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OH 704/2

Full transcript of an interview with

ERIC NEAL

on 29 September & 1 October 2004

By Peter Donovan

Recording available on CD

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Sentences that were left unfinished in the normal manner of conversation are shown ending in three dashes, **- - -.**

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J.D. SOMERVILLE ORAL HISTORY COLLECTION, STATE LIBRARY OF SOUTH AUSTRALIA: INTERVIEW NO. OH 704/2

Interview with Sir Eric Neal by Peter Donovan on 29th September and 1st October 2004 at the Flinders University of South Australia for the Institution of Engineers Oral History Program.

TAPE 1 SIDE A

Peter Donovan speaking with Sir Eric Neal for the oral history project generated by the Institution of Engineers. I'm speaking to Sir Eric at his office at Flinders University on 29th September 2004.

Now, Sir Eric, we'll start at the very beginning: you were born in 1924 and migrated with your family here to Australia in 1927.

Correct.

Why did the family migrate?

Well, my family were for a long time engaged in the coal gas industry – some of this, of course, became known to me later on – but my great-grandfather, Matthias Johnson, was married in London in 1850 and, on his marriage certificate, his occupation is given as 'gas engineer'. And he spent many, many years on the Continent[1] as a contractor building gasworks, gas undertakings, for mostly municipalities, because in the middle of that century many, many towns and cities – not only in Europe, but also in Australia – were putting in gasworks for the purpose of street lighting and home lighting and, later, home cooking. So Matthias Johnson spent many years on the Continent, and my grandfather was in fact born in Holland, his birth certificate indicates that. My grandfather then went into the South Metropolitan Gas Company in London and worked with them for fifty years.

His daughter met my father, who returned from World War I and went into a training program with the South Metropolitan Gas Company, training in all aspects of gas engineering, so that my father was on the staff of the South Metropolitan Gas Company in London in the 1920s.

The South Australian Gas Company, Adelaide, were building a new gasworks at Osborne, which I'll mention a little later, and they were looking for somebody to come and work in running that gasworks, and my father was recruited by the South

Australian Gas Company and in fact came out here in February of 1927, arrived on a Saturday on the boat from England and started work with the Gas Company on Monday morning, so he really came out as a migrant but with a job waiting for him.

The engineering aspects of South Australia were very advanced in the 1920s because our utilities – electricity, gas, railways – and many of our industrial undertakings were based upon power generated from New South Wales black coal, so at Osborne a coal-handling plant was built by the South Australian Harbours Board and it comprised four very large, modern cranes which could unload about four hundred tons of coal an hour. And the ships in those days carried about six thousand tons, so to turn around a ship in less than twenty-four hours was quite modern for those days. And the interesting thing was that the three major users of coal were co-located side-by-side behind the wharf: that was the Adelaide Electric Supply Company power station; the government coal-handling facilities, which received coal for the railways and what was called the 'shore trade'; and the South Australian Gas Company's new gasworks. And indeed the conveyor systems were such that coal could go straight from the ships *via* the cranes into the bunkers of the power station or the Gas Company or the coal-handling plant, so the engineering initiatives of South Australia in the 1920s were really world-class, in my opinion.

Anyway, my father started work at the Osborne works of the South Australian Gas Company and I, in due course, started school at the Largs Bay School, which was at the age of five.

So your father was an engineer.

Yes. Actually, he was a fuel technologist. He was a chartered fuel technologist which is, I guess, an engineer who's specialising in energy industries, yes.

So how many in the family? Did you all come out together?

No, I came out as the oldest child, and my first sister, who was not very old, just a few months old, she came out as well, and subsequently two more sisters were born in Adelaide so I'm the oldest of a family of four, three sisters, and all still alive.

I became aware only of the family involvement in the gas industry as I grew older.

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[1] *i.e.* Continental Europe.

So where did you live at this stage?

Initially we lived at Largs [Bay], then we lived at Semaphore, then we lived at Osborne in a house which the Gas Company built for us at Osborne, yes, very close to the gas plant.

So you grew up on the LeFevre Peninsula.

Absolutely, yes.

Did your mother have a career, or was she a homemaker?

No, my mother was always a homemaker, and my father worked long hours because in those days the gas industry was a seven-day-a-week, twenty-four-hour-a-day, three-hundred-and-sixty-five-day-a-year production job, so I can, apart from annual leave, I can never remember my father not going to work on Saturday mornings or Sunday mornings, where he'd go to the plant and check on the production for the previous twenty-four hours, and the quality and so on. And he'd be home by lunchtime, but he really worked seven days a week, so my mother did a marvellous job in raising the family.

So tell me a little bit about your education, where you were educated. Were you always near the top of the class or in the middle of the class?

Well, I was perhaps a late starter. But in 1931 there was a great Depression occurred in Australia, and particularly in South Australia. Unemployment got up to twenty-five to thirty per cent, and in many organisations people were working one week off in four – a week for which they didn't get paid. My father was fortunate, being on the staff of the Gas Company, he was always in work. But they had a gasworks at Brompton at that time and the plan, when Osborne was built, was that progressively Osborne would be extended and ultimately it would be the sole producer of coal gas for the city of Adelaide, and indeed it was connected to Brompton by an eighteen-inch pipeline from Osborne up to Brompton. But stage one of Osborne was completed in 1929 and the works were started, and in 1931 the demand for gas fell to such a degree that the company couldn't maintain two gasworks in operation. Osborne at that time wasn't quite large enough to supply the total amount of gas, so it was closed two years after it was opened, and my father took a subsidiary position at Brompton works, where we again lived in a company house at Brompton, and I

went to school at Hindmarsh Primary School for the balance of my primary education and then went to Thebarton Boys' Technical School.

I was probably in the third quartile of the class at school, I certainly wasn't top of the class, I was probably in the third quartile in a class of about forty. But then in my teens I started to study harder and I recall at Thebarton Boys' Technical School some forty boys in our class sat for the Intermediate Certificate and I was one of eight that passed, (laughs) and then I moved on into matriculation class. So I started to study in my teens, and I did better at high school than I certainly did at primary school.

So did you complete your Leaving?

No, and that was one of the disappointments of my life. I was in a matriculation, or Leaving Certificate, class at Thebarton School, and the masters, one of the masters in particular, suggested I went on to university. But Father was always of the view that trade training was more important and one could do technical training subsequently if one was fitted to carry it out or achieve it, so halfway through – well, at the end of the first term, virtually, of my matriculation year – I was taken out of school and apprenticed to the South Australian Gas Company. It was the only time, or perhaps twice in my life I've had *major* disappointments, but that was really very disappointing.

But I was resolved to become an engineer. I didn't want to stay a tradesman for the rest of my life, and with the help of a man called Donald Scott-Young, who was the engineer of the South Australian Gas Company, I immediately started studying at the School of Mines at night school. So during my apprenticeship with the Gas Company I never went to night school for less than four nights, but mostly five nights a week, and so by the time I'd finished my apprenticeship I had a third of an engineering course completed. And my father and mother did say to me, 'Well, we were perhaps wrong, and if you wanted to go full time to the School of Mines', as it was then, 'we'll support you by providing free board and lodging,' so to speak. (laughs) So I had enough money saved up to pay the fees, because there were no Commonwealth Scholarships at that point, and I then went full-time to the School of Mines.

So you were still living at home at this stage? If so –

Yes.

– where was home?

Home then was at Chief Street, Brompton. Then, what had happened was the Superintendent's house at Largs Bay, for the Gas Company, had been let to somebody else – you know, an outside tenant – and in 1942 the Osborne gasworks was reopened and my father became the Superintendent of the Osborne gasworks, but the house wasn't available because of wartime restrictions, you couldn't – what's the word? – terminate tenancies of houses, so it was 1947 I think before we moved back to Largs Bay. So then we did move back to Largs Bay.

You mentioned something about Blackler Street at Semaphore?

Yes, that was the first residence we lived in while our house at Osborne was being built. We rented a house at Blackler Street, Semaphore. That was in 1927-28.

So what were your years at the School of Mines, then, Sir Eric?

I went to the School of Mines from 1940 to 1949, part-time for most of that time and one year full-time, 1946.

Now, that's during the wartime. Was there any pressure on you to join up?

Yes, I went up and was examined and passed fit for the Army and then sent back to work, so I was in a reserved occupation for the War. I got a certificate at the end of the War to thank me for my services in the area I was involved in, but I didn't serve in the services in World War II.

So you completed an apprenticeship –

Yes.

– you got your ticket –

Yes, that's right.

– and you've got a degree.

No. I'll get back to that later. I didn't get a degree. I've got three honorary degrees but not a real degree. I went back to the School of Mines. I was always interested in becoming a gas engineer, and in New South Wales they had a government examination for Certificate of Qualification as a Gas Engineer. And in New South

Wales at that time there were about thirty gas undertakings, some were companies and some were councils, but if you think of almost all of the major towns in New South Wales – apart from Sydney and Wollongong and Newcastle and Maitland and Armadale and Bathurst and Wagga and Parkes, Grenfell, Cowra – almost every country town in New South Wales had a gas undertaking. And to be a gas engineer you had to have a certificate of competency issued by the New South Wales government, which was by examination. So when I was twenty-one or twenty-two – no, I was twenty-three years of age – I passed that examination and had the Certificate of Qualification as a Gas Engineer, but they wouldn't issue it to me until I was twenty-five years of age because that was the minimum age to hold one.

So in 1949 I had four subjects left to do to complete my Engineering diploma, and the Broken Hill and Suburban Gas Company at Broken Hill needed an engineer, and they offered me a position as the engineer – I didn't apply for it, I was offered that job – at twice the salary I was getting in Adelaide, plus a free house, a very good house, provided and free gas and free electricity and free telephone, so at the age of twenty-five years I thought to myself, 'Well, I'll move to Broken Hill, finish the four subjects that I have to finish by New South Wales Technical College,' and so I took the job in Broken Hill. Then I found, because of the parochialism of the various states in those days, each technical university didn't fully recognise another university's standards. They would claim, 'Oh, well, yes, but we have a slightly higher standard,' or 'We are different.' So instead of having to do four subjects I had to do about eight subjects to complete this diploma. So what I did was satisfy the examination requirements of the Institution of Gas Engineers, UK, by thesis, (laughs) and then I became a chartered engineer. So I'm a chartered engineer in the UK and I'm a Fellow of the Institution of Engineers, Australia, but I don't have a degree.

That makes you unusual now.

Yes.

You did a stint with the Electricity Trust.

Yes.

So where does that fit into all this, and why go from gas to electricity?

Well, I was frustrated at the Gas Company. I think one of the reasons was that I was working in the Distribution Department. I couldn't really work in the gasworks because my father was really very much involved in the gasworks side. I was involved in distribution, I didn't feel I was getting very far – or far enough – and I decided to get out of the gas industry and get into the electricity industry. So I applied for a job with the Electricity Trust, it hadn't been long formed, was interviewed by the late Cyril Stobie, the man whose name's commemorated in the Stobie poles, and I was given a job in the Engineering Design Department on North Terrace, and it was from there that I was recruited by the Broken Hill Gas Company.

So at this stage you were still living at home –

Yes.

– all the time you were in South Australia?

Yes, I was still living at home and I was single. But I was engaged by that time to a young lady from Glenelg, Thelma Joan Bowden, who I'd met at the Gas Company.

So in that early period of your life, who are your major influences? What do you derive from your father, what do you derive from your mother, when you look back now?

When I look back now, I derive from my father a sense of responsibility, a sense of fairness, particularly in dealing with one's employees, because Dad was – he became the Works Manager of all of the South Australian Gas Company's operations at Osborne, Brompton, Port Pirie and had hundreds of people working for him – and he was very fair, very just and a great believer in good management and good equity. He was a great believer in self-discipline: as I said, he worked virtually seven days a week – at least, five days full-time (laughs) and Saturday and Sunday mornings – apart from annual leave, and yes, he taught me the work ethic and self-discipline. My mother taught me to reach out and improve my status and improve my standing, and it was really she that encouraged me to, or supported my leaving the Gas Company, which was very disappointing to my father, and joining the Electricity Trust. Mother was one of these ladies who thought, 'You can do it, you can do better.' She was a great source of encouragement.

Did your father bring work home, like did you learn a lot about the Gas Company from conversation around the dinner table, for instance?

No. It was interesting, he would never discuss staff problems or human problems at home, he never involved his family and particularly me in any matters of business of the Gas Company, but he would freely discuss the technical production of gas and the management of a gasworks and that sort of thing, yes. So I did learn a lot from him in that sense.

Did he have much other influence on you, teach you how to kick a soccer ball or a football or – did he have much time to spend with you as a father?

No. We didn't play sport together, but he always took us away on holidays. I can never remember not going off on a holiday. We would go camping when we were in the Depression, go to Murray Bridge; we went by road to Melbourne in 1936, when it was quite a journey. We owned a motor car right through, which was fairly unusual in the 1930s, and so Dad would always (he got four weeks' leave because of his staff position), and we'd always have the four weeks' holiday away with Mother and Dad touring somewhere. We never spent a holiday at home, we'd always be away somewhere. And of course, on the Saturday afternoons and Sundays, we would go to the beach, up to the Adelaide Hills. And there was no air-conditioning in those days and so, in the very hot – when we lived at Brompton, in the very hot summer evenings, we'd come home from school and Dad would pile us into the motor car and we'd go down to Kirkcaldy Beach, which was near Grange, for a swim and come home in the cool of the evening. So we did spend a lot of time together as a family, yes.

Who were other influences on your career and your direction? Did you have any other patrons?

Patrons, yes. Well, I think the man called Donald Scott-Young, who died about seven or eight years ago at the age of ninety-nine. He was an eminent engineer in South Australia and a member of the Institution of Engineers, and he was at the time Works Engineer of the Gas Company, and subsequently he went to a company called Sulphuric Acid Limited down at Birkenhead, where he was the manager of that plant. And he used to really guide me in my studies at the School of Mines, and he was instrumental in me getting the job in Broken Hill because he was a consultant to the Broken Hill Gas Company, and when I was working at the Electricity Trust he telephone me one day and asked if I'd call and see him after work down at his office

at Brompton and he told me that the Broken Hill Gas Company were seeking an engineer for the company and was I interested. And I said, 'This is a job I'd need to apply for?' And he said, 'No, the job is yours if you want it.' So that was a great opportunity. (laughs) He was a very good mentor.

So your sisters, what did they do? Did they take on a profession? Did they have the same drive that you've got or were they sort of treated as 'girls' at that stage?

Yes, well, I think this was – it's hard to say a negative about a parent, but this was perhaps the difference between my father and my mother. My father didn't really believe in higher education, not only for me but for my sisters, yet my sisters were generally outstanding at school and two of the three sisters went to Adelaide Technical High School, which was a competitive entrance examination. And one of them matriculated at the age of fifteen and she would have been university material, but Father then sent her to business college for one year so at the age of sixteen she became a secretary, and a very good secretary. That was the second sister. The third sister, much the same career pattern. The interesting thing is that that second sister, who matriculated at fifteen, she had three children, one became a doctor, a girl, (laughs) another one became a veterinarian, so her children had a greater opportunity than she had, put it that way. And the younger sister, she met a boy at the Adelaide Technical High School who studied accountancy with the Electricity Trust and then joined a firm called RW Miller and Company and moved to Sydney with his wife, my younger sister, became the General Manager of RW Miller and Company, subsequently went to USA[2] and they lived there for about nine years, he was the Vice-President of Kaiser Corporation, retired back to Sydney where they live now, and their oldest son is on TV[3] every morning, David Koch, who runs the Channel 7 *Breakfast show* – he was born at Largs Bay before they moved to Sydney. So my sisters did quite well, but they'd have done better if they'd had the opportunity to have higher education. No, I wouldn't say they would have done better, that's wrong, they've done very well. But they might have found life a bit different if they'd had the opportunity to undertake higher education.

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[2] USA – United States of America.

[3] TV – television.

Well, how about Joan? Who was the young lass you met at the Gas Company?

She was a marvellous lady. We met when she was sixteen and I was about twenty-one or twenty-two, and so I realised I couldn't marry her for a good many years so we became engaged when she was eighteen, eighteen and a half, and when I went off to Broken Hill the plan was that we would marry a couple of years later, when she was twenty-one. But after the thing at Broken Hill I found that the cost of flying back to Adelaide to see her perhaps once a month was going to inhibit our ability to save, plus the fact I had a very fine home (laughs) which I was, in effect, baching[4] in, [so I] approached her parents and they agreed that we marry when she was nineteen, so I married Joan and she came to Broken Hill.

She wasn't able to work in Broken Hill because married women were forbidden from working by the union movement in Broken Hill in those days, which sounds repressive but it really wasn't, in my opinion, because there were about six thousand men working on the mines who were getting a lead bonus which amounted to almost doubling of their wages, so wages were very high in Broken Hill. And yet there were not that many jobs for women, so females who worked in banks, the council offices, the Gas Company offices, when they married they had to give up their work to provide work opportunities for younger people who were leaving school which, as I said, sounds repressive but in fact it suited that town.

But the interesting thing was Joan undertook about almost every course the Broken Hill Technical College was offering, in English Literature, in art, in religion, in musical appreciation, and (laughs) she had a wonderful education. The principal of the Technical College, who became a friend of ours, used to say to Joan, 'What, you again?' when she enrolled each year at a different course. So she really had a marvellous general education in Broken Hill. But she also devoted her time to charitable work and became very much involved in Red Cross, School of the Air, Flying Doctor Service Auxiliary, and indeed she's still involved in Red Cross today, she's a director of Red Cross South Australia and went to a board meeting just last night, and that's fifty years later.

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[4] *i.e.* living as a bachelor, unaccustomed to housekeeping.

So I guess just one last question about your early days: did religion play much of a part? Do you have a religious background? Because in one sense, I guess, religion played a major part for lots of people, particularly with contentions between the various religious groups.

Well, Father was a practising Christian – – –.

END OF TAPE 1 SIDE A: TAPE 1 SIDE B

[– – – one last question about your early days: did religion play much of a part? Do you have a religious background? Because in one sense, I guess, religion played a major part for lots of people, particularly with contentions between the various religious groups.

Well, Father was a practising Christian] but not a regular churchgoer. He used to say that there are perhaps many more Christians outside the Church than there are inside the Church, so Father wasn't terribly religious but a very Christian person. Mother was more of a churchgoer. But the interesting thing was – and this has continued with me throughout my life – it's the destination that counts, not the path which you take to get there. So when we were young we went to the local Methodist church because Mother considered that it was too far for the three young girls to walk to the Anglican church, and as we got old enough – I was about twelve or thirteen and the sisters were getting beyond the toddler stage, they were at school – we then went to the Anglican church where, in due course, we were all confirmed.

But it taught me a lesson, because in life, although I'm an Anglican and my wife and I are the joint patrons of Anglicare in South Australia, I do have a concern about people who believe that their church is the only way to Heaven. I've always had a view that, as I said, the destination is the ultimate place to be, not how you get there. And when I was Governor I visited churches of all denominations in South Australia. I tried to go to church every Sunday, didn't always succeed, but I did try to go to a different church.

And I've always believed that the Christian faith is very important to me, but I've got also great respect for the other great faiths of the world and I would never knock a true Moslem's religion or a true Buddhist's religion. The Moslem religion is coming under some criticism from some sections of the community because of the distortions by certain people, and unfortunately it does tend to detract from what is another great faith.

Okay, let's move on a bit to your time in Broken Hill. What did you go to, what was your role there, were you still able to work as an engineer, how many people were under you?

Well, when I first went there as Engineer of the Gas Company, I probably had about twenty-five people reporting to me, maybe – yes, twenty-five or thirty people, of that order – in the gasworks, in the distribution system and the meter repair shop, and it was a very hard and difficult time. The company was in a parlous state. Gas was being rationed, the five-shilling shares were one-and-threepence because the company wasn't paying a dividend, the gasworks was in a dilapidated state. The money was available to rebuild it, so over a period of two or three years I rebuilt the gasworks with virtually new plant, almost every item of equipment was replaced by more modern equipment, a new gasometer was commissioned which was ninety feet high – it was (laughs) quite a landmark in Broken Hill – and I worked very, very hard. The problem was the mines were such an attractive place of employment that many people would come to Broken Hill and they would take any job they could get and enrol at the mines, and when the call-up came from the mines they'd leave their town job so we had a turnover of well over a thousand per cent of labour in the gasworks in my first year. That really means that every job was filled ten times over. People would work for two or three or four weeks and off they'd go.

And there was a small nucleus of employees – four or five only – who didn't go, and with their help and my effort we managed to not only rebuild the gasworks but also maintain supplies. And the net result was that, two or three years later, the Gas Company shares were back to five shillings and they were paying a regular dividend. It did mean, however, that in my first year in Broken Hill I actually worked for three hundred and sixty-five days. I did not have a day off. I had some Saturday afternoons and some Sunday afternoons off, but I really worked seven days a week for about fourteen months, until my first holidays came around, and then by that time the situation was restored enough that I was able to take four weeks holiday in about March of the second year there. So it was really a strong work experience for me.

So where were you in the pecking order? You were a young fellow, a new engineer: how many were there in senior management at that stage?

There was one person above me, the managing director. The managing director was sixty years of age at that time – RIA Richards, who was an accountant and had been with the Gas Company for about thirty or forty years, was the manager. So it was a very difficult time, the first year or two, for me, because he was a very dominant person and indeed the state of the Gas Company was perhaps a reflection on his over-control. But, on the other hand, one could learn a lot from him and I did learn a lot from him. He was a hard taskmaster but a very, very experienced person. And so I was the Works Engineer, responsible for the technical management of the company, and he was obviously in charge of me plus the office staff of the company, and his office was in the office in the main street and my office was at the gasworks. We both had houses provided by the company. Mine was the better house, but it was two or three streets away from the gasworks. His house was right *in* the gasworks, which suited him because he used to walk into the gasworks at almost any time of the day or weekends and he would be quick to point out to me that this wasn't right or (laughs) that wasn't right. So he was a hard taskmaster but I did learn a lot from him, yes.

So you say you were responsible for renewing the gasworks.

Yes.

Was the customer base expanding or –

No.

– contracting or static?

The customer base was virtually static because Mr Richards wasn't really interested in extending gas mains and he wasn't really interested in selling appliances unless somebody came and paid cash first, in advance, and then the appliance – and if it wasn't in stock he'd order from Adelaide or from Sydney. So he wasn't very expansionary-minded. And perhaps he'd been bitten a little bit by his post-war experience from 1945 through to 1951 or '2, when gas was in short supply, the gasworks were rationing gas at times, largely due to plant deficiencies, sometimes to coal shortages from New South Wales coalfields. So he was pretty much inclined to sit on the customer base of four thousand homes being connected.

In due course he retired, but coinciding with his retirement a company called the Gas Supply Company – which is now Origin Energy, ultimately – the company called Gas Supply Company from Melbourne made a takeover offer for the shares for the Broken Hill Gas Company and that takeover offer was recommended by the directors, and Mr Richards retired at the end of my sixth year there and I was appointed the Manager of the company by the new owners. So I became the Manager and Engineer of the Gas Company.

What other issues did you have to contend with? You suggested there supply, coal supply, was a problem. How was that resolved? Did it come *via* Port Pirie on the train?

No, coal came from Newcastle by train to Broken Hill, but on one occasion the railway line was cut by a flood on the Darling River and we actually got coal from the South Australian Gas Company by road to Broken Hill, which was a very expensive way of getting coal, but they actually ran trucks from Brompton to Broken Hill. We bought the coal from the Gas Company here and ran it by road to Broken Hill. But subsequently the coal issues were resolved. The change of government, I think, in the – well, the Chifley Government brought soldiers into the coalmines in the late 1940s then, when the Menzies Government came in, there seemed to be a stronger line with the coalminers or coal unions, and the coal strikes virtually stopped in the early '50s and supply was assured. So we had no problems after the first year or two with coal.

How long were you manager, and what impact did you have on the company? Did this now give you *carte blanche* to grow the company?

Yes, because the new owners – I'd pointed out the potential of Broken Hill to the new owners. Broken Hill was a very strong town, economy-wise, there was a lot of money there, and electricity was rationed – well, not rationed: there were blackouts, a lot of blackouts, because the power station was run by the City Council and it comprised a lot of old units, so electricity was (a) unreliable and (b) expensive. So the new owners of the Gas Company gave me the opportunity to expand and in three years I connected a thousand more homes, so then we had five thousand homes connected, which was a twenty-five per cent increase in consumers in three years, which was fairly unprecedented in the gas industry.

The Gas Supply Company owned twenty-six gas companies in Australia. They ranged from Cairns in Queensland – in fact, down the Queensland coast there was Cairns and Townsville and Charters Towers and Mackay and Rockhampton and Mount Morgan and Bundaberg and Maryborough and Gympie and Warwick, they owned every one of those gas companies. They owned a whole lot of gas companies in Victoria – Bacchus Marsh, Ballarat, Ararat, Stawell, Warracknabeal, Hamilton, Portland, Colac. And the biggest of their operations there, the whole twenty-six gas companies, was Ballarat Gas Company, which at that time had ten thousand homes connected, which was then twice the size of Broken Hill. So in 1959 they offered me the position as Manager of the Ballarat Gas Company in Victoria, which was their largest branch. So Joan and I moved from Broken Hill in '59 to Ballarat in Victoria.

Just before we leave Broken Hill, I presume you started your family in Broken Hill?

Yes, our first child was born in Broken Hill, [our] son Peter.

How did that impact on your life? You didn't quite work every weekend?

No, it didn't change my work habits *that* much, but it gave me a greater sense of responsibility. I realised I had not only a wife but a child to support and bring up, so it gave me a greater sense of responsibility, yes.

So moving to Ballarat in '59, why you? You had become a star for State Gas Company in Broken Hill, and what confronted you when you got to Ballarat? Was it again a rundown place, or was it a –

No.

– thriving company?

Ballarat was a thriving company, it was well-managed, it was a thriving company. And it had some challenges, the main challenge being that the sales of gas weren't expanding as much as they could have been or as much as they subsequently were. But it was a well-run company and it was a good plant, there was no shortage of coal. And they had one problem, which *was* a challenge: they'd built a new gasometer and it was a hundred feet high when it was fully-inflated, and they had built this gasometer on a concrete foundation on poor ground, ground that had been subject to mining in the early days of Ballarat, in the previous century. And the

water tank of the gasometer, which is the lower part of the gasometer, contained a million gallons of water. So the gasometer was built and of course the water tank was filled, and the foundations tilted. And the gasometer was blown up with air and of course the fact that the gasometer was a hundred feet high and the water tank was only about thirty feet high (laughs) the gasometer had quite a lean on it as it went up, which wasn't very inspiring to anybody that noticed it, you see, in the town. It was blown up with air, so it was quickly lowered down again. And I arrived as the manager and one of my first challenges was how to address this problem. And we got in a Dr Trollope from the University of Melbourne, civil engineer, a very eminent engineer, and various solutions looked at, one of which of course was to empty the water out of the tank, level the tank – which was a big job – then fill it with water again, and my recollection is that Dr Treloak's view was that the release of the load and then the reapplication of the load could result even in a further tilt. Anyway, it was a course that wasn't recommended. So what we did [was] we left the tank with a slight lean on it and readjusted the guides of the gasometer so the gasometer went up vertically from its guides in a tank that had a slight lean on it. And this involved getting inside the gasometer, into the water, to relocate these guides.

I went down to Melbourne and called on a firm called United Salvage Company, who were the people who'd got the gold out of the ship *Niagara* in 1940 which had hit a mine off the coast of New Zealand and sank, and Captain Williams, who later was Sir John Williams, an eminent marine man, he recovered most of the gold from the *Niagara* in quite deep water. Anyway, United Salvage Company was his company in Melbourne, so we hired a diver from the United Salvage Company and we put an airlock on the top of the gasometer, and the diver and I got into this airlock and then got into the gasometer – which I have to say was full of air, not gas, of course – and the gas holder was lifted with air to get its weight off the guides, and the diver went down and I was in telephone contact with him, and he took the measurements under water. And we had the new guides made over the following week, and a week later we repeated the process and the diver went down and we relocated the guides, repacked the guides, so the gasometer then worked vertically.

And the interesting thing was it was the most interesting engineering exercise. And I was then a member of the local group of the Institution of Engineers in

Ballarat and it would have been a marvellous paper to give to the monthly meeting of that institution, but I really couldn't say a word about it because, in the eyes of the public, it would not have been a good thing for the Gas Company to have (a) had to admit that their gasometer was built on faulty ground, (b) that the foundation slipped, and (c) that it had been restored so the gasometer was in working order but still with a tilted tank. I can tell the story now because the natural gas is in Ballarat, the gasometers which remained in service for about twenty-five years is taken out of service and it's now been scrapped, and there's another building built on the site or a shopping centre or some such thing so it's all part of history. But I regard it as a most novel engineering exercise and I've got some photographs of me getting into this airlock on the top of the gasometer and then getting inside and I sat up in the framework inside the top of the gasometer in telephonic communication with the diver, who was, as I said, from United Salvage Company. (laughs) He was swimming around in thirty feet of water inside a gasometer tank. It was a most interesting exercise.

That was the main challenge of my early days at Ballarat, and subsequently it was really expanding the Gas Company. And we had an opportunity to do that because we were using coal, the coke market was really dependent on the sale of coke to ICI[5], to expand the gasworks would have been difficult, but the opportunity was there to supply industry with gas. So I found that the Shell Company at Geelong Refinery had a surplus of butane, and butane was really similar to propane which is used for bottled gas, except in a cold state like Victoria butane is not marketed as bottled gas because the air temperatures were such that it wouldn't vaporise. But I did find that in America and in England butane had been mixed with air to produce what was really a synthetic natural gas, strictly speaking not interchangeable with natural gas but the same characteristics of heating value. So I bought butane from the Shell Company and put in some butane-air plants in the outskirts of Ballarat supplying industry, and over the next three or four years I actually (laughs) trebled gas sales of the Ballarat Gas Company by supplying MB John, the valve factory, and Selkirk's Brickworks and Martin's Stoneware Pipes, which was owned by Hume's, with gas for industry. So when I left Ballarat, which was five years later,

the actual output of gas had trebled, but the number of consumers was still only ten thousand plus about half a dozen, (laughs) being the industries.

That suggests your horizons were a little bigger than just Ballarat. So you kept reading the literature and –

Yes.

– looking for opportunities.

Yes, I kept reading the literature and looking for opportunities, and we really found this opportunity with butane from the Shell refinery. And of course it had its benefits because Gas Supply Company owned, as I said, then twenty-six gas companies on the east coast of Australia, and Boral, which owned a refinery in Sydney and a small refinery in Brisbane, saw these gas companies as a source for their refinery products, you see. So Boral made a takeover bid in my fifth year in Ballarat, they made a takeover bid for the Gas Supply Company, which was successful, and Boral acquired twenty-six gas companies, most of which were in Queensland. And at that time, just prior to the Boral takeover, I'd been made Assistant General Manager of the Gas Supply Company, and so I was asked by Boral to go to Brisbane, as Assistant General Manager of the Gas Supply Company, and in effect oversee the conversion of all of these, I think eleven coal gas plants, to use refinery products. So what I'd done in Ballarat had obviously helped in that decision, you see. So we entered into a contract with Amoco to take LPG[6] from their Brisbane refinery when it was built, a couple of years hence; in the meantime we got gas by ship from Sydney, tanker, so I spent the next six years in Brisbane as Assistant General Manager and then, subsequently, Joint General Manager of Gas Supply because the General Manager was in Sydney and he was in charge of gas operations in Victoria, New South Wales and Queensland with me reporting to him on the Queensland aspects, but after three years I was made Joint General Manager and the other manager's responsibilities were confined to New South Wales and Victoria and mine to Queensland and New Guinea and Northern Territory.

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[5] ICI – Imperial Chemical Industries.

[6] LPG – liquefied petroleum gas.

So a little bit on Boral at this stage: so essentially, at this stage, it is into refineries and gas?

And bitumen. The original Boral name, the company was started in 1947 as 'Bitumen Oil Refineries Australia Limited'. And what happened was, up until that time, till the end of World War II and just after, all bitumen that came into Australia and was used for roadmaking and for aerodrome runways and so on was brought in in forty-four-gallon drums, and so some people in Sydney had the idea of bringing in what was called a synthetic crude or a spiked crude, and this was done by getting from overseas – Persian Gulf – a mixture of bitumen and light oils and heavy oils, so in effect the bitumen was, while it was hot, mixed with other oils so the whole lot became a pumpable mixture. And then it was brought out by tanker to Sydney, pumped ashore and put into a simple refinery, where the fractions were split off into their separate components. So the refinery produced bitumen, heavy oil and distillate. It didn't produce any petrol at that time or any kerosene, because they weren't used in the mixture. So this operation was put together with the help of Caltex, who took up forty per cent of the shares in the new company, Boral, and sixty per cent was the Australian public, and they built a refinery on the shores of Botany Bay and that was Boral's refinery. Oh, they also produced some LPG because some of the lighter fractions came off as LPG. So Boral was Australia's, really our first oil refinery using imported crude.

END OF TAPE 1 SIDE B: TAPE 2 SIDE A

This is Peter Donovan speaking with Sir Eric Neal for the Institution of Engineers Oral History Project. I'm speaking to him in Sir Eric's office on 29th September 2004. This is tape number two.

Now, Sir Eric, you wanted to say a little bit more about Ballarat before we get onto the Boral story.

Yes, thank you. I got a bit carried away with the work involvement at Ballarat, but omitted to point out that we had lost a second son in Broken Hill and we had given up hope of ever having any more children. But in Ballarat we found we were blessed with another son, who was born in Ballarat. And the other interesting thing that happened in Ballarat was that Joan was again involved in charitable work and she was a member of the Victoria League, and one night a man gave a talk on the Royal Flying Doctor Service and he pointed out to the committee that they had

among their members somebody who was very knowledgeable about the Royal Flying Doctor Service in Joan Neal, so Joan was asked to give talks at a number of locations in Victoria as fundraisers for the Royal Flying Doctor Service. And, in addition, when I married Joan she was a home economist or a cooking demonstrator at the South Australian Gas Company working for somebody who was well-known in South Australia called Lillian Newman – she was well-known in those days – and Joan was engaged by the local television station to give some cooking demonstrations on television, this was on television in Ballarat. So she was able to – she didn't do a lot of hours on it, but she was able to – what's the word? – widen her horizons in Ballarat to a greater degree than had been possible in Broken Hill.

So, moving on to Boral, I guess, and Queensland, what was the date for that?

I took over the management role in Queensland on January 1, 1964, which was fourteen years after I'd started at Broken Hill Gas Company, which was January 1, 1950.

So you're still deeply involved with the gas industry at this stage?

Yes.

When you look at Boral at that stage what was the percentage, in terms of – you could choose the criterion, I suppose, but how big was the gas element to – the gas sector – to the company at that stage?

Probably between ten and twenty per cent, and this is going back forty years, but probably between ten and twenty per cent, because Boral had a refinery in Sydney and they were marketing fuel oil and bitumen and some distillate, some LPG. They also had quarries in Victoria and asphalt operations involved in road surfacing. They were really very, very strong in producing and laying asphalt and that was what really took Boral into the building materials industry, because originally they were producers of bitumen and they'd buy in stone to put down asphalt on roads, then they realised that rather than buy stone from somebody else they may as well buy some quarries, and having bought the quarries they found that stone was used in concrete, of course, and so they bought some concrete plants. So bitumen took Boral into stone, then into concrete, and then ultimately they decided, 'Well, we'll get into clay bricks as well,' and they bought into the clay brick industry in Brisbane and in Victoria. And then ultimately, when they quit the oil industry, they became

Australia's – probably one of the largest, if not the largest, producer of building materials.

So describe Boral Queensland when you went there. You were heading up the gas side of things.

Yes.

Where were you in the pecking order in Queensland?

I was in charge of Queensland and responsible to head office in Sydney.

So in effect all they had was gas there at this stage?

No, they had a parallel operation called Queensland Oil Refinery run by a very fine man called John Crozier, who'd been a prisoner of war of the Japanese, an engineer. And what they did at Queensland Oil Refinery was a mini version of what Boral did at Botany Bay: they would take up bitumen mixed with fuel oil to Brisbane by ship, pump it ashore into storage tanks, run it through a splitting unit which split it back into bitumen and fuel oil, then they would sell the bitumen and the fuel oil, and it was called the Queensland Oil Refineries but it wasn't a full oil refinery. And Crozier reported directly to Sydney as well. But he was made a director – he was a much older man than I, and he was made a director of Boral Gas in Queensland, as indeed I was, and I used to talk with him a lot and he was also a mentor to me. He was sort of twenty years older than me, but a very sound person. John Crozier.

So what were your challenges in Queensland, in Brisbane? Were they now engineering or were they becoming more management?

Both. When I was the manager of Broken Hill Gas Company in its expansionary days I had fifty people on the staff, at the Ballarat Gas Company I had a hundred and fifty people working for me, or I was directing a hundred and fifty people, and when I went to Queensland it was more like seven hundred people, so it was quite a significant increase in management scope. And the task was converting those coal gas works to use of refinery products, LPG in particular. The opportunity – we chartered a ship for five years, a French tanker, which took gas from Botany Bay up to Townsville and Mackay and to Brisbane. I'd built LPG terminals in those three locations, which I'd in effect supervised, for storage of LPG and pending the building of a refinery in Brisbane, which was about to be started in 1964, we took

LPG by sea tanker from Sydney to Brisbane, Mackay and Townsville. And then the Amoco refinery was completed in Brisbane in about 1966 and we drew our LPG from Brisbane, still taking it north by ship.

About that time the Army was undertaking a significant expansion in New Guinea. The Papuan infantry brigade was to be re-equipped with new barracks and they were going to build barracks, Murray Barracks, in Moresby, at Goldie River in Moresby, at Wom at Wewak and at Igam at Lae, and there was a fifth one in Port Moresby, Taurama, there were three in Port Moresby. And the Army were keen to use LPG for cooking and water heating for all these barracks, which was a really big gas load. In the meantime, I'd started a company in New Guinea called Gas Supply New Guinea, fifty-fifty with WR Carpenter's, and that was started in 1964. But by 1965 the Army were keen to use liquefied petroleum gas, so the Commonwealth Department of Works didn't have any experience in this, so in effect Boral loaned me to the Commonwealth Department of Works for a week in Port Moresby and I designed the gas installations for the tank farms and the pipework and so on for these Army barracks, which then went out to tender. And Boral was a tenderer and it was actually the successful tenderer, so we did all the LPG installation work.

And the Army were calling annual supply contracts for LPG, which came up of course from Brisbane by this time by French chartered tanker, or chartered tanker owned by the French, and I had the idea that if we were able to get a five-year contract for LPG supply to the Army it would justify Boral buying a tanker, registering it in New Guinea, and crewing it to the maximum extent possible with New Guineans, and also a lower price of gas to the Army because, on a year-to-year supply, on a year-to-year tender figure, you couldn't get the price down to what you could give at a five-year tender figure, you see. So I put a proposal to head office in Sydney – I was then Assistant General Manager still – I put a proposal to the head office in Sydney that Boral bid for a five-year contract with the Army and, if we won it – we make a condition of our tender that if we won the contract we would buy a tanker, register it in Port Moresby and crew it to the maximum extent possible with New Guineans, and take the gas from Australia to New Guinea with a New Guinea-registered ship. And I sent this down to Sydney, heard nothing for some weeks, and the Managing Director of Boral was a man called Elton Griffin, a dynamic person in his day. He started Boral, he was the first General Manager, and

he retired after about thirty years – it was '75 he died and he joined them in '47 so yes, almost thirty years. But a very tough, a very dynamic person. And he came up to my Brisbane office and sat down across the desk and said – I can almost remember his words, but it was like, 'What's all this rubbish about buying a tanker and registering it in New Guinea?' So I said, 'Well, Mr Griffin, you clearly haven't read my submission.' 'Oh, what submission?' And I said, 'Well, the submission I sent down to the Boral Gas head office in Sydney.' 'Oh,' he said, 'have you got a copy of it?' So I pressed the buzzer and my secretary came in, I said, 'Would you get Mr Griffin a copy of the submission for the New Guinea gas project?' So he took it and sat across the desk and he said, 'Where does this figure come from? How did you arrive at that figure?' Read it all through and he said, 'Well, this is a good idea,' he said. 'If you win that contract it's a great idea.' And it was pretty obvious to me that the people in head office in Sydney hadn't shown him the proposal, they'd simply said, 'Oh, Neal's got some crazy idea about buying a tanker and registering it in Port Moresby.' And so when he read it he was very positive about it, and he said, 'Well, the key is winning that five-year contract, isn't it?' And I said, 'Yes, sir, it is.' He said, 'Well, do your best.' So we put our tender in for the five-year contract for the Army, with the conditions that we'd register a ship and so on, and our competition was the Shells and the Mobils, Essos of this world, but none of them tendered so we won the contract. So I sent a telex, in those days, back to head office in Sydney, but this time I marked it for the attention of Mr Griffin, (laughs) 'Five-year contract won.' And he 'phoned me back. He said, 'Well, you'd better hare off to Japan and buy a ship!' (laughs) So I went off within a week to Japan, we formed a fifty-fifty partnership with a Sydney shipping company, who were used to running ships, and I went off to Japan with their representatives and they were to find a shortlist of ships and I was to look at it from the technical aspects and make sure it was suitable for transporting gas and so on, and they were to make sure that it was all right from the maritime aspects and so on. So we bought our first ship, and that got Boral Gas into the tanker business, because it was so successful, having got a tanker to take gas from Brisbane to four New Guinea ports, we said next, 'Well, we may as well look at opportunities in the Solomon Islands and Vanuatu and Fiji and the Cook Islands and Tonga and Darwin.' Well, I investigated most of those while I was still in Brisbane. By this time, after the completion of that

New Guinea one, I was made Joint General Manager of Gas Supply, (laughs) so from that point on I was dealing directly with Boral, you see.

But before I could do all of that Mr Griffin and his new wife came to Brisbane again and they were staying at the Gold Coast, and they invited Joan and me down to have dinner with them on a Saturday night. And natural gas was mooted to come to Sydney at that time and also to Brisbane, and Mr Griffin said to me, 'Well, what are you doing? Natural gas is expected to come to Brisbane.' And I said, 'Yes, but it's not going to affect us very much because I'm concentrating my LPG sales on areas outside the gas reticulation system.' 'Oh? Why would you do that?' I said, 'Because LPG won't be able to compete with natural gas. Natural gas will be priced lower than LPG and if we build up big loads within then get the reticulated gas system, we'll lose those to natural gas when it arrives. It's better to build up loads outside the reticulated system so that we retain those loads, they're long-term.' 'Oh,' he said, 'that's not what I'm hearing in Sydney.' He said, 'In Sydney, natural gas is due to come to Sydney and we're going to be able to compete with it.' I said, 'Well, you certainly could compete with it, Mr Griffin, but you won't make any money doing so.' 'Well, what do you mean?' I said, 'Well, the price at which you have to sell your LPG from your Sydney refinery to compete with natural gas is such [that] you won't make any money, you'll be selling it at cost price or even less,' because you've got to sell LPG or burn it, flare it, you see. 'Oh, rubbish, that's negative,' *et cetera, et cetera*. So I went back to Brisbane (laughs) thinking, 'I've blown this, didn't do very well out of that conversation.' But a month or so later, maybe two months later, I got a 'phone call to ask me to go to Sydney, and I went down to Sydney and it was pretty clear that what had happened is Griffin had gone outside to – got some expert advice from outside the gas operations on LPG *versus* natural gas, and of course Caltex was a significant shareholder and Caltex had the American input. So Griffin offered me the job of running the whole of gas supply, (laughs) so obviously he'd checked up and found I was basically right with my assumptions. So Joan and I moved down to Sydney and I became the General Manager of the whole gas supply operation, as distinct from being Joint General Manager.

So I've always found in life that if you believe you are right about something to be politely positive – never to be aggressively positive, but never to back down. If

you know you're right, with all respect put your views. (laughs) It certainly stood me in good stead on two occasions, both with the shipping tanker and also natural gas.

So I found myself in Sydney on the 1st January – they're all momentous dates, 1st January every time – 1970, which is thirty-four years ago. And then I was able to move and put LPG into Vanuatu and to the Solomon Islands, and form an arrangement with the Fiji Gas Company – we formed Fiji Gas Company – and we subsequently formed Gas Supply Cook Islands and Gas Supply Tonga and Gas Supply Samoa, and they're all very viable operations today and Boral is still supplying – Origin Energy is still supplying them with LPG today by ship.

So what sort of enterprise did you leave Brisbane – obviously much better and making heaps more money than when you went?

Yes. And it was no longer using coal as a fuel. Yes. All of it was a profitable operation – clearly, if it hadn't been, (laughs) Griffin wouldn't have taken me to Sydney. It was a very profitable operation and very enterprising. And Speedy Gas was the LPG we marketed, and those gasworks had all been converted to use LPG, no longer using coal, and it was a very strong operation.

What happened when natural gas came into Brisbane?

Oh, well, natural gas came into Brisbane and was marketed by the South Brisbane Gas Company. And the Brisbane Gas Company had a contract with Ampol refinery to use naphtha as a fuel, and they reformed naphtha to make an interchangeable town gas. And so Brisbane Gas Company opted not to take natural gas but to continue to use reformed naphtha. Well, about that time – it was as I arrived in Sydney to take over the managership of the Gas Supply Company, or Boral Gas, as it was called then – the government of Victoria made Boral an offer for all of their Victorian gasworks – you know, there was the Bacchus Marsh and the Ballarat and the Ararat and the Stawell and the Warracknabeals – and the consideration was around about three million pounds, as I recall, so Boral Gas found itself with about three million pounds.

You sold them.

We sold the Victorian operations to the Gas and Fuel Corporation, which was government. And we had about three million pounds, and Mr Griffin said to me, 'What are we going to do with this? We can use it to expand our LPG operations.' And I said to him that we couldn't spend three million pounds in expanding LPG operations. And Boral Gas was a preferred borrower – under the borrowing arrangements in those days, semi-utilities could borrow at a favourable interest rate from institutions – but the money had to be used by a utility, so the three million pounds couldn't be spent on any other part of Boral other than energy operations. So I said to Mr Griffin, 'The best thing we can do is take over the Brisbane Gas Company,' which we didn't own, and it was the major utility company of Brisbane. So we made a takeover offer for the Brisbane Gas Company, and after a fair bit of fun it succeeded and we acquired the Brisbane Gas Company, which became our major base then in Queensland. That was in '72.

We made a takeover offer and the takeover offer was stalled, in the sense that we got about five per cent acceptances or seven per cent acceptances, because we were regarded perhaps as an interloper and the Brisbane Gas Company was an old Establishment-type company, and our offer wasn't too much above the market price of their shares because we didn't want to – (laughs) if we'd offered twice the money there might have been a rush, but then it would have been uneconomic. So we had an offer which wasn't a lot above their share price. So nothing was happening. And we had a local board of directors in Brisbane who were old Brisbane identities, and I don't think – they weren't supporting the takeover. So I went into the Law Book Society one Saturday morning – it was open in those days – and I found a book on takeovers written by a chap called Peden, P-E-D-E-N, who was at that time a lecturer in law I think at Macquarie University, and I took it home and I read it on Saturday afternoon. And there was a description of a 'first come, first served' offer, which was quite legal on the Australian Stock Exchange in those days, whereby you gave notice on the Stock Exchange that you were prepared to buy twenty-five per cent of the stock of a company at a certain price, and first come, first served: those who got in first got the money. So I rang Mr Griffin, who was Sir Elton Griffin by this time, I rang him on the late Saturday afternoon and I said, 'This Brisbane Gas takeover is bogged down, as you know.' I said, 'I've just read of an idea which I think might free it up.' 'Oh,' he said, 'come down and see me.' So I went down to

his house on the Saturday evening, (laughs) about cocktail hour, and I showed him this book of Peden's and then showed him the passage and he read it: 'Oh,' he said, 'that's a great idea.' He said, 'You'd better get up to Brisbane on Monday morning and get to a stockbroker and launch such a bid.' So I went up and saw the stockbroker that was handling it – I remember the occasion very well because the stockbroker said, 'Oh,' he said, 'H'm,' he said, 'I see this as a – – –. I don't think we've done this before,' he said, 'I'm not sure whether we'd want to do this.' So I said, 'Oh, well, if *you* don't want to do it I'll find another stockbroker who will, because it's all perfectly legal.' 'Oh!' He made a quick decision. (laughs)

So we made our 'first come, first served' bid and it was rushed. In twenty-four hours we'd got our twenty-five per cent. So then we made a second 'first come, first served' bid for another twenty-five per cent, and of course people realised that they were going to miss out if they didn't get it, so we got the fifty per cent in about two days. So we then extended the offer for a hundred per cent, we said, 'We'll take anybody's shares at offer,' so we got a hundred per cent of the Brisbane Gas Company. (laughs) It was a most successful takeover! So we spent a fair part of our three million pounds in doing that. It really put Boral Gas on its feet because we then owned a capital city gas company for the first time ever, Brisbane Gas, plus all the provincial ones.

But Griffin was a great operator, a great man. He was very demanding and very strong and brilliant, but equally he gave you tons of responsibility and he would back you if he saw an opportunity.

So by this stage you must have been just about one of the shining lights of Boral, perhaps.

Yes, I had a role I enjoyed.

You took over, you became CEO[7] in '73, I think, wasn't it?

No, I became Chief General Manager of Operations in '73 and CEO in '74.

Right. Were there many other contenders?

[7] CEO – chief executive officer.

I think so, there were probably four or five people in the top people in Boral, but (laughs) I seem to have had Griffin's confidence, put it that way, yes. And so I was made Chief General Manager of Operations, reporting to him, and then a year later I was made Chief Executive Officer of the company, and Griffin became Deputy Chairman. Then he died a year later.

So when you sort of sat in the chair of the CEO the first time, what were the challenges facing you?

Make sure the company didn't go backwards! (laughs) In other words, to make sure the board wouldn't be thinking, 'Oh, we've made a mistake.'

Was there anything that particularly needed attention?

Yes. I think Boral had to build a reputation for continuity of management, because at that time Sir Elton, who was a brilliant man, was also very irascible and also intolerant of mistakes, and the word around Sydney – and I'm repeating what was said in the press – the word around Sydney was that an optimist is an executive who takes his lunch to Boral, (laughs) because people could be dismissed pretty quickly, and we needed to build up a solid management base. That was the main challenge.

Going back, or going forward about thirteen or fourteen years, Boral was quite a different company.

Well, you see – – –.

What were the major decisions you made?

Well –

One was to go to America, I believe.

– yes.

But there must have been a few others along the line that were pretty significant.

Yes. Going to America was an interesting decision because, in the 1970s, a number of Australian companies had gone to America – David Jones, Burns Philp, TNT, to name a few – and they'd stubbed their toe, because the American market is a huge market but it's a highly-competitive market. And there was a view in Australia that success in Australia meant you would be equally successful in USA. Well, that, in my view, didn't follow at all. And Boral was keen on opportunities in America in

Sir Elton's time and so, from about '73 onwards, I went to America each year, often with my wife, and we'd take time to go and talk to people and look around, and I couldn't really see any good opportunities that Boral could safely go into America with. And about 1976 or '7 we acquired a company called Hollostone in Australia, who had concrete block factories in Sydney and in Melbourne and in Adelaide. And I came over to Adelaide and the Hollostone factory was out on the Main North Road, opposite Parafield Airport, and the manager was a man called Mr Evan Evans – a fine man, he's passed on now, but a very fine man. And he showed me round his factory, which we'd acquired – – –.

END OF TAPE 2 SIDE A: TAPE 2 SIDE B

– – – and there was a tile-making machine that wasn't working. It was a machine to make concrete roof tiles. And Monier at that time had virtually a hundred per cent of the concrete roof tile market in South Australia. And Evans said, 'This machine isn't working and this machine doesn't produce a saleable roof tile,' and he said, 'but if you allocated me a hundred thousand dollars I could modify the machine and produce a saleable roof tile which would be as good as Monier's.' And I was impressed with Evans – and I didn't have to refer it to a board of directors or anything, that was within my scope – and I said, 'Okay, Mr Evans, I'll give you the hundred thousand dollars: see what you can do.' Well, within months, perhaps six months, he had that machine modified *and* working *and* producing a saleable roof tile, which we were marketing in Adelaide and marketing successfully. I won't say it was any better than the Monier roof tile, but it was as good as. So the customers had an alternative.

Well, about that time I was in Hawaii talking to a man who told me that a company in California, which had two of these machines, were looking for a buy-out, or a part buy-out. So I got Evans from Adelaide and, together with a legal/commercial staff man from Sydney, went over to Los Angeles and went out and had a look at this factory, where they did have two of these machines – which hadn't been modified, they were original machines – and the company was looking for a buyer. So I went back to the hotel and I said to Evans – I didn't say it to him at the factory – I said, 'If we bought that factory, could you do with those machines that which you've done in Adelaide?' 'Yes, certainly,' he said, 'no trouble.' So I

didn't want to buy a hundred per cent because I wanted to keep the local management involved and the local interest involved, so we bought fifty-five per cent. Evans went in, modified the two machines (laughs) and within, I don't know, two or three years we'd doubled the size of our factory and it became just a huge success story, and it was a great profitmaker for Boral. So that really got us into America, in a niche market, because concrete roof tiles were not big in California; roofs were either wooden shakes, which were a huge fire risk, or they were asphalt, like felt impregnated with asphalt or bitumen, and laid on the roof like a waterproof cloth. So that really gave Boral its entré into the United States, and a very profitable entré as well, but it all started from Hollostone on the Main North Road here.

I was always urged, by some people, that Boral should be doing in USA that which it was doing successfully in Australia, in other words, 'If we can build roads, we can run quarries, if we can produce concrete, if we can make bricks successfully in Australia, we can do it in USA.' I always had some reservations about that because the market is a different market in the USA. But I did look at the brick market, the clay brick market, and the clay brick market for house bricks had been consolidated in Australia during the 1950s and '60s and '70s. Whereas, for example, in Adelaide when I was a boy there were about a dozen brickworks, these days there's only one or two. And the same in Sydney: Brickworks Limited bought up brick company after brick company, and today in Sydney there's probably only two or three brick companies, as there are in Australia. But looking at the American market it seemed to me that hadn't happened. So we got a merchant banker called Kidder Peabody to do a survey of the clay brick market for us in the USA, and we found that there was no big – there were very few big companies, it was mostly small companies. So there seemed to be an opportunity for Boral.

But I said to our board, 'I'd like to have a look at it on the ground before we make a move,' so Joan and I flew to San Francisco, and I left most of our bags with my sister and brother-in-law, who were living there at the time – he was with Kaiser, as I said – and we just had a carrybag each and we flew to Louisville in Kentucky. And we got Greyhound buses and we travelled across Kentucky, not on the main freeways but on the byways that took us into all the smaller towns and cities. End of the first day we stopped at a motel, got a cab and had a drive round the town and the city, next morning got onto another bus and drove that day through Tennessee and

repeated the process at the end of the day, and went down through Alabama, Georgia, right out to Savannah on the coast. So over about five days I covered the South, and I came to the conclusion that, while there were a lot of timber homes, all the good homes were brick, all the post offices were brick, the churches were built of brick – and there were a lot of them in the South – and all the courthouses were brick. So the brick industry was not going out backwards, it was a viable industry. So we homed in on a company in Tennessee and I went up to see the man who ran this company and asked if he was interested in selling fifty-plus per cent, because we didn't want to be a minority shareholder. He said, 'No,' he said, 'we've got no intention of selling, and we certainly don't want any overseas shareholders. We're very happy as we are.' He said, 'But I'll tell you a company that I *do* think is for sale,' so he not only pointed me out to the company but he arranged for his private 'plane, a twin-engined 'plane, to fly me back to Atlanta, Georgia and then I drove up to Augusta, Georgia and talked to a man who was running a company called the Merry Brick Company. And this chap [Peter Knox III] was a Harvard graduate and he'd bought into the Merry Brick Company and built it up into a very strong, provincial brick company and was interested in having somebody come in as a major shareholder. So, once again, we went in at fifty-five per cent, with an arrangement we could move to a hundred per cent over two or three years if we were happy, and after a day's discussion he drove me back to the airport to get a 'plane back to Atlanta, and I said, 'Oh, well, I've got to put this to the Board, obviously, but I don't want me to put it to the board in a couple of weeks' time when we have our board meeting and find that somebody's pre-empted us in the meantime, so will you give me an option over the fifty-five per cent of your company at a certain price?' He said, 'Sure.' So we wrote out a handwritten contract on the bonnet of his car and I paid him a dollar for an option for fifty-five per cent of his company, which the Board board supported. We subsequently moved to a hundred per cent and then Boral proceeded to use that company as a base to buy smaller brick companies in America, and that process was continued by my successor and by his successor, and today, reading the Boral annual report, which I do read, Boral is the largest manufacturer of clay bricks in USA, and it's a very profitable operations. (laughs) And it all started with that Hollostone tile

factory on North Road, and today Boral is a big operator in tiles and clay bricks, and fly ash, which was another one we went into in USA.

Were there any strategies you tried to implement that were *not* successful?

I missed out on the Gold Coast, in the sense that there was an opportunity, forty years ago, to buy a small gas operation on the Gold Coast. And I went down to the Gold Coast and had a look around and it was a wet day, and it was before the big expansion started and there were a whole lot of what looked to me like asbestos cement houses and they looked terribly grey in the rain, and I decided that the Gold Coast wasn't going to be a great place to run a gas company, and so I didn't buy that small gas company on the Gold Coast. So I was wrong about the Gold Coast, but on the other hand I don't think a gas company would have been too successful on the Gold Coast with all those high-rise buildings, they were a natural for electricity. So that was one opportunity I didn't take up. (laughs) So I didn't predict the Gold Coast expanding as it did.

You moved into the United States there, Sir Eric: why not the UK[8] or Europe? Was that a consideration?

I don't think it was, in the sense that – no, I don't think it was, in a sense. I don't know that Boral felt it could take anything to UK or Europe at that time. The United States was something that we seemed to be closer to. The fact that Caltex of USA owned forty per cent of Boral and we had licensing arrangements with Standard Oil of California, Chevron, for some of their bitumen road-making processes, and the fact that two or three of the Boral directors of the eight board at that time were Americans, I think we felt closer to USA than we did to UK or Europe. I can't think of any other reason. But it didn't really cross our minds. We went into Europe later – sorry, to UK later, for other reasons.

So at this stage you're definitely a manager.

Yes.

And indeed you were given the accolade of being, you know, sort of a 'Manager of the Year' at one stage.

[8] UK – United Kingdom.

(laughs) Yes, that was a bit later.

Did you ever stop thinking of yourself as an engineer? Did you come to a stage where you thought, 'Now I'm no longer an engineer, I'm a manager'? Or does one not make a distinction like that? Were you still using engineering skills –

Oh, yes.

– in some of the projects you were assessing?

Still using engineering skills and still wearing an engineering tie. I remember once at the Melbourne Club there was a black tie dinner and Sir Ian McLennan was there, and I had a habit of wearing the Institution of Engineers' red and blue ties almost daily. And Sir Ian McLennan came up to me in the Melbourne Club and said, 'Eric, you're not wearing your Engineers tie.' I had a black tie on, you see. (laughs) I burst out laughing, because I was very proud of being a Fellow of the Institution of Engineers. And I became perhaps a manager of engineers rather than a good engineer. I don't know when I actually switched off engineering, but some time – I think I became a manager of engineers during my career but always retained my interest in engineering, and the engineering schools are very important.

Were you playing, as a CEO of Boral, any role in the Institution of Engineers?

Yes. In 1986 I was invited to give the opening address of the Institution of Engineers Conference at Bonython Hall on North Terrace in Adelaide, being our hundred and fiftieth anniversary year, and the then National President was Dr Don Williams and he rang me and asked if I'd give the keynote address, and he said he'd like the subject to be, 'What can engineers do to reach the top levels of management in Australia?' So I rang him a week or two later and I said, 'Don, I'm going to give the address, but,' I said, 'engineers have made it and are making it to the top levels of management.' And I said, 'Because in the Saturday edition of *The Australian* there's the top hundred companies every Saturday, in order of market capitalisation, and,' I said, 'I've been through that list of the top hundred companies. I was aware of those that were engineers, and those who I wasn't aware of I rang and spoke to them. And I've got to tell you that, of the top hundred companies in Australia, fifty have engineers as managing directors or chief executive officers.' And I said, 'But the fact that they're regarded as businessmen, people don't recognise that they're engineers.' And, 'Oh,' he said. So I said, 'I'll give you the address, but I'll change

the theme to "*Why* are engineers successful?"' Because at that time you had, apart from the obvious ones like BHP[9], you had CSR[10], which was run by Brian Kelman, there was Boral, which was run by Eric Neal, and there was – would you believe it? – David Jones (laughs) was run by an engineer who'd moved into retailing. But the interesting thing was the engineering skills were being applied, and today there's still a lot of Australian companies that are run by engineers but people say, 'Oh, he's a merchant banker,' but they overlook the fact that he might have had an engineering degree first.

So what makes engineers good managers?

I think attention to facts, sticking with the facts. I mean, an engineer's training is to look at the facts of a situation and – just trying to think of some suitable words, but the – – –. An engineer, by training, can't afford to make mistakes. If you're designing a bridge or designing a machine or designing a ship, you have to be precise in your assessment of data and make judgments that are not emotional, based on facts, and I think this carries through into your business career. I mean, a marketing man can often rely upon words or emotion, but an engineer really has to make his judgments based upon sounder values.

As CEO of Boral, how did you get on with the board? Was there much conflict or tension?

No.

Were there times when they'd roll you, or – – –?

No. I had an excellent board. We had a marvellous chairman, a man called Sir John O'Neil, who was a really tremendous man. It was he who was chairman during Griffin's time and my time and when I was made Chief Executive Officer at Boral. I became CEO in '74, Griffin died in '75 and would you believe that John O'Neil died in '76. But what John O'Neil and I had done, we'd got good directors from our state subsidiaries onto the main board and we had Bruce Macklin from Adelaide, Sweeney from Melbourne, Rowell from Brisbane and Ian Potter from Melbourne,

[9] BHP – Broken Hill Products.

[10] CSR Limited – originally Colonial Sugar Refining Company.

and we really had a very good board and a very supportive board. So that's why I lasted for fourteen years as the Managing Director, (laughs) which is a long time.

So you said when you started, when you sat in the chair for the first time, you said, 'One of the issues we've got to address is this revolving chair syndrome.'

That's right, yes.

How did you do that? Was that much of a challenge?

Yes, it was a challenge in this sense: of not firing a person if they made one mistake but giving them a chance – unless it was sort of – – –. There's certain mistakes you can't forgive – I mean, persons mustn't cheat or steal or anything of that nature – but if it was an honest business judgment that went wrong you'd forgive a person one mistake and give them a chance, and most persons will learn from that and respond. And finally, in my final years at Boral, last five or seven years, I don't think we had any significant turnover at all. We had a great team of executives and we didn't lose too many, nor did many elect to leave, either. So building a management team is an important part of any big organisation. So that was one of the challenges.

And the other challenge, which – my management style was criticised by some financial journalists, who said it was too 'hands-on', and I had a reputation for being a hands-on chief executive, but it was only hands-on where it was needed. About fifty years ago I went to a management training course in Melbourne conducted by the Australian Institute of Management. It was when I became the Manager of the Broken Hill Gas Company. The new owners sent me down to Melbourne for my first management training course, about 1956. And one of the lecturers, a man called John P Young, who was a management consultant, and he died about a year ago, I was in England but his family contacted me and asked if I'd give the eulogy at his memorial service in Melbourne. I wrote a eulogy out and my son, oldest son, from Adelaide flew over to Melbourne and delivered it, because I was a great admirer of John P Young and he did a lot of work for Boral over the years. But about fifty years ago he told the story of being a management consultant called out by a Jewish lady to a clothing factory in Melbourne. When he got there she said, 'Mr Young, I've got three hundred women working here and I've never had a management consultant in the place, so I'd like you to spend a week here and tell me what I can do to improve the operations.' Well, John Young spent a week at this

operation. At the end of the week, as he told the story, he said to the lady who ran it, he said, 'Well, I can give you some pegboards and charts and bar charts and so on to record what you're doing' – this was in the days before computers, of course – he said, 'but I can't find any way to improve the operation. Can you tell me the reasons for *your* success?' And the lady said, 'Well, Mr Young, to have a good year I have to have twelve good months. To have a good month I have to have four good weeks, and to have a good week I've got to have five good days. So at the end of each day I review the production and the quality, and if anything is off the rails I do something about it there and then.' And that lesson has stuck with me right through my years at Boral. So I couldn't review the quality and the production of Boral on a daily basis, but I did it on a weekly basis, and every operation in Boral would send a weekly sheet, no more than one page, to the head office on sales for the week, on production for the week and, depending on the type of industry it was, on reject rate, quality, and if things were off the rails I would do something about it. So if you had a factory producing roof tiles in a particular state, or let's say bricks – bricks were more common – a factory producing bricks, at the end of the week they said, 'Production's below budget and our reject rate is above budget and we haven't yet found the reasons,' I'd ring them on the Monday morning and I'd say, 'You haven't found the reasons yet? Right.' I'd fly a man in from another state. 'No, give us time, we'll fix it.' And I'd say, 'Look, you've had a week and it's costing the company money. And we've been through this problem in Queensland, or Victoria, last year and it was fixed. I can't afford to give you a month to fix it, I'll send somebody in to help you fix it this week.' And that's what happened. So I really managed by exceptions, because nine out of the ten operations would be reporting on budget, on sales, on quality and you'd just give it a tick and move on. So I homed in on those operations that *were* having problems and did something about them, and really that was my management style. When I retired I had twenty-five thousand people working for Boral, and I was hands-on only with those that needed some hands-on input. The rest, you'd pat them on the head and say, 'Get on with it.'

I was going to ask you about that 'hands-on', the fact that you went to America and drove around, and the previous time we were chatting you went to Japan to

get that ship and look through the logs. You know, it suggests – why you, rather than a deputy?

Well, because they were all critical decisions to Boral. If I sent a deputy to America, particularly if that deputy felt obliged to buy something because that was being asked of him, and it went wrong, I'd still carry the can as the Chief Executive Officer. And it was like getting that ship in Japan. I really didn't have a deputy in Queensland I was prepared to send – it was a smaller operation there – and the idea was mine, I knew what I wanted, so I did it. And subsequently I did send deputies, but not when the decision was critical – in other words, if it had gone wrong it could have been costly to the company. Because buying a wrong plant in USA may not have cost Boral a lot in terms of money, but it would have cost Boral a lot in terms of market prestige because the Stock Exchange or the financial journalists would be running a headline: 'Boral's foray into USA fails'. Now, that would do a lot of damage to our share price and our stock market standing, even if it only lost ten million dollars.

Well, how many other instances of that did you do – roll up your sleeves as the CEO and go out and kick tyres and – – –?

In the early stages of being Managing Director I did a fair bit of it. For example, the first, second and third and fourth ships that Boral bought – and they were all expensive situations and [if] you were bringing a ship from the other side of the world to Australia, it had to be right – I personally inspected. Subsequently I left it to others as the company grew. I'm glad I did look at those ships because you can easily buy a wrong ship and then you're stuck with it. I found later on my inputs were more of a sort of helpful advice. I know on one occasion, about Brisbane Airport was being built, it was a huge project – it was about 1981 or '82, it was the Fraser Government's time – and we were bidding for the main runway, which was about a hundred thousand tons of asphalt, it was a multi-million dollar contract. And the specification was put out by the Commonwealth Department of Works and our people, who were very good at roadworks and airport runways – at that time when I was running Boral fifty per cent of all the asphalt laid in Australia was laid by Boral – our people said, 'The tender's too onerous. The compaction of the asphalt is something we've never achieved before and we don't know that we could achieve it, and if we tender and fail to achieve we'd be in a lot of trouble.' And I said, 'Well,

contact the asphalt organisations in USA and England and see how the standard compares,' and they did this and they came back and they said, 'Well, this standard is higher than anything that's been done in USA or UK. And we don't want to put a bid in if we can't perform; on the other hand, it's such a big job and important to Boral that we *do* want to put a bid in.' So I said to the head of the asphalt operations, man called John Lodge, I said, 'Well, put a non-conforming tender in.' And they said, 'Oh, you really can't put a non-conforming tender in.' I said, 'You can in this case. Put a non-conforming tender in and put in some words that go something like this,' – and I've just forgotten the words, but words along the lines that 'The standards you are asking are very high by international standards and Boral believes it can reach this standard and will attempt to do so on the first day's laying of asphalt. But if Boral fails to reach the compaction standards required by your department at the end of the first day, we are to be released from the contract without any further obligations.' 'Oh,' they said, 'that's non-conforming.' I said, 'Put it in.' Well, we were the only tenderer, because everybody else had been scared off. Well, our people *did* perform, at the end of the first day we *did* meet the standards. We made a lot of money out of that contract, and it was an example of where an engineer-businessman approach – and that was an example of hands-on management, but it won us the contract, you see. (laughs) That's a true story, obviously! So I did get involved on exception basis, in other words they had a problem, big job, but doubted whether they could meet the standards, so they'd take it up with the Managing Director and that's what you're there for.

So, just briefly, rounding out this part of the Boral story, what do you consider your achievements? What do you get an inner glow about?

I get an inner glow out of the fact that I became the Chief Executive Officer of Boral with sales of one hundred million dollars a year and a profit after tax of six million, and when I retired fourteen years later the sales were three *billion* dollars, which was thirty times as much, but the profit after tax was one hundred and eighty million dollars, which was also thirty times as much. So I grew the company by thirty times in sales and in profits over fourteen years, and that's what I regarded as my most significant achievement. (laughs)

Okay, well, we'll leave it there, Sir Eric, for today and perhaps come back with other aspects next time.

Right.

END OF TAPE 2 SIDE B: TAPE 3 SIDE A

This is Peter Donovan speaking with Sir Eric Neal for the oral history program of the Institution of Engineers. I'm speaking to Sir Eric in his office at Flinders University on the 1st October 2004. Now, Sir Eric, when we finished the last – sorry, this is tape three. Now, Sir Eric, when we finished tape two, we just about finished your career as CEO of Boral. Just to finish that off there, why did you step down when you did, and had you groomed a successor or was that out of your hands?

No, I stepped down when I did because I was sixty-three years of age and the retiring age for executives of Boral was sixty-two, so the board actually extended me for a year beyond the normal retiring age and I had at least two successors groomed within the company and one of those indeed was appointed to succeed me.

So we'll move on to, in effect, your career after Boral, or at least after your work as CEO there, and that's you had several directorships after that, but I gather you also had a couple of directorships whilst you were CEO of Boral.

Yes. I became a director of Westpac Bank two or three years before I retired, and the policy of the company at that time was that the Managing Director, as I was called, could have one outside directorship. Any more was felt to interfere or intrude too much upon his corporate role. But during the final year of my tenure I was permitted to join other boards, so when I retired from the role of Managing Director of Boral I was a director of Westpac Banking Corporation and also Atlas Copco Corporation, a Swedish company, I was on the Australian board, and a director of John Fairfax Limited, the newspaper group. Immediately following my retirement from Boral I was invited to join the board of Coca-Cola–Amatil and the board of Metal Manufactures Limited, a manufacturer of copper tubing and electric cables, and within the following twelve months I was also invited to join the board of BHP, so I really was then on about five or six corporate boards.

How did you manage the time for those? Did they compete for your time or was it –

No.

– generally easy enough to manage?

It was generally easy enough to manage because the Atlas Copco board, for example, met only quarterly, Coca-Cola met monthly, the bank met fortnightly at that time, but the role of an external director isn't very onerous – the chairman's role is more onerous, but the role of an external director isn't terribly time-consuming because, quite frankly, the management of a company don't want an external director (laughs) being there every day or being there too frequently and intruding upon the management. So normally, for an external director, a couple of days a month is probably all that's required.

You were a director of Westpac while still Managing Director: did Boral bank with Westpac, was that its major banker?

No, our major banker was National Bank of Australia.

So there's no concept of a conflict of interest there?

No. If there was ever a conflict of interest one would have to declare it, or first of all recognise it, and then declare it, and these things are handled very well. For example, if a Boral account was coming up for review at Westpac by the Credit Committee, I would not be present. And indeed, on one occasion, when I was on the BHP board, I received a note to say would I delay my arrival at the board meeting – I've forgotten the time, but let's say it was an hour after the start of the meeting – because there was a matter arising which could be a conflict of interest. So I arrived at the meeting an hour or so later, had no idea what had been discussed, and it wasn't until a week or two afterwards I read in the press that BHP had purchased Boral's steel operations from Boral. So I was on the board of BHP and I think I was still on the Boral board at that time, but I was excluded from discussions at both boards and I was completely unaware. So these things are handled properly.

So you moved on to become Chairman of Westpac.

Yes.

What were some of the key issues you had to face there? Because Westpac was struggling there for a while, it had lost its pre-eminent position.

Oh, yes. It was a very, very difficult time. And just drawing my thoughts together, the banking industry in Australia had been freed up in the mid-1980s and banks were – foreign banks were allowed into Australia, I think from memory ten foreign banks

were registered in Australia. And of course foreign banks did not generally want to get involved in retail banking, they didn't have a branch network, for a start, so foreign banks would generally, in my view, seek as customers the major clients of the Australian banks and so there was fierce competition for lending to corporates and particularly to property developers. And, in addition to that, Westpac, through one of its subsidiaries, AGC[11], lent significant sums of money to what were called 'joint ventures', where the AGC and the borrower became joint venturers in building a building. Well, that was sound in theory but the Reserve Bank of Australia, in 1989-90, probably 1990, increased interest rates very, very significantly up to the level in the teens, and of course many property developers had great problems in meeting the interest charges on major building loans. And of course as properties were finished in many cases they weren't lettable because there was a general downturn in the economy. So Westpac was very much exposed to property lending at a time when interest rates were very high and properties were (laughs) in excess supply. So it was a very, very difficult time. And in the same time there were repercussions from the foreign currency borrowings because Westpac, in common with other banks, had loaned money in overseas currencies to people in Australia, particularly agricultural people, and of course, with the fall in the Australian dollar *vis-à-vis* the country from whence the loans originated, the amounts that had to be repaid back escalated and of course the interest rates were very high, so the bank had some very significant problems. It was a very difficult time. And I was looking at a graph just yesterday of the inflation rate and also the growth in GDP[12] in '92, and the economy in Australia virtually went into negative growth that year, so it was a very difficult time for many banks and Westpac particularly.

So did you have to struggle with those issues?

Yes, I did have to struggle with those issues because, as the Chairman – I became the Chairman of the bank right at the beginning of 1989, and the first year was virtually a dream run for the bank but then the second year and third year the loans – trying to

[11] AGC – Australian Guarantee Corporation.

[12] GDP – gross domestic product.

put it in the right context – but the chickens came home to roost! (laughs) The excess lending resulted in the bank having to write off substantial sums of money.

So in your role as Chairman what did you bring to riding out this particular situation? What would bear your influence?

I guess a sense of balance, in a way. There were a lot of concerns in the bank, a lot of concerns around the board table, and I guess a sense of stability and balance was about the only quality I could bring to it. The bank had a very different sort of corporate structure to that which I was used to in Boral or even in BHP and the other boards I was on. There was a considerable degree of delegation within the bank and often problems reached the board when it was almost too late to do much about them.

So you said normally external directors –

That was in my opinion. (laughs)

– external directors sort of could deal with the issues in a half-day or a day. How much time were you spending as Chairman of Westpac?

Oh, I was probably spending twenty-five to fifty per cent of my time at that point, yes. I was really working, because I was maintaining my role on my other boards, so I was probably working seven days a week.

And you stepped down after three years –

Yes.

– I think: was that again at your behest?

Yes. The bank had to be recapitalised and we had a rights issues which fortunately was underwritten, and I remember the occasion very well, it was I think the 30th September in 1992, the underwriters delivered the cheque to the bank, from memory one and a quarter *billion* dollars, and that was handed to me about five o'clock on the Thursday afternoon and on the Friday morning I opened the board meeting and advised the board that the bank had been recapitalised and tendered my resignation as the Chairman. And I asked the Deputy Chairman to second that, because a resignation, under the old Westpac articles, had to be voted upon by the board and so the Deputy Chairman seconded my request for resignation and then tendered his resignation. So it was a dramatic day at the bank.

However, the board got a new Managing Director from USA, who did a, in my opinion, very fine job in turning around the bank, and then he was succeeded by a man that I'd recruited into the bank, David Morgan, who in my opinion has done an equally fine job in continuing the management of Westpac, and today Westpac is a much, much stronger bank, in my opinion.

So round about the time you stepped down as Chairman of Westpac you joined the board of AMP[13].

That was before I stepped down as Chairman of Westpac, it was about a year before.

Now, that sort of fell on hard times.

Yes.

Were you aware of the issues, were they becoming evident when you joined the board?

No, they weren't becoming evident, but AMP was a different sort of institution to a normal corporate body with shareholders. The AMP had policyholders and it seemed to me that their hard times began after they restructured the company and changed AMP into a normal corporation and the policyholders became shareholders. But I had no inkling of their future problems at that time.

Well, any other – well, I suppose directorships that were interesting and not just – – –?

BHP was probably the most interesting, because BHP encouraged their directors to visit operations. The board made regular visits to coalmines in Queensland, to oil production platforms in the Timor Sea, the North-West Shelf, every year two or three directors would go to USA, so with BHP I visited their copper mines in Chile and their iron ore mines in Brazil, copper mines in Canada, coalmines in USA, oil production platforms in Bass Strait, Timor Sea, the North-West Shelf, and the North Sea, and indeed the Gulf of Mexico. So I found BHP a fascinating company and at that time the Chairman was Jim Baulderstone, who was succeeded by Arvi Parvo and then by Brian Loton, and John Prescott was the Managing Director during the last two or three years I was a director and in my opinion a very fine managing

[13] AMP – Australian Mutual Provident.

director. BHP subsequently had some problems but again they weren't evident when I was a director, the company was running very well and it seemed to be very well managed.

Now, you had a position on the Bank of Montreal Advisory Council.

Yes.

Where does that one fit in? Most of the others I can understand from an Australian context.

Well, there was a relationship between Westpac and Bank of Montreal which went back a long while, and when I was a director of Westpac I was asked to join the International Advisory Board, as it was then called, of the Bank of Montreal which involved a couple of meetings a year in Canada. When I became the Chairman of Westpac I resigned from that position because I thought it was inappropriate, and so it was an interesting experience.

Now, this next question, I guess, is referring back earlier, but I guess as a director you were more concerned with management decisions and whatever. It just struck me I didn't ask you the other day had you had any management training, or was it just learning on the job?

I guess, with the exception of a one-week course with the Australian Institute of Management, which I referred to in the first tape, in Melbourne, I had no formal management training on a full-time basis. My father taught me a lot about management, particularly people management, during my years living at home, and subsequently, when I was Boral's Queensland Manager, or Assistant General Manager of the Energy Operations based in Brisbane, I did enrol with a lot of evening lectures at the Australian Institute of Management. No full-time, no full-day courses, but a lot of late afternoon, evening lectures. So my formal management training was (laughs) pretty minimal.

Did you find it useful, or .....?

Oh, yes. I did a rapid reading course with the Australian Institute of Management in Brisbane, which I found useful. But I hadn't mentioned, but when I was at Broken Hill – I mentioned that Mr Richards was a very demanding managing director, Managing Director of the Broken Hill Gas Company. He was a different era to me, he was – obviously he was about thirty-five years older than me, a different

generation, a hard taskmaster but I learnt a lot from him, he was a wonderful man to learn from. And I can remember as a young engineer putting up proposals for new plant and he'd say, 'Well, you haven't allowed for any depreciation. What about the interest on the money?' And I quickly realised as an engineer I had to have some knowledge of accounting, so I enrolled with a firm called Hemingway and Robertson, who were quite prominent fifty years ago, and enrolled in their accounting course, so I wasn't without some financial training, (laughs) as I moved on to higher levels I had some financial training. Correspondence training, I might add.

Let's move on a little bit. Because you were also involved in a couple of high-powered government committees and whatever, one of them being the review of Australia's Higher Defence Organisation.

That's right, yes.

What gave you Defence capabilities?

Well, it's rather interesting. There were some problems in the Higher Defence Organisation at that time, and it's twenty years ago now. I think there were some tensions between the uniformed and the people, the public servants, over the degree of overlap of their spans of control and so on and definitions of their roles. And the then Prime Minister decided to appoint a four-man review committee to review the Higher Defence Organisation. And my mother had just died here in Adelaide, at Largs Bay, and I was there with the family sorting out the household effects because the house was to be sold, and the 'phone rang and it was answered by a nephew, who was a teenager then, but is now David Koch who is the anchorman on Channel 7 in the morning programs. And he said, 'Uncle Eric, the Prime Minister's on the 'phone.' And it was the Prime Minister and he said he was putting together this four-man committee and wanted me to be a member. And I said, 'Well, Prime Minister, I've never served in the armed forces.' And he said, 'Well, that's why I want you, I want one person – I want you on the committee because' – you know, for a different perspective, I guess. I've just forgotten his actual words but that was the import. So I joined the late General Sir Arthur McDonald, who'd not long retired as Chief of our Defence Force Staff, and Sir Frederick Wheeler, who hadn't long retired as Secretary of the Treasury, and John Utz, who chaired the committee –

he was a businessman but he did have some service background – and so I spent a very interesting eighteen months.

It was rather interesting because Admiral Synnott was then the Chief of the Defence Force Staff, as it was called, and I remember him saying to me, 'Mr Neal, all this organisation at Russell Hill doesn't amount to much if we can't put ashore a battalion somewhere in the Pacific to protect our interests, supply it from the sea and protect it from the air,' he said, 'so you should get out and see how the cutting edge works.' And I said, 'Well, Admiral, if you'll arrange it I'll be very pleased to do so.' So over the following month or two he had me out in a submarine – I was the only civilian on board that day and when we had lunch about a hundred and eighty feet below the surface, in the wardroom, I wanted to question the officers about the operation of the submarine and they wanted to question me about the Stock Exchange! (laughs) But I also went out on a destroyer and flew with some Navy 'planes and Army helicopters, and it led to an interest in the US services. The US government became aware of my interest and subsequently I had the opportunity of being on board the battleship *New Jersey* when they fired a full broadside of its sixteen-inch guns. I was stood alongside the then Chief of the Defence Force, Peter Gration. We flew out by helicopter and landed on the *New Jersey* somewhere off the Central Coast of New South Wales, and in about the same time frame I was flown out to the US carrier *Midway* about halfway from Australia to New Zealand – not quite halfway, but it was hundreds of miles offshore – and made an arrested landing, caught by the hook, and then after inspecting the aircraft carrier and watching the flying operations was catapulted off the steam catapult and flown back to Sydney. It was an exciting experience. Also had the opportunity of visiting a nuclear submarine in Hawaii, a US Naval nuclear submarine.

So arising out of that initial defence situation I had a longer involvement because, when Kim Beazley was Minister for Defence, he asked me to be a member of the Defence Industry Committee, so for a couple of years I served on that, which was also interesting.

What particular skills did you bring to these – this is a recurring theme through a lot of the questions, I suppose – and how was your industry experience of value? Again, is there anything in the reports of these committees, the activities of the committees, that bear your hallmark?

Yes, there's one or two elements which it may not be appropriate to talk about. But sometimes somebody who's been raised in the business community and outside of the defence area can see a solution which perhaps people who have been involved for most of their life in defence administration or managing defence don't necessarily see as quickly. So I'll say no more than the fact that I made a contribution. (laughs)

So we're better protected now because of you than what we would have been otherwise?

No, I wouldn't claim that, I wouldn't claim that. But no, our function was to look at the organisational structure of the higher defence committees and the relationships between the senior civil servants and the senior uniformed people.

That sort of prompts another question, in terms of your relationships with government, indeed, the higher members of government. When did you start sort of knocking your head at the government level?

Oh, when I was the Chief Executive Officer of Boral, particularly during the oil crisis of the 1970s, late 1970s, when the Middle East oil producing companies put the price of oil up dramatically in the middle of the 1970s, and Australia was facing some energy crises, and I did have then inputs to the then Minister for Energy. It was Sir John Carrick, who in my view did an admirable job in the role. Then yes, I made some contributions in the energy field to the Fraser Government. Then, when the Hawke Government came in, I was one of the twelve independent businessmen invited to the Summit conference which was a couple of months after the accession of the Hawke Government in Canberra, and from that I had some inputs into the housing industry, First Homebuyers' Scheme, which was a great credit to the Honourable Chris Hurford, who was then Minister for Housing: he got together a group involved from the building industry and both builders, building material suppliers and unions, and really got the housing industry moving in 1983-84. I was Vice-Chairman of the Business Council for several years, and as such we used to have regular meetings with the Prime Minister and his ministers and also the Opposition ministers. So one way or another, like all managing directors of large corporations in Australia, you do have some involvement with the government of the day.

I was never involved in politics. I took the view that a corporation's management has to manage the corporation in the best interests of the shareholders in accordance with the rules and laws laid down by the government of the day, and I've always taken the view that a corporation has to work with the government of the day irrespective of what side of politics they're from.

We've done a couple of corporate histories and often lots of major companies used to make major donations to political parties. Was that a case with, say, Boral?

END OF TAPE 3 SIDE A: TAPE 3 SIDE B

[– – – irrespective of what side of politics they're from.

We've done a couple of corporate histories and often lots of major companies used to make major donations to political parties. Was that a case with, say, Boral?] Or was it an even-handed thing?

I don't think I want to answer that question. (laughs)

No, fair enough, fair enough. These other demands on your time: how did that fit in with, I guess, your main job? Were they easy enough to handle?

Oh, yes, because I never took on the role of Chairman of the Business Council of Australia, I had no aspirations to do that, or the chairman of any trade organisation, because some people do it and it's fortunate that some people do that, carry out those roles. But I always felt that it would be too time-consuming and detrimental to my main job, which was running Boral. So I was, as I said, Deputy Chairman of the Business Council of Australia for several years but I had no aspirations to take on the top job.

I'll just perhaps refer back to a little comment you made after the last tape. From what you've said today you had a pretty busy life: were you ever at home?

Oh, yes, because home was the place to come home to at the end of a hard day's work, where there was a welcoming wife and children, and my wife and I have had a great partnership now for fifty-four years. So, while I mentioned in an earlier tape that in one year, when I was living in Brisbane and we were doing a lot of work in Indonesia, New Guinea, Pacific Islands, I spent a hundred and eighty nights away in a year, but that was an unusual situation and, in later years, I was fortunate enough to have a very good board at Boral. The late Sir John O'Neil, as Chairman, always encouraged me to take my wife with me on my overseas travels, and indeed our

second son was put into boarding school for six years – eight years he spent in boarding school – and Joan was able to travel with me to USA and to Japan and to England, and wherever I travelled Joan normally came. And even when I went to Melbourne, once a month we'd go to Melbourne for three or four nights and have meetings of the Melbourne subsidiaries, and a fortnight later go to Brisbane and do the same thing, Joan would normally come with me and that was a great help. I found she was of great assistance in overseas travelling because I – not only because of companionship, but I never had to worry about putting shirts out to get laundered, or confirming airline bookings or packing bags: I'd head off from the hotel straight to a board meeting and often come back, pick Joan and the luggage up at the hotel or sometimes she'd meet me at the airport. She was of enormous assistance.

How did you fit in your role as a father with [that of] a busy businessman? Did you get a chance to kick a football with your sons?

Not too often. We didn't kick a football very often, but when my younger son was at – the older son was much easier because he lived at home until he was nineteen and we used to go out in the boat and fish, go out in the boat particularly, and certainly go camping. And I always made sure we had a holiday every year, as my father had done before me, we'd always go somewhere with the family. And my younger son, when he was at boarding school, about every second or third weekend – because sometimes we were away overseas for two or three weeks – we'd go down to Moss Vale, where the boarding school was and take James and some of his mates out for lunch or dinner and spend as much time with him as we could. And of course he had a lot of time from school holidays and so we were able to take him on our overseas trips with us, and I know his first trip round the world was at the age of twelve and subsequently, if we were going to USA, any time he was on school holidays obviously I paid his airfares and his expenses but James would come with us and probably, by the time he left school at nineteen, he was a very well-travelled young man.

Getting back to perhaps your business career, when did you start perhaps winding down? I suppose in one sense you started winding down since 1987, when you finished as Managing Director of Boral, but when did you start discarding directorships?

I didn't discard any directorships, other than – I didn't discard any, actually. I reached the retiring age from BHP board in 1994, when I became seventy years of age. I'd already retired from Westpac two years before that, '92, and I was still then on the board of Metal Manufactures, Coca-Cola, Atlas Copco in 1994, when I left BHP. And I retired from those remaining boards when I was appointed Governor of South Australia in '96. So I was really a corporate director right up until – I was sworn in as Governor in July of '96 and I retired from all boards I was on by 30th June.

Well, that's a good little link because the next question's looking at your role as Governor. How did you respond to the request?

Well, it was rather interesting, because I'd had some experience in protocol roles because, during 1987 and 1988, I was Chief Commissioner of the City of Sydney by act of Parliament, which was with all the powers and responsibilities of the Lord Mayor, because the government, in 1987, dismissed the Sydney City Council and they appointed me Administrator by act of Parliament. I'd just retired from Boral – no, it was a month before I retired from Boral. And by further act of Parliament they appointed a three-man commission, of which I was the Chief Commissioner. My wife became the Lady Mayoress of Sydney. So for '87 and '88 this three-man commission ran the City of Sydney through the Bicentennial period and received all the overseas dignitaries and visitors and the Queen and kings and queens of other countries as well and, in addition, ran the city.

Then, early '96, about March or April of '96, I received a 'phone call one morning from a Mr Kelton, who was a reporter on *The Advertiser*, and he said, 'You realise your name's been shortlisted as being next Governor of South Australia?' And I said, 'No, Mr Kelton, I don't know anything about that.' 'Oh,' he said, 'can I send you a copy of the newspaper article?' I said, 'I'd appreciate that.' So Mr Kelton faxed me, at my home in Sydney, a copy of the article from *The Advertiser* wherein it was pointed out that Dame Roma Mitchell was going to retire shortly and that there were six names being considered by the State Government, and it named six people including myself. And I said to my wife, 'Well, there might be something in this, may not be. So let's think about it: for example, if I was offered the role and we accepted it we'd have to move back to Adelaide, sell our house in

Sydney and commit for five years to the role in Adelaide,' and all of the other factors that we needed to take into account. So over the following week or two we weighed up all of these various factors and decided that, if I was offered the job, I'd accept it. Then nothing happened. And it must have been three months went by, and one night the 'phone rang and it was the Premier of South Australia asking me if I would like to come back to South Australia to be the Governor. So I asked a few questions, such as the term of office and so on, and I said, 'Well, I'll have a word with my wife and call you back within the hour.' So I put the 'phone down and said to Joan, 'Well, the invitation has arrived.' We agreed, and so I called the Premier back and said, 'Yes, I'd be pleased to accept.' (laughs) So that was how it all happened.

And I might say then that Dame Roma Mitchell invited us over to stay with her at Government House and ran through the role with me, and she could not have been more helpful.

Did you still consider yourself a South Australian at this stage, or were you an Australian – was there much of an attraction, other than possibly the ceremonial?

After living in New South Wales, in Victoria, then Queensland, and back to New South Wales, I did regard myself as perhaps a stateless person, but with particular allegiances to South Australia because, until my parents died – and they're both buried here in Adelaide – my wife and I were a frequent visitor to Adelaide for family functions. I was a director of a number of Boral subsidiaries in South Australia – Quarry Industries Limited, Hollostone Masonry I mentioned on the Main North Road, Australian Gypsum, the Cyclone Company that had a factory down on the Port Road at Cheltenham – so I used to come across to Adelaide on business probably every second month, certainly four or five times a year as a minimum. And then I'd come across, I had two sisters living here so there'd be family weddings and that sort of thing. So I think we maintained strong links with South Australia. And I used to stay at the Adelaide Club because that was a very pleasant place to stay and – yes, we retained our links with South Australia right through all our time away.

The job of Governor: how did you find that?

Oh, it was a joy, I enjoyed it immensely.

What were the major highs? The things that you remember most?

You know, there were so many highs. It was – so many special occasions. There were serious occasions like taking the salute on Anzac Day, which would invariably leave me with a lump in my throat; there was the opening of Parliament which was a very ceremonial occasion, which was always impressive; there were lunches and dinners for visiting dignitaries at Government House; there were visits to various parts of the state. I once got hold of a map showing the location of all the police stations in South Australia and I reckoned if a town was important enough to have a police station it was important enough to have a Vice-Regal visit, so in the last few weeks of my reign as – or term as Governor, term as Governor, I visited the last two towns on that list, and I can say I visited every significant town in the state during my period in office.

A feature of your term was the leading of trade missions elsewhere.

Yes. That was the idea of the Premier at the time, Dean Brown, and it was a very good idea because the Governor, particularly in the eyes of Asian communities, is a great door-opener. And the Governor can provide entrée to delegations to areas, to people they might not otherwise have met. And the first trade mission I led was to Malaysia and we went to Sabah, and the first night we were there the Governor of Sabah gave a dinner for the delegation, which was about twenty-five South Australians, at Government House. And he invited the leading community leaders and business leaders along who, quite frankly, our delegation were hoping to meet over the next day or two, and they really met them that night at the Government House dinner, which made it much easier in the following day or two. And then subsequently we went down to – (telephone rings) can I just take that call? (break in recording)

Sir Eric, we're talking about your role as Governor: how many trade missions did you lead?

Five, in a way. I led a second one to Malaysia. No, no, I'll rephrase that. I led a trade mission to Malaysia and then I led a trade mission to China, and then I went to Sweden leading a delegation to try and win the World Police and Fire Games for Adelaide. I went with the Minister, Joan Hall, the Police Commissioner, the Fire Chief and some policemen and firemen, and we made a presentation to the International Committee at Stockholm in Sweden. We didn't win. I realised that we

were out of cycle, we were two years too early or too late, I came back and mentioned that to the Government here, so two years later we went to Indianapolis and made a presentation and we won the Police Fire Games for Adelaide for 2007. And then I went back on an educational mission to a universities conference in Sarawak, so that would be about five visits, yes.

So what was your role here? Did you just introduce the people to do the talking and go off and sightsee, or – – –?

No, I really met with – in the trade mission I met with ministers, and in China I opened, with the Australian Ambassador, we each with a pair of scissors cut the red ribbon to open the South Australian office in Jinan in China, and with the missions to Sweden and to Indianapolis I actually made a presentation, gave a speech and made a presentation, to help sell South Australia.

Were there any activities you didn't enjoy, as Governor?

No, none. I can't think of any. I can't think of any activities I didn't enjoy.

Hope this doesn't breach privilege, but your role in Executive Council in effect is just sort of a rubber stamp role, that of Governor: did you find that difficult?

No. First of all, I took the view – in fact, the only view one could take was that any act of Parliament, that had been passed by the South Australian Parliament and was put to the Governor to sign by the Executive Council, the Governor signed it, you never questioned or queried, it had been passed by Parliament and your role was to sign it, on behalf of the Queen you signed it. With regard to regulations and appointments and suchlike, all the paperwork for the Executive Council is delivered at Government House two days before, so you read all the papers and you have the opportunity, if you question something or see an error, to – the opportunity is there for the Governor to go back to the minister concerned. I never did that, I never spoke to any minister during my time as Governor on any issue. I'd always go back to the Clerk of the Executive Council and I'd say, 'Well, it seems to me,' or 'I'd like you to check that,' and it all worked very smoothly. But the Governor does have to read the papers and familiarise himself or herself with what you're being asked to sign.

Just that on some occasions, I guess, some governors have had to put their signature to matters that they mightn't have agreed with, I suppose.

That never occurred to me because I took the view that anything that was being put up by Executive Council was being put up by the govern*ment* of the day, and it was not the Govern*or*'s role to question that. So I didn't have any problems in that area at all.

Did you meet the person whom you were deputising for?

Yes, on many occasions, a number of occasions.

Did the Queen visit here in Adelaide?

Not while I was Governor. I met the Queen first of all in 1986. She came to Sydney in 1987 and I received her at the Town Hall as the Chief Commissioner. I subsequently had dinner and sat opposite her at her table on the royal yacht *Britannia*, my wife was sitting at the other table with the Duke of Edinburgh, and when the Marine band played the farewell after dinner on the wharf all the other guests were on the wharf and the Queen and Prince Philip and the Governor of New South Wales and I and our wives stood in the line of six on the deck of the *Britannia* looking down at the band, a memorable occasion. But before that, in 1986, when the Queen came to Australia to sign the *Australia Act*, which was the official disengagement of the Constitution of Australia from the Constitution of the United Kingdom – and the *Australia Act*, it was not generally well-known, but it made some significant changes, for example, appeals from Supreme Courts of the states to the Privy Council were abolished in '86 – and the Queen acted on the advice of her *Australian* ministers after that, not on the advice of her British ministers. For example, Australia would refer things to the Minister for the Commonwealth or the Minister for the Dominions in earlier years. From '86 onwards the Prime Minister of Australia can speak directly with the Queen if he wishes, as can the Premier of individual states. So when the *Australia Act* was signed in '86 Prime Minister Bob Hawke had a dinner at his home and there was clearly the people you'd expect to be there: the Queen and her party, the Prime Minister and the Speaker, and the President of the Upper House, and there were two external business people, the managing director of Esso and the managing director of Boral and our wives, and we sat round the table and afterwards I remember having coffee with the Queen and Bob Hawke in his sitting room. That was in '86. We met her again in '87 and in it must have been '89, must have been '90 or '91 she came to Sydney again and I received

her at the Queen Victoria Building, which she opened. In '92 she gave me the CVO, Commander of Victoria Order, which she personally presented to me at Buckingham Palace. So yes, one way or another I met the Queen on many occasions.

Another question [about your] time in Government House: what was it like living in Government House?

Oh, very pleasant.

Since the other – last week, I think, we had a Member of Parliament saying, 'We can't have the Governor live in Government House with traffic running around two sides of it.'

No.

'It's got to be very uncomfortable for the Governor.'

No. Traffic noise never worried us, and we always slept with the window open and the traffic noise never worried us at all. There's a lot of trees around Government House, and of course you're sleeping in the middle of the night, there's not too much traffic in the middle of the night! (laughs) Might be different if you were trying to sleep in daytime, but we never had any problems. It was a most pleasant place to live.

Was security an issue? Did you find that onerous at all?

No. No. Most of the time we were at Government House, my wife and I lived there and the chauffeur lived at the back of the house in a separate wing, really, and often at night I'd go round – most of the staff lived outside of the house, I mean away – often at night I'd go round and make sure the lights were turned off, and the security never worried us at all. There was a guard on the gate and the – – –. Put it this way: in the five years I was there no burglars got into Government House.

I was thinking more of security issues of police and –

No.

– having to have guards around you.

No, I used to go out for a walk most mornings and I'd usually walk along the bank of the Torrens as far as the Zoo and come back on the other side, and the Chief Justice of the High Court stayed with us – each year the High Court was in Adelaide and we

knew the Chief Justice from earlier days and he'd stay with us, and he and I would go out for a walk of a morning, along to the weir and back on the other side, without any security.

END OF TAPE 3 SIDE B: TAPE 4 SIDE A

This is Peter Donovan speaking with Sir Eric Neal for the oral history project of the Institution of Engineers. This is tape number four.

Sir Eric, we might go back a little bit and just talk about your time as a Commissioner for the City of Sydney. That would have been a pretty challenging job – we're thinking '87, '88, as you suggested it was leading up to the Bicentennial, and if it's anything like the City of Adelaide there's going to be lots of issues that must have come across your desk.

Yes, there were a lot of issues because there'd been I think a twenty-eight-person council, from memory, and they'd been dismissed and I was appointed Administrator the day after the Council was dismissed and had the Town Clerk and the other senior officers reporting to me, so I was really like the manager of the city. And the big issues facing Sydney at the time: the city was dirty and it wasn't going to be a sparkling city for the Bicentennial celebrations, and also there was a huge backlog of building development applications which was, of course, not very helpful to the business community who were trying to get development applications approved so they could get buildings under way. I went out with the Town Clerk to the Cleaning Depot about five o'clock one morning, soon after taking on the role, and there were a couple of hundred people there, from memory, the people who drove the carts which washed the streets and picked up the rubbish and people who swept the gutters, and I said to them – well, I won't say what I said because I can't remember the actual words, but I really indicated to them that I didn't know how to keep a city clean, except the city wasn't clean enough, everybody knew that, and could they tell me what needed to be done to get Sydney clean and sparkling. And there was a sort of stunned silence and then one fellow said, 'Chief Commissioner, if our vehicles didn't spend a third of their time off the road in the workshops due to breakdowns, then the city would probably be clean.' So I turned to the Town Clerk and said, 'And are the vehicles spending a third of their time in the workshops?' And he gave an accurate figure which was, I've forgotten now, but it was like thirty-one or thirty-two per cent, it was pretty close to a third, and I said, 'Well, thank you

for that.' So we went back to the Town Hall and I found that the Council had several – the Council had a surplus of cash. So we spent about three million dollars in buying new street cleaning machines and new trucks and rubbish trucks, and in a few months (laughs) the city *was* clean.

Had its humorous note because, on the 26th January '88, which was going to be a big, big day in Sydney – they were expecting there'd be a million people in Sydney for the celebrations of the Bicentenary, and indeed I think there were – but the interesting thing was the following day was a normal working day, the 27th January, yet the celebrations were going to go on till well after midnight. Imagine the litter in the streets, the soft drink cans and the paper cups and all the rest of it. So about a week before I called in the union delegate, couple of them, and I said, 'The street cleaning people normally start work at five o'clock in the morning. What about on the 27th January you all start work at four o'clock and get the city clean by eight, so that when all the people come in to go to work in their offices between eight and nine the city is clean and sparkling despite the mess of the night before?' And I've never forgotten what the union man said. He said, 'Well, Sir Eric, if you tell us to do it we won't, but if you ask us to do it we will.' I said, 'Right, I'm asking you.' He said, 'Yes, we will.' (laughs) So the people came in the following morning and the city was sparkling. So I had some very humorous incidents at the Town Hall. It was a rewarding twenty months, yes.

Again, what did you bring to the job?

I brought a focus of business skills to the role. In other words, my concern was to do what was best for the city of Sydney, and there was no political arguing between various parties because the problem with the previous Council, as I understand it, there were twenty-eight people and there were a number of factions, and some factions would support each other at one meeting and not support each other at the following meeting, depending on what the issue was. Well, as far as I was concerned, there was only one issue: what was good for Sydney. It was very simple.

You were able to use your engineering skills again?

Oh, yes. Yes, we, in discussions with the City Engineer and the Director of Parks and Gardens, who was a very capable engineer, yes. I was able to assist and give

some advice, put it that way, yes. But we had some very capable staff, very capable people. And one of the tasks I had with my fellow Commissioners was to set up the City of South Sydney, divide the City of Sydney into two and create a new council, which took in the area roughly from the university to the airport. So we had the task of appointing officers to the City of South Sydney and really setting up the new council. I was greatly helped by my two Assistant Commissioners. The Deputy was Sir Nicholas Shehadie, who's currently married to a lady who's currently the Governor of New South Wales. Nick Shehadie was an outstanding man in many fields of endeavour. And Norman Oakes, the other Commissioner, was the former Secretary of the Treasury. So we had, the three of us combined, had all the skills necessary.

Why did the government ever abandon this fantastic model?

Oh, well, I think they had to have an election, which took place twenty months later, and democracy was restored. (laughs)

Moving on again, we'll leap over your role as Governor to your current position as Chancellor of Flinders [University]. How did that come about?

Well, the previous – – –.

Was there much of a hiatus between one job and another?

No. The previous Chancellor, Sister Deidre Jordan, she and the Chief Justice, John Doyle, were a committee to find a successor to Sister Deidre because she'd been Chancellor – when she stepped down she'd been Chancellor for fourteen years, an outstanding lady. And they approached me while I was still the Governor to see if I would take on the role of Chancellor when I retired as Governor and I said, 'Well, talk to me about it when I have retired as Governor.' So when I had retired as Governor Sister Deidre approached me again and we agreed I would take it on about five or six months after I stepped down as Governor, which I did.

What has it taken to fit the role?

Well, the role is very much like being chairman of a board, because we've got a very good Council comprising twenty people, ten of them are from outside the university and ten are from within the university. We've got three student members, two academic members is five, two staff members is seven, we've got Chairman of the

Academic Board, which is eight, the Vice-Chancellor, which is nine, and eleven people – I make ten and then there's ten more from the community.

The Chancellor's role is to chair the Council, to informally give advice to the Vice-Chancellor on non-academic issues because I don't profess to be an academic, but on issues particularly related to the university's relationship with the outside community; to present all the degrees, although I deputise or delegate some of that to my two Pro-Chancellors – 'Pro' meaning 'Deputy' – and it's really similar to the role of chairman of a board. The managing director of the organisation, or the chief executive officer, is the Vice-Chancellor and that's a full-time role and we have a very effective Vice-Chancellor in Professor Anne Edwards and she manages the university. Her office is there.

How much time does it take?

I suppose – it varies, but I suppose over the year a couple of days a week. Sometimes, when it's the lead-up to a Council meeting, it can be several days involved, or when you – – –. I do one-to-one interviews with the Council members once a year and I talk to each Council member individually, either here or at their office or their place of work, which takes about thirty minutes at least, so once a year I have nineteen face-to-face interviews with the Council members to get their views on the way Council's operating and any suggestions they can make. Yes, I'd say a couple of days a week, over the year.

Is your appointment sort of symptomatic of the way universities are going, becoming much more commercial?

Yes.

When we look at Adelaide we've had someone like a Bill Scammell and De Crespigny there – – –.

Robert de Crespigny. David Klingberg at the University of South Australia. Yes, I find that's increasingly the case and I attend chancellors' meetings twice a year. There are thirty-nine universities in Australia and the chancellors do get together. Usually get about twenty-nine or thirty, they don't all attend every meeting for obvious reasons. But it's like a reunion in many ways, because I meet people who have been heads of Commonwealth Government departments, I meet people who've been merchant bankers, people who've been managing directors of big

organisations, people who've been generals in the Army and, for example, Jerry Ellis, who's the Chancellor of Monash, sat alongside me on the BHP board. And Maurice Newman, who's the Chancellor at Macquarie, was a merchant banker I had business dealings with when I was at Boral and was subsequently Chairman of the Australian Stock Exchange, as I recall. And then General Grey, who I met in the course of my defence dealings, is the Chancellor of James Cook at Townsville and Sir Llewellyn Edwards is the Chancellor of Queensland University and I sat on the Westpac board with him. So yes, there's been a move away from academic chancellors to generalist chancellors, and that's partly due to the fact that universities have to be differently governed to what they used to be, and they have to be more commercially orientated.

Is there anything here at Flinders that bears your stamp? Having a yarn with Basil Hetzel there at one stage, he was able to introduce things to the University of South Australia. Have you been able to do that yet?

No, it hasn't really been necessary at Flinders in this sense: that the *Flinders University Act* was changed about six years ago, largely as a result of the McGregor Report into University Governance, and the *Flinders University Act* closely conforms to the Commonwealth Government guidelines. This year, as part of the Nelson Review, they've laid down – with some help from the chancellors of the Australian Universities Committee – some guidelines as to what the Commonwealth expects universities' councils to look like, the university council I think, from memory, nineteen to twenty-two members, a majority of external members from outside the university, Flinders meets that criterion. And we looked at our guidelines, our Act, and we're very, very close to the Commonwealth requirements. A couple of minor changes are needed, which we're talking to the state government about, but they're minor changes.

You're not going to have an Engineering Faculty or anything like that?

We don't have a large Engineering Faculty. We have a Faculty of Science and Engineering. We have Nanotechnology – one of the first universities in Australia to do it – and we have a strong medical engineering involvement, much equipment to assist the medical fraternity and to assist people – limbs and support devices for various parts of the body – are produced in our university technical areas, and we

have an Engineering School, strong in Computer Systems Engineering. We've also got an outstanding Medical School, outstanding Law School, and outstanding Humanities School.

Surely Boral have got a few million dollars they could set up a Chair of Engineering or something.

(laughs) Well –

No, we'll leave that. ....

– not much of it's flowed this way, put it that way! (laughs)

You've had a very busy life. What have been your recreations when you haven't been wrestling with business issues? How have you relaxed?

When I was a young man in Adelaide I sailed at the Port Adelaide Sailing Club and the Largs Bay Sailing Club. I didn't sail at Broken Hill, obviously. When we moved to Ballarat I got into sailing again. We had a dinghy which my son and I used to sail and he used to sail on the lake in Ballarat. When we went to Brisbane, my older son and I became crew of a sailing boat at the Royal Queensland Yacht Squadron and we used to sail together on Saturday afternoons. And when we went to Sydney – would you believe it? – Boral had a boat, a motor boat, so for probably about fifteen years I had the use of a motor boat on Sydney Harbour and for entertaining overseas guests, business guests, staff, and it was a good-sized motor boat. So when I retired from Boral, in '87, my wife and I bought a forty-three-foot sloop, a sailing boat, which we kept on Sydney Harbour and we sailed. After about seven years – no, no, about five years, '92 – we sold the sloop and we bought a motor boat, a motor cruiser, and then after about – while I was Governor we sold that. And then we bought another motor cruiser in Sydney and had it sailed round from Sydney to Adelaide and it resides here in Adelaide and it's my recreation. But we've always been interested in horse racing, so my wife and I have – Joan's been part-owner of racehorses at various times over the years, we're both keen members of the SAJC[14]. And we follow football, we're both ambassadors for Port Power – we went to Melbourne last week for the football match. So we're not without some recreational interests.

You were also involved with the Australian Opera at one stage?

Yes, I was the – – –.

Which again seems quite different from all your other activities.

I was always interested in opera as a listener. I remember when I was engaged to Joan, back in the late 1940s, we went to an opera in Adelaide, Joan's first opera. But I could tell you a humorous story – have we got time? – Sir Ian Potter was on the Boral board and he was another one of my mentors, a great man, Sir Ian. And one day at a board meeting he said, 'I think Boral should sponsor an opera,' and there were some looks of surprise around the table and one director said, 'Well, do the directors get tickets to this?' And the Chairman said, 'I would think so.' 'Good,' said the director, 'somebody could have my tickets.' (laughs) So anyway there was agreement reached that we would sponsor an opera. So I was deputed, as the Managing Director, to ring the General Manager of the Australian Opera and arrange this. He must have nearly fallen off his chair when I rang and said, 'We'd like to sponsor an opera,' because normally it's the other way round, they're trying to persuade somebody. I said, 'What have you got available?' He said, 'We've got *Patience* at $75,000, *I masnadieri* at $100,000 and *Lucia di Lammermoor* at $125[,000].' Well, I knew *Patience* was a bit light, so I said, 'Well, *I masnadieri* is about the right level for us.' I said, 'Tell me, what does *I masnadieri* mean in English?' He said, '*The robbers*'. I said, 'You'd better tell me about *Lucia di Lammermoor*.' (laughs) So we sponsored *Lucia di Lammermoor* – this was in 1980 – and it was just an overwhelming success. We took it to Melbourne, to Adelaide, to Brisbane, Joan Sutherland sang the lead role and we just had full houses everywhere and it was a huge success for Boral.

I became Deputy Chairman of the Opera Council of Australia for many, many years, and then I was Chairman of the Opera Foundation, which was a fundraising organisation to raise funds to train young opera singers. And I retired from that role when I came over here to be Governor.

How long did Boral continue to sponsor the opera? Was it just a one-off?

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[14] SAJC –South Australian Jockey Club.

It was a one-off one, but we also then subsequently sponsored *Nicholas Nickleby*, which was a joint production for the Sydney Theatre Company and the Australian Opera, and that again was an overwhelming success. And my wife, Joan, is a director of the State Opera here in Adelaide, she's on the board, enjoys it immensely.

Getting onto some of your awards and distinctions, you were made a knight in 1982.

Yes, that was for services to industry.

So hardly to say that you're a late knight, but –

No. (laughs)

– this was after Mr Whitlam had introduced the Australian honours.

That's right.

So who nominated you, do you know who nominated you? Was it a federal initiative or a state initiative?

Federal initiative, yes, federal. So it was Commonwealth.

And you were a Companion of the Order of Australia in 1990.

1988.

1988.

Yes. That was Australia's highest honour, and that was the New South Wales government I think were responsible for that.

And you're a Commander of the Royal Victorian Order.

Yes.

What is that?

That's a personal honours order of the Queen. Most other orders, even given by the British government, are on the recommendation of *a* government – the Australian government in earlier times and the British government today recommend to the Queen each year who's going to be made a Commander of the Order of Michael and George, or an OBE[15] or a CBE[16], but the Victorian Order is the Queen's personal

[15] OBE – Office of the Most Excellent Order of the British Empire.

honours list and she alone has control of that. I worked for a good many years for the Duke of Edinburgh's Award program for twelve years, I was their National Chairman in Australia for many years and I was an international trustee for twelve years, and that was why I was made a Commander of the [Royal] Victorian Order, CVO.

So you've probably got a whole heap of other awards and distinctions. What one do you hold most dear, or is it hard to make a distinction?

It's hard to make a distinction. I think probably the Knight Bachelor I hold the most dear, because being made 'Sir' meant that my wife became 'Lady', and so she shares in the honour, and that's one of the nicest things about that particular honour is that you become 'Sir Eric' but my wife is 'Lady Neal', and she's earnt it over the years. So that's very special.

So we might review some of these issues. Some of these might seem a little repetitious, but bear with us there, Sir Eric. Your children, what have they become? What's been – paint a picture of their careers: any of them followed you as an engineer?

No, no, both my boys have been more interested – and they probably take this from their mother – more interested in cultural, verbal, creative activities. My older son spent many, many years in advertising and he's now the Director of Strategy for a market research firm in Adelaide. And my second son spent about twelve years with Ansett Airlines then he went to England for three years, and over there he worked in several roles: Railtrak system and Kent Cricket Club, and now he's back in Adelaide – just came back a few months ago – and he's job-hunting in Adelaide, but he's looking for things in tourism, event management, marketing type operations. So neither of them have had any technical bent.

You didn't encourage them in any sense? You obviously followed your father very, very closely –

Yes.

– but your sons didn't.

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[16] CBE – Commander of the Most Excellent Order of the British Empire.

No, the older son has got quite good manual skills and is an amateur carpenter and so on, but the younger son has (telephone rings) shown no interest in mechanical or carpentry skills at all. If I could just – – –. (break in recording)

Sir Eric, as I say, the last lot of questions are more to perhaps recapitulate on what we've been talking about. What's been your philosophy of life? What is it that's driven you?

It's been rather interesting. When I was first appointed the Engineer of the Broken Hill Gas Company, nothing was further from my mind than ever being on the board of BHP or the Chairman of Westpac Bank. My ambition was to be the best gas engineer I could. And over those six years as Engineer of the Gas Company, I did do, in retrospect, a good job, it was well-regarded by my peer group in New South Wales and I became the Manager of the Gas Company, and I made up my mind I was going to be the best manager that I could. And I really expected to stay in Broken Hill probably for the rest of my career, so I was quite surprised when, three and a half years later, I was asked to go to Ballarat to become the manager of the biggest branch of the group of their twenty-six gasworks. And so I was there at Ballarat and I thought, 'Right, this is a wonderful location, lovely house and a good job,' and I was expecting to spend a decade or two in Ballarat. And so I gave that my best efforts, and then I went to Queensland, and I was fully expecting to be a Queenslander for a long, long time and I decided, you know, I'd do a good job of being Assistant General Manager then Joint General Manager of Boral Gas. So I was quite surprised when, six years later, I was asked to go to Sydney and become one of the lieutenants of Sir Elton Griffin, who was one of the doyens of businessmen in Sydney and very well-known and the Managing Director of Boral and he was really a big figure in the Sydney business scene. And nothing – I can honestly say I didn't even *contemplate* that, five years later, I would succeed him, I really didn't. So it's been a case of step by step by step, (laughs) just trying to do the best job that I could in each particular role.

And my business philosophy has always been to treat people as you'd like to be treated yourself. I've always been approachable and I've probably been obstinate at times and I've probably been demanding at times, set high standards for our workforce, but never lost too many people. They might have cursed me under their breath but they never left, they've – – –. I think one of the reasons was we had

some continuing success in the companies I was with, and most people want to be on a successful team and they'll work hard and put up with a bit of inconvenience if they feel they're on a successful team and they're winning. And so I've just – well, I guess that sums up my philosophy: do the best you can.

Most of us gain a lot from others, we get a leg-up every now and then or we admire them: who were the people whom you admired, who were the people that might have helped you?

Well, there was Donald Scott-Young at the South Australian Gas Company fifty-five years ago, he was a mentor to me in my teens and right up till the age of twenty-five. Then I had a very good Chairman of the Broken Hill Gas Company, Clem Davidson, who died not so long ago in his nineties, he was a businessman in Broken Hill and he was extremely helpful. Then the man who was the Principal Gas Engineer for the New South Wales government, who had the oversight of all the gas companies in New South Wales, Alan Brown: he was helpful to me. When I went to Boral there was an Associate Director called George Todner, who had been the Chief Accountant of BHP. He retired and joined Boral as an Associate Director, and for a while I was reporting directly to him, in the latter part of my stay in Brisbane: wonderful mentor, because he was then in his late sixties and full of good advice. Elton Griffin was clearly a mentor, otherwise I would never have succeeded him. And the Chairman at the time, the late Sir John O'Neil, another very good mentor. And then Ian Potter, a board member, in his quiet way: he asked me to succeed him as Chairman of Atlas Copco. In due course I did. He invited me to join another board and I said no, I was too busy – I was always regretful that I didn't.

And I guess over the years I've admired a lot of senior business people, and we all – because I include myself in what I'm about to say – we all have our weaknesses and our strengths. I've looked at people over the years and I've tried to gain what I can from their strengths and discard their weaknesses, so I've learnt from all the people I've worked for. Because all the people who were my mentors had strengths and they had weaknesses, and I used to say, 'That's a quality I want to cultivate myself, and that's one I'll discard.' And I've tried to cultivate the best qualities of the people I've worked for over the years.

END OF TAPE 4 SIDE A: TAPE 4 SIDE B

Have you had any protégés? Are there any people out there that you've given a leg-up to and they've blossomed and you've taken a bit of pride in that, or 'It mightn't have happened if it hadn't been for me'?

Yes. John Piper, who's now a senior executive of Origin Energy in charge of the oil and gas exploration was a protégé of mine twenty years ago in Boral, he was my PA[17] or executive assistant for some years. He's done very well. I was sitting next to Rod Payze at the football luncheon yesterday: Rod Payze used to be the head of Transport SA and he talked about Alf Laslett, who has just retired from Boral. He and Rod were at university together and Laslett managed the South Australian operations and I often tried to persuade him to come east to a promotion, but he didn't want to in those days, I guess for family reasons. But he subsequently did get promoted and Rod Payze said Alf always spoke highly of my leadership, and equally I thought highly of Alf Laslett. And David Morgan was a managing director of Westpac Bank, was a man that I brought into the Westpac Bank, he was a protégé. And most of the others – Bruce Kean, who succeeded me in Boral, was a man I brought along and I lifted him up through the ranks, encouraged him. And I guess over the years most of the senior executives of Boral, by the time I retired, had been brought up through the ranks of Boral.

So, looking back on it, you've had a pretty full life.

Yes.

What would you most like to be remembered for? What do you regard as your top three achievements, perhaps?

I think my fourteen years as the Chief Executive Officer of Boral was probably the highlight of my business career. To become a trade apprentice at the age of sixteen and retire from the BHP board at the age of seventy was quite an achievement. My history was – I went to Whyalla on a board visit once and was sitting next to one of the shop stewards at a dinner with the directors and representatives of the workforce, and something came up about trades and I said, 'Well, actually, I served a trade apprenticeship.' 'Oh,' he said, 'we know all about *your* history, Sir Eric.' (laughs) I was rather pleased about that. And I think being the first businessman in Australia

[17] PA – personal assistant.

to be appointed a state governor, because state governors were normally drawn from the services or from the law – they've widened it recently and we've now got sports people in Victoria and South Australia – but generally the services, the law and academia were the areas from which state governors were drawn and Dean Brown really broke new ground when he asked me to become the Governor because I checked up and I was the first businessman in Australia to become a governor. So they're probably three achievements I'd like to be remembered for.

Just a comment you made a moment ago has prompted another question: were you ever a unionist?

Yes, for the first six years of my working life I was a trade unionist because unionism was compulsory in the Gas Company in those days.

How do you get on with union leaders? Did you have to step in to assuage, sort of mediate in any strikes or whatever?

Yes, I did. Boral, during my time, did not have an industrial relations department. I delegated the industrial relations to the managers of all of our plants around Australia. We had no central human resources, industrial relations department at all. If there was a problem in Adelaide I expected it to be resolved by the manager of that plant. If necessary, he'd get some legal advice from the local law firm. But if he couldn't manage it, he could always contact me in Sydney and get some advice. The system worked well because Boral, in the '70s and '80s, generally had less strikes than our peers. One thing you could not overcome was the political type strike, where the union, like the Builders' Labourers' Federation – and I'm only using that as a name – would have a national strike or a state-wide strike, and it didn't matter how good an employer you were all your workforce was out because the union had pulled them out *in toto*. That you couldn't do anything about, and nor did I get involved with negotiations with those unions.

But with the other unions – the Ironworkers particularly – often we had to resolve issues. On one occasion we had a strike and the National Secretary of the Ironworkers' Association rang me at Boral and said, 'People have been on strike for six weeks at your XYZ factory,' and I said, 'Yes.' He said, 'Isn't it time you and I talked?' And I said, 'Well, certainly. What about coming over and having a sandwich lunch?' He said, 'Right.' So he came across to Boral and we sat round

the table and had sandwiches and coffee in our boardroom, and we hammered out an agreement on the basis that he would get his union man to put it to the workforce the next morning in Melbourne and I would tell my management to accept the union proposal when it was made to them, you see. So about a year later, a strike somewhere else in Australia, and another 'phone call, this time from the National Secretary of the Ironworkers' Union again. He said, 'I think we should talk together again to try and resolve this issue,' he said. 'Your men and our men are sort of locking horns at the local site,' he said, 'I think we should try and resolve it.' And I said, 'Right.' He said, 'Well, last time I came to *your* boardroom, what about you coming to ours?' So I drove across to the head office of the Ironworkers' Association in Sydney, went into their boardroom and sat down and looked around and said, 'Gee whiz, your boardroom is better than ours!' (laughs) But we resolved the issue.

Another occasion we had a ship coming in to Westernport, one of our tankers, and the word around [was] that was going to be black banned by the Seamen's Union at Westernport – by a wrong premise, as it happened. And I had our shipping people talk to the union, nothing happened. Had the head of the Energy Division at that time again make representations, nothing happened. And I thought, 'If this tanker gets tied up at the wharf, once it's tied up it's going to take a lot of working to get a black ban removed once it's applied.' So I rang the National Secretary of the Seamen's Union, a fellow called Pat Geraghty, in Sydney, and asked if I could go and see him. I remember the occasion well because I'd had lunch at Victoria Barracks with the commander of the Eastern Command of the Army and two or three other generals. And I got into my car and was driven down to Kent Street, the Seamen's Union, and went into their boardroom and there was a painting on the wall of a fo'c'sle of a ship, and there's three or four sailors sitting round and there's no tablecloth, there's bread and jam on the table and a billycan of tea and the people were unshaven. And he said, 'That's one of your fo'c'sles.' And I said, 'Before I became Chairman of the company.' (laughs) Anyway, I said, 'Mr Geraghty, I understand that one of our tankers is going to be black banned when it arrives at Westernport and I'm not asking for any favours, but I want you to be aware of the facts of the case and if I may I'll outline the facts to you.' He said, 'Go ahead.' So I outlined the facts and I said, 'I'm not asking for any favours, but I'm simply asking

if you make a decision, whatever decision you make, please base it on the facts and not upon hearsay or rumours.' And he said, 'Right, thanks for coming to see me,' we shook hands and I walked out. There was never any black ban applied.

So I found that when the issue was important enough you dealt with the senior people in the unions.

On another occasion we had about two hundred men working on a job, building a new plant for Queensland Alumina at Gladstone, and we were flying up to Townsville for the opening of a new gas terminal at Townsville and we had a Learjet, and there were about four or five directors of Boral and myself in it, and we decided to stop at Gladstone and I'd show them this job going on at Queensland Alumina with about two hundred men working there for Boral on the site. And the night before or day before, the general manager of that company or subsidiary rang me and said, 'They're going to be on strike tomorrow,' and I said – oh, he said, 'They're having a stopwork meeting tomorrow.' And 'What time?' And the stopwork meeting was going to be the time we were due there because we were going to touch down at Gladstone Airport and drive to the site, back to the 'plane, on to Townsville. I said, 'Oh, that's a pity,' I said, 'because I was going to bring four or five directors in to show them what a good job our people were doing,' and got a 'phone call an hour later. He said, 'The fellows have changed the time of the stopwork meeting, they'll all be working when you arrive,' (laughs) and that's exactly what happened!

So generally speaking we had good relationships with the unions. I think it was my father taught me that. He was a great works manager – he was Works Manager of the South Australian Gas Company in his final years, and they had very good industrial relations because Dad, being in the Army, he was a sergeant in World War I, and he knew how to handle people and to be fair and decent and honest and straightforward and, yes, not put up with any – well, to be straightforward in his dealings and expect others to be the same with him.

Probably the last question, a speculative one, I suppose, but you've had a very busy career, busy life, lot of achievement: what's next?

I don't know. I'm eighty years of age, I'm in good health, wouldn't mind doing this job for a few more years – certainly not till I'm ninety, but I wouldn't mind doing it

for a few more years – and I think keeping oneself occupied, and particularly mentally occupied, is very important. And then I'll spend some time with my wife and more time on my boat, I suspect, and – – –. Yes. When you're eighty you never know how long you've got, and so I wouldn't want to – what's the word? – I don't live day-to-day, but equally I wouldn't want to assume I'm going to be here at ninety. (laughs) But I wouldn't mind continuing as Chancellor for a few more years, and while I'm of value and while I'm mentally well-equipped for the role. And then my wife and I will do some travelling – we're going off to a holiday in Asia later this year, and we've always enjoyed travelling. We enjoy boating together, so as long as I'm able we'll continue to do that.

So you've put down anchor here in South Australia?

Oh, definitely, yes, yes. No, we've got no intention of living anywhere else now, no. We've been here now for eight years and renewed some friendships, made a lot of new friends and been made most welcome. When I ceased to be Governor I'd worked closely with the Showgrounds organisation and they made me an honorary life member of the Agricultural Society, which I was really proud of. But then the Adelaide Club made me an extraordinary member for life. Now, I still retain my memberships for the Melbourne Club and the Union Club, and I could use the Adelaide Club as a reciprocal member, but they made me an extraordinary member for life with the Adelaide Club and the Cricket Association made me an honorary member and the South Australian Jockey Club made me an honorary life member, because of our interest in horse racing, and I was just so thrilled with those moves. And yes, my wife's on the board of the State Opera and she's on the board of Red Cross, and we're joint patrons of Anglicare and we're both ambassadors for Port Power, so we've got a wide range of interests and I think we'll continue to have those as long as we're able.

One final question, since this is an oral history project generated by the Institution of Engineers: do you see your role as an elder statesman within the Institution or as an engineer? What is your role in the profession at the moment? Do you have a role?

No, I don't have any official role. I'm very proud to be an honorary fellow, and I even carry the certificate in my wallet which I sign each year and put my hand on my heart and say to my wife, 'I promise not to practise.' (laughs) But Tuesday night of

this week there was a tour of the new Adelaide Airport construction site organised by the Institution of Engineers, and I'm on their email list, and they sent out a notice a couple of weeks ago that forty people could apply to go on a guided tour of the construction site of the new Adelaide Airport – hard hat and protective coat provided – so I sent my name in and [Tuesday] night from half past four till six o'clock I was down walking around the Adelaide Airport site with my hard hat along with thirty-nine other engineers. So I still take an active interest in what's happening. And yes, so I think an 'elder statesman' might be too strong a term, but I'm certainly an elder member and I read the engineering journal every month, which I get, and still take an interest in engineering-type works.

The absolute ultimate question: we've covered a fair range of things, there's obviously lots more you could say, but anything now that you feel you need to say?

I've had a fortunate life. I've had opportunities which I've generally been able to take. I've been supported by a wonderful wife – as I said, we've been married for fifty-four years. And I'm blessed with good health, I guess that's due to my parents. So overall I regard myself as a very fortunate person, and I really mean that.

Okay. Thank you, Sir Eric, it's been terrific.

END OF INTERVIEW.