

David MITCHELL

This is George Lewkowicz from the Don Dunstan Foundation interviewing Mr David Mitchell for the Don Dunstan Oral History Project on the topic of economic development in the Dunstan decade. The date today is 27th March 2008 and the location of the interview is the Don Dunstan Foundation.

David, thanks very much for doing this interview for us for our project. Can you just give some background on yourself, your qualifications, and then how you joined the Premier's Department and when?

Okay. I'm a graduate in Economics from Adelaide University and a CPA, if you like, these days.

That's certified practising accountant?

What used to be – accountant, yes; used to be AASA.

Yes.

I originally joined the Government in 1970 in the Department of Labour, where I worked for three years, and then took up the position in the Premier's Office, as it was then, or the Industry Development Division of the Premier's Department, I suspect. Gets a bit confusing with titles. My specific position was – well, it was a threefold position: it was to act as Secretary of the Industries Assistance Corporation; Secretary of the Industries Development Committee, which was a parliamentary committee – bipartisan, bicameral committee of parliament; and as Secretary of the Industry Development Advisory Council. The main role was really Secretary of the Industries Assistance Corporation, which was then chaired by Malcolm Kinnaird, and other members were Max Dennis, who was then Chairman of the Public Service Board; Max Scriven, who was Director of Industry Development; Charles Rothhauser, who was an industry person, ran Caroma – that's four, isn't it? Oh, yes, and Gar Tattersall, who was then Assistant Under-Treasurer.

So you had these three roles, and you mentioned the – was it the Industries Development Committee was the – – –?

No; Industries Assistance Corporation.

What sort of work did you do for that? Or, firstly, what was its role?

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Its role was to provide development capital for small business, really, small to medium business, and the theory at the time was that there were many good South Australian companies which were starved for capital or for loans at reasonable rates, so the Industries Assistance Corporation really borrowed money from Treasury at government rates and then lent it to eligible companies at a small profit, shall we say. I think we added about one per cent to whatever the government rate was.

The reality was that the (laughs) Corporation, if you like, minimised its profits and maximised its losses by that philosophy; so, in other words, if a company fell over because you were operating in an area where banks were a bit nervous, we only made a very marginal profit on the really good ones but if one fell over then you usually did your dough.

You copped it, yes.

Nevertheless, at least in that period, while times were relatively good, there were some reasonably successful companies that emerged out of it, as well as some duds, as one would expect.

Can you remember the successful ones?

Well, Murray River Developments was one, Murray River Queen, the original one there. We funded the first extrusion line for San Remo Pasta, when they were just emerging. The Commonwealth Development Bank had actually knocked them back, which was – and it was a good company – surprising that they had. They were two that spring to mind. I can remember a few other not-so-good ones. (laughs) The classic – although that might have been a little later in time – was; Golden Breed, knitted tops.

Jeans?

Oh, yes, there were a couple of jean companies. At that stage, South Australia was the jean capital of Australia, shall we say.

If you like it was a mixed thing because the Government also provided government guarantees under Government Guarantee Program. They were dealt with separately and they'd go to the Industries Development Committee. So these

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were, if you like, Treasury guarantees, but they were provided under the *Industries Development Act* so the framework was the *Industries Development Act*, which had the government guarantee provisions and the Industries Assistance Corporation. So, if you like, I co-ordinated those.

So how did that guarantee work?

Well, again, the companies had to demonstrate that the government guarantee was necessary to get the funds, it was in the public interest and they had reasonable prospects of repaying the loan – that'd been something which had operated since 1944, I think, so it was set up under Playford – rather than providing direct funds; whereas the Industries Assistance Corporation was set up under Dunstan.

So who was the original funder? Was it a bank or some financial institution –

Yes.

– and then they'd do that subject to the government guarantee?

Guarantee, yes. And there were some pretty big ones given over the years. I think in the '50s I think even Adelaide Brighton Cement had had a government guarantee from what I recollect. But by the time that I was doing it those big, if you like Playford-type guarantees were not required. The financial system was working somewhat better for those major companies. But there were still some given over time, I think, we provided a government guarantee for the original Football Park development, and, despite all the nonsense that you hear from the SANFL saying they never had any government support, the government guarantee was absolutely critical in them getting up.

Right, that was West Lakes.

Yes. At that stage the Industries Development Committee was chaired by Don Simmons and I remember we– (laughs) we had Don Bradman lobbying intensely to try and stop it, because they wanted it at the Adelaide Oval. But the reason it went down to West Lakes, of course, was then that Delfin was struggling – I think it was really struggling to get the development up and actually having a – I mean now

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they'd be kicking themselves for having let so much of that land go for sporting facilities, but then it resolved a bit of a problem in getting cash flow through and that sort of stuff, but it still required the government guarantee.

So can you just describe the methodology, like you had certain requirements of financial information and – – –?

Okay. If you're going back to the Industries Assistance Corporation –

Okay, sure.

– because I'm rambling a bit, as one might expect – the Industries Assistance Corporation required that companies had to apply. There was a set out format for which they applied, it was a three-page, four-page questionnaire including – it's what a bank would normally ask for – a full history, something akin to a business plan. Most of them couldn't do a business plan, they didn't know what a business plan was in those days; but effectively it was a full detail of the company, its projections, last three years' financial history if it had one. A number of them didn't have much of a financial history. We generally used to get a consultant to go out and assess them, somebody from one of the chartered accounting firms. Sometimes we'd use Treasury people, as Basil Kidd that you may remember who became Assistant Under-Treasurer; at that stage he did a lot of work for the Corporation, working out of Treasury. Then I'd do some myself. I did the less hard ones. (laughs) And then a report would be put to the board. Well, in fact, I should say that what we used to do was first of all the raw application would go to the board and they'd have a look and say, 'Okay, well, this is worthwhile doing all the work or not.' Then we'd organise for that. Then final recommendation would come to the board, we'd take as much security as we possibly could, which was generally inadequate; if their security was good enough then the bank should have done it.
..... So it was more cash flow lending and based on the business prospects, so a lot of it was gut feel on the part of the board members, who were relatively experienced people, and hopefully it would all come to pass.

Was this within any policy framework about the sort of industries the Government wanted to support and promote?

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No, not really, not at that stage. There was no – well, in a way. I mean, there'd been this Gap Study which you're probably aware of, the great Gap Study, and so Max Scriven was aware of those sorts of issues and could bring that there. So I guess he was there for the overall industry development policy framework. But I'd have to say in those days the Industry Development Division was a team of eight people, and I keep on telling people when I finished my career the function probably had two hundred people doing less effectively what eight people did back then. You just got bogged down in bureaucracy. But the emphasis on policy and all of that sort of stuff was pretty minimal and because you had eight people you only attacked the big issues, the important issues. Bumf you just couldn't handle. I still think it was a more effective way of doing things – and you had closer relationship with the Minister, whoever that was, and originally obviously it was Don and later Hugh Hudson was the Minister.

Was there any debate in this corporation about the philosophy of government support for companies, or was it just a matter of being given – – –

No, I don't think so. I think it was a given in those days. It was an interventionist government and it was an interventionist approach and a person like Malcolm Kinnaird as Chairman you can see he obviously thought it was reasonable to do; and Charles Rothhauser, who'd set up Caroma, was nobody's fool; and I think they believed that it was a worthwhile thing to do.

Nobody came up with the idea of trying to get the financial institutions to be a bit more flexible?

(laughs) Not that I'm aware of. I got into trouble with the Commonwealth Development Bank a few times when I made a couple of observations that if the Commonwealth Development Bank had been doing its job we wouldn't be required; and the Commonwealth Development Bank, if you had a look at what its role was, it was identical to us. But you had the situation where the Commonwealth Development Bank would knock back somebody like San Remo and I can remember a subsequent one when I was asked to hand over a cheque and I made a little speech like that and, boy, did I get into trouble.

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From who?

The Commonwealth Development Bank complained to the Government about me making a statement that they weren't doing their job. But, you know, the Commonwealth Development Bank made more profit than the Commonwealth – it was a subsidiary of the Commonwealth Bank, but it was actually more profitable than the Commonwealth Bank, and yet it's supposed to be providing funds where the normal bank couldn't provide it. So that to me was just a total contradiction.

They worked on a state basis, didn't they, there were state offices – – –.

Yes, state offices, yes.

So the locals could go to the Commonwealth Development Bank.

Oh, you know, it did good work, but you had to question how could something be as profitable as that and yet supposedly be providing finance that the banks couldn't pick up.

And you mentioned there was close interaction with the Minister, and the Minister – in the early days, anyway – was Don Dunstan.

Yes.

Did the Corporation actually meet with him when you were there?

I think Malcolm Kinnaird did from time to time, but I wasn't privy to those meetings, those sort of one-on-one meetings, so I don't know what they would have discussed.

Okay, so none of that filtered down to you, obviously?

Not really, not that I'm aware of. I can't recollect anything. But occasionally I'd get direct calls from Don from time to time – you know, somebody'd come in begging for money or something like that and I'd then be asked to go and talk to them and do those sorts of things.

Did he give any instructions or leave it open?

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No, generally it was left open, apart from one particular one, which was The Coalyard.

Coalyard, right. What was that – selling coal, or – – –?

That was a restaurant, (laughter) as you well know. I don't know if you want to go there or not, but it was a bit extraordinary because anything over a certain amount had to go to the Industries Development Committee, which was bipartisan, and Don obviously pushed The Coalyard, but when it went to the Industries Development Committee – and I observed this on a couple of occasions – that even the members of the Opposition at the time were relatively deferential to whatever – if the Premier had supported something – – –. With The Coalyard I mean they sort of kept on throwing it back, but ultimately they left an option that the Premier could ultimately approve it if he wanted to.

Really?

And there were certain protections taken and that sort of stuff. But we weren't the – actually, I can't even remember whether that was a direct loan or a government guarantee; but the Government was only a relatively small component of the funding. Most of the funding was put up by Myer Solomon[?], if I remember correctly.

Myer Solomon, wow. Interesting.

And I'd have to say it was a good development in that sense. It was changing the view of how you ran restaurants and that sort of stuff, it was quite reasonable when it started off; but what happened to it I don't really know. It sort of fell by the wayside for varying reasons which I can't remember.

Interesting. So how did the Industries Development Committee, how did that work at that time? You're saying the larger proposals would – – –.

Well, they'd have to go to the Committee. The Committee worked quite differently because it would get a report from the Treasury, if it was a major government guarantee, Treasury would actually put up the submission; it handled Housing Trust, the big Housing Trust factory things, they had to go before the Industries

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Development Committee, and that was still fairly active then. And major Industry Assistance Corporation, and I can't remember what the threshold was, it might have been anything over twenty thousand dollars or something like that or it might have been fifty thousand or something.

They would then do their normal parliamentary thing, they'd take evidence. They had the powers of royal commissions, so you were effectively under oath and could be severe consequences if you lied or were found to provide false information. So they'd do all that. There were five people on the committee, which included the Deputy Under-Treasurer, I think, which changed from time to time, but there were two Government members, two Opposition members, and it required four members to be in support of anything to go through so it was quite interesting. So the Government or the Opposition could block anything. They rarely blocked anything, I have to say. I can't remember anything that really got knocked back – not in the Dunstan era; I can remember a few things later on that got into trouble, but not during that era.

So the Opposition, they were into intervention as well, they were supportive.

Well, to a degree.

They weren't railing about the philosophy of ---.

Well, I mean you've got to remember that Playford had only just disappeared and they were still somewhat fond of Playford, as you could say.

Free market wasn't running rampant.

No. No, no, I don't think it quite got to that stage in the '70s.

And you were the Secretary? Right, how did that line up with – usually there was a parliamentary officer as Secretary.

Yes for other committees but, I did it for the IDC and so I had to write the reports and all that sort of stuff and then in later years it got a bit strange because I was writing proposals, or reports that would then go to the Industries Development Committee and I was Secretary of the Industries Development Committee and

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they'd say, 'What do you think of this?' (laughter) Couple of occasions I said, 'I don't think much of it,' even though I'd written it.

'One half of me thinks this and the other half that.' And the Industry Development Advisory Council, that was ---.

Yes. That got killed off a bit later. I seem to have in the back of my mind that it didn't survive 1975 or '76. But I think they kept on changing the form because the problem with Industry Advisory Council, that these things under different guises *all* governments have, you know, it's how we interface with industry, and sometimes they have union reps on them as well and I think with the Industry Development Advisory Council there were a couple of union people on it. I might be wrong on that. But it was quite large when I originally got involved, there was something like twenty, thirty different people so it was a big forum, if you like, and inevitably they felt powerless. Whatever they said probably didn't go very far, or it might have ultimately, but they wanted to do real things and people' would get cheesed off and resign and that sort of stuff.

But the key part of that system was also a thing called the Industrial Development Executive Committee which was the executive committee of the Advisory Council, and when I was there that was chaired by Bob Schroeder, Chairman of Adelaide Brighton Cement, and there were a couple of others on it and they actually from time to time would commission things, commission work to be done. But that was the Executive Committee rather than the Advisory Council. I think they did some work on tariffs and those sorts of things at that stage because that was becoming an issue with the removal of tariffs, those sorts of things, and a few other things as well. So that was, if you like, a more effective thing; but again, they didn't meet ---. The Advisory Council would meet, and I think the Minister would be there for the Advisory Council; the Executive Committee didn't meet with the Minister at the time, but it would, one presumes - I think Bob Schroeder would obviously meet with the Premier from time to time as well.

And you mentioned the Council wanted to do all sorts of things. What sort of things, can you recall any of that?

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No, not really, other than that – I mean, the individuals wanted to be – rather than just offering advice, they wanted to actually say, ‘Okay, we think we should do this and we’ll go off and do it.’ Of course, the Government would say, ‘Ooh, no, hang on; that’s the role of government.’

So they wanted to spend government money, if you like, or it wasn’t their own money?

Well, you know, they wanted to actually – if they recommended something they’d expect that it’d actually be done, as opposed to just be another report or something They wanted to be involved in trade, I can think – this current issue of state trade offices and things like that, I think even then they were interested in, those issues.

Interesting. So when you were doing your work, what was your relationship with – well, you mentioned there were eight people in the Industries Division.

Yes.

What was your relationship with them, what sort of – – –?

I was totally independent, really – other than we had a usual weekly meeting. Although I mean I worked fairly closely with Max Scriven he was on the committee as well. But with the Industries Development Committee, there I was sort of working with whoever the chairman of the committee was at the time and after Don Simmons I think it was Jack Slater took over. John Cornwall was on it, but that must have been a bit later. I’m just trying to think of what Labor members were on. So you’d talk with them on whatever was on the agenda and what witnesses they wished to be called.

And they’d give advice on what they knew about the particular company or the industry or – – –?

Oh, no, sorry, I was talking about – well, no, no, I was just talking about the parliamentary committee, So I prepared their reports and made sure their views were reflected and all that sort of stuff. But with the Industries Assistance Corporation most of the one-on-one stuff I guess was with Malcolm Kinnaird then

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as Chairman, when various issues – I remember going, with the *Murray River Queen*, going down with Malcolm to view the first vessel, which couldn't sail properly because of a design fault. We were blown all across Lake Alexandrina. (laughter) It was under-powered and that was a major problem which had to get rectified and that sort of stuff. So it was sort of hands-on. that was one of the key pathways that the Industries Assistance Corporation worked. It was that found very quickly that to make some of these early stage companies work you actually had to put a consultant in, which is what we did. That was fairly expensive. The company was supposed to pay for it, but you'd grab somebody like Dennis Dall, who was a partner from Price Waterhouse – or John Heard from Peat Marwick for example.

Dennis – – –?

Dall, John Heard. Rick Allert.

Rick Allert, yes.

Yes, so people like that would – we had a bunch of, if you like, approved consultants, mainly from the big accounting firms. But they tended to be receivers, the receiver–manager types that they'd had experience in companies. So we'd put them into some of these to make sure that they were kept on the straight and narrow and didn't buy their Rolls Royce too early and that sort of stuff. That was a reasonably effective way of working.

And Milton Smith and his economics unit, was there any interaction with them at the time?

My office was fairly close. (laughs) So I knew the people in there. But no, not really. They were, shall we say, doing macro stuff; I was doing micro stuff.

I'm just trying to also gauge not only the relationships but again whether there was any particular strategic framework except try and get the industries up and running.

Well, not that I could detect in relation to that. I really don't know what philosophical basis was behind the actual creation of the Industries Assistance Corporation because that was before I joined, and I guess you could go back and

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have a look at the first-reading speech or the second-reading speech when the changes to the *Industries Development Act* were passed, that would probably give some basis to it.

Just looking at the economic context at the time, it seemed the early '70s were bubbling along but then things changed. Can you talk about that a bit?

Well, I think '73 – wasn't there a bit of a credit squeeze in '73?

I can't remember that. Well, the Whitlam Government hit the wall in '75, so everything started to – – –.

Yes. Well, things started to slow down a bit. I think my general view at the time was that, yes, things were slowing down in South Australia because you had this incredible rush of development in the '50s and '60s – building factories all over the place and migrants coming in as cannon fodder for the factories– and that started to change; and, coming onto the thing of Don Dunstan's vision and strategic framework, where I saw a major shift was probably a bit later, probably in '75/'76, when he started to get quite interested in alternative industries, cooperatives if you like, and was starting to push for government directors or community on boards and that sort of thing which caused great consternation amongst the captains of industry at the time. But I know he had a view that we were going to struggle to find employment for a lot of people the way that the world was going with mechanisation and all that sort of thing and people just – how were they going to live? So he was quite interested in this alternative industry movement, co-operatives and those sorts of things, and alternative lifestyles so people could go off and live on their commune and be happy and grow veggies. So subsequently I got involved in that, when I left the Industries Assistance Corporation, and sort of moved to what was – I forget what it was called now. I worked with Ken Belchamber on that alternative industry on the co-operatives side of things.

Can you talk about that a bit?

Yes. Well, I thought that was really interesting. We did a report on co-operatives, actually, it was a review of the co-operative industry – wrote this big, thick report. The problem with the co-operative movement was that it was a thing born out of

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adversity and primarily they were agricultural co-operatives. I'd done a fair bit of work, actually, with – there was a thing called the *Loans to Producers Act*, which was administered by the State Bank, in fact – I think the old State Bank then, that was not the Savings Bank, that was before they merged – which provided under this *Loans to Producers Act* again loans to co-operatives, or I think they used to also provide them to fishermen, the tuna boat operators. But it was aimed primarily at these fruit co- it was a complicated area because they had to get finance to grow their next season's crop and then wait for it all to be sold to get the money back, and that's what that was all about. It wasn't necessarily conducive as a framework for people wanting to set up their alternative lifestyles, whatever it was, to operate under that co-operative framework; but you still had to have some sort of legal framework and there were a lot of people then being encouraged various ways.

I know there was a group in the – might have actually then been the Department of Labour that was tied in with that as well, and I remember sitting down with them and after speaking to a lot of these people saying, 'This is not going to work.' Or I couldn't see it working. I mean the idea was fine, but the people, they couldn't even agree on how they were going to manage themselves, quite often. You had all these different philosophies. Some people didn't want to – they felt, 'We can't have somebody more important than somebody else.' But I'm saying, 'But, look, if you want to be a co-operative or even an incorporated association somebody has to be the public officer, that's the way it works.' And, 'Oh, that means we've got to have an election.' And they couldn't that was dreadful, against their principles..

But the classic that I remember was one that seemed quite well advanced – they were in the process of buying this big property somewhere in the Hills but whole thing fell apart because they couldn't agree – some of them were vegetarians, some were vegans, and then there was this argument, 'What do we do when the chooks die?' Some said, 'Well, it's all right. If the chook dies then you can eat it.' 'No, no, no, you can't do that.' They said, 'Well, we can't eat the eggs,' you know, 'that's not allowed' So it'd all fragment and ultimately that all died. But it was an interesting idea Partially I think it was based on the concept of what had come out Spain, where a number of co-operatives there t [had] become quite successful, and

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they weren't just rural co-operatives or agricultural co-operatives; they'd actually got into manufacturing and these sorts of things. So I presume he'd been inspired somewhere along the line by something he'd seen overseas and hoped that these things could translate into a South Australian context. Unfortunately, I think it was a worthwhile idea but it was just something that was impractical in SA— and the world moved on, frankly.

When he finally left government – when was that, '78?

'79, I think.

'79 or something like that – I think people breathed a sigh of relief that they could put that to one side and move on to something else.

Did you meet Jim Cairns in any of this?

No.

Apparently he came over at one stage about all of that.

Did he?

That was after he'd resigned. Just earlier you mentioned that captains of industry were concerned about some of Don's ideas on public officers on boards and that.

Yes.

Did you actually – did they talk to you about this sort of thing?

Yes. Well, I'd certainly hear the discussion and it was a real worry in terms of SA being an Australian leader on this sort of thing, which no other state was even suggesting, because it was starting to frighten away investment. I can't come up with any specific examples of it but I know that when we talked to people in the Department about expansion and that sort of stuff they'd say, 'Well, do we have to have a worker on the board?' Sorry, **no**, that was a different issue. You had worker participation with worker directors, and then they were talking about having government public interest directors and that was – put all those together and they said, 'That's all too hard.' I thought we were just too far out.

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And at the same time you had Peter Duncan, I think, who was Attorney-General, making very inflammatory sort of public statements that were worrying people. In the same context the Whitlam Government had imploded and the economic conditions had turned. So my view was that [in] a small state like South Australia, while you could afford to lead on social issues, which from an economic development viewpoint were positive because it gave a vibe about South Australia being a place where things were happening, you couldn't afford to lead on things which would affect the way businesses was done. Business would vote simply with their feet.: they'd compare states and I'm a company and I've got branches in different states, it's a lot easier in New South Wales than it is in South Australia, we're going to have to put up with all this sort of stuff, so that's a factor in the investment decision. Mightn't be the final factor but it's one of those. They look at all the costs and all the risk issues and it was a risk issue.

Were these comments in any formal forums or just private conversation from captains?

I'm sure a number of them would have written to the government about it. I don't ever recall seeing any of the correspondence but I'm sure they would have. Again, it's thirty years ago, but I'm sure it probably was raised within the Industry Development Advisory Council from time to time.

And you mentioned when you were doing the co-ops work that there were links with the Agriculture Department. Did you get any sense of the public service and how they were reacting to what Don and his ideas and the Premier's Department were up to?

I think it was starting to – well, I think there was a degree of scepticism. I wouldn't have said there was any great hostility to it, And certainly the *Co-operative Act* needed a huge overhaul then because by that stage you had these agricultural co-operatives like the Berri Co-op, which was a big company, and it was operating under an act that was based from 1890 or something like that and had to be brought in line with modern corporations law, and that was the main thing that we did. We recommended that Cooperatives be brought in line but it was just too hard then to try and use to the Cooperatives Act to embrace or to change that so that these

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alternative lifestyle co-operatives could also be brought under it because you really had two different philosophies – – –.

I've got a note in my questions about SA Brewing, Fauldings – I'll leave SGIC aside – and then SAGasCo. Were you involved in any of those?

I was certainly involved in SAGasCo. I was on the periphery of the takeover or the attempted takeover of SA Brewing, was it? Probably nothing much to do with SA Brewing. I was involved with SAGasCo, but that was post-Dunstan.

I see, right.

That was when Rod Hartley was running the Department in the 80s when we tried to – well, we did – was to free up restrictions due to its monopoly status by putting it with Pipelines Authority of South Australia, rolling them into one then turning it into a conventional public company. What we were trying to do or the philosophy then was to try and create some large South Australian companies, which was also the philosophy behind rolling the State Bank and Savings Bank of South Australia together, to create some critical mass to try and replace the large corporations that had upped and left the state, to try and keep some major corporate headquarters here, That was the context of my involvement with SAGasCo

So what was the other one, Fauldings?

Fauldings, yes, the government injection of money sort of helping it get along into a pretty substantial success story before it got taken over.

Yes. Actually, that's interesting. I don't remember us putting any money into Fauldings but maybe we did. And SA Brewing, don't think we put any money into there.

No, that's okay.

Fauldings, we may have. Certainly in later years I know that we did, under quite different programs, we put some money into Fauldings to help them get into their drug manufacturing operation, to actually start producing some of the generic stuff when they went out to – they took over the old Nylex factory and all of that, shifting out of their complex down at Thebarton. But it wasn't a significant thing.

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I know that we did embark on a few 'poison pill' type operations from time to time to help thwart takeovers and that sort of stuff.

How did that work?

We did one with which was originally Onkaparinga by putting up a government guarantee and then require if it got taken over they'd have to pay it back double or triple – you know, there was some sort of a thing so if somebody took it over then all of a sudden they found that there was an extra cost in transferring the ownership.

I see.

Now, I don't know whether that would be looked on too well now within current corporate law

They were a public company.

Onkaparinga was a public company. Anyway, it didn't save them because were taken over and ultimately closed.

Yes, that's right. Well, you've had a long history in the industries development area in various roles; how would you assess the Dunstan time compared with later on – well, I'll leave Corcoran out, but Tonkin and – – –.

Yes. In some senses it was less interventionist than it became later. I mean there were some pretty heroic interventions in the '80s which I touched on in terms of the SAGasCo one, which was really getting right up with the big boys doing takeover, merger, acquisition, all of that sort of stuff, and having people on success fees working on the thing. DBSM, [Dominguez Barry Samuel Montague], were the financial advisers on the thing and probably got a one per cent fee, success fee, on the value of the deal which might have been a couple of million dollars in fees. I don't think that wouldn't have been considered back in the Dunstan [era]. I'd say that really the Dunstan era was more concerned at the smaller business operation, that sort of stuff, rather than the big end of town or trying to do big deals.

The other thing that, as time wore on, we started to become more concerned with providing financial incentives whereas direct financial incentives weren't on the cards in the early '70s or in the '70s at all. The only incentive or the main incentive

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was the South Australian Housing Trust factory scheme, which really wasn't much of an incentive because it was on close to commercial terms. Of course, we were then stuck in this mindset of 'Factories, factories, factories', and so you could have your factory built without having to go and borrow and perhaps affect your borrowing capacity because it was on a deferred settlement basis or a lease with option to buy basis. The government, if you like, carried the risk on it. The people who ran the scheme could say that the government really never lost money, partially because we had a higher inflationary environment then and by the time a company fell over the factory, because they were built very well, were worth a lot more than at the start and the government generally got its money back. But that scheme's now defunct, it's no longer relevant. But that was, if you like, a distinction; and so, whether it was a Liberal Government under Olson or Brown or a Labor Government under Bannon, it was much more – seemed to me, anyway – much more interventionist than it was in the '70s.

So how would you assess the economic performance, if it's possible to do so, of the state?

Look, as I touched on, and really being honest I thought that Don lost the plot post-'75 and some of these way-out things – in my view – had an impact on investment in particularly hard times once you had that the credit squeeze post the Whitlam era and all of that sort of stuff. I'm sure that the economy – 'suffered' might be too strong a word, but certainly was held back by a perception at the time by industry that South Australia was a risky place to do business because of all these things that were sitting on the horizon.

Can you think of any things that Don actually innovated in this area if you, say, compare it with – well, we won't go into the social reform area, but there's a whole string there.

In terms of industry-type stuff?

Yes. Is there some legacy he's got there?

On the issue of worker participation, which was something I didn't have an involvement with, but it was a relevant thing at the time to try and give workers a

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greater involvement and therefore ownership of the company or corporation for which they're working and perhaps that was a way of trying to break the sort of union-*versus*-industrialist divide that was there at the time. I mean a lot of people feared it – and, interestingly, from talking to people at the time I think a lot of unionists feared it because they saw it as putting *them* in conflict. And this was the big issue, that is if a unionist starts sitting on the board how can he serve the union? A lot of them didn't really want it, they preferred the old days of 'us *versus* them'.

So one of the greatest shocks I ever had, I remember, was going to a meeting with a bunch of unionists and a company – I can't remember what it was – down at Parliament House and I went down there as the 'government man' and I went and I sat down at the table without even thinking where I was sitting and these union guys on the other side said, 'What are you doing sitting over there? You should be sitting here with us!' (laughter) So in the end I had to sit in a neutral position and that was that. I thought, 'Oh, gee.' I think they were from the AMWU

Metal workers.

I don't know whether it was the metal workers from the time who were fairly rabid. But I just thought, 'Oh, boy, what have I done?'

Johnny Scott, yes.

So I think if he could have pulled that off that would have been a good thing.

In a constructive sense, yes.

In the constructive sense. Again, I mean he was leading the country, which was a worry, but I thought that was worthwhile. The government directors on boards I thought was just silly, frankly. It was going to create all sorts of problems. If you could have got better worker participation in the way that companies ran, that might have helped smooth that rather negative industrial environment that was around at the time.

Did you have any involvement in the Redcliffs project at all?

No, not really. I certainly remember it. (laughs)

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You mentioned earlier Don didn't have any of these big projects but that might have been one of the few.

Well, no, I didn't mean that there weren't big projects – I mean, Roxby Downs started in that period. I remember Max Scriven coming and drawing his picture of the big pit that was going to take all of the central business district of Adelaide, and SANTOS¹ sort of came up, was still growing.

Well, in fact, actually one thing that I remember doing was having to go and fund a drilling rig because we'd got to the stage that there was no drilling rigs, no onshore drillings rigs, left. The last one was about to be taken out of Australia. It was after the first oil shock and rigs had been taken out of Australia to look for oil in US And there weren't going to be any drilling rigs left. And of course, from South Australia's viewpoint we needed gas. We needed gas and SANTOS didn't want to find gas because the price was too low and there were all these sorts of issues, so we had to actually fund – and I think that was the Industries Assistance Corporation – funded a company called Drillcon to keep the drilling rig in South Australia and keep it in operation, and that was the Mines Department at the time were really worried about that. They said, 'If that goes, it'll be five years before it comes back and who knows what the situation would be' So exploration would have stopped, which twenty years down the track would mean you're five years behind in terms of proving up resources and that sort of stuff.

What sort of millions was that?

Oh, it wasn't millions. Well, it was about half a million, I think.

Half a million.

Half a million, which was big money in the late '70s I think that was.

Yes, in those days, yes. All right, I've covered the areas I wanted to. There was perhaps just one: the other ministers, did you have much to do with them?

¹ SANTOS – South Australia Northern Territory Oil Search.

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Hugh Hudson was the minister probably for the last year., I not sure whether that was under Corcoran or Dunstan I certainly remember Don haranguing us just before he left government. He came in and told us we were all useless and – – –. (laughs) I think he was really under pressure then. I mean, that was just before he had his breakdown and you could see he was, you know, getting really twitchy. But Hugh Hudson – and from our viewpoint I think we thought it was far more effective with Hugh there because he was probably – he had a better rapport with industry and also we could get his time, had a lot more access to him. Its always difficult if the Premier is responsible for economic development, getting time, getting him to meet people and talk to them. So that was more effective with Hugh Hudson. Didn't have anything to do with King or Virgo, but Des Corcoran I did.

What sort of things?

Oh, well, just in terms of Des Corcoran we had a bit to do with Des because he was Deputy Premier. Was he Deputy Premier?

Yes.

Yes. And he occasionally would have companies he'd want to talk to us and that. But I recall vividly – well, it got back to me from the person he referred to – saying, 'Go and talk to David Mitchell. He's a proper bastard but he knows what he's talking about.' And I thought – well, after originally being quite astounded, you know, upset about that, I thought afterwards, 'Well, no, maybe that's a good thing.'

And just Hugh Hudson, what things, apart from access, what sort of economic knowledge did he – – –.

Well, obviously, he was an economist and I think he had a far better idea of how the system worked in terms of business and the right economic environment to support industry. I think his tenure as Minister was relatively short because the government changed. Actually, Don might have actually been our minister right up until he left and then, when Corcoran came in, we had Hugh Hudson as Minister because he was then Deputy Premier, that's right, and I think Hugh didn't have a lot of time to come in, find out what was happening and then the government changed. But I think

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people were starting to think, 'This is going to be good. If we could keep him as Minister we'd get a far better, a far more effective way of working.'

Is there anything you wanted to add that I haven't asked about or we haven't discussed?

You've got a question there, 'What was the level of support from other departments and how effective was it?' I just obviously make the observation that it was much more easy to get support from other departments when you were part of the Premier's Department than when you weren't. You could say, 'I'm David Mitchell from the Premier's Department,' and that would get their attention.

Because at one stage there was an Economic Development Department –

Yes.

– with Bakewell and Davies.

Yes. Well, it got all very confusing. At one stage, we were actually called the Development Division, Ministry of Development and Mines (a division of the Premier's Department)', because we were actually reporting to the Minister of Mines and Energy, who I can't remember who it was, so we were quite separate; but administratively we were still part of the Premier's Department, so Bakewell made sure that we had – on everything we wrote had the words '(a division of the Premier's Department)' so people knew what was going on. Subsequently we were made a separate Department of Economic development with Bob Bakewell as head. The Economic Development Division, Department, whatever it is, always seems to be at odds with the other agencies, no matter who's in government. We're usually trying to bend them to our will, and the more clout you've got the more effective you are in doing that – whether it's overall good for the state or not's another matter, but you're always looking at your own objectives, and so I'd always rather be a division of the Premier's Department from that viewpoint rather than being a separate authority on its own.

Yes. All right. Well, thanks very much, David. That's the end of the interview.

END OF INTERVIEW.