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Full transcript of an interview with

DENNIS GERSCHWITZ

on 13 October 1997

by Rob Linn

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OH 619/11

DENNIS GERSCHWITZ

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TAPE 1 - SIDE A

SOLA OPTICAL HISTORY.

Interview with Dennis Gerschwitz on 13th October, 1997.

Interviewer: Rob Linn.

Dennis, just to begin with, where and when were you born?

DG: 10th November, 1932, at the Angaston Hospital.

And you said you grew up at Swan Reach, is that right?

DG: Yes, the first twelve years of my life at Swan Reach. My Father ran the - didn't own it but ran the local store, Paul Ate Cinnamon, which was the main one. Then he died and my Mother moved to Adelaide.

So what was the main store, did you say?

DG: Paul Ate Cinnamon.

Was that the name of the business, was it?

DG: That was the name of the business.

Paul Ate Cinnamon?

DG: Yes.

Right. And that was at Swan Reach, was it?

DG: Yes, that was at Swan Reach.

I've never heard of that. Yeah, that's the little shop that's by the pub there, isn't it? Is that the one?

DG: No, that's the bakers shop. That was Ossie Marks' shop - the butcher, baker, candlestick maker. But Zimmermanns was - it's probably gone now. It was - if you came off the punt, it was on the right and stood on its own. Just opposite the street that goes right up the hill.

Yes, yes.

DG: It was always the first thing that would get flooded. Because it was right on the water's edge. I haven't been back for a number of years but it wouldn't surprise me if it's probably gone.

So where were you educated?

DG: Swan Reach School - primary. And then I came down to Immanuel College for three years. In that time Mum moved to town. I always remember, she wouldn't have got to town either - to even to buy a house because that was 1949. And there was a car, and cars were hard to get, so the fellow who was selling the house wanted a car and she got a house. In other words, she'd never have got a house.

Did my Intermediate. At the age of fifteen and one month, joined the Bank of Adelaide because they were short of staff.

Is that right?

DG: Quite incredible.

So your rise through the management positions must've been pretty quick - given the Bank structure?

DG: I was very lucky. I was very fortunate. For whatever reason - yes, I was very fortunate.

Did you enjoy the old Bank?

DG: Oh, I loved it. Loved it. But you've got to love what you're doing. It was great. I was - hell, I don't know. I can't remember.

For instance, in '71, that's when I first hit SOLA, was I came from being the Manager London (and I don't know, I was in my thirties then I suppose - had to be), came back to Manager of Adelaide, and that's where I - and SOLA had just floated. Not as a public company but as a - no, not quoted, but floated as a public company. Weren't quoted. I can remember Lloyd Clifford, who I took over from, said he'd been offered some shares but he thought he shouldn't take it - he'd have a conflict of interest. And he probably regretted that -

For the rest of his life. (Laughter)

DG: I would've thought.

I would've thought so, too - that most people would've.

DG: Yes.

Michael Astley said to me the other day, Dennis, 'anybody who had shares was very happy'.

DG: Oh, well, it was through Dean Sherry, I ended up with a few. A very modest few because in those days if any of the staff wanted to sell shares they'd go to the Secretary and the Secretary would place them for him. Bought a few hundred. It was only a few hundred at 50 cents. And it's strange because then subsequently - when Pilkington took over, you couldn't believe it.

The price?

DG: The price. Incredible.

**But then - anyway, we'll get to that story later.
So in 1971 you came across them first.**

DG: That's when I first (*couldn't decipher word*) - '71. Mid '71. July 1971.

And who were the people that you had most to do with at that point?

DG: Well, I suppose initially it would've been David Pank, and then Noel Roscrow and Alan Powell. And I suspect Alan Powell mainly, in the very early days. Because Alan seemed to run the financial side of it. But my recollection is mainly with Alan Powell early days.

Do you remember - it's probably a big ask, Dennis - but do you remember your feeling about the company at that point?

DG: Oh, had a very good feeling. Because my philosophy in banking was always 'do you trust and get on with the people you're dealing with?' With all of SOLA, they were all good people. Good honest people, and you get a good feeling about the company. But they also were convinced they had something

that was unique, and it was unique. Yeah, I had a very good feeling about them. Excellent feeling.

So you were really there at the time that SOLA began to see that there was need to expand internationally?

DG: Yes.

And I know - Dean Sherry said to me, and Alan Powell has also said to me, that the Bank really facilitated that move in many and varied ways. We were talking the other day on the phone about the move to Hong Kong. Do you have any recollections of that, or is it a bit vague?

DG: I don't really have a lot of recollections. I know we - the Hong Kong was set up. I can't really remember what my involvement was in that. If they say we facilitated it, well, that's quite possible. Because, as I said earlier, I travelled a fair bit before London, and subsequently after London in South East Asia. And knew a lot of people - Hong Kong/Shanghai Banking Corporation. That's where we would've gone. But I can't really specifically remember doing it though.

Perhaps you could explain to me, Dennis, the Hong Kong/Shanghai Banking Corporation. What was the nature of that institution in the early 70's?

DG: As far as SOLA are concerned?

Well, just that as an organisation.

DG: Oh, organisation. Hong Kong/Shanghai Banking Corporation, a very large and powerful Bank in South East Asia. Highly respected. There were two Banks. There was the Hong Kong & Shanghai, and there used to be a Bank called the Chartered Bank of India, Australia & China, which subsequently became the Chartered Bank. Both based in Hong Kong, and both very, very strong right through South East Asia, and been in China and all those places pre-War. But Hong Kong & Shanghai was by far the bigger of the two, and a very, very powerful Bank, and still is today.

Was it a British Bank?

DG: Well, it was very British in its management. The actual shareholding probably spread around. Yes, allegedly a British Bank, yeah. Very pukka British in terms of management and everything else.

Well, from what Alan Powell could recall of this incident, you set up a line of credit with the Bank for a quarter of a million dollars.

DG: Yes.

And the deal was, I think, that the next day (*sounds like, Matsa-kelly*) in Italy were shifting four hundred thousand dollars into the same account to cover that line of credit. This was to start the operations in Italy, and they were paying for the intellectual property, if you like, for this plastic. So you facilitated that account opening. The next day SOLA had a hundred and fifty thousand dollars credit in the Hong Kong/Shanghai Bank.

DG: That could've well been. Because when you said there was a line of credit - I'm trying to think, well, what did we do? Did we have security? But the security came from the -

The (*sounds like, Matsa-kelly*) deal.

DG: (*sounds like, Matsa-kelly*), yeah. Because when you said Hong Kong, I thought, 'Well, okay, they did Italy as well, and other places', but the thing I can remember was Italy. Yes, okay.

From what Alan said to me, and you probably would've known this at the time, the (*sounds like, Matsa-kelly*) deal, and the Hong Kong deal, had to work in tandem to -

DG: Yes.

- get everything off the ground. But eventually there's this one hundred and fifty thousand dollars in Hong Kong that's the basis for the spread to a lot of other countries.

DG: Yes.

Now, can you recall anything of that expansion of SOLA into the different regions of the world after that?

DG: Well, I recall Italy. But then, I had a feeling they went somewhere in South America, but I'm not sure.

Brazil.

DG: Okay. In my mind there's a vague recollection of South America - Brazil. I seem to have a feeling that Italy never really went as well as they thought it was going to go. It probably went fairly well but had greater expectations of Italy than subsequently proved to be the case. But that is -

A bit vague?

DG: Bit vague but it seems to sit in my mind.

Well, my knowledge as I see it, Dennis, is that Italy was then used as the stepping stone to Germany, to France and then to UK.

DG: Okay. You're absolutely right. Now, that comes back to me now because they did move - okay, yes.

In fact, Ireland was opened from Italy when there were political troubles in Italy.

DG: Yes. Right.

Ireland became - I don't know if you remember this but what I was told was that they got this deal in Ireland. The Government sponsored to set up a factory and create so many jobs, that if you did it over so many years and had the jobs, in fact the loan that you were given by the Irish Government was then completely free - gratis - after you achieved it.

DG: Well, I can't remember specifically with SOLA but certainly - yes, I was aware they did those deals. .May be there were some SOLA.

Yeah.

And through those years, did you watch SOLA's progress?

DG: Oh, yes, one did watch it. Because like everybody else, you had fairly close contact with them, and you'd get their Annual Report each year in terms of - to the Bank. They'd always bring it in and tell you how they're going, and went fairly regular meetings over the years, I suspect, with Alan Powell and

Dean Sherry mainly in the on-going, as things went down the track. Noel Roscrow was more tied up in the manufacturing side, and David Pank of course was just in the background, watching it all happen.

After making it happen in the first place. Financially, I think.

DG: I think so.

You would've known David over many years?

DG: Well, we have known David for many years through Laubman & Pank, and that's why they ended up with the Bank of Adelaide I suspect, because of the Laubman & Pank connection. Well, the Laubman & Pank connection, and the David Pank connection, is something that was a very valued connection in the Bank. Excellent customers, good business, honest people and, well, that's all you need for a good banking relationship.

In those days of Adelaide finance, which to me is sort of halcyon days, was it very much based on the relationship between people - this trust relationship?

DG: Oh, not necessarily. You don't like to put tickets on yourself but I suspect I might've been one of the first to move away from the traditional practice of lending. And probably not to be quoted but I think of companies like Hills Industries, SOLA, and there's probably a whole lot of others, where they were new small companies and we did a whole lot of different things.

I can remember going to Board and taking things to Board that had never been done before. Lending, and all sorts of - Santos, another perfect example. In the very early days, things that the Bank had never done. By lending really unsecured but on the reputation of the company, and on their cash flow, and on their Balance Sheet. So it was a bit different. But normally, in those days, the lending was against bricks and mortar, basically.

In one sense you're actually going back to a nineteenth century banking tradition in Adelaide where people like Elder and Barr Smith got money because they were known.

DG: That's right. That's right. Well, as I said a couple of times, I always worked on the philosophy that if I trust people, fine. If you don't trust them, just don't deal with them because you only end up in trouble.

So your feelings about the progress of SOLA, Dennis, through the 70's, was it impressive?

DG: Oh, very, very impressive. There was absolutely no doubt because - and I can't remember - when did Pilkington take over? That would've been -

'78/'79.

DG: I was going to say, late 70's. Well, the progress stream at that time was quite phenomenal. My recollection is that it was quite phenomenal because they did set up all these export areas, and they did go to the various parts of the world, and I suppose - and I'm trying to remember now. My recollection is they were pretty hefty - those exports to various parts of the world - and the way they were doing it. A lot of it was paying fairly minimal taxation on the profits that were made.

In Australia, you mean?

DG: Yes.

Yeah. Well, my understanding is that each of the companies outside Australia was, in fact, almost like an isolated sphere in that country -

DG: Yes.

- and the company was earning export points for sending materials there (or whatever), but in fact the earnings on the whole were kept in that region. All that Australia was receiving back was the export monies.

DG: Yes.

And so, in fact, it mushroomed through the little nuclei.

DG: And I suppose - I don't know but I suppose this was probably Alan Powell really. But they certainly had a fantastic system set up.

Yes, there seems to be a lot of Alan in it.

DG: Yes.

Do you recall the Pilkington takeover?

DG: I can remember Michael Astley's involvement. Well, I can remember because Michael was on the Board of the Bank at that stage. I can remember it all happening, and I can remember huge funds coming in from wherever. But apart from that, I don't remember one hell of a lot.

I guess other than that, if it needed proving, that it proved that the story had been an unbounded success.

DG: I think, undoubtedly. There's absolutely no doubt about it because SOLA is one of those things that doesn't happen too often. Where, in a very short space of time, you've got a new product, and you just grow and grow and grow.

Did it seem unusual to you that it should happen from an Australian - indeed, a South Australian - base, Dennis?

DG: No. No, not really. I think we have the capacity to do things. I think we're fortunate with South Australia, and probably fortunate that David Pank had faith in it and could initially fund it. And too often things that have potential don't get the funding that they should get because people are too scared to stick their neck out.

in another life, more latterly, that brought me an enormous amount of criticism for trying to support South Australian industry and things, where nobody else wanted to touch them, with seed money almost to try and just get them over the hill so they could go. But you get a lot of failures. You get very few successes I suppose with that sort of thing, and SOLA was one of them.

Do you have any particular major memory of SOLA, Dennis, just looking back over it all?

DG: Well, the major memory of SOLA is that it was a company that had a fantastic product. They used to talk about it being used in space craft, highly successful, and just boomed. But that is really my recollection of SOLA and, you know, not too much more.

Well, thank you very much, Dennis, for bringing that today.

DG: Well, as I said, there's probably not a hell of a lot of there that's of much use to you but -

You'd be surprised. You'd be surprised.