

Kozyreva, Maria

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Usage of experience of development of territories with similar socio-economic characteristics taken as a whole as an instrument of Kronshtadt sustainable development

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**Usage of experience of development of territories with similar socio-economic characteristics taken as a whole as an instrument of Kronshtadt sustainable development**

Maria Kozyreva

Council for the Study of Productive Forces

Saint-Petersburg, Russia, tel.: + 7 812 919 0545, fax: + 7 812 301 3137

E-mail: [maria\\_kozyreva@mail333.ru](mailto:maria_kozyreva@mail333.ru)

Creating sustainable economic development is the crucially important task for the regions with military based economies which have lost their significance as defence locations due to changes in international relations. The town of Kronshtadt, Russian historic naval dockyard town, is an ideal example of such a region. The town is going through troubled time at the moment, facing a lot of social, economic and environmental problems.

This article analyzes the economies of other territories that have experienced similar socio-economic conditions and problems facing economic development in order to assist in solving the problems of Kronshtadt. The following is a list of territories that face similar socio-economic problems as Kronshtadt: Chatham and Portsmouth in Great Britain, the city - fortress Suomenlinna in Finland and Karlskrona in Sweden. Experience of their transformation from the towns with a traditional naval image to modern, dynamic centers attracting visitors, investors and high profile companies is worthy of careful studying.

The article introduces lessons for Kronshtadt in the field of strategic priorities formulation, planning control, site regeneration management, tourism development, and regeneration project funding.

## Introduction

In today's world, many regions face the crucially important task of creating sustainable economic development. This task is of particular importance for regions with military based economies which have lost their significance as defence locations due to changes in international relations. Such regions were in the forefront of technological development for many years, sometimes centuries. Defence industry was the principal employer for them and due to defence cuts, an enormous amount of jobs have been lost to local economies. Such defence cuts have forced a great number of these regions to endure industrial crises.

The town of Kronshtadt is an ideal example of such a region. Kronshtadt is situated on the Gulf of Finland, 30 kilometers from Saint-Petersburg. For almost 300 years, Kronshtadt was Russia's premier Naval Base on the Baltic Sea. During Soviet Russia, the town was a military restricted area and completely relied on its Dockyard and defence-related industries as its main source of employment.

In its present conditions, due to changes in international relations, the town has lost its former importance as a naval advanced post. This has resulted in the reduction of state financing which lead to an economic crisis in the 1990s.

Kronshtadt has become an area of high social tension (Крестьянинов, 2002). Real incomes of the population have sharply decreased; the birthrate has fallen, and the death rate has risen. Many defence-related enterprises and military units have been liquidated, which has resulted in the loss of 2500 jobs. In total for 1989 – 1999, the amount of people employed by the town's industries has decreased from 25 000 to 18 000.

Reduction of military orders has affected the main employer in the city, the Dockyard. By 1996, production in defence-related industries fell by as much as 70 %. Correspondingly, the Leningrad naval base was also passing through troubled times. There was no money to repair ships and provide training and sailing was reduced to a minimum.

In 1996, Kronshtadt became an unrestricted town. At the present moment, the town includes the administrative area of Kotlin Island, the southern and northern parts of the Saint Petersburg dam, and several man-made islands whose unique forts are on the UNESCO List of the World Heritage Sites. The administrative district and municipal district in Kronstadt completely coincide.

Through the turn of this century, the socio-economic situation in the town has been steadily improving. Nevertheless, when compared to other Saint Petersburg administrative districts, the average wage in Kronshtadt remains the lowest. There are still many social, economic and environmental problems in the town (Козырева, 2003).

This article will analyze the economies of other territories that have experienced similar socio-economic conditions and problems facing economic development in order to assist in solving the problems of Kronshtadt. The following is a list of territories that face similar socio-economic problems as Kronshtadt: Chatham and Portsmouth in Great Britain, the city - fortress Suomenlinna in Finland and Karlskrona in Sweden. All these towns have long been the dockyards and naval bases which have played crucial roles in supporting the Naval defence of their countries. All of them have passed through socio-economic crises due to cutbacks in defence-related industries.

The conducted research is mostly based on materials of Internet sites with free access. These are the sites of local administrations, local communities and various organizations participating in regeneration projects (private companies, state bodies, charities, public organizations, associations, etc.). Various other databases, such as the National Charities Database in Great Britain were also taken under consideration. Whenever possible, local plans and other analytical documents were analyzed.

Firstly, this article gives brief information on the considered towns, allowing for an estimation as to the depth of the socio-economic crises through which they have passed, and the progress they are achieving today. Further lessons for Kronstadt are introduced which have been deduced on the basis of analysis of historic naval dockyard towns and their redevelopment.

## 1. Chatham, Great Britain

**History in brief.** For over 400 years, the dockyard and naval base at Chatham played a crucial role in supporting the Royal Navy in the defence of Britain. By the end of World War II, the Royal Dockyard employed over 17 000 civilian workers, and had become the principal employer and training provider for the Medway towns (ReNDoc, 2003).

Following the 1980 Defence Review, the Dockyard was closed in 1984, with 15 000 jobs lost to the local economy within two years. Regeneration needed to go well beyond the transformation of just Chatham Dockyard, embracing the whole of North, or “Maritime Kent”.

**Development Strategy.** The strategy itself has become partnership based, with the Medway Council facilitating a renewed focus on the area's industrial potential, notably in relation to manufacturing and engineering, nurturing a strong base of research and innovation. In terms of naval heritage, tourism is being developed as a top-priority. Effective partnership between Government agencies, local authorities and business support organizations is the key to delivering investment and jobs in the Medway and wider Thames Gateway/North Kent area.

**Zoning of former defence sites.** The former Naval Dockyard, a 160 Ha (400 acres) site, was divided into three areas (Chatham Historic Dockyard Trust, 2003). The easternmost (No 3) basin, Chatham Docks, a 57 Ha (140 acres) site, was handed over to the Medway Ports Authority and is now a successful commercial port. No 1 and 2 basins, together with the adjoining land (the main 19<sup>th</sup> and 20<sup>th</sup> Century dockyard) were taken by English Heritage, the government's urban development agency, and subsequently the South-East England Development Agency (SEEDA). The site has been renamed as Chatham Maritime and developed as a unique mixed use site of commercial, retail, leisure, and residential accommodation. Chatham Maritime is the largest urban regeneration project outside London and a leading example of "Best Practice" (NavArch, 2003). The 18<sup>th</sup> Century core of the old Royal Dockyard, the Historic Dockyard, a 32 Ha (80 acres) site, became the responsibility of an independent charitable trust, Chatham Historic Dockyard Trust. The site contains some 100 buildings and structures, of which 47 are scheduled as Ancient Monuments.

## 2. Portsmouth, Grate Britain

**History in brief.** Portsmouth has long been Britain's largest naval dockyard, which dates back to the late 15<sup>th</sup> Century. For over 500 years Portsmouth Dockyard has been on the leading edge of new technology boasting many world firsts. Here was constructed the world's first dry dock (1495), the first rolling mills were developed locally, the first steam powered industrial production line was invented for the manufacture of wooden pulley blocks – and the revolutionary steam turbine powered HMS Dreadnought was built here at the beginning of the 20<sup>th</sup> Century (Portsmouth Historic Dockyard, 2003).

By the end of World War II, some 26 000 people were still employed in the "Royal Dockyard". By the early 1980's the total had dropped to 10 000, and it barely exceeds 1000 civilian workers today (ReNDoc, 2003).

**Development Strategy.** The City Council first gave priority to providing land for manufacturing and industrial diversification, then to office development, and lastly to commercial port expansion and the opening of a cross-channel ferry terminal in the mid-1970s.

Tourism immediately benefited, together with the redevelopment of the Heritage Area of Dockyard which has become the largest tourism attraction on the south coast of England. The Millenium Project “Renaissance of Portsmouth Harbour” is already providing a further catalyst to change in the restructuring of the local economy.

At the present moment the main employer in the city is a university. Three economic sectors – public administration, education and health (39 800 jobs); shops, hotel and catering (21 800 jobs); and manufacturing (14 800 jobs) dominate the Portsmouth region (Portsmouth City Council, 2003).

Over J1 billion is being invested or committed to enhancing Portsmouth’s infrastructure, amenities, attractions and commercial property offer during the first ten years of this millennium.

**Zoning of former defence sites.** The Royal Dockyard title disappeared in 1984, but the Naval Base remains the home port of the Royal Navy. In 1985 the British Government granted a long lease over the most historic part of the Dockyard, a 4,8 Ha (12 acres) site, to the Portsmouth Naval Base Property Trust, a registered charity charged with the conserving its many historic buildings by finding new economic uses. This part of the dockyard is now open to the public and is home to museums, exhibitions and other attractions. The Historic Dockyard represents the variety of interests in the area i.e. the Royal Navy, number of preservation trusts and private organizations.

Of great significance to the City of Portsmouth was the release of Gunwharf (formerly HMS Vernon), a 12,2 Ha (30,1 acres) site, due to the location on the waterfront and it being close to the city centre. The Ministry of Defence sold the Gunwharf site to the Berkeley Group in 1996. At the current moment (2003) the site is under mixed commercial, retail, leisure, and residential development. The regeneration of the Gunwharf site is involved in the “Renaissance of Portsmouth Harbour” project, proposing the building of a 160 metre viewing tower overlooking the harbour.

Besides that there is an interesting fortune of once sinister and forbidding sea fort which has been guarding the entrance to Portsmouth for 120 years. It was purchased

from the Government in 1980 and now welcomes visitors for corporate meetings, weddings celebrations, parties and etc (Spitbank Fort, 2003).

### 3. Suomenlinna, Finland

**History in brief.** Suomenlinna is a unique fortress built on a group of five islands off Helsinki over 250 years ago. It is on the UNESCO List of World Heritage Sites, and ranks as one of the most significant historical monuments in Finland (ReNDoc, 2003).

Its construction in 1748 began when Finland was still part of the Swedish empire. In 1809 Finland became part of the Russian empire, and the Russians continued building the Fortress for over 100 years. The “Finish” period in the Fortress’s history began in 1917 when Finland finally became an independent state.

Suomenlinna was a garrison area until 1973. As the military vacated most of the fortress also work opportunities were lost. Another important employer, the shipbuilding company Valmet retired from the islands in the 1980s (Tourism Potential Analysis, 2001).

Today Suomilinna is a part of the city of Helsinki – a city within a city.

**Development Strategy.** The government of Suomenlinna was transferred from the Defense Forces to the Governing Body of Suomenlinna in 1973. The archeological committee which preceded the National Board of Antiquities drafted an overall plan where not only the restoration philosophy but also the activities situated on the islands were defined. This use plan, including the objectives for the number of inhabitants and jobs and the development of services, was approved in 1974. The main objective was to restore the fortress monument and develop a lively community by the sea. The renovation of deteriorating parts and the buildings in use were defined as urgent measures. All suitable spaces were intended to be used for habitation. It was proposed that activities related to the sea or the history and culture of the islands should be located in the other empty spaces (Lahdenmaki, 1998).

The renovation of Suomenlinna allowed the Fortress to become the second most popular attraction in Helsinki with 650 000 visitors in 2001 (The Development of Tourism in Helsinki in 2001). The high population objective in the use plan has been given up mostly due to the prevailing restoration philosophy. The objectives related to jobs and services have also been compromised. The use plan included an objective of 800 all-year jobs; there are 350 jobs now.

#### 4. Karlskrona, Sweden

**History in brief.** Karlskrona is beautifully situated on the south-east tip of Sweden, built upon 33 islands around the island of Trossö in the Blekinge archipelago. With over three centuries of uninterrupted naval history, the Dockyard and Naval Base remain in their original location on the island of Trosso (ReNDoc, 2003).

By the end of the 18th Century, Karlskrona was the third largest city in Sweden, and also its military centre. Stagnation in the 19th Century would give way to renewed expansion with the advent of the Industrial Revolution. In the 1980s Karlskrona has been through industrial crises due to the cutbacks at Ericsson company and at the naval dockyard (Engstrand, 2003).

Today, the mix of building styles from the past, and the interpenetration of city, dockyard and naval base, represent a unique architectural heritage. In 1998, the naval port of Karlskrona was included in the UNESCO World Heritage List to be preserved as a site of irreplaceable cultural and natural value.

**Development Strategy.** At the end of the 20th Century, diversifying the economic base of this medium sized city was already well underway with a particular emphasis on new technologies (Telecom City), and Karlskrona's wider regional role (Baltic Trade City).

During the glory days of the IT boom, Karlskrona became renowned as a town which had managed to become associated with a dynamic growth industry in just a few years and under its own steam. The key to this success was the municipality's skilful marketing. The municipal marketing strategy took the media by storm, particularly the business press. The image of the Telecom City network in Karlskrona was launched by consultants without any link to the municipality's industrial past, as if Telecom City rose out of nothing (Engstrand, 2003).

With state aid, mobile telecommunications company Europolitan established itself in Karlskrona in 1989, creating the foundation for the telecommunications industry to establish itself here later.

#### 5. Lessons for Kronshtadt

##### 5.1 Strategic priorities

All considered regions represent an example of successful adaptation to the changing environment by finding new economic uses for the released defence sites and



launching full programs of economic regeneration and development. Former military areas in Portsmouth and Karlskrona, turned to popular museums and attractive residential sites and fully integrated into the civilian life of the towns, neighbourhood with the sites where navel base continue to fulfill its functions. Such neighbourhood allowing for an accommodation of interests of local community by creating new attractive districts and bringing new jobs, and national interests by preserving cultural and historic heritage, and does not conflict with national defence interests. Placing certain restrictions to the use of the museum area accommodates military interests in Karlskrona; an authorized guide must accompany visitors (NavArch, 2003).

The following conclusions could be made concerning the strategic priorities.

1. In all regions except Suomeinna the first priority is given to facilitating a renewed focus on the area's industrial potential, nurturing a strong base of research and innovation. This is governed by a relatively high skilled workforce when compared to the country's average due to significant clusters of defence companies.
2. In all considered examples a special emphasis is laid on tourism development. Redeveloped heritage area of the dockyards becomes an offbeat cultural attraction. The main factor is a great number of cultural and historical monuments situated on the former military sites. Another important moment is an attraction of the sea landscapes and boat tours.
3. Former defence sites are developed as mixed use sites often being transformed to attractive residential and commercial communities. Many historic military buildings have been restored and put to new use by converting them into office and residential spaces, cafes and restaurants, museums and exhibitions halls. Modern developments have been built also. One of the examples is a renovation of the Gunwharf site in Portsmouth. At the current moment this development brought approximately 2 000 much needed full and part time jobs to the area (Gunwharf Quays, 2003). During first 6 months since the site has been opened it attracted over 3 million visitors (Portsmouth City Council, 2003). According to the experience of this project's realization one of the most profitable businesses is the housing development (Millennium-City, 1998). The main factors are unique waterfront lifestyle, good transport links, and leisure, dining and shopping opportunities nearby.

4. In most of the regions a priority is given to port and logistic complexes development and expansion. The dockyard in Karlaskrona continues to produce warships and the Navy's Band and the sailing sloops are but two examples of the living traditions in this World Heritage town (Karlaskrona Varldsarv, 2003). At present ship construction is carried by the private company Kockums Shipbuilding group. There are marinas in all these towns, which provide fully serviced berths. The towns become locations for many major international yachting events.

## 5.2 Planning Control

**Zoning.** Zoning is one of the main tools of the planning control. In Great Britain, as in many other countries, a Local Plan prepared by a City Council determines zoning. Types of the land uses determined in accordance with the main forces likely to influence future economic development and strategic regional goals.

Zoning for released defence sites is determined by a development brief enacted supplementary to the Local Plan. As could be seen on Gunwharf Quays project example the development brief provides detailed guidance for the redevelopment of the site (Portsmouth City Council, 2003). From one side this restrains a discretion and creativity of prospective purchasers. From another side this gives prospective purchasers a clear indication of what was expected in their bid to the Ministry of Defence and in the subsequent planning application. In its turn it reduces investment risks.

**The control over town-planning process.** History of the Gunwharf Quays project realization clearly shows that for sustainable development of a region the effective control over town-planning process should be provided. First of all this control should be actualized by the local community. Secondly various core organizations, such as Architects' Panels, Architects' Journals, Architects' Commissions, should be involved. For example, planning applications for buildings at the Gunwharf site are widely discussed on the Internet site of the Portsmouth Society in 2003 and 2002. They are quite often criticized on the subject of poor design, unsustainable construction in terms of energy consumption, historic building demolition, contradiction to the City Council's Development Brief, absence of the demographic profile of the expected occupiers, etc. In case the Portsmouth Society is not satisfied with planning applications it could write to various core organizations looking for support. Finally the

Portsmouth Society may influence the City Council' decisions by forming public opinion.

**Facilitating developer business.** Portsmouth and Chatham experience shows that success of a defence site regeneration project is very much dependent upon participation of professional developers. The Gunwharf site in Portsmouth is owned and managed by a private developing company, Berkeley Group. Berkeley concentrates on using redundant land and over 90% of its schemes in unit terms are developments of brownfield sites (Berkeley Group, 2003). In Chatham in partnership with SEEDA, the leading residential developers, Countryside properties, are building a new community of nearly 2000 mixed tenure homes (NavArch, 2003).

**Condition of the planning control in Saint Petersburg.** There is no zoning in Saint Petersburg at the present moment, though it is contemplated by the Town-planning Code of the Russian Federation. Public control over town-planning process is not actualized. And first developers only start to appear. Nevertheless, importance of the aspects mentioned above for the urban and rural sites development is realized by Saint-Petersburg experts in the sphere of town-planning and land tenure. These questions correspond to the main directions of Saint Petersburg legal base development.

The Kronstadt problem is that municipal districts in Saint Petersburg are deprived of the powers connected with town-planning control. This rule covers the cities, including Kronstadt. Such state of affairs is hardly justified. As Portsmouth experience shows, successful realization of regeneration projects is based on close interaction between local community and local authorities. One example how this interaction could be established is to place Local Plan Draft or planning applications "on deposit", so that interested parties are able to make representations in support of or objecting to the content of the plan or planning applications. Another example is to give the public the opportunity to choose the design they preferred in case a planning building or construction is of special importance for the city. Interaction between authorities and Kronstadt public will be much more effective, if it will be established at the local level. There are several local newspapers in the town. Kronshtadt is quite closed and close-knit community.

### 5.3 Management

**Development Agencies.** Chatham example allows to make one more important conclusion. Regeneration and redevelopment program is run by organization which is

out of the control of local administration. A sample of such organization in Chatham is English Partnership and its successor body SEEDA. SEEDA was established by the Government through the Regional Development Agency Act 1998, and came into operation on 1<sup>st</sup> April 1999 to take the strategic lead in promoting the sustainable economic development of the region (SEEDA, 2003).

The Concept of Saint Petersburg Real Estate Management (Концепция управления недвижимостью Санкт-Петербурга, 2002) envisages use of such organizational form, as development agencies, to manage development of territories of special importance for the economic and social life of Saint Petersburg.

The following main principles should form the basis of Development Agencies activity:

- Establishment of Development Agency should provide mixed use site development in accordance with the authorized Concept of the site development;
- Organizational and economic forms of Development Agency, and conditions of its activity should provide the City control over its activity;
- Development Agency should have real powers to invest its own capital in the site it manages, to take credit, and to attract other investments within the framework of the accepted Concept and on the basis of agreed construction documents;
- Real estate situated on the given site should be leased or transferred in management to Development Agency.

Analyzing working principles of Development Agencies in Saint Petersburg and in Great Britain, it is possible to draw a conclusion, that the last have relatively wider spectrum of powers and do not depend on local authorities. The English Development Agencies are established by the Government, own the real estate of the developing site, have the rights to establish charitable trust funds and grant them with ownership over real estate, or establish joint ventures in partnership with commercial companies and grant them with lease over real estate. Thus, the Saint Petersburg Concept levels the main principle of organization of Development Agencies - independence of local administration. That will hardly help to increase efficiency in their activity.

**Management Approaches.** It is visible from the Chatham and Portsmouth examples that management approaches vary depending on market value of the developing sites. Released defence sites may include commercially attractive areas, for

example, a commercial port area in Chatham. The use of these areas is the most effective when they are managed and owned by a private company. For this purpose it is necessary to remove legal and institutional obstacles. Other areas have no potential market value, taking into account their location, a degree of pollution, necessity to undertake demolition works, etc. For such areas various management approaches could be implemented. One of them supposes initial state investments in the area regeneration, which give an opportunity to find a new market use for the area in the future (Ренар, 2002). Other approach has been implemented in Chatham Maritime area. There were certain areas of the former Naval Dockyard site that would never be sold or leased to individual occupiers (Chatham Maritime Trust, 2003). In particular, the flood defence walls, the dock basins, the two bridges, service roads and some open landscaped areas. The Chatham Maritime Trust was therefore created by English Partnerships, to be the long term owner of these areas and to safeguard the future management of the estate. The Fund was given with a fund by English Partnerships, to be able to pay for maintenance and the management of the estate. Other sources of income are service charges and rent charges. This approach is effective in the event that managed estate is commercially unattractive by its nature. It is possible to make a comparison of the Chatham Maritime Trust to the Russian State Unitary Enterprise. However the State Unitary Enterprise is given with estate to be the business administrator therefore it is relatively more dependent on local authorities, less powerful, and less flexible on the structure.

**Coordination of Interested Parties.** The Great Britain experience allows to make one more interesting conclusion. A new trust creation may serve for the purpose of coordination of interested parties and establishing co-operation networks in case a Board of Trustees include all interested parties. For example, mentioned above The Chatham Maritime Trust is controlled by a Board of Trustees, made up as follows: two Trustees representing South of Basin businesses (commercial occupiers paying service charges to the Trust); two Trustees representing St Mary's Island residential interests (residents paying rent charges to the Trust); two Trustees from Medway Council; One Trustee from SEEDA, three independent Trustees who are professionals with relevant expertise. Besides coordination of interests and establishing co-operation, such representation provides an effective control over the fund's activity. Independent Trustees, professionals with relevant expertise, are involved to improve day-to-day management. Another example, the Flagship Portsmouth Trust, was formed to improve

the co-ordination of day-to day visitor management and marketing of the Historic Ships and Portsmouth Dockyard. It represents the variety of interests in the area i.e. the Royal Navy and number of preservation trusts.

Suomenlinna experience implicitly proves the truth of the considered approach. As it is indicated in Tourism Potential Analysis, provided by the Finish Network Evolution for Sustainable Tourism team in 2001, the co-operation of main tourism stakeholders at Suomenlinna works well on personal level. Yet, there is no formal coordinating body for collaboration. The lack of a coordinating and professional tourism body at Suomenlinna can be seen as poor public information and guidance as well as friction between different tourist actors (especially local actors and the ones from outside).

**Distribution of powers.** Chatham example shows, that no one organization responsible for territories development and estate management is vested with multidimensional functional duties. So SEEDA is, first of all, responsible for strategy development. A charitable trust fund (Chatham Maritime Trust) was set up to manage commercially unattractive estate. In turn, commercial company, Marina Development Ltd, was appointed to manage marina-related estate. Such division of functions gives opportunity to organizations to concentrate on their core competences.

**Defence site's disposal system.** Disposal system, which is used in Great Britain is highly criticized by the local communities (The Portsmouth Society, 2003). There are two main dissatisfactory points. The first one is that raising money becomes the priority – disposal to the highest bidder, at maximum planning value, within three years – with slightly lower prices and longer timescales for historic sites. The second one is that early stages of disposal process are secret: choosing the highest value land uses and short listing developers is done by Ministry of Defence, with local authority planners only becoming involved via the Local Plan. It is the more significant that analogous system is enacted in Russia by the State and Municipal Property Privatization Act (Федеральный закон РФ «О приватизации государственного и муниципального имущества», 2001).

#### 5.4 Museum site development

In all considered regions museums sites are created in the core of the old dockyards. Museum sites serve to the highly important objectives: to secure for the public benefit, the preservation of the historic dockyards and to promote and foster a

wide knowledge and understanding of their archaeological, historical and architectural significance. Besides that they become the true incentive to tourism development in the regions. For example, Portsmouth Historic Dockyard has become the largest tourism attraction on the south coast of England. Suomenlinna has become the second most popular attraction in Helsinki with 650 000 visitors in 2001.

Apart from their core operations museum sites are successfully fostering residential and commercial communities. And often such problems as preservation of historic heritage and attracting new businesses are solved within the framework of one project. Two projects in Chatham as an example: restoration of historic slip and its adaptation for use as a modern marine engineering centre and restoration of historic smithery and developing a temporary exhibition centre. As a result a vibrant business community with over 100 small businesses employing around 1000 people (Chatham Historic Dockyard Trust, 2003).

It is important to notice that effective use (other than museum use) of historic buildings is not possible without reaching a compromise between requirement to restore them in a form as near to the original as possible and possibility to provide comfortable working and living areas.

In spite of its commercial activities in general it unprofitable business to run a museum. For example, maintenance of the Mary Rose ship (conservation of the hull, upkeep of the collection and running of the Museum and Ship Hall), one of the main attractions of Portsmouth Historic Dockyard, costs in the region of £1.4 million p.a., only £700 000 of which is raised from charging visitors (The Mary Rose, 2003).

Analyzing attractions in Portsmouth's and Chatham's historic dockyards and in Suomenlinna's fortress one could form a clear picture of a popular museum site. Foremost, this is high quality service provided by various visitor facilities including tourist information desk, play area, education and exhibition space, souvenir shops, cafes and restaurants. Secondly this is a variety of amusements, first of all for children. There are harbour tours in Portsmouth, coal-fired Paddle Steamer cruise along the River Medway and steam train demonstrations in Chatham. A new £16 million blockbusting attraction, Action Stations, opened at Portsmouth's Historic Dockyard in 2001. It offers a review of the Royal Navy fleet represented through two-dimensional profiled metal ships, graphics and video; the Navy drama on the biggest large format film screens in the south of England; a range of tests and interactive games; and finally a thrill ride in a 19 seat simulator (Portsmouth Historic Dockyard, 2003). A possibility to get knowledge

in the playing form is an important appendage of these museum sites. There is another important aspect. Essential part of a museum site, former naval dockyard, is restored ships. Visiting of a legendary warship or submarine honoured in battles, or watching the process of their restoration become one of the main attractions. The most popular museum in Suomenlinna is a reconstructed 250-ton submarine that participated in the World War II in the Gulf of Finland (Tourism Potential Analysis, 2001).

Popular museum site, former naval dockyard, attracts on average 100 000 – 300 000 visitors per year. This conclusion is drawn from the following information. Chatham's Historic dockyard attracts 125 000 – 250 000 visitors per year; HMS Warrior warship, one of the main attractions in Portsmouth's Historic Dockyard, attracts around 150 000 visitors per year, cultural tourists segment in Suomenlinna is around 130 000 visitors per year.

The available data on investments made in historic dockyards redevelopment allowing for a roughly estimation as to the cost of a similar museum area. Presumably, the cost of the museum area which includes two - three restored historical ships, several museums and exhibition halls, and all necessary tourist facilities can be estimated in 50 - 100 million US dollars.

### 5.5 Tourism development

Experience of tourism development at Suomenlinna is very significant for Kronstadt. These regions have much in common. Kronshtadt as well as Suomenlinna is a city within a city, located on the island near large city agglomeration.

Suomenlinna experience clearly shows that the economic importance of recreationists is relatively small (Base Line Analysis, 2002). This is true in case recreationists are inhabitants of the neighboring areas. It is easy to explain. Such recreationists are not interested in museums. Moreover, they prefer self made shish kebabs to the local catering services. As a result seven cafes and restaurants are sufficient to serve more than 100 000 visitors per month (during the high season). Tourism in Suomenlinna creates only ten full-time jobs. This experience should be taken into account when developing recreation areas in Kronstadt as its main visitors will be recreationists, inhabitants of Saint Petersburg. Tourism contribution to the local economy can be increased by developing mixed use sites of commercial, retail, recreation, and residential accommodation. Then the island will attract more diversified visitors. Another opportunity is a skilful marketing, providing segmentation on visitors.



Besides that tourism contribution could be increased by local brands development (like local drinks, local food, local arts, crafts and entertainments, as fort Boyard in former French Naval Base, Rochefort).

There is one more important point. Tourism development in island territory is highly dependent upon well organized regular transportation. The good organization is understood as frequency of trips, availability of transport terminals (for example, location in the city centre, etc.), and low ticket price.

### 5.6 Development Project Funding

In most of the cases former defence site renovation projects are funded from the variety of sources, even if site have been sold to a private company. Possible sources are local authorities, government programmes, charities, European grants, private individuals and private companies.

In Great Britain one of the most important sources of funding of site renovation projects is the National Lottery. The National Lottery was set up by parliament in 1993. It raises money for a range of good causes that benefit communities across the United Kingdom (Heritage Lottery Fund, 2003). From every pound spent on a Lottery ticket, 28p goes directly to good causes in the following categories:

- Arts;
- Charities;
- Heritage;
- Projects to celebrate the new millennium;
- Sports;
- Health, education and the environment.

Different organisations are responsible for making National Lottery grants to projects in each of the six different categories. These organisations are known as ‘distributing bodies’. Often former defence site renovation projects could be referring to heritage projects. Grants for them are distributed by the Heritage Lottery Fund, supporting a wide range of projects involving the local, regional and national heritage of United Kingdom. From every pound spent on a Lottery ticket, 4.66p goes to heritage projects. Other possible category is the new millennium celebration. Portsmouth local authorities have been successful in a bid made to the Millenium Commission to fund “Renaissance of Portsmouth Harbour” project, including renovation of the Ganwharf site, former defence site. The Millenium Commission distributes Lottery money to

assist communities in marking the close of the second millennium and celebrating the start of the third (The Millennium Commission, 2003). Initiatives supported are based around five core themes:

- Encouraging environmental sustainability;
- Promoting science and technology;
- Revitalising cities;
- Investing in education;
- Supporting communities.

Such way of raising money for a range of good causes, as setting up the National Lottery, can be worthy of imitation. The similar initiative can be realized by Saint Petersburg authorities. If a skilful advertising action is provided the initiative would be supported by the local community.

Another organization playing an important role in funding of former defence site renovation projects all over Great Britain is English Heritage. English Heritage is an Executive Non-departmental Public Body sponsored by the Department for Culture, Media and Sport. It is the government's statutory adviser on the historic environment.

Another example to be followed. In Great Britain maintenance of historic buildings, ships, collections, and etc is funded to the great extent by individual donations. For attracting donations special societies and associations are formed. Apart from making annual donations their members may assist in different duties, for example such as volunteer guide, and help in maintenance works. It is quite probable, that the given practice will find support in Kronshtadt. As many monuments in this town are created on individual donations. Moreover historically the local population was actively involved in works on creation of living environment and on monuments construction.

There is another interesting approach. Large heritage projects in Great Britain are funded through the system of grants on a competitive basis. Such approach provides an effective control over money distribution and expenditures, and improves validity of projects.

Other moment is interesting also. The Government awards private companies with grants on infrastructural projects. For example, Medway Ports has been awarded a freight facilities grant from the Department for the Environment, Transport and the Regions which was needed to rebuild a bridge and will lead to the recommissioning of the rail link to the Chatham Docks area (Medway Ports, 2003). By the way, Medway

Ports is a successful commercial company, a part of major port group in Great Britain, which is highly interested in the given project. In spite of this, the Government makes a decision to finance the project. There could be the following reasoning. Infrastructural projects demand significant investments having long pay back period, and therefore are not attractive to private business. At the same time infrastructural projects enhance access to the area, providing an important boost to economic activities.

It could be indicative to calculate the investments per 1 square meter when site is developed as a mixed use site of commercial, retail, leisure, museum, and residential accommodation. The original cost estimate in Suomenlinna was around 135 US dollars per 1 square meter in 1998 year' currency, which has proved too optimistic. In Portsmouth it was supposed to invest around 1 400 US dollars per 1 square meter in 1998 year' currency in the Gunwharf site renovation. By the current moment according to the information from the Portsmouth City Council web site the figure is more than doubled already.

#### The conclusion

Summing up the aforesaid, it is necessary to note the following: All the considered towns with a traditional naval image are being transformed into a modern, dynamic centre for the purpose of attracting visitors, investors and high profile companies. All of them have gained a broad industrial base except Suomeinna, which is developing as a combination of active community, island settings, and fortress. Former defence sites are often developed as mixed use sites for commercial, retail, leisure, museum, and residential accommodation. Effective partnerships between government agencies, local authorities, local communities and business support organizations is the key to a successful regeneration of released defence sites. Regeneration and redevelopment projects will not be realized until such problems as zoning, developer business facilitation, organization of public control over town-planning process, development of trust administration institutes, and formation of development agencies independent of local authorities are solved.

Regeneration of commercially unattractive territories and preservation of cultural and historical heritage are possible only on the basis of partnership funding. Thus, individual donors play an essential role.

In summary, sustainable development of former "naval" towns is based upon the implementation of the following steps:

- Identification of new perspective directions in regional development. Thus the following features of former defence sites should be taken into account: changes in the natural landscape, pollution of the natural environment, plenty of historical, technical and architectural monuments and sights, presence of significant engineering infrastructure, presence of various buildings and constructions with significant durability, including soldier's barracks and officer's residences.
- Determination of economic, social and ecological restrictions which would coordinate the interests of all parties involved (various groups of the population, business community, and authorities). For example, restrictions on uses of certain public resources, requirements of historic and cultural heritage preservation, requirements of social infrastructure development, etc.
- Working out the incentives which would promote effective regional development in the chosen directions.

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