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South Australia is not only Australia's "Central State", but probably its most centralised state. With nearly 70% of its mid 1970 population of 1,165,000 living in and around Adelaide, this is a ratio of concentration higher than exists in any other state.

Stimulated by the centralisation of population in Adelaide, South Australia, which was a subdued, mainly rural state before World War II has become a major industrial centre within Australia.

Our main problems are thus urban problems and industrial problems. Rural industry still makes important contributions to our well-being however.

We more than hold our own in sheep and wheat growing and dominate in barley and vine growing, and some other fruits. But these rural industries, in both South Australia and other states, tend to occupy less than 10% of our work force and produce less than 10% of the value of our national production. Their contribution to exports is of course still crucial, but is being closely challenged by the surge into minerals.

I will mention some of the good news on the State's mineral front a little later.

Most of my attention as Director of Industrial Promotion is focused on manufacturing industry and, perhaps unfortunately, manufacturing industry within the Greater Metropolitan Area.

The existence here of a market approximating 800,000 people makes it almost impossible to decentralise industry unless there exists a valuable resource whose site determines the location of the industry. An example of decentralisation is the location of saw milling and particle board manufacture near the South East forests which provide 37% of Australia's softwood production.

Similarly, tuna production in Australia is dominated by this state and is located at Port Lincoln. Other examples that readily spring to mind are the mineral processing activities at Whyalla and Port Pirie, and fruit processing on the Upper Murray.

But as you are all aware, the bulk of South Australia's manufacturing activity is located in Adelaide. Sixty percent of the manufacturing work force is employed in the engineering sector. Within this engineering field, the manufacture of motor vehicles is most important and General Motors-Holden's and Chrysler together employed in the middle of this year about one of every seven in the manufacturing work force in South Australia. In the home appliance sector, a further substantial percentage of the manufacturing work force is engaged.

Thus, much of our manufacturing work force is involved directly in one or other of these sectors - not forgetting that, of the balance, many industries are ancillary to, or service the consumer durable sector.

For the firms producing consumer goods for the national market often 80% to 90% of their final product is sold interstate. It is obvious, therefore, that any fall in consumer expenditure within Australia will have serious implications for this State's economy. In 1956 to some extent but more markedly in 1961-62 and 1966-67 restrictive Federal economic policies (both fiscal and/or monetary) reduced the level of consumer spending in the eastern States. This brought about a sharp decline in employment opportunities in South Australia, which had secondary adverse effects through cutting the inflow of migrants and reducing business confidence.

It is thus clear that the most basic problem confronting this State is how to develop sufficient diversity in our industrial base so that it can be less exposed to the effect of fluctuations in interstate consumer demand.

South Australia is deficient in certain important manufacturing areas. We have concluded this after an analysis of what we buy in the State, against what is produced here. Specific industrial gaps include the petro-chemical industries, textile and clothing industries and certain food processing industries.

Having defined the problem, what measures should be implemented, or fostered, by a South Australian Government to fill the gaps in our industrial base? Any diversification programme for South Australia needs to reflect the skilled nature of its work force and try to encourage industries with growth prospects - particularly those using the newer technologies.

Already South Australia has a firm foundation on which to base this diversification programme. It includes the Weapons Research Establishment, the Australian Mineral Development Laboratories (AMDEL) and the world renowned Institute of Medical and Veterinary Science. South Australia also has major branches of the C.S.I.R.O., while its research units in the State's two universities provide a solid base for the development of new technologies.

In addition to these advanced government and semi-government agencies a variety of sophisticated industries operate in South Australia. Companies such as Philips, Texas Instruments, I.C.I. and International Computers have chosen this State as the main centre of their operations. Local enterprise has been significant with recent developments being undertaken by Sola International, in the manufacture of optical products and equipment; Paton Industries, in the field of scientific equipment; and by Hovergem and Taylorcraft in the production of hovercraft.

Among the range of Research Centres in South Australia, one of growing importance as a result of the mining boom is ANDEL. Established in Adelaide ten years ago, ANDEL is Australia's leading mining contract research and technical consultancy organisation.

A development also of considerable importance to the Australian mining industry is the Australian Mineral's Foundation. The establishment of this Institute in Adelaide in the near future will provide a centre where the additional training needed by graduate scientists and engineers to enable them to meet the growing technological demands of the mineral and petroleum industries, can be given.

Two investment institutions are to be formed which will assist in the broadening and strengthening of the industrial base. The government has begun a trade drive from Singapore and Djakarta north to Japan.

It is now obvious that the future strength of Australia as an industrial nation will be derived less from historical and emotional links with Britain, and expedient ties with the United States, and more from developments in our own Asian region.

Trade agencies have been opened in Hong Kong and Singapore. Another will be established in Djakarta and a State government trade and development officer will be appointed to service the whole region. A development officer will also operate out of the South Australian Agent General's office in London and will service Europe and North America. The government sees the main work of these agencies and officers as being -

- (1) the encouragement of trading relations,
- (2) the special promotion of South Australian products, and
- (3) securing investment for the State.

I have mentioned investment because I believe that opportunities for investment in South Australia are very real. The advantages accruing to a firm establishing in this state are numerous.

Low priced industrial land near Adelaide is readily available, and attractive sites are also available at many country centres. The cost of building in South Australia is also low and factories may be constructed by the South Australian Housing Trust on a purchase or lease basis. Costs of water, sewerage, electricity and gas are competitive with other States. Adelaide has, as yet, no transportation or smog problems. South Australia's ideal Mediterranean climate is also an advantage to the industrialist. Warm summers, mild winters, very low humidity and high sunshine readings combine to make our climate conducive to high work productivity.

Although South Australia has over 9% of Australia's total work force our share of days lost through industrial disputes averaged only 4% over the last five years.

Despite a lower wage structure, a lower cost level enables a standard of living equal to other parts of Australia to be enjoyed in this state. The high levels of car ownership, home ownership, and savings bank deposits are indicators of this well-being.

These advantages, and others that I have not mentioned, have meant the development of not only new industries, but the expansion of industries which have played a vital role in South Australia's past growth. Let us now look more closely at developments on the established manufacturing front.

G.M.H. has announced plans to expand its Elizabeth plant at a cost of \$8.7 million. This expansion will mean the establishment of a \$3.7 million motor body hardware facility and the extension of the metal stamping plant at a cost of \$5 million.

During the year C.M.H.'s new \$12.5 million automatic transmission plant at Woodville was opened.

Another project announced this year was the expansion of the APCEL pulp and paper mill near Millicent and forests operated by the South Australian government in the area are to be expanded.

Other developments of importance include the establishment in Adelaide of a joint company by Wilkins and Mitchell Ltd., and Johns and Waygood Perry Engineering Ltd., to design and make machine tools including mechanical and hydraulic presses, the establishment at Elizabeth of a \$1 million self-adhesive industry by Fasson of the Netherlands, a subsidiary of the United States company, Avery Products Corporation, and the further establishment of a \$5 million upholstery fabrics factory at Salisbury.

The B.H.P. Co. Ltd. at Whyalla, continues to invest in improving its Whyalla steel and shipbuilding facilities and its transport of steel products will be assisted by the \$8 million rail link between Whyalla and Port Augusta, which is to be commenced shortly.

Another regional development of economic importance has been the new frozen vegetable processing plants for the South East - the Pict Ltd. plant at Millicent is already operating and Associated Products and Distribution Pty. Ltd. are building a factory in Mount Gambier.

Progress in South Australia has not been confined to industrial development. As a result of significant discoveries of ore bodies over the past few years new mining enterprises are under way for copper at Kanmantoo, Burra and Mount Gunson, and now at Beltana for lead and zinc. Petroleum exploration is running at record levels in this State with some 30 wells scheduled, involving an expenditure exceeding \$15 million. The recent

discovery of oil in the Cooper Basin in the North-East of the State marks a break through in exploration.

The introduction of natural gas, with the opening of the pipeline from Gidgealpa-Moomba to Adelaide, marks a new era in industrial growth in this State. Further discoveries of natural gas have been made in the same area and there is a strong possibility that our natural gas may be marketed in New South Wales.

The building industry has been a strong contributor to the growth in the State's economy over the past year. Total approvals for new business premises, offices, shops, factories etc. reached \$52.6 million in the 12 months to September 1970. (39% above the year before.) Of this total \$22½ million have been approved in the last 4 months. New dwelling approvals have also risen rapidly to reach an annual rate of over 13,000 houses and flats. Provided finance can be obtained this represents a very satisfactory operating level for the building industry.

Projects completed during the year include the \$24 million Royal Adelaide Hospital re-development, the A.N.Z. Bank building, the National Bank building, the B.P. House extension, K-marts at Kurralta Park, Ingle Farm and Firle and a \$10 million shopping complex at Tea Tree Gully which has the Myer Emporium as the key tenant.

Work has commenced on the multi-storey Telecommunications Building in Waymouth Street. Other buildings announced include Ansett's multi-storey motel/office block and the State Courts building. A further proposal now under way is the West Lakes Scheme which will redevelop the upper reaches of the Port River at a cost of \$200 million. It commenced its first stage early this year.

In the transition to an advanced industrial society continued population growth becomes vital. The motor industry growth has been the major influence enabling South Australia's population to expand faster than the Australian average over the last 10 years (2.17% per annum versus 2.05% for Australia). This growth rate has been possible due to a high level of immigration.

In the twelve months ending in October this year 15,706 assisted migrants arrived in South Australia. South Australia, which has just over 9% of Australia's population, has, during most of the sixties, attracted more than its share of incoming migrants (especially from Britain). Our ability to provide good quality housing at reasonable prices has been a key factor.

In conclusion, it would appear that South Australia has on hand the prerequisites for a leap forward in its industrial sector over the next decade or two. With intelligent development and with a spirit of initiative and confidence from our business community, South Australia has the capacity to lead Australia in the production of well designed and highly sophisticated products.