland audience</li> <li>Generate interest, connections and deals that can be progressed over the next 3-year term of the Tripartite Economic Alliance.</li> </ul>				
KPI	Achieved	Progressing	Not achieved	Commentary
At least 25 businesses recruited for the Summit	√			A total of 97 delegates from 70 businesses participated in the Summit.
At least 40 businesses supported via pre-departure capability workshops	√			97% of survey respondents rated the pre-departure assistance from Council/ATEED as either Very Good (65%) or Good (32%).
At least 4 MoUs signed between LA or Guangzhou businesses or governments	√			A total of eight MoUs were signed (please refer Attachment C).
At least 20 businesses made connections with an LA or Guangzhou business/investor	√			61% of survey respondents reported making business connections between 1-5 business leads.  Across respondents, 195 business leads were made during the Summit, averaging 6 business leads per delegate.
At least 80% of businesses found the programme beneficial	√			This KPI measures the effectiveness of the Tripartite Business Programme, it was measured at three points during the programme:  1. Satisfaction of the 8 August Workshop – 88%

				<p>2. Satisfaction of Post 5 September workshop – 92%</p> <p>3. Satisfaction of the summit – 77% (note: this is in contrast to the other measurement – 97% of the responses are satisfied with Council /ATEED support).</p>
At least 2 deals between Auckland and offshore firms/investor thereby increasing trade between Auckland, LA and Guangzhou	√			<p>There are 3 known substantial commercial deals, and 1 of 7-figures in progress.</p> <p>74% of delegates stated that they would consider growing their business into China whereas only 16% took this into consideration for the US.</p>
80% of delegates would recommend Summit participation to others	√			<p>Almost all respondents (90%) reported that they were either 'Very Likely' (61%) or 'Somewhat likely' (29%) to recommend Summit participation to others.</p>
60% of delegates achieved business leads they believe are likely to lead to a deal		√		<p>Half of the respondents indicated there was a 50% chance of success in terms of a new or existing contact wishing to pursue a business opportunity</p> <p>It is anticipated that this KPI will be achieved by the next survey in six months' time, with positive initial results but reluctance of companies to commit to a result."</p>

### **Attachment C: Memoranda of Understanding signed at the Summit**

- Renewal of the Tripartite Economic Alliance for a further 3-year term
- Tripartite Tourism Cooperation Agreement between Guangzhou Tourism, LA Tourism and ATEED
- MoU between the World Trade Centre and ATEED, to support the development of international investment and business opportunities between Auckland and LA
- MoU between GZL Travel Service and ATEED
- MoU between Guangzhou Urban Planning and Design Survey Research Institute (GZPI) and University of Auckland School of Architecture and Planning to facilitate the exchange of knowledge between the two institutions
- MoU between NorthTec and Guangzhou Electronic Information School
- Agreement between Methven and Jiangsu Ruizhigang Construction Engineering Group providing a framework for cooperation
- One other confidential Memorandum of Understanding

## Attachment D: Tripartite Post-Event Evaluation - key findings

- Over three quarters of delegates (77%) provided positive feedback of the Summit, rating it as either 'Very good' (45%) or 'Good' (32%).
- Almost all delegates (97%) rated the pre-departure assistance from Auckland Council/ATEED as either 'Very good' (65%) or 'Good' (32%).
- As a consequence of attending the Summit, almost three quarters of delegates (74%) stated that they would consider growing their business into China.
- With relevance to delegates' anticipated business growth for the next three years (in terms of monetary and human resource estimates), an average of \$4.37m and an increase of five staff per delegate was projected for China, and an average of \$550k per delegate plus an increase of two staff was anticipated for the USA.
- Just under half of respondents (45%) were interested in the idea of increasing trade and investment into cities other than Guangzhou, Los Angeles and Auckland in China, USA or New Zealand. For those respondents who reported that they would like to increase trade and investment in other cities, Shanghai was the most commonly mentioned city (42%), followed by Beijing (19%).
- A large majority (81%) of the delegates indicated that they are likely to attend an Auckland Council/ATEED-led trade delegation in 2018.
- The most frequent suggestions for areas of improvement were around the business matching and networking aspects of the event.

### Feedback / comments

*A very successful event and worthwhile attending.*

*Life changing. One of discovery.*

*It's a great honour and pleasure to join the GZ 17.*

*A wonderful business opportunity that provided for networking and 'opening doors' that you couldn't have achieved as a stand-alone business. The 'power' of attending as part of a wider Auckland delegation and with the Mayor added a level of prestige that wouldn't be possible otherwise. The showcase of Auckland as a whole that you are a participant of was really special.*

*A fast paced introduction to China where you find fantastic contacts and networks to continue your progress with.*

*Accompanying the Mayor gives you much better access and status with potential clients, so I would highly recommend this opportunity if it is offered.*

*Enlightening and enjoyable. Very well organised. A lot of hard work and planning by the Auckland staff.*

*Excellent. Very well organised, made lots of connections. I thought it was brilliant.*

*Brilliant value and excellent use of time if you're exploring exporting or developing a market like China. It's really opened my eyes to the scale and allowed me to work out how to best establish a market like this and start finding partners in the market.*

*Energetic networking, and good comparative data and insights.*