

2nd Australasian Cluster Conference "Linking Cluster Globally: the Heightened Role of Clusters in Global Value Chains" Sydney, 16-17 April 2015

TCI Oceania wishes to acknowledge the financial support provided by the Commonwealth Department of Industry, the NSW Department of Innovation And Investment and the administrative support of RDA Brisbane for the Conference. We also acknowledge the support of the South Australian Department of State Development for the Special Conference Issue: Clusters in South Australia, and Advance Cairns for supporting guest speaker, David Dodd.

Workshops: 16 April

Putting Your Cluster's SMEs to Work to Win New Contracts

Rodin Genoff led 30 of Australasia's leading cluster practitioners and experts in a workshop on the topic of encouraging SMEs in clusters to collaborate to win new contracts.

The group mapped the process for building successful clusters and analysed case studies of successful clusters. Clusters can be of any size and can also stretch across industry sectors. The emergence of micro-multinationals was explored.

Participants noted significant challenges to achieve a successful cluster outcome from the process include long term funding of the facilitator, getting traditional companies to collaborate and obtaining buy-in from local economic development practitioners.



Cluster Development in Practice, an Interactive Workshop

Ifor Ffowcs-Williams

Over the last two decades, cluster engagement has become a mainstream economic development activity in many countries and regions. The EU is encouraging each European region to focus on its 'smart specialisations'.

This interactive workshop offered practical learning to those who are already engaged in cluster development and those exploring the relevance for their community. Registrants, using flip charts to record their output addressed several significant questions on the formation of clusters.

TCI Network Oceania wishes to acknowledge that presenters Rodin Genoff and Ifor Ffowcsa-Williams provided their services free to run the workshops.



Reception

Delegates were welcomed at a reception in the Frank Gehry designed Dr Chau Chak Wing Building, UTS Business School followed by tours of inspection of the new building.



L-R Rodin Genoff, Assoc Prof Linda Leung, Jack Langberg,
Tracy Scott-Rimington, Richard Walker, Prof Roy Green

Conference: *Linking Clusters Globally: the Heightened Role of Clusters in Global Value Chains [GVCs]*, 17 April

10 take-home messages from TCI Sydney conference [contributed by Rod Brown]

Below are the messages coming from the plenary session, and in prior discussions.

1. Understand that collaboration is not in everyone's DNA, and work around it.
2. Try to get a measure of the public/private split in projects – this is vital when seeking funding contributions.

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3. Cluster mapping is important – it generates understanding and buy-in.
4. More work is needed to link with overseas clusters e.g. Danish welfare, Louisiana marine.
5. IP protection is important because clusters are about collaborating with new players, and you need to protect your ideas where possible.
6. Look at opportunities to collaborate across sectors - inter-sectoral linkages can be critically important, but not readily apparent.
7. Collaborate with other clusters in your own sector – think about events to engage them.
8. Clusters address information failure, coordination failure and investor risk – these are genuine reasons for government funding.
9. Clusters are about building relationships and trust.
10. You are not alone. People who understand the benefits of collaboration are everywhere – the challenge is to connect them.

The Conference was opened by a video presentation from **Christian Ketels**, President of TCI who spoke on *Internationalisation and Global Value Chains The Agenda for Cluster Initiatives*. Some of the key points were:

- GVCs are getting increased attention amongst the cluster communities across the world. Clusters help reduce risk. Globalisation has meant an explosion in trade volumes. However since 2007/08 trade hasn't picked up as much as previously.
- Many more countries are now involved in global trade. Neighbouring countries are the normal trade partners. However Aust/NZ have a problem as they are far from their markets. As countries become more developed their portfolio of exports changes.
- Companies that export are more sophisticated, but exporting is risky. Trade is dominated by large companies. There is a lot of trade in intermediate goods. Great unbundling, firm by firm.
- Clustering important in location. Eg Finnish bicycles. In GVCs you combine local buzz and Global pipelines. Clusters give visibility & ability to work foreign markets, reduce risk. MNCs are dealing with SMEs and Clusters are able to facilitate this process.
- Policy learnig between clusters. Clusters become the bridge between different locations and reduces connection costs.
- In your Cluster, you need to understand What are your OBJECTIVES, What SERVICES your cluster offers its members? and how it can identify global hotspots for investors and talent. TCI is your partner who can assist with these tasks.

Rodin Genoff then launched the latest industry Intelligence Special Issue on *Clusters in South Australia* which was compiled especially for the Conference.



Professor Roy Green, Dean, UTS Business School spoke on *GVCs an Australian Perspective*.

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Roy Green's lament...we never learned!

We focus on the keynote address by Professor Roy Green, Dean of the UTS Business School. He has a marvelous ability to cut to the chase in a disarming way.

He argued that the significant deterioration in Australia's terms of trade require a fundamental reassessment of our economic policies. The minerals boom had a pernicious effect, resulting in a hollowing out of large sections of our industrial capacity. We caught the Dutch disease – the Norwegians saw it coming and set up their Wealth Fund (76% resource wealth tax), but Australia never learned.

Among his key points were:

- The world is spiky because certain areas have superior competitive advantage and an ability to connect e.g. 40% of Australia's creative industries are within 2km of UTS. The Europeans' Smart Specialisation program is a valuable program in this regard.
- Advanced manufacturing is the fastest-growing area of manufacturing.
- We are seeing the demise of vertically-integrated multinationals - presents the opportunity for SMEs to embed themselves in Global Value Chains.
- Australia is weak in instilling a talent mindset.
- The 'Australia in the Asian Century' (PM&C, 2012) report never got full recognition.
- Next steps – identify areas of existing and potential competitive advantage (Technology Foresight work); support SMEs participation in GVCs; promote design, innovation; upgrade management capability.

[Above Contributed by Rod Brown, Cockatoo Network]

Prof Green's presentation was followed by a number of sectoral sessions, opened by a keynote speaker, followed by comments from a panel of 3 practitioners before being open to the Audience.

Health – Karen Lindegaard of WelfareTech, Denmark



Karen Lindegaard [WelfareTech, Denmark] L-R Craig Hill [ASTN], Susie Tegen [MTAA] Mariae Leckie [RDA Logan & Redlands]

Karen spoke about how Denmark has embarked on a 5 year €13.5 billion super hospital program resulting in 20-30% lower hospital beds availability and 10-20% fewer employees. At the same time they are facing the universal challenge of an ageing society with increasing demand for public health services and decreasing available resources both financial and human. WelfareTech provides solutions that enhance the efficiency and quality of life in society and increasingly is seeking international collaborations to achieve that aim..,

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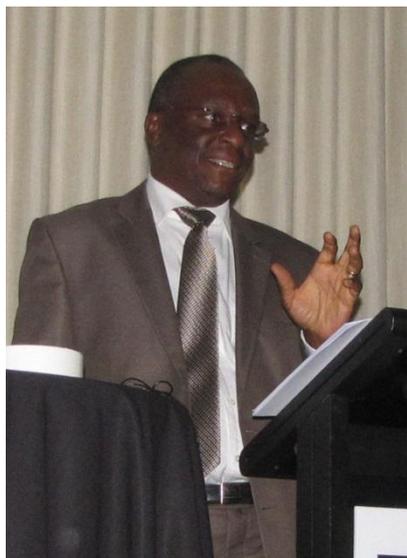
Commentators:

Mariae mentioned the high incidence of chronic health in her Queensland location. 80% of the aged care sector were treated at home. In her area 3 to 4 generations have been unemployed, they have the lowest literacy rate and have the highest death rate because no one is looking after them.

Susi It is estimated that 3% of the population consume 35% of the health budget. The solution is a better targeted prevention program, maybe using telemedicine.

Craig detailed the achievements of the Sports Technology Network and its overlap with the health sector, particularly in wearable device development. He also emphasised the lack of National Brands which is important for export.

Food Presenter Patrick Muragumi stepped in for **John Lochery** who fractured his foot the day before.



Patrick Muragami, NSWBC

Clusters can operate as a corporate front for the Australian Food industry. Country branding of food is more important than individual brands eg Cadbury, particularly in exports. The example of NZ 100% pure logo was given.

Commentators: Mark Bell Major issues in the RiverLands/MurrayLands area are HR, Energy cost & availability, Need a value proposition for the area

Nicola Watts: Wicked problems but immense opportunities eg MNC Mondelez is interested in supporting SMEs in Australia

Government Initiatives relating to Clusters

Commonwealth Department of Industry- Sarah Jones

detailed the Commonwealth Department of Industry's programs supporting business networks and alliances and gave examples of successful outcomes from the program.

IP Toolkit for Collaboration – Peter Lunn

informed the conference how the IP toolkit could assist SMEs and practitioners in collaborative projects. He emphasised the importance of considering IP issues early in a collaboration before all formal agreements are finalised. A draft toolkit has been released and feedback from users should result in an improved final document.

Cluster Observatory - Dr Allan O'Connor

explained the program to map Australian Clusters and invited practitioners to review their cluster's information on the webpage and update where appropriate.

Creative Industries

Assoc Prof Linda Leung introduced her talk with a video explaining what is meant by Creative Industries. They are distinguished from other industries in that creativity is used to generate value for its clients and consumers. In fact total output value-added and employment multipliers are all higher for creative industries than the equivalent value for all Australian industries



Assoc Prof Linda Leung [UTS]



L-R Sherryl Ryan [Culture at Work], Kelly Blainey [BMEE]
Assoc Prof Linda Leung

Disaster Resilience & Recovery



David Dodd {Dadco New Orleans}



L-R Rod Brown [Cockatoo Network], David Dodd, Mark
Matthews [Advance Cairns], Jacqueline Brinkman
& Donald Luscombe [BMEE]

In 2001 New Orleans implemented a Cluster program for economic development. Following Hurricane Katrina the clusters individually and in collaboration assisted in the recovery which has not really finished. *The Collaborative approach generated by the cluster development process made a difference in the recovery*

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process, Barbara Johnson, CEO, Greater New Orleans ED Group. The disaster resilience approach is being adopted by many disaster prone areas both in the USA and other countries.

Advanced Manufacturing

Prof David Walters gave a comprehensive overview of the state of Advanced Manufacturing worldwide and case studies of successful Australian Micro Multi Nationals [MMM]. This included Automated factories, Machine-to-Machine Internet, 3D printing and the 'Connected' Home.

Specialist MMM/SMEs can complement to GVC's core capabilities, focus R&D providing creativity in product/service and process design leading to reduced investment and operating costs.

Factories of the future will be a global network of production facilities managed as single virtual factory.

This type of manufacturing network consolidates multiple resources and capabilities to form an end-to-end fulfillment network that we call fulfillment execution system



Prof David Walters (Uni Sydney)



L-R Bob Germaine, Kerstin Classon, Prof David Walters

Bob Germaine related his experience with manufacturing industry in Western Sydney and Kerstin Classon spoke on her experience in Sweden.

Conference delegates met at lunchtime to establish a steering committee for the 2016 Conference and other Australasian cluster activities.

The conference presentations and photos can be seen at:

http://www.tci-network.org/oceania_activities_sydney15

For more information, contact:

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