



OFFICE OF THE GOVERNOR
VICTORIA

WORLD CHINESE ECONOMIC SUMMIT SPEECH

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Tan Sri Dato' Dr Michael Yeoh, Chairman, World Chinese Economic Summit and Chief Executive Officer, Asian Strategy and Leadership Institute

Tan Sri Dato' Seri Dr Jeffrey Cheah, Chairman, Asian Strategy and Leadership Institute

His Excellency General Pervez Musharraf, former President of Pakistan

Dr Jimmy Chiang, Associate Director-General, Invest Hong Kong

Distinguished Guests

Ladies and Gentlemen

It is my great pleasure to be with you again at the World Chinese Economic Summit – one of the most important gatherings of people in the region.

And indeed it is wonderful to be back in Hong Kong.

My husband and I lived and worked here in the 1980s.

Much has changed in the intervening years. But Hong Kong continues to embody an energetic and innovative spirit that I have always loved, and have enjoyed returning to as often as possible.

I was privileged to speak at the WCES in London two years ago.

In that speech, I reflected upon my career as a judge in the Family Court of Australia, prior to becoming Governor.

I spoke then about how that experience had impressed upon me the importance of respect, trust and the need to focus on all that unites rather than divides us, as the underpinning of all good relationships. That is - whether within families, businesses, communities or indeed as between nations - so that, particularly in tough times, there are strong foundations upon which to rely.

When I spoke to you in London, I had only been in my position as Governor of Victoria for a short time. I have now been Governor for two and a half years.

One of the joys of my role is the opportunity to meet people from many cultures and backgrounds: members of Victoria's diverse community, visitors from overseas, and the many hospitable people we meet when representing our State in other countries.

The people I have met, and the positive collaborations that I have witnessed, have only served to reinforce my strong belief that the best long-term engagement is always underpinned by strong relationships. And that none of us is assured of a strong and prosperous future if we go it alone.

I know, looking out at the audience today, and listening this morning that many of you share this view.

But increasingly, this is an orthodoxy that is being questioned.

Demographic change, global migration, wealth distribution, security challenges and changes in the composition of economies are being experienced by many countries.

The world has not stood still in the two years since I spoke in 2015, with growing uncertainty leading some to question the value of interconnectedness between nations.

Approaches to trade and investment are evolving, and in some cases the appetite for international collaboration has waned.

Uncertainty is challenging to all economies – to individuals and businesses alike. It can lead to fear and a reluctance to invest, a reluctance to trade and a temptation to withdraw. It has led some to look inwards- to retreat from global engagement.

At this morning's opening session, His Excellency Commissioner Xia Feng put it beautifully when he said:

'If you want to go fast, go alone. If you want to go far, go together'.

I'd like to expand on that precise sentiment in my comments today.

In the experience of my State, the single best tool to mitigate global economic uncertainty is deeper engagement: the building of stronger relationships - where information flows, insights are shared and collaboration is extended.

Stability, openness and mutual understanding encourage investment. Uncertainty and insular thinking are the enemies of investment and, in turn, the enemies of prosperity.

It is in times of global uncertainty that the effort we have made to build trust, and to cultivate relationships, delivers enhanced value. It is also the time to double our efforts to engage more deeply, rather than to retreat.

The State of Victoria sees an approach of openness, engagement and collaboration as a necessity for the future prosperity of its people, its businesses and institutions.

While we make up a quarter of the national population and economy, and Victoria and Melbourne are growing more rapidly than other Australian States and cities- indeed Melbourne is on track to surpass Sydney as Australia's most populous city within the next 30 years - we recognise that we cannot go it alone in a global world.

History tell us that in periods of insular thinking, Victoria's economy has suffered.

In the early 1900s – during a period of insularity – Victoria went from being the world's richest colony to Australia's weakest State, economically.

On the other hand, Victoria's strong growth over recent decades has coincided with an open approach to international engagement and partnerships. This, is no coincidence. We value our flourishing international partnerships, especially with our neighbours in Asia, including China.

Before speaking a little more about such partnerships, let me tell you briefly about the State of Victoria, one of the six States of Australia's federation.

The foundation of Victoria's engagement with the world is our diverse and multicultural population.

Nearly one third of our residents were born overseas in one of 200 countries. In the past year, more than one third of Australia's migrant intake has come to Victoria. In fact, almost half our population was either born overseas or has one parent who was born overseas. I am one of them.

In Melbourne alone, 250,000 people have Chinese ancestry, and over half a million Victorians are Asian language speakers. Our recent census shows us that in Victoria, Mandarin is now the most widely spoken language at home, after English.

Our multiculturalism leads us to value tolerance and a strong global outlook. Importantly, it also gives us established international connections.

When it comes to Victoria's economy, we have many strengths:

- We are blessed with stable political and economic institutions, which underpin our favourable business environment, our AAA credit rating and the year on year growth that we have now experienced for almost a quarter of a century uninterrupted.
- Victoria accounts for 3% of Australia's land mass and 23% of Australia's total Gross Domestic Product (GDP). Our agricultural and bio-agricultural industries are vibrant, and thanks to our fertile countryside and strict safety guidelines, we are able to produce some of the world's highest quality food.

- We are known for our liveability – Melbourne has been voted the world’s most liveable city for an unprecedented seven years in a row in the Economist Intelligence Unit’s annual survey
- Our educational institutions are world renowned. Two of Victoria’s 10 universities are in the world’s top 100. The University of Melbourne is the highest ranked in Australia and the 3rd highest in the Asia-Pacific, while both it and Monash University are regarded as in the top 5 Asia-Pacific universities in the bio-sciences.
- And our State has much to offer travellers by way of sights and experiences, including major sporting and cultural events, (including Grand Slam Tennis, F1 Racing and the Melbourne Cup horserace), and we embrace visitors wholeheartedly at those events and at other times.

Each of these strengths not only make Victoria a great place to live, but an attractive partner for investment, knowledge sharing and collaboration.

Of course, that’s not to say that the Victorian economy has not experienced challenges in recent times.

Global trends and changing consumer preferences have led to a shift away from traditional manufacturing.

Around thirty years ago, manufacturing accounted for 16% of the economy. This figure has since halved. For some, the transition away from traditional manufacturing industries has meant job losses and company closures.

And, although our rapid population growth is a positive, such growth also creates infrastructure and housing challenges.

These economic shifts have led us to look globally for opportunities to change and grow our businesses.

Change has enabled Victoria’s educated workforce to re-orient towards knowledge based service industries.

For example, we see growth in medical technology and pharmaceuticals, new energy technology, transport and defence technology, and professional services, as well as international education.

That brings me to what we know is the importance of collaboration and partnership.

Victoria has a range of longstanding and deep partnerships across Asia. Successive Victorian Governments have long taken a positive attitude to engaging with the region.

We have a long-standing network of 22 Victorian Government Trade and Investment Offices around the world, including five in China - led by Victoria's excellent Commissioner, Mr Tim Dillon, and ably supported here in Hong Kong by our Investment Director, Allen Kwok.

We have sister state relationships with Jiangsu Province dating back almost 40 years and, last year, Victoria established a new sister state relationship with Sichuan Province, making us the only state in Australia to have two sister-provinces in China.

These sister state relationships underpin wide-ranging cooperation at the government, business and community level across a broad range of sectors.

In addition, Victoria also has significant partnerships with China's Central Government.

In March 2016, Victoria signed a HEALTH partnership with the Chinese National Health and Family Planning Commission, which sees the sharing of key health reforms, including pricing and quality and efficiency systems. Pilot programs are being rolled out in Shenzhen and Sanming.

We also share solid partnerships in doctor training and paediatric care, trauma research, neurology and cardiology, amongst many other specialties.

Last year, Victoria signed a Memorandum of Understanding with the Chinese Ministry of Education to deepen cooperation and exchange, via the China Victoria Education Leadership

Dialogue. It will meet every two years to explore collaboration at all levels of EDUCATION AND RESEARCH, from early childhood to vocational and tertiary education.

Victoria has a partnership with China's National Development and Reform Commission, to collaborate on INFRASTRUCTURE design and delivery, including the exploration of public-private-partnerships.

And several years ago, the China-Victoria Cultural Partnership Agreement was established between the Victorian Government and the Chinese National Ministry of Culture to develop new CULTURAL collaborations between Victoria and China.

This agreement has enabled, for instance, world class performers from the Peking Opera and the National Ballet of China to showcase their talents to Victorian audiences. It has also allowed Victoria to share with Chinese audiences some of its finest creative content, such as our Melbourne Symphony Orchestra.

In addition to such collaborations, Victoria and China share strong investment and business links.

China Investment Corp, for example, was a member of the winning consortium for the lease of the Port of Melbourne, Australia's busiest container port.

Victoria is benefitting from Chinese expertise, as China's Changchun Railway Vehicles has taken a lead role in building Victoria's new fleet of high-capacity metro trains: 400 carriages in total.

Meanwhile, Victorian expertise, via Monash University's 3D printing capacity, is being used to supply parts to China's C919 Aircraft project.

Some of China's top tier companies have chosen Melbourne to establish headquarters, including HUAWEI, Hisense, Pactera and Guangzhou R&F Properties.

Alibaba, China's largest e-commerce company, also established its Australia and New Zealand regional headquarters in Melbourne in February 2017.

This is a strong endorsement of Victoria's infrastructure connections, liveability and favourable business environment. It also opens significant opportunities for Australian partners to supply goods and to collaborate on logistics and on-line payment solutions.

And so, as we look to the future, we know that mutual prosperity is best assured if we maintain our commitment to openness and engagement.

From the start of his term in office in late 2014, the Victorian Premier, the Honourable Daniel Andrews MP, showed the importance he attached to the relationship by committing himself to travel to China in each year that he is in office, and by a commitment that each of his Ministers will also visit during this term in government.

We can be proud that Victoria's long-standing engagement with and commitment to China was recognised through our Premier being Australia's only sub-national leader represented at the Belt and Road Forum held in Beijing in May this year.

And, signifying the importance of the relationship, a few months ago, our most senior government officials, the heads of each of our government departments, travelled to Jiangsu for the inaugural Victoria-Jiangsu Leadership Exchange, to build connections across the public sector. A reciprocal exchange will occur next year in Melbourne, coinciding with the biennial Victoria Jiangsu Joint Economic Committee meeting.

That departmental engagement is seen as important at every level of seniority. An exchange program for more junior government employees has also been designed. That way, we both ensure that the knowledge and the relationships continue to be nurtured into the future.

If we look to the future, obviously it is in the hands of our youth.

We know that in an increasingly complex world, to ensure our socially and economically prosperous future, our young people need the right skills. And they need to experience each other's language and culture.

Jiangsu and Victoria have well established exchange programs across primary and secondary schools, as well as at tertiary level through vocational training programs and university and post-graduate programs. Victoria is also working with colleagues in Sichuan to establish similar programs to foster even closer relationships between Victorian and Chinese youth.

It is very much a two-way street. Last year, amongst the 200,000 international students to study in Melbourne, nearly 70,000 were Chinese. But at the same time, as Victoria has launched a new 'Asia Capable' training program for school principals, we find increasing numbers of our students keen to pursue opportunities to study in China.

Such exchanges are - like tourism and business - assisted by the now 40 or so direct flights from China into Melbourne every week.

Let me conclude with a few final observations.

In these uncertain times, we must continue to work together, to collaborate, to discuss issues, whether large or small, easy or more difficult.

The economic risks of not engaging, and regressing to an inward-looking, complacent approach, far outweigh the challenges presented by uncertainty.

As President Xi said in his address to APEC just a few days ago:

'Openness brings progress, while self-seclusion leaves one behind'.

This summit embodies that openness.

I am proud to be a part of it and proud that Melbourne was the host city for the 4th summit in 2012. We value the connection very dearly. May I thank the organisers for all that they do to promote relationships and investments within the region.

I thank you for once again for inviting me to participate in this dynamic summit. I look forward to the discussions ahead, and to hearing your views and reflections on the opportunities that await us in 2018 and beyond.