

Business SA's Nigel McBride warns Adelaide's north may become a new Detroit

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ADELAIDE'S north is in danger of becoming an Australian version of the drug and crime-ravaged American economic wasteland of Detroit, the head of the state's peak business body has warned.

Business SA chief executive Nigel McBride says a rapid "realignment" of the state's economy is needed to save the north from the fate of a city so crushed by hard times it was forced into bankruptcy two years ago.

It is a frank vision of a tough future for an area that, like the US car-making capital, was once an industrial heartland.

As the northern suburbs face the closure of Holden by the Detroit-based General Motors and the related pressure on the automotive supply industry, Mr McBride issued his warning to underline the urgency for business, governments and the public to tackle the looming crisis.

"The way the economy is going, we're going to get three to five really hard years, especially in the northern suburbs," he said.

"You don't need great imagination to know if we don't get it right, we will have another Detroit, with drive-bys (shootings), drug deals, the guns out; a social, and not just economic, failure.

“If we don’t get the recalibration of the economy right we will see some real tragedies ... an ice (methamphetamines) epidemic in the regions.”

Hit hard by the global financial crisis of half a decade ago, Detroit has become a symbol of American economic crisis. Whole neighbourhoods have been deserted by residents who can no longer find work, leaving the streets to violent crime gangs and a burgeoning drug trade.

South Australia’s unemployment rate rose by 0.7 per cent to 7.1 per cent in the past four months, according to yesterday’s ABS figures.

However, Mr McBride said “we understand anecdotally” that youth unemployment in the northern suburbs was already 40 per cent.

“We haven’t seen the end of auto manufacturing and supply changes, so we can only assume there could be a 5 or 6 in front of that (unemployed) number down the track,” he said.

“We are not just facing huge economic changes, but it's the speed of those changes.”

Mr McBride said the state could not afford to wait for a repeat of the mining and resources boom.

“I’m not saying we can’t do it, but its extraordinarily challenging on so many fronts,” he said. “The emphasis is what to do in the next five years and we are running out of time”.

Mr McBride said jobs needed to be created in tourism, education and major events.

He also said the overwhelming majority of businesses — which are of small and medium size — had a crucial role to play.

“We have to get them into export markets to take advantage of China and the southeast Asian region,” he said.