

Lessons for Australia from Scandinavian innovations in regional development

The lack of urban and regional development in Australia associated with the latest mining boom, and Australia's continuing lop-sided population dominance in a few very large cities, contrasts with the positive benefits of Norway's policy approach of building upon its decades of resource wealth extraction to encourage the development of medium-sized cities outside the capital city. Benefits would flow to cities such as Geelong and Hobart, and increase the importance of their roles in the nation's future, if a similar approach is now adopted in Australia. The internal imbalance of Australian population growth when compared internationally can be seen in the striking fact, emphasised by Latrobe University academic Karl Reed, that "There are only eight cities in Europe bigger than Melbourne" and that "Germany has no city larger than Sydney".¹

As well as Norway's emphasis on, and support for, balanced urban and regional development, its Scandinavian neighbour Denmark extensively supports skills retraining for displaced workers, and re-invests in closed premises in industries such as shipbuilding, for new purposes such as renewable energy production. This contributes to Denmark having lower income disparities between regions than nearly all other OECD economies. The comprehensive Danish welfare state has helped workers and their families to adjust to the shipbuilding industry's closure in towns which had grown up around that industry. This has occurred through major income transfers between Danish regions, with the Danish welfare state operating as a principal element of regional economic equalisation policy, playing an important role in preventing regional economic inequality in Denmark from reaching serious proportions. Denmark's experience provides clear lessons for Australia now on how to moderate rising regional inequalities resulting from the closure of the local car manufacturing industry. In particular, Denmark's Lindø shipyard regeneration project provides an imaginative example of great interest for the future – and for the possible transition – of Victoria's La Trobe Valley, and other parts of Australia which have traditionally produced energy from non-renewable resources, such as the coal-mining centres of the Hunter Valley in New South Wales: in a way that gives a future in paid employment for mature-age workers displaced by job losses in regions.

The Lindø Business Innovation Fund promotes employment and export by supporting environmentally positive business opportunities, as well as by providing support for transitions to take advantage of new business and growth opportunities in less favoured areas of the country. From this Fund, southern Denmark received 37 million Danish kroner (AUD 6.9 million) to develop the area where the shipyard was located into a brand new Lindø Renewable Energy Centre with incubation facilities for start-ups, a test centre, and other facilities that can attract new businesses and job opportunities in renewable energy as part of plans for the region which focus on wind turbine production and operation. Vocational training for, and reskilling of, the retrenched Lindø shipyard workers is also supported by this Fund.²

¹ Interview with the author.

² The above three paragraphs draw from Andrew Scott, *Northern Lights: The Positive Policy Example of Sweden, Finland, Denmark and Norway*, Monash University Publishing, Melbourne, 2014, pp. 133-134, 155-158.

Among detailed regional policy lessons which Australia can now learn from this project, in the case of Geelong, as it faces the departure of the Ford motor company from manufacturing, is for the local community and other stakeholders to confidently take control of and use the established manufacturing premises; and to retain the skills of its workers, to create an employment future within the region rather than to allow a flight of individual workers into enforced early retirement or to other places where they will lose their family and geographical connections.

While Australia is not part of a supra-national confederation like the European Union which can offer exceptional subsidies to hard-hit regions, there is greater scope and capacity in Australia's federal arrangements to provide such subsidies than currently occurs.

One definite advantage which Australia does have in some particular regions adversely affected by industry sector changes and job losses is: collaboration between new industries, and researchers in local universities. There is much capacity to improve Australia's position from the current situation where only around one in five large businesses take part in such collaboration, compared to around one in three large firms in Germany.³

Deakin University in Geelong has played a role in helping the regional economy adapt to the loss of some manufacturing by creating a technology precinct at its Waurn Ponds campus. The precinct provides a space for collaboration between local industry and researchers for the development and testing of new products. It is also a hub for development of new materials such as carbon fibre.⁴

Deakin University has in 2015 become a world-class national centre providing leadership and coordination of research and development in future fibre-based product manufacturing. This will assist transformation of the region from previous manufacturing to new manufacturing involving co-operation between highly innovative small and medium enterprises (SMEs) and international research leaders. It will consolidate an approach which has seen local enterprises successfully develop – notably the Carbon Revolution company which makes wheels for export to use on motor vehicles overseas even as the Ford motor vehicle manufacturing company itself locally prepares for closure.

The Geelong21 Region Alliance, meanwhile, has been nationally recognised as a leading example of a successful regional coalition. It has worked collaboratively to identify, develop and deliver major regional projects. It is a 'formal alliance of business, government and community organisations working together' to coordinate regional planning.⁵ Other organisations associated with this have been the Innovative Regions Centre in Geelong, the Committee for Geelong; and Enterprise Geelong.

³ See former prime minister Julia Gillard's, *My Story*, Random House Australia, Sydney, 2014 pp. 292-293; and her interview with the author at Deakin University's Geelong Waterfront campus, 6 October, 2014.

⁴ 'Deakin University: A Hub for Collaboration between Industry and Science', *The Science Show*, ABC Radio National, 27 July, 2013.

⁵ See Susan Kinnear, Kate Charters and Peter Vitartas (eds), *Regional Advantage and Innovation: Achieving Australia's National Outcomes*, Springer, Heidelberg, 2012, pp. 122, 441.

Deakin University's collaborations partly take the Geelong area towards meeting the definition of a thorough 'learning region' as set out by Bjørn T. Asheim in his contribution to the book *Learning Regional Innovation: Scandinavian Models*.⁶

Further progress for Geelong to become a 'learning region' in this full Scandinavian sense can take place through new initiatives which bring in the humanities and social sciences sections of Deakin University. These will require input from the Politics and Policy Studies discipline to regional policy development.

Various organisations championing the continuation of the local manufacturing industry, including the Australian Manufacturing Workers' Union and the Geelong Manufacturing Council, have potential for strategic partnerships with Deakin University and common cause for research on regional economic development policy for Geelong.

The boost to the similarly medium-sized city of Hobart since the creation of the Museum of Old and New Art in 2011 is well known. Input is now desirable from the Geography and Australian Studies disciplines of Deakin University to the development of further arts projects to continue Geelong's cultural regeneration. Professor Louise Johnson from the Geography and Australia Studies disciplines of Deakin University has previously examined such projects in Geelong and compared them with Glasgow.⁷

There is potential for a project like a new museum of Geelong's industrial history including – or at least a Deakin Geelong campus display of – the trade union banners which have been recognised in other industrial cities such as Manchester as important examples of working-class art: and which express the original and often now deprived and lost creative dimension of the work of skilled artisans. Such a project would be of interest to the Cultural Heritage and Museum Studies discipline at Deakin University; and would complement the Geelong Cultural Precinct and the Geelong Heritage Centre.

The Nordic experience of innovative regional clusters, involving educational institutions, contains valuable lessons for Australia. There are some particular high performing regional clusters in the Nordic nations that will be of value to study to enhance the future prospects of the Geelong region. Nordic and now Australian-based academic and expert, Professor Göran Roos, considers that the experience and prospects of Geelong, as a traditional automotive manufacturing region in transition, can be usefully compared with Göteborg in Sweden. He also points out that in the Geelong region there is an emerging network of engineering company SMEs, and sports goods companies, which have health applications.⁸ Further collaborations between Deakin University and these companies in research and also in training, along with the other initiatives discussed above, will help to assure a future for the Geelong region as well as to help properly value its past.

⁶ Bjørn T. Asheim, 'Learning, Innovation and Participation: Nordic Experiences in a Global Context with a Focus on Innovation Systems and Work Organization', in Marianne Ekman, Bjørn Gustavsen, Bjørn T. Asheim and Öyvind Pålshaugen (eds), *Learning Regional Innovation: Scandinavian Models*, Palgrave Macmillan, Basingstoke, 2010, Chapter 2, especially p. 24.

⁷ Louise Johnson, *Cultural Capitals – Re-valuing the Arts, Remaking Urban Spaces*, Ashgate, Farnham, Surrey, England, 2009, pp. 211-231.

⁸ Interview with the author.