Industrial Cluster Development: The Role of Government in a Regional Australian Economy

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Submitted in fulfilment of the requirements for the degree of Doctor of Philosophy University of Tasmania (January, 2004)
CERTIFICATION.

This thesis contains no material which has been accepted for a degree of diploma by the University or any other institution, except by way of background information and duly acknowledged in the Thesis, and to the best of the Candidate’s knowledge and belief contains no material previously published or written by another person except where due acknowledgement is made in the text of the Thesis.

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ABSTRACT.

Since its publication in 1990, many governments throughout the world have used Michael Porter’s Industrial Cluster Theory (ICT) as a tool in national and regional economic development. Australian federal and state governments are no exception, and in the last decade, there have been numerous attempts to improve Australia’s economic development with implementations of ICT. Most of these efforts have been of limited success, with Australia’s record at developing industrial clusters well below the OECD average. One of the major reasons for this has been difficulty in using Porter’s theory, and in particular his ideas concerning the role of government, in industrial cluster development.

This observed difficulty provides the research opportunity for this thesis. This study focuses on the role that the Tasmanian state government played in the development of one of Australia’s most successful industrial clusters, the Tasmanian Light Shipbuilding Industry (TLSI) cluster. The study was conducted as a longitudinal embedded single case study, and included interviews with 25 key informants. Six of these were current heads of Tasmanian government departments (including the TLSI cluster’s training facilities); five were ex-state premiers spanning the TLSI cluster’s history (1977-1998); one was the current state premier (1998 – present); three were senior bureaucrats that had served the state parliament from 1977-1998; one was an incumbent federal Member of the House of Representatives for Tasmania that has served since 1977; and finally, the nine founding managers of the TLSI cluster’s private sector firms (all of whom were still in charge of their organisation in 2002).
In order to address the research opportunity, this thesis answers two research questions. The first research question was: What role did the Tasmanian Government play in the development of the TLSI cluster since its inception in 1977? The answers to this question found a distinct set of government roles that proved beneficial to the TLSI cluster's over its life cycle. The roles that the Tasmanian government had to play were changeable over this life cycle, and ranged from an initially non-committal stance towards the industry, to one that was heavily involved in its infrastructure requirements. The study also found that the role of chance events in Porter's ICT deserved considerably more prominence than the theory suggested.

The second research question was: How did the change in the importance of the TLSI cluster to the Tasmanian economy over time impact upon the Tasmanian government's policy development process? The answers to this research question indicated that the relative importance of the TLSI cluster to the Tasmanian economy influenced the degree of government interaction with and development of the industry cluster. In particular, the research indicates how the Tasmanian government's policy choices were related to the perceived needs and political power of the TLSI cluster firms (particularly that of the hub-firm International Catamarans). The degree of social responsibility felt, separately, by International Catamarans and the Tasmanian government was found to be significant in the mix of factors affecting policy and progress.
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LIST OF ACRONYMS.

AMC  Australian Maritime College.

CSIRO Commonwealth Scientific and Industrial Research Organisation.

DSD  Department of State Development.

EFIC  Export Finance and Insurance Corporation.

ICT  Industrial Cluster Theory.

IDP  Industry Development Plan.

MMIC  Maritime Manufacturing Industry Council.

NIES National Industry Extension Service (now AusIndustry).

NWBS  North West Bay Ships.

OECD  Organisation for Economic Cooperation and Development.

PVC  Poly-vinyl Chloride.

RDM  Richardson and Devine Marine.

TAFE  Technical and Further Education.

TDA  Tasmanian Development Authority.

TLSI  Tasmanian Light Shipbuilding Industry.

TMIP Tasmanian Maritime Industry Plan.

TMN  Tasmanian Maritime Network.

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