



NEW SOUTH WALES
AND ASIA:

GROWING TOGETHER



New South Wales Government
Australia

Foreword

MIKE BAIRD MP, PREMIER OF NEW SOUTH WALES

New South Wales (NSW) enjoys extremely strong social, cultural and economic ties with Asia. As Australia's largest state economy, NSW has relationships with countries across the Asian continent that extend beyond trade and tourism to shared histories, goals and interests. Our business connections are ever evolving.

With one in five Australian jobs linked to international trade, I recognise that NSW's ongoing growth and prosperity is dependent on the continued strengthening of these ties.

This is why, since becoming Premier in April 2014, I have made it a priority to visit our major trading partners in Asia: namely, China, India, Japan and Korea. I was delighted and honoured by the warm welcome I received.

It is my hope that all delegates and media attending the Boao Forum for Asia Sydney conference will return home with a similar sense of excitement and shared achievement. We have published this brochure concurrently with the Boao Forum for Asia Sydney Conference to highlight some of the state's key economic strengths. I hope you will find it of interest.



STUART AYRES MP, MINISTER FOR TRADE, TOURISM AND MAJOR EVENTS, AND MINISTER FOR SPORT

NSW has a very strong economic relationship with Asia.

When it comes to trading goods with the world, more than 60% of our trade and eight of our top 10 markets are now in Asia.

Our trade with Asia has doubled in just 10 years. New opportunities continue to emerge for industries and businesses that can adapt and innovate in this priority region.

NSW welcomes Asian investment. In 2014, Japan and China were Australia's two largest source of foreign direct investment from Asia, with investment in tourism, agribusiness and technology services. Asian markets continue to be particularly important for NSW, an increasingly service-focused economy.

As the Minister for Trade for the NSW Government, I will be looking for every opportunity to further support Asian economic cooperation and welcome delegates and media to the Boao Forum for Asia conference in Sydney. I hope you have the opportunity to explore the tremendous potential of our state.



New South Wales - Australia's economic powerhouse

THE STATE OF NSW, WITH ITS CAPITAL SYDNEY, IS AUSTRALIA'S PRIME DESTINATION FOR OVERSEAS INVESTMENT.

With a population of more than 7.5 million people, and a A\$500 billion economy, NSW is one of the larger regional economies in the Asia Pacific region and is home to the Australian headquarters of more multi-national companies than any other state.

NSW has also recorded 24 years of uninterrupted economic growth.

The NSW Government is matching this economic growth with infrastructure - making it easier to do business in this state and in the region. The 2015-16 NSW budget allocated A\$68.6 billion to infrastructure over the next four years, including A\$38 billion for road and transport projects. A further A\$20 billion is expected to be made available for infrastructure via the leasing of the state's electricity assets.

The enviable NSW lifestyle is a magnet for investors. The state's capital Sydney has the best quality of living standards of any major Australian city, according to the Mercer 2015 Quality of Living survey.

A\$492b

gross state product in
2013-14

88%

of NSW's knowledge-led
economy comprises services

200+

languages spoken in
Sydney

AAA rating

by S&P and Moody's

7.5m

people make NSW
the largest state in
Australia

1/3

of Sydneysiders speak a
language other than English

24 years

of uninterrupted
economic growth

53%

of the working-age
population has a
tertiary qualification

A\$6.4b

investment in research
and development by NSW
businesses

NSW's growing links with Asia

NSW HAS A STRONG AND GROWING ECONOMIC AND CULTURAL RELATIONSHIP WITH ASIA.

Two-way merchandise trade between NSW and Asia more than doubled over the last decade - from A\$38.4 billion in 2003-04 to A\$77.3 billion in 2013-14. This increase makes Asia NSW's key trading partner, ahead of both Europe and North America.

The state's leading merchandise exports to Asia in 2013-14 were coal, copper, aluminium, cotton and beef.

NSW also dominates the Australian services export market. The state produces 40% of all the services Australia sells to the world, with the overall value of these services growing by 7.3% in 2014.

The state's expertise in high-end professional services is increasingly in demand across the Asia Pacific region. International education is NSW's largest services export, valued at A\$6.3 billion in 2014, followed by personal travel services at A\$4.7 billion, professional and management services at A\$3.1 billion, and financial services at A\$2.5 billion.

The strength of the relationship between NSW and Asia was illustrated by a recent report issued by KPMG and the University of Sydney, which found that NSW attracted an estimated 72% of total Chinese investment in Australia in 2014.

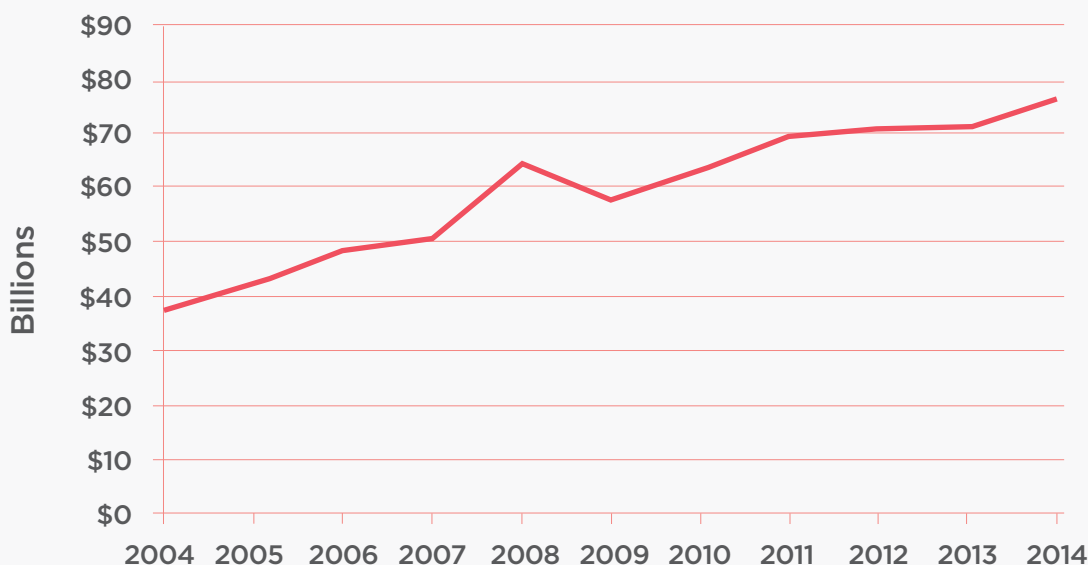
The report found seven out of eight of the largest Chinese investments in Australia were in NSW, including in infrastructure and energy companies and commercial real estate.

In regard to cultural ties, NSW is a multicultural state. As at the last census, 15% of its population spoke an Asian language at home. Of the 2 million NSW residents born overseas, 45% were born in Asia. NSW has sister state relationships with several states across the Asian region, including Guangdong in China and Maharashtra in India. Last year marked the 35th anniversary of the sister state relationship with Guangdong, which was the first agreement of its kind to be signed between an Australian state and Chinese province.

45%

of the NSW population born overseas were born in Asia

NSW Bilateral Trade with Asia (2004 to 2014)



Source: Global Trade Atlas 2015

A trusted agriculture and food industry

NSW HAS THE MOST DIVERSE AGRICULTURE AND FOOD PRODUCTION OF ANY STATE IN AUSTRALIA AND PRODUCES SOME OF THE FINEST FOOD, WINE, WOOL AND GRAIN IN THE ASIA PACIFIC REGION. THIS MAKES IT WELL-PLACED TO “FEED THE FUTURE” OF THE REGION.

The state's 42,000 farmers manage over 70% of the land in NSW using sustainable agricultural farming systems coupled with strong management of water, soil and other natural resources that underpin this thriving agricultural sector. NSW food exports are currently valued at A\$4.6b.

NSW's agricultural exports are supported by a world-leading biosecurity framework that ensures ongoing access to crucial trade markets and protects the state's reputation for 'clean and green' agriculture.

New free trade agreements with China, South Korea and Japan provide significant opportunities to grow exports to these key markets. For example, the recently-signed free trade agreement with China will see the abolition of a range of tariffs on NSW exports to China over four to 11 years, including on dairy products, beef, sheep meat, wine and horticulture products.



Image | Paul Foley courtesy Destination NSW

NSW conducts world-leading research in areas such as agricultural productivity and food security, biosecurity and fisheries and ecosystems. World-class facilities such as the Elizabeth Macarthur Agricultural Institute, home to NSW Department of Primary Industries Centre of Excellence for Animal and Plant Health, help maintain the disease-free status that provides a competitive advantage for NSW and Australian livestock and plant products in international markets.

Case Study: Norco - clean and green milk exporter

Norco is a dairy co-operative owned by its own farmers. It sells fresh milk produced on the lush pastures of northern NSW. Norco also manufactures 50 to 100 million litres of ice cream each year, with an ever growing percentage of this exported.

Norco's Chief Executive Officer, Brett Kelly, said an export strategy is vital for an ice cream business: "It means trading in someone else's summer while it's winter here."

Norco products are sold in Japan and the US. The company also began exporting fresh milk to China in 2014 under a quarantine-clearing arrangement. The agreement has reduced the time it takes to clear quarantine from two-to-three weeks, to within a week.



Norco ice cream blocks roll off the production line.

"The fact that we are a farmers' co-operative not only appeals greatly to Australian consumers, many of whom want to see the benefits of milk production flowing back to farmers, but it is also viewed favourably in China as a guarantee of quality," Mr Kelly said.

A growing financial services industry

NSW IS HOME TO AUSTRALIA'S LARGEST FINANCIAL SERVICES INDUSTRY.

Both the industry and the NSW Government are committed to growing this A\$60 billion sector by encouraging innovation and reaching out to new Asian markets.

NSW's deep pool of startup companies (64% of the nation's startups are based in NSW) and the state's dominance in financial services means that NSW is emerging as a leading Asia Pacific base for the financial technology (fintech) industry.

Sydney is rapidly developing as the centre of excellence for fintech innovation in Australia.

Stone & Chalk will open its doors to startups at the end of July and is a highly anticipated collaboration between the NSW Government, leading industry organisations, investor groups and fintech startups. Independently owned and operated, Stone & Chalk will provide a valuable launch pad for high potential fintech startups looking to expand into Asia, Europe and the US.

Stone & Chalk follows the opening of Tyro Fintech Hub, Australia's first dedicated space for fintech startups, opened by payments company Tyro in February 2015.

It provides a place for the country's most ambitious fintech entrepreneurs to work, network, learn and grow their business to disrupt banking, finance and insurance.

Asian businesses and consumers are increasingly turning to Australia and NSW for financial service expertise. In fact, Australia's financial service exports to Asia have grown by 43% in just one year. Australia exported almost A\$800 million worth of financial services to Asia in 2013-14.

The free trade agreements Australia has recently signed with China, Japan and South Korea will offer further opportunities for the NSW financial services industry.

The China Australia Free Trade Agreement grants NSW securities brokerage and advisory firms access to provide a range of services to Chinese-qualified institutional investors. Similarly, under the Japan-Australia Economic Partnership Agreement which came into effect earlier this year, NSW financial services providers have gained commitments on cross-border access in to Japan when providing investment advice and portfolio management services.

The ASEAN-Australia Free Trade Agreement also promotes greater certainty for Australian service suppliers and investors by providing legal protections for investment in ASEAN territories.

Sydney is also home to Australia's major financial services regulators, including the Reserve Bank of Australia.

Case Study: Barangaroo – Sydney's new financial and cultural hub for the Asia Pacific

Barangaroo is a 22 hectare precinct on the foreshore of Sydney's central business district (CBD) that showcases Sydney as Australia's gateway to the world. At A\$6 billion, Barangaroo is one of the world's most ambitious urban renewal projects, turning a historic waterfront into a new financial headquarters and cultural destination.

In addition to supporting more than 24,000 permanent jobs, the precinct will be home to 3,500 residents, and contribute an estimated A\$2 billion annually to the NSW economy.

When completed in 2022, half of Barangaroo will be public domain, including a new headland park and continuous foreshore walk, all connected by a new underground Metro system, a ferry hub, and other extended public transport links.

The combination of design excellence, environmental sustainability, financial and professional services, public art, diverse retail outlets and extensive public domain will add a new dimension to Sydney for residents and visitors to enjoy. The scope and scale of the Barangaroo revitalisation demonstrate the vibrancy of the NSW economy and the state's potential as an investment destination.

Case Study: Sydney – Australia’s renminbi trading hub

Sydney is home to Australia’s renminbi trading hub, opened in February 2015. The renminbi is now the eighth-most traded currency in the world.

The NSW Government understands the importance of RMB trade and the Premier personally announced his support for the project in Shanghai in 2014. The NSW Government has further demonstrated its support by issuing a RMB-denominated bond.

The hub – facilitated by the Bank of China in Sydney as the renminbi clearer – makes it easier and less costly for Australian companies to settle transactions in renminbi and both offer and develop renminbi-denominated products. It will help strengthen trade relations between China and Australia and benefit businesses in both economies.



The Honourable Mike Baird, Premier of NSW, and President of the Bank of China, Chen Siqing, attend the official launch of the Australian renminbi clearing bank in Sydney.

NSW is well-positioned to grow its renminbi hub. It has all the key elements in place including trade flows political support, regulator backing, industry products, professional networks, and financial leaders championing the opportunity. Of the 61 foreign banks based in Australia, 57 have their headquarters in Sydney.

In 2013-14, NSW accounted for

66%
of total

Australian financial
services exports

An estimated

A\$7.6
trillion of funds

will be under management
in Australia by 2033

Once completed, Barangaroo will
operate as a new financial headquarters
for Sydney and Asia.



A leader in international education

BOTH METROPOLITAN AND REGIONAL AREAS OF NSW OFFER INTERNATIONAL STUDENTS RICH CULTURAL AND SOCIAL OPPORTUNITIES WITHIN A STUNNING NATURAL ENVIRONMENT.

International students coming to NSW to study find a welcoming, safe and inclusive environment, where course quality is guaranteed through national quality assurance frameworks and government regulation.

International education is NSW's largest services export, valued at A\$6.3 billion in 2014. There are more than 200,000 international student enrolments from over 160 countries across NSW universities, colleges and schools every year.

Importantly, NSW is the most popular Australian destination for Asian students: 37% of all Asian students studying in Australia choose NSW. Asian students also make up the great majority (79%) of international enrolments in NSW, and enrolments from the region are increasing (up 11% on the previous year in 2014).

The NSW Government established StudyNSW in 2014 to support this key sector. StudyNSW works to enhance the experience of international students in NSW and to recognise their contribution to our communities. It is also tasked with increasing the number of international enrolments in NSW and with our education providers overseas.

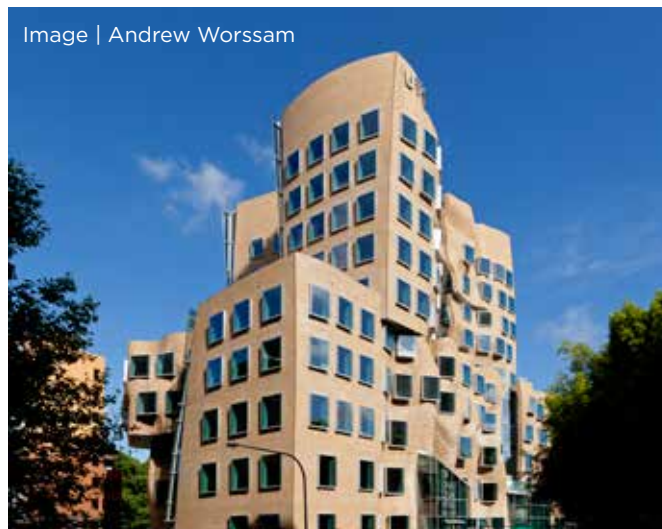


Image | Andrew Worssam

International students in NSW have access to world-class infrastructure, such as the new Frank Gehry designed Dr Chau Chak Wing at the University of Technology Sydney.

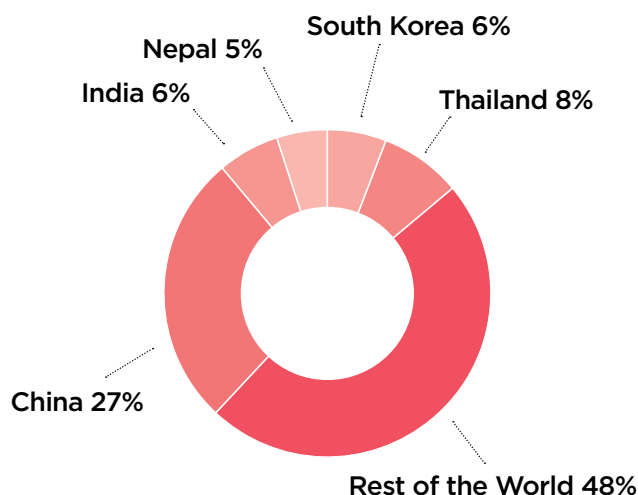
NSW has the largest number of universities and private higher education providers in the country. It also has more than 1,000 private registered training organisations operating locally and is the largest public technical and further education (TAFE) provider in Australia.

NSW's TAFE institutes, English Language Intensive Courses for Overseas Students colleges, and private Vocational Education and Training (VET) providers are internationally recognised for the qualifications they provide and their pathways into local industry and higher education.

NSW international education exports were valued at

A\$6.3 billion in 2014

INTERNATIONAL STUDENT ENROLMENTS IN NSW IN 2014



Investing in NSW

The NSW Government has expanded its international trade and investment office network across Asia, to support a greater number of regional companies wanting to invest in the state.

During 2015, the government opened new offices in Indonesia, Singapore and Malaysia, adding to existing Asian offices in China, India, Japan, the United Arab Emirates and South Korea. The expansion reflects

the government's International Engagement Strategy launched in 2013.

Since 2009, the government's Asia-based offices have facilitated close to A\$5 billion of investment in NSW by Asian companies. For more details about our international offices, go to www.industry.nsw.gov.au

Case Study: Korean timber giant invests in regional NSW

Dongwha Holdings, the largest timber processing business in the Republic of Korea, has made a major and successful investment in regional NSW.

Dongwha bought a timber mill in the southern NSW town of Bombala that had been in receivership. In mid-2013, the company installed state-of-the-art plant and equipment to process the extensive softwood plantations timber that surrounds the town. The investment is backed by an agreement with a NSW Government agency that gives Dongwha access to 270,000 tonnes of timber a year for the next 20 years.

The Australian Government contributed A\$12 million to the project, while the NSW Government helped upgrade roads and increase power supply. The investment has supported 87 jobs and reinvigorated the rural town, earning it high praise from the local council and community.



South Korean timber processing company Dongwha has created 87 jobs with its investment in regional NSW.

Case Study: Transformation for iconic Sydney site

Chinese firm Dalian Wanda has established a major presence in Sydney with the purchase of the iconic Gold Fields house, which sits alongside Circular Quay.

The NSW Government assisted Dalian Wanda set up its business in NSW by helping the company engage with key sector professionals and government departments, and clarifying government planning and other processes.

Dalian Wanda is proposing a landmark Sydney development, including a 5-star hotel and luxury residential and retail space that will be part of a wider revitalisation of this historic waterfront precinct now underway.

The property purchase, completed in January 2015, shows Dalian Wanda's confidence in NSW. The site is one of the many landmark properties in Sydney that has attracted the interest of Asian investors, who look favourably on NSW's stable economy and robust rule of law.

The NSW Government welcomes investment from all parts of Asia, and can provide companies with a range of services and assistance in establishing and growing their businesses within the state.



Image | Ethan Rohloff courtesy Destination NSW

Dalian Wanda is proposing a landmark Sydney development at Circular Quay, Sydney's premier harbourside location.

Infrastructure and urban renewal opportunities

NSW IS BEING TRANSFORMED THROUGH A RECORD A\$68.6 BILLION IN INFRASTRUCTURE SPENDING AND A COMMITMENT TO DRIVE URBAN RENEWAL TO CREATE ADDITIONAL HOMES AND JOBS.

These projects unlock once-in-a-generation investment opportunities in areas such as financing and construction.

The NSW Government is proud to showcase just a few of its current and emerging investment opportunities in infrastructure and urban renewal to Asia.

Case Studies:

Sydney Metro rail project

Sydney Metro is the biggest advancement in Sydney's rail travel in 100 years, and Australia's largest public transport project. The project will extend the Sydney Metro Northwest project (formerly the North West Rail Link) under Sydney Harbour, through the CBD and to Bankstown - a major hub in south-western Sydney. It will deliver 66 kilometres of new metropolitan rail.

The project will create at least six new stations, including at Barangaroo, with additional stations being investigated. At the same time it will boost capacity, helping deliver 60% more trains an hour into the CBD from across Sydney.



The Bays Precinct urban renewal

The Bays Precinct is one of the world's highest potential transformation opportunities. The site is located in Sydney's inner harbour, just two kilometres west of the Sydney CBD, and consists of 80 hectares of government owned land and 94 hectares of harbour waterways.

The Bays Precinct Transformation Program will be the largest urban transformation program in Sydney since the 2000 Olympics, and will set a new benchmark for what is possible in urban regeneration.

The transformation will see the regeneration of waterfront areas including Blackwattle Bay, the Sydney Fish Market, Rozelle Bay, Rozelle Rail Yards and the White Bay Power Station. It will deliver a world-class waterfront destination.



A\$68.6b

NSW investment in
infrastructure over the
next 4 years

WestConnex motorway project

WestConnex will ease congestion, connect communities and create jobs by connecting western and south-western Sydney to the CBD, airport and port.

The total project is estimated to cost A\$14.9 billion, and consists of 33 kilometres of continuous motorway, including 19 kilometres of tunnels. The motorway will be three to four lanes in each direction.

Parramatta light rail

Parramatta is Sydney's second CBD and requires transport infrastructure to facilitate continued growth. Almost 600,000 people travel to Parramatta every day, and it is estimated that the number of people working in the Parramatta CBD will grow by 36% by 2031.

The NSW Government has shortlisted four potential routes for a new light rail line for Parramatta and Western Sydney.



Central to Eveleigh transformation & renewal

The NSW Government is renewing a major corridor located on the southern edge of Sydney's CBD. The corridor of government land is 80 hectares in size with a wider study area of 500 hectares also being considered to ensure that other large scale government land renewal opportunities are taken into account.

The project will also include redevelopment opportunities for two of Sydney's busiest rail stations – Central and Redfern. This transport redevelopment will be a catalyst for large scale urban renewal.



