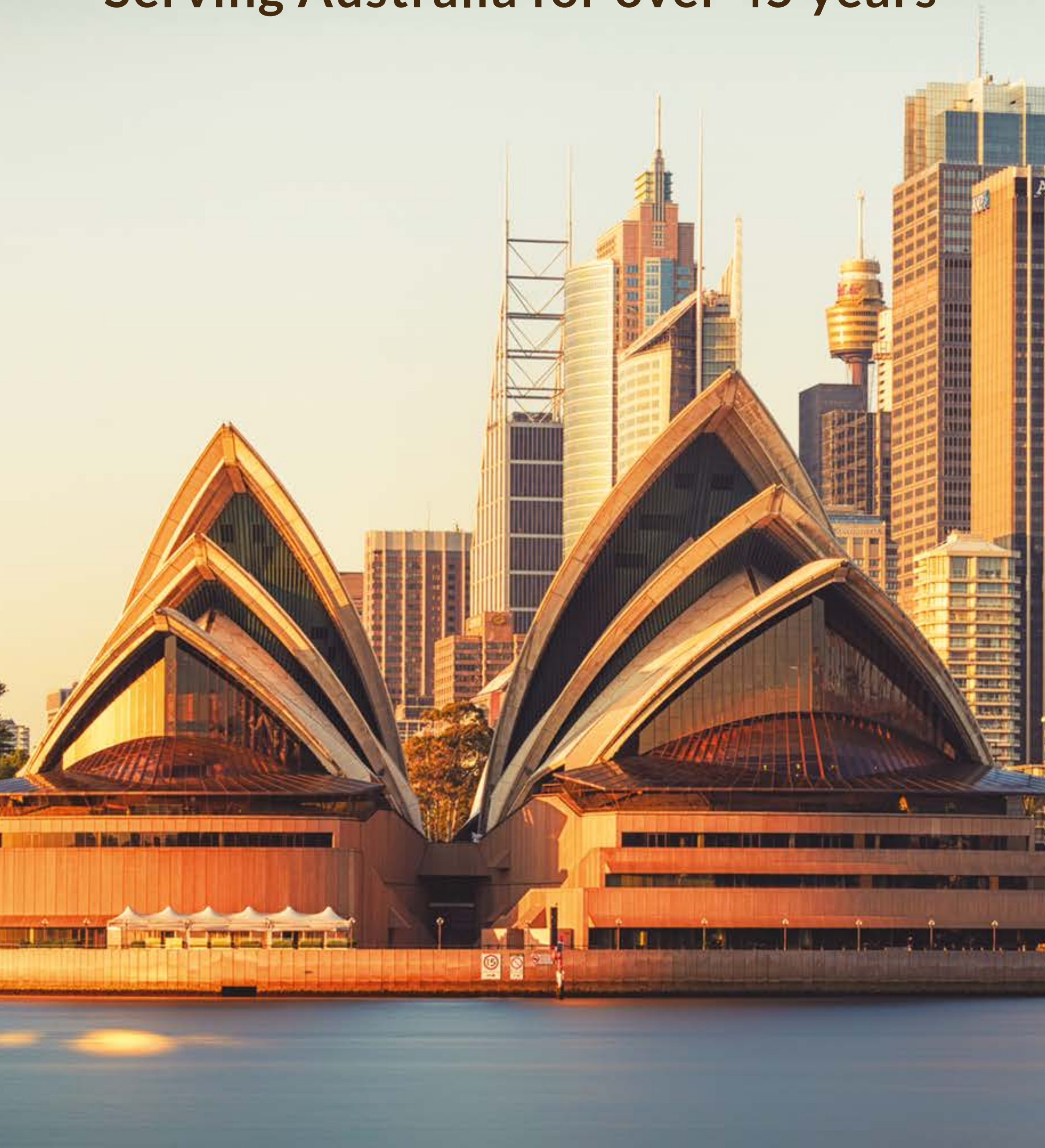
O'Connell Street Associates

Serving Australia for over 45 years



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O'Connell Street Associates was designed to be private. It wasn't designed to be secret. The fact that it is still in existence is really a story related to that saying "there's no stopping an idea whose time has come."

Sir Eric McClintock, 22 July 2017

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Introduction

When O'Connell Street Associates was formed in 1973, little thought was given to whether it would be a continuing organisation as its formation was rather opportunistic and was the result of the confluence of four key factors: the foresight of Sir John Marks, the connection of Sir John to the business and financial community of Sydney, the retirement of three senior executives and then the Chairman of CSR, and the downturn in the Australian economy in the early 1970s (specifically the impact of this on the financial activities of Marks' Development Finance Corporation).

As O'Connell Street Associates grew, albeit slowly, to the initial cohort of 12 members, through the 1980s it became increasingly understood that the organisation would continue past its founding members, even though a number were still active through to the early 1990s.

By the 1990s O'Connell Street Associates was regarded by both its members and the wider business community as a permanent fixture in the Australian corporate community. That said, it held a somewhat indistinct position in this community. It was not an advisory firm, it was 'private but not secretive', and the Associates did not actively promote their membership. Yet the members included Australia's corporate leaders, chairmen and board directors.

Throughout the 1990s and 2000s, new members were invited to join O'Connell Street Associates and there was an on-going discussion about the role and purpose of the organisation. The number of Associates grew – no longer constrained by the number of desks available – and their composition changed with the first woman Associate, Barbara Ward (TNT), joining in 2009 then Anne Brennan (Myer) and the fourth public service/company director representative Heather Ridout (AI Group, Australian Super and Reserve Bank) in 2012. The first three public service Associates were Sir Eric McClintock (DFC), the founder; Sir Robert (Bob) Cotton, AO, Board member of the Reserve Bank of Australia), 1981-82 and 1985-87; and John Phillips, AM, the former Deputy Governor of the Reserve Bank of Australia, 1992.[1]

While the organisation moved premises several times over the course of its first 43 years, it always stayed in O'Connell Street — it was in its name after all, even though by the 1990s Sydney's financial and commercial heart had moved down to Bond Street, Circular Quay and the lower half of George Street. By 2015 the commercial centre expanded to Barangaroo on the western edge of the CBD.

In 2016 the Associates made the decision to move away from O'Connell Street, but not far. The new offices at Aurora Place, Level 12, 88 Phillip Street were specifically designed to accommodate the needs and requirements of company directors in the current business environment. Hot desks were introduced along with meeting rooms and private phone cubicles. The relocation also made a significant statement about the organisation: that its role and purpose are as relevant today — and in the future — in many ways perhaps more so, as it was when it was formalised in 1973.

The backstory: Australia from the 1950s to the early 1970s

The post-War period was a crucial time in the development of the Australian economy. Successive governments focused on inward-orientated development by supporting local industries through a high tariff wall, import quotas and restrictions. Banking and finance were also highly regulated with controls on interest rates, exchange rates, currency movements and access to capital from overseas or internal sources strictly limited.

Business and industry were dominated by large, well-established companies, many in protected industries, with operations extending across a wide range of sectors and which often used partnering arrangements with English companies to fuel their growth. This was the era of BHP, MIM, ACI, CSR, AGL, CRA, Brambles, ICI, Email, Clyde Industries, Burns Philp and Elder Smith Goldsbrough Mort, and of the Commonwealth Bank, the Australian Mutual Provident Society (AMP), the Bank of New South Wales, the Colonial Mutual Life Assurance Society, Legal & General, as well as state banks and producer and marketing boards. Big government and big business.

Many of these companies shared board members, and many were also members of the exclusive clubs of Sydney: The Australian Club, the Union Club, the Royal Sydney Golf Club and the Royal Sydney Yacht Squadron. At this time it was not unusual for a business leader to hold 10 or more directorships across a range of industries, several positions in charitable organisations and roles on state and federal government boards.

Alongside these large companies with their directors was Sir John Marks, an accountant from Newcastle who had set up the first investment bank in Australia, Development Finance Corporation (DFC) in 1953. Backed by a number of overseas financial institutions and with a small investment of his own, Marks had effective control of considerable financial resources. As a result, Australian and overseas clients also appointed him to create joint ventures and to manage their investments — this at about the time Jack Minnett joined Charles Ord to form Ord Minnett, and Ian Potter based in Melbourne formed the merchant bank Australian United Corporation. As a result Sir John facilitated the flow of significant investment funds into Australia and was responsible for numerous large-scale developments.

DFC also took a 3-4 per cent strategic stake in diverse industrial companies, with the aim of influencing key decisions as well as investing in Australia and South-East Asia through the South-East Asian Development Corporation. In 1957 DFC went public and it was listed on ASX in 1959. Sir John Marks was Managing Director until 1975 and Chairman till 1982.

Sir Eric McClintock joins DFC

Throughout the late 1940s and the 1950s Eric McClintock worked in the Australian Trade Commissioner Service. He served in Washington as Commercial Attaché and was on various international emergency food council committees and was then appointed Assistant Trade Commissioner in 1948, based in New York. He returned to Australia in 1951 as Director of Trade Promotion in the Department of Commerce and Agriculture.[2]

In the early 1960s Sir Eric was keen to move on from his position in Canberra and consulted Sir John Marks about opportunities. He recalled:

> *'I came to talk to Sir John Marks just for advice. Big question was if there was any market for someone who came from the public service who was articulate, not just to operate in business, but who also had an idea of how to spell profit as well as the vaguest idea how you work about it.*
>
> *'Entrepreneurial skills — I lacked them totally at birth. John was very good. Basically he said "Yes there's a market for people with your experience. And he said 'your problem is the type of job that you had, many of businesses that you'd get involved with — you'd be bored stiff within a short period of time."*
>
> *'About a week later he said "I've been thinking about what we talked about, it could be that we could find a place for you, but we need to have further talk." So that's how I came to be in DFC.'*[3]

Shortly afterwards Sir Eric moved to Sydney with his family and commenced working at DFC.

Among his other attributes, Sir John Marks was a consummate networker and enjoyed putting people together. He established the Delfin Club, named after the building DFC operated from at 16

O'Connell Street, in the 1960s: a monthly meeting of the senior business leaders in Sydney that allowed them to network and learn from a guest speaker, usually from overseas, 'and enjoy a rather pleasant evening'.[4]

Sir John required a contribution to costs and one needed an invitation — a model that he would apply to those he invited to share office space in Delfin House a few years later.

For Sir John and DFC, the Delfin Club brought business leaders to his office and established a relationship between them and Delfin executives.

In addition to his investment activities, Sir John Marks had established Delfin Discount, one of nine official dealers in the authorised money market in 1959, and two merchant banks: one a three-way joint venture with the Bank of New York, Wesfarmers and DFC called Wesdelf Limited, the other a joint venture with the Dai-Ichi Kangyo Bank of Japan, Nomura Securities and DFC called Japan Australia Investment Company Limited.[5] [6]DFC also took over Australian Fixed Trusts in 1957.

Establishment and growth of the short-term money market

After the War, access to offshore funds and credit was highly regulated. DFC and Sir John were a conduit into Australia for international finance, where an informal short-term money market was operating, mostly through the General Manager of the Commonwealth Trading Bank, Jack Armstrong.

Jack Armstrong and Sir John had a close relationship, and Armstrong facilitated the exchange of funds between large, industrial enterprises in Australia at a time when there were restrictions on credit. As a pivotal figure in the floating of Brambles on the Sydney Stock Exchange and with a shareholding in many industrial enterprises and new resource ventures across Australia, it's not at all surprising that Armstrong worked with Marks.

Throughout the 1960s, restrictions on interest rates and credit were gradually relaxed, although the changes were slow and piecemeal. One result was the development of the short-term money market. Initially tightly regulated, in 1964 the regulation of dealers' loans was lifted and replaced with a maximum gearing ratio, which was reduced in the early 1960s.

In 1960 Clive Hall founded the Sydney Greasy Wool Futures Exchange (SGWFE) and provided Australian wool traders with hedging facilities in their own country. The first meeting to decide how the exchange would operate was held in the DFC offices at 16 O'Connell Street.[7] A critical part of the operation of the SGWFE was finding an 'acceptable clearing house'. This was done when a subsidiary of DFC, the Australia Development Clearing House Pty Ltd (ADCH), agreed to clear for the new exchange, an arrangement that continued until 1969.[8]

The SGWFE commenced operations in 1960 on Level 5 of Delfin House — conveniently the same floor that ADCH operated from — and by the time it moved to the 3rd floor in April 1965 it had become the world's leading wool futures market.[9] Sir John Marks attended the opening of the 'new' trading floor.[10]

The resources boom and bust

The Australian resources sector also took off in the late 1950s and 1960s as the growing number of stockbrokers and merchant banks promoted new discoveries of oil and minerals such as iron ore, uranium and nickel on the then state-based stock exchanges.

Ampol Exploration started the wave by discovering oil at Rough Range in WA in 1954. This was followed by Western Mining Corporation's (WMC) major nickel discovery in January 1966 at Kambalda, also in WA. The discovery, and then swift action to bring the mine into production in just 18 months, meant WMC's shares rose from $6.96 at the end of 1966 to $43.80 in January 1968. WMC's rags to riches story fuelled the 1967-68 share market boom and was, according to Trevor Sykes 'the best year for stockbrokers in decades.' [11]

Then there was bauxite at Gove, oil in Bass Strait, and the discovery of iron ore in Western Australia by Peter Wright, Lang Hancock and separate discoveries by Rio Tinto. Australia was the country to invest in — and much of the world's money did.

The 'easy affluence' of Australians supported the boom, with companies such as BHP, CRA, Ampol Exploration and Great Boulder all hitting their highs around this time. It was into this local environment and a world shortage of nickel, that nickel discoveries became the next big opportunity. A small Adelaide-based explorer, Poseidon NL, went from $1.48 on 25 September 1969 to $5.60 on 29 September, $7.00 on 30 September and over $20.00 by 6 October.

To put October 1969 share trading into perspective, 7 October saw the heaviest share trading ever recorded in Australia. The volume of shares being traded in Sydney was now three times that being handled by the New York Stock Exchange.[12]

From October 1969 to 5 February 1970, Poseidon's share price climbed: $55.00 in November, $175.00 in December and $280.00 on 5 February. At that price and with an issued capital of 2.5 million shares it had a market capitalisation of $700 million, three times the capital of the more-established Bank of NSW and one-third the capital of BHP.[13] By April its price had fallen to $180.00, and after further news about the low quality of the recoverable nickel it fell even further taking many investors with it.[14]

Poseidon was quickly followed by another spectacular rise and fall: that of Minsec, and with it Patrick Partners. Minsec was briefly the biggest Australian-owned mining investor since the rise of the Collins House Group in the 1910s and between 1968 and '70 it became the biggest share trader in the nation's history. In 1970 Minsec turned over $180 million worth of shares, this at a time when the nation's largest institution, the AMP Society, was turning over about $48 million a year. In fact the Rae Committee believed that if all of Minsec's subsidiaries had been added together, the volume of trading would have exceeded the turnover of all the life offices in Australia combined.[15]

It all came crashing down in early 1970 as Minsec couldn't fund the debt it had used to buy the shares in a falling market. Its fall 'sparked one of the biggest money market panics in Australian history.' [16] $70 million of liquidity was frozen and further large tranches of money were withdrawn as lenders panicked. One finance house was called for $67 million in three days, and one stockbroker was paying out $12 million a day.

The impact of Minsec's imminent collapse was judged so critical that the Prime Minister, John Gorton, organised a meeting of the top businessmen in Sydney to design a rescue package. Gorton was anxious that overseas confidence in Australia should not be damaged. The plan was for a consortium of trading banks and other financial institutions to offer a line of credit to Minsec's provisional liquidator, Jim Jamison of Coopers & Lybrand. The meeting was secret, but as word seeped out about it confidence returned to the markets. Jim Vernon (later Sir James Vernon), General Manager of CSR, and Alan Coates, Investment Manager of AMP were among those present.[17]

Origin of O'Connell Street Associates

DFC's investment banking operation provided advisory services headed by Sir Eric McClintock on the 6th floor. Sir Eric recalls the discussion he had with Sir John Marks about the future of the advisory business around the early 1970s:

> *'John and I agreed that the real income of DFC was not in the advisory business. It was difficult. It was expensive. You couldn't deal unless you had expensive young people so we decided to fold it up.*
>
> *So at that time, having decided to fold it up on the 6th floor, the building was going to have a floor vacant and we had some other space which we could use anyhow in the meantime which was the ground floor. And so we had a floor with a Boardroom, and when you cleared the human beings out it was a very clapped out place. The desks? I don't know where they came from originally, but they certainly weren't pristine.*
>
> *And that was the origin of O'Connell Street Associates. So to say that was an idea based on careful planning is not true.'* [18]

Allan McDonald, the Company Secretary at DFC in the early 1970s recalls this time:

> *'In 1973 there was a recession and we were in the old Bank of NSW Building at 16 O'Connell Street called Delfin House. As a result of the downturn, Delfin shed some staff and some of the other tenants moved out so there was vacant space.*
>
> *'Anyway, there was a spare office space that had enough room to hold 12 desks. The desks came from Delfin. I clearly remember the number as I was given the task of selling the surplus desks and equipment at the time.*
>
> *'John had the idea to create a space for some directors who were retiring from CSR at the time and offered them this space. There was no doubt that John also thought having these directors around some of the younger people in DFC would be beneficial for the company and that the interaction with the Directors might be beneficial for DFC more generally given the wide variety of activities and interests DFC/John were involved in.'* [19]

The CSR cohort

At about the same time Level 6 of DFC was available, a number of key CSR executives were retiring – the CSR head office being across the road at 1 O'Connell Street. The executives were Keith Brown, Ian Dixon and Percy Wheen, and a short time later Sir James Vernon. As Sir Eric McClintock comments:

> *'We knew the CSR people well as their offices were opposite ours in O'Connell Street. And, in a superb illustration of forward planning, three of their top executives retired at the same time, almost the same week. John and I had an enthusiasm to get them into our building. It was John Marks' idea, but I thought that if we got a couple of these oldies they could do some mentoring of our youngies. And so John offered them some space, I suspect on a favorable basis, and three of them came across.'* [20]

In June/July 1973 Keith Brown and Ian Dixon moved into a small office on the ground floor of Delfin House as the 6th floor DFC space wasn't ready. Mrs Doreen Elliott also came over from CSR and worked three days a week as secretary to the two CSR executives.

In October 1973 Sir James Vernon moved across when a larger room became available, and Percy Wheen joined the group when he retired from CSR in mid-1974. The concept was to have a simple, open-plan office where each person had a table and filing cabinet, and two furnished rooms were available for confidential discussions and small meetings.

It was planned that there would be 'one girl helper' to each three or four men in the group, and with a proposed total of 12 people 'this might mean one girl helper could look after the reception and two or three others, who would be accommodated in the existing glassed-off space on the 6th floor.' [21]

By 1 July 1974, the number of members had grown to nine and one associate — the first non-CSR member — was Arch White (ACI), who joined in January 1974: Sir Eric McClintock, (DFC), Sir Alvin Burton-Taylor (Email), Garth Barraclough (Unilever), Brian Scanlen (Allen's Confectionary), Eric White (Eric White & Associates) and Ian Spencer (General Industries) had also joined the group at this time. With a complement of 10, Keith Brown noted that the group 'started to pay our own way'. [22]

Creating a formal structure

At this stage, towards the end of 1974, Brian Scanlen who was Acting Secretary was asked to see if O'Connell Associates could be registered as a business name. The application was refused as there was already a company of that name, albeit in a completely different area. A fresh application was made for the name O'Connell Street Associates, which was accepted and formally registered on 25 March 1975.

Keith Brown recalls that at this time there was

> *'no real structure to the group – just a collection of individuals. Nor did we have a lease – it was all just a gentlemanly understanding. We began to believe, particularly when we started to do some collective work, that it could be held that we had a de facto partnership – each responsible for the other's deeds!'*

As a result, an application was made to the Corporate Affairs Commission for permission to abandon the business name and to rename a shelf company O'Connell Street Associates Pty Ltd. This was effected by a Special Resolution on 17 November 1975.[23]

The first formal meeting of O'Connell Street Associates is recorded as 21 December 1975.[24] The Chairman was Sir Eric McClintock. Directors were Arch White and Keith Brown, and the Company Secretary and Public Officer was Brian Scanlen.[25] New Articles of Association were adopted by a Special Resolution of 12 January 1976 and the first Board meeting of O'Connell Street Associates was held on 13 January 1976 with John Rothery (a partner with Freehill, Hollingdale & Page) assisting.

> *The Original Objective:*
> *To house in one place a number of compatible people who required city office facilities – and to do this in the most economic way.*
>
> *Hoped-for by-products:*
> *Companionship and an easy way of keeping in touch with 'the City' and sharing experiences/problems/solutions*
> *'A spreading-through sharing-of the access each individual brought with him when he arrived'*

'A mutual assistance programme whereby the group could help an individual achieve his own objectives – or with their back-up availability – encourage him to dream the impossible dream' Investment opportunities, which might surface and in which any or all may participate

A collective wisdom/experience, which may possibly be marketable. [26]

As Alan McDonald notes 'Given Sir Eric's role at DFC, some of the philosophy and conduct in DFC flowed into O'Connell Street Associates, especially in relation to interest in the advisory and support role it could play.' [27]

O'Connell Street Associates was operating on an informal basis and at the grace and favour of Sir John Marks. Arch White, Brian Scanlen and Sir Eric McClintock acted as a steering committee for the group and led discussions investigating the possibilities of finding clients by encouraging senior bank managers to refer clients to OCA. Sir Eric notes in a summary he produced in 1987 that:

'It was decided that DFC would provide a floor to establish 'a floor of able people' who, by being together would form into a formidable Group which would be available to provide advice, guidance, skills and which would attract invitations to board appointments and also opportunities for investment, opportunities for consultation by DFC.

'DFC justified providing the facilities on an 'in-house favoured son basis' by its view that if DFC and O'Connell Street Associates 'intimates' worked together investment/profit opportunities were bound to occur to offset the subsidy provided.[28]

An early client was Banca Commerciale Italiana (August 1975), which was looking to establish an office in Australia. O'Connell Street Associates 'acted in an advisory capacity in connection with business possibilities that they were investigating'. [29]

OCA also 'investigated the possibilities of obtaining clients by encouraging senior bank managers to refer companies to the organisation' as well as advising on mergers, overseas finance and acting as a high-level consulting economist group.

The associates also discussed whether they should become involved in mergers, acquisitions and overseas finance, and a list of potential clients was drawn up that included Windmills (preparing for sale), Tulips, Seldon & Associates, Heine Bros, Fortune Communications/ Advertising (Ken Landell-Jones), the State Government of NSW and DFC. The Sir John Marks/Sir Eric McClintock interest in and knowledge of the investment, business and commercial opportunities available can be easily seen throughout these discussions and explorations.

In 30 June 1975, Level 6 was finally ready to accommodate the group. As there were 12 desks, the number of members was limited to 12 and each paid 1/12 of the overheads. Delfin subsidised the vacant positions until the required number of members was reached.

The open-plan office structure was based on the 'partners approach' Sir John Marks had seen at New York investment banking house, Lehmann Bros, which Sir John believed fostered an interchange of knowledge, experience and skills, and the development of comradeship.[30]

Ted Perry (DFC) joined in early 1976 and Fred Osborne (Mauri Westgarth) that December, bringing the number to the limit of 12 that was not to change until the early 1980s.

The rotating chairmanship

In the early years the role of Chairman was shared around. Sir Eric McClintock was Chairman from December 1975 to September 1976, followed by Sir Alvin Burton Taylor from October 1976 to November 1977, then by Sir James Vernon from December 1977 to February 1980. Keith Brown, one of the first three CSR executives to move across to 16 O'Connell Street, was elected Chairman in March 1980.[31]

The changing business environment

The later 1970s saw the arrival of corporate raiders and hostile takeovers. While takeovers were common in corporate Australia, they had generally been orchestrated in the backrooms of companies with their lawyers or accountants. The arrival of Jim Slater and Slater Walker and his hostile takeover of Drug Houses of Australia ushered in radical change in Australia's corporate environment and business operations, an environment which recognised that many British-backed companies were ripe for reorganising and many boards were too cosy, self-perpetuating and inefficient.

Jim Slater was soon followed by Robert Holmes a Court, Ron Brierley, Colin Reynolds, Allan Hawkins, John Elliott and John Spalvins.

At O'Connell Street Associates there was an on-going discussion about what the role of the organisation was and to what degree, if any, it should become involved in providing advice.

A 1977 review considered the question of how and what the organisation was and determined that OCA:

- Was not a business and had no ambitions to be one
- Had by-products, especially experience and proven judgement, to sell
- Should positively share the task of bringing business/advice to its clients.[32]

1980s

The 1980s were a period of major structural change in the Australian economy. The balance of payments was deteriorating and growth stalled. The floating of the Australian dollar in 1983, financial deregulation and greater competition caused major structural reforms in the finance sector. These were combined with the Wages Accord, linked to the reduction in tariffs and a push for greater productivity of both businesses and capital. Access to easy money resulted in debt-fuelled hostile takeovers and company restructuring. It also fuelled the Australian stock market, which grew at a compound rate of 15 per cent per annum between 1980 and 1989.[33]

This was a challenging time to be a director of a listed company and many O'Connell Street Associates members were to become involved in some of the largest corporate takeovers and defences during this time.

The October 1987 stock market crash ushered in a period of increasingly large and dramatic corporate collapses, starting with Ariadne in October 1988, billed as 'the biggest corporate loss in Australia's history', but soon overshadowed by Qintex, Bell Resources and Bond Corporation, as well as the failure of the State Bank of Victoria, Pyramid, Geelong and Countrywide Building Societies, all part of the Farrow Group of companies.

Changes within O'Connell Street Associates

In 1982 Sir John Marks died and was recognised across the business and political sphere as a visionary, innovator and entrepreneur. Sir John was one of the small number of Australia's post-War business leaders who saw it as his responsibility to contribute to the growth and development of Australia. He was instrumental in the growth of Brambles, the establishment of what was to become the Sydney Futures Exchange, and a important investor and supporter of a broad range of listed companies.

In 1982 Arch White was elected Chairman. There were also changes in the office staff. Susan Gray and Muriel Brady had both retired in 1981, Susan having been with the organisation since 1976. In 1982 Pasquina (Iole) Fernandez joined OCA and so did Patricia Keenan and Margaret Shipton. Iole was to remain with OCA for 29 years.[34]

In 1986 Arch White was succeeded by Sir Eric McClintock, who remained Chairman until 1990. A number of the original Associates had by now retired from active board positions and, as a result, from O'Connell Street Associates. New Associates joined, demonstrating the increasing demand for board members with executive experience across the business community and the early stages of a more sophisticated approach to the role and performance of directors of public companies in Australia.

The new Associates also reflected the continuing belief of O'Connell Street Associates in bringing in high-quality executives and board members who could contribute to corporate life and had a commitment and interest in doing so. 1980's Associates were Fred Osborne, CMG (Mauri Westgarth), Ted Perry (DFC), Sir Robert Cotton, AO (Australian Consul General, New York, then Ambassador to Washington), Alf Paton (PA Management Consultants), Ray Craig, AM (AMP), Oliver Richter, AO (Brambles), Jack Campbell, OBE (CSR), Ron Yates, AM (Qantas), Allan Coates, AO (AMP), Vernon Christie, AO (CBA), Bryan Kelman, AO (CSR), Max Sandow, AM (ANZ Bank), Allan McDonald (DFC) and Dr Don Brown, AO (CSR).[35]

Of course the primary companies listed above are but one of multiple board positions across business and not-for-profit organisations with which these business leaders were involved. There was also the continuing link with leading established companies from the 1950s, such as AMP, Brambles, CSR and DFC, as well as other business areas, professional services and government.

By the mid-1980s, O'Connell Street Associates was paying its way with 13 members, and even reported a small profit.[36] It worked with a few clients who paid a monthly retainer, including BNP, Citibank, Fortune Communications, Delfin and McClintock Associates. It was still domiciled on the 6th floor, but a year later it moved down to the 5th. And the discussions about its purpose, and whether it should have clients and, if so, what sort, continued.

At the July 1987 board meeting there was a 'useful and spirited' discussion on the need to ensure the composition of the group and 'bring in business'. The discussion covered how to make it pay and the fact that DFC had not really made the most of the experience of people on the floor. The investment opportunities generated were few and far between, and few firms had retained OCA as advisers.

The board note also mentioned that OCA had not had much success in 'getting new clients to help us pay our way' because:

> *'It is not part of our mission; it is nobody's task, and it is difficult to set down what we do and so it is difficult to sell it at $50,000 per year — a lesser amount being an insult to our standing!*
>
> *'We currently say: "We are prepared to act as a Board of advice and to assist firms in their development."*[37]

It was also noted that Delfin (sic) DFC/ANZ had provided a rental subsidy of some $25,000 per year since the firm's formation.[38] The paper also outlined the level of experience available:

> *'We sit on the controlling bodies of some 120+ companies and organisations. We chair some 40 of them.*
>
> *'Few doors in Government and business will not open if we push on them. Eight of our members are Chairmen or directors of leading merchant/investment banking groups.'*[39]

Max Sandow, a relative newcomer to the organisation having joined that year, was keen for OCA to become more commercial. As Sir Eric recalls:

> *'Max was the one who really said we should not be half-involved in things. We should be either fully involved or not at all, and we should charge for what we do.*
>
> *'Amongst others, I said that if we charge for our advice we are legally responsible for it, and many associates had joined O'Connell St to escape being legally involved in our advice, which we've had enough of. But the general mood was yes, we shouldn't give our experience away for nothing. But it's wisdom, not advice.'* [40]

Separately, the change in the legal framework concerning providing advice supported the view that OCA didn't want to take on a more commercial advisory role.

Despite the imposing level of the members, their office was anything but. As Alan Coates recalls, it was:

> *' . . . something to believe. It was like a school room. We all had plain desks - one little drawer to keep your papers. There were rows of desks down each side of the room. We had a telephone and a computer, but I doubt if anybody had a computer when I started there. And the girls [sic] in the office — we had two or three support staff who supported everyone who was there. No-one had their own secretary.*
>
> *'I loved it. It was simple and that's what I wanted. It was always the most humble organisation. We didn't seek any fame or glory or anything. We were just content to have our little group of friends and to look out for our peers outside the company.'* [41]

The profile of O'Connell Street Associates

Parallel to the discussion about how and what engagement O'Connell Street Associates should enter into with clients, there was an on-going discussion about whether to market the organisation more actively. Like it or not, the members of O'Connell Street Associates at this time (and before and after) were on the boards of many of the major listed companies and other organisations and chaired 40 of them. They were members of many state and federal government advisory groups and charities as well as merchant and investment banks.

By the mid-1980s O'Connell Street Associates members were on the boards of Amatil, AGL, Ashton Mining, Australian National Industries, Australia New Guinea Corporation, Brambles, Burns Philp, Chase AMP, Clyde Industries, CRA, CSR, Email, GEC Australia, John Fairfax Group, Mitsubishi Motors, Mortgage Guarantee, Pacific Dunlop, Permanent Trustee Company, Pilkington, Prudential Assurance, QCT Resources, Renison Goldfields, Sandoz and Woolworths.

Associates were also active across industry and government organisations, including the Australian Wool Corporation, the Australian Meat and Livestock Industry Policy Council, the Australian Industrial Research and Development Incentives Advisory Committee, Chamber of Manufacturers of NSW, the NSW Water Resources Council, the Institute of Directors, Australia, the Offsets Advisory Committee (Department of Defence), Productivity Promotion Council, the National Safety Council, Workskill Australia Foundation and the Australian Wool Corporation.

They were also involved in cultural institutions and charities, including Quadrant Magazine, The Sydney Institute, the State Library of NSW, the Australian Ballet, the Art Gallery of NSW, the National Heart Foundation, the Royal Life Saving Society, the Benevolent Society of NSW, the Institute of Respiratory Medicine and the Heart Research Institute.[42]

In fact, the membership of O'Connell Street Associates was the largest concentration of business leaders in the country. The Business Council of Australia, formed in 1983, was in its early form and not yet a clear voice for business.

Considering the need or desire to take on clients, Associates discussed at length the issue of promoting the organisation. At the September 1987 board meeting there was agreement to 'quietly lift our profile and develop a firm proposal for establishing a company to run an investment portfolio.' There was also agreement to create a brochure, print names of members on the letterhead and write a standard introduction letter – standard items for any business, but O'Connell Street Associates wasn't just any business. In fact it wasn't a business as most people would understand it.

At the same meeting there was also a discussion about a levy or debenture for floor membership, which could be invested to 'help us pay our way.' [43]

A year later *Australian Business* published a two-page article about O'Connell Street Associates titled *Where old executives go*.

The article summarised the founding of O'Connell Street Associates, mentioning Sir John Marks, Sir James Vernon, Arch White, Alan Coates and Ray Craig among others and making the all too clear link with the 'big' companies. Arch White is quoted as saying that while the group is in the advice business he shuns any comparison with merchant banks:

> *'We're not a bunch of young Harvard MBAs driven by the need to make deals. We offer good, down-to-earth, practical advice from people who have been there and done that.'* [44]

At the functional level, it's useful to explore the world of business operations and communication in the 1980s. In the mid-1980s there were no mobile phones and certainly no Internet. Communication at board and executive level was through physical meetings supported by board papers and reports that often extended to hundreds of pages. All board papers and executive reports were typed (computers were only just coming into general usage), and this involved teams of secretaries and support staff to create, collate and distribute.

All senior executives and board members had secretaries, some two or three, and directors on several boards had this support structure for each board they were on.

Most non-executive board members elected one of their board offices as their primary office, although this was sometimes inconvenient, undesirable or inappropriate. As Alan Coates notes:

> *'When I was retiring as an executive and going on all sorts of Boards (too many of them), I needed a base in the city, not in each company. I wanted something independent from everybody.*
>
> *'I didn't believe in the Chairman being under the feet of the Managing Director. I wouldn't have liked it when I was a CEO. I wouldn't like my Chairman in the same office, and when I was at AMP we didn't have the Chairman in his own office.*

> *'I knew about O'Connell Street and was happy enough to be accepted.'* [45]

The shared office that O'Connell Street Associates provided was an ideal solution for members, along with the support and advice that could be engaged if desired. But it was hardly grand. The old desks cobbled together by a then young Allan McDonald were still in use, while the veneer timber walls, some with glass tops, divided the tired, dark space. For many it was a surprise to visit some of the country's leading businessmen in such humble offices. And that's just the way most Associates liked it. There was a very obvious lack of pomposity, self-importance and grandeur. The Associates were business leaders who didn't need or want the outward trappings of corporate status — there were more than enough of that type of executive to go around in the mid-to-late 1980s.

Allan McDonald remembers that a new non-executive director in 1989 needed quite different office space and secretarial support to 2018. And that O'Connell Street Associates provided him with a group of senior directors with extensive experience whom he could talk to and learn from.

By the late 1980s the space at O'Connell Street was too small for the Associates and secretarial staff, so the decision was made to look for a larger space — but still in O'Connell Street.

1990s

The early 1990s bought the 'recession we had to have' with GDP declining by 1.7 per cent and unemployment rising to 10.8 per cent. Increased interest rates saw the collapse of a number of highly leveraged property companies, Hooker Corporation being one of the largest at $1.7 billion. In 1992 Westpac announced a six-month loss of $1.67 billion, much of it property related.

The banking sector continued its rapid change with the Commonwealth Bank partially privatised from 1990 onwards, and all banks moving into 'bancassurance' to capture market share and compete across financial services, personal loans and finance. Successive federal governments privatised state-owned enterprises including Qantas and Telecom (Telstra).

The 1990s also saw the rise of the dot.com companies and entrepreneurs. Built on the back of the release of the Mosaic web browser that made access to the World Wide Web easier, dot.com companies were established and floated, based on the number of 'eyeballs' or 'subscribers' they could capture in the shortest amount of time. Revenue and profitability were seemingly irrelevant as investors ploughed billions into these new digital companies. Conversely, traditional companies' share prices dropped.

Prior to the dot.com bust, the Asian financial crisis started in Thailand, and soon spread across many South-East Asian nations, gripping much of East Asia too so that there were genuine concerns about a worldwide financial crisis. Foreign debt-to-GDP ratios rose from 100 to 167 per cent in the four large ASEAN economies in 1993–96, then shot up beyond 180 per cent. The IMF stepped in, but their $40 billion support package was not enough to stabilise Indonesia and President Suharto was forced to step down after 30 years in office.

Given Australia's close relationship with and commercial linkages to the ASEAN economies, it was a challenging time for many Australian companies and their O'Connell Street Associates directors.

Change and growth at O'Connell Street Associates

A new generation joined O'Connell Street Associates in the 1990s. Several early members had retired (Alf Paton, Sir Alvin Burton-Taylor, Jack Campbell) and transferred to Emeritus, and Vern Christie and Garth Barraclough had died. New members included M A (Tim) Besley, AC (CBA), Malcolm Irving, AM (CIBC), Bill Cairns (AMP), Kevin Kirby, AO (Kirby), John Phillips, AM (Reserve Bank of Australia) and Peter Cottrell, AO, OBE (Email).[46]

Shelia Anderson also joined as a secretary in 1990, succeeding Gwen Washburn who had been with OCA since May 1978.[47]

On 23 April 1990, the Chairman, Sir Eric McClintock, presented a report titled Quo Vadis to the O'Connell Street Associates, which continued 'discussions on whether to establish a range of commercial advisory/counselling relationships which would fund the AFT House expenses of the members, and if so what steps should be taken.' [48] [49]

The report went on:

> *'The Reality: The firm is regarded as a unique organisation providing a sensible way for a limited number of senior executives of experience and talent to group together for their own and mutual benefit.*
>
> *It has succeeded because of the personal and business benefits it has brought to the participating members.*
>
> *It is seen as unique in many ways, not least of which has been the inability or unwillingness of the group, over the years, to develop sideline or by-product businesses from the experience assembled on the floor.'* [50]

They then reviewed their client base. Hannan (12 months), Pauline Hyde (small);

Fee for service and results: McClintock Associates, Dominguez Barry Samuel Montagu, LEK Partnership and GPR Management Services; and Potential: Fortune Advertising, Dangar.

The key issue of the paper was the need to 'achieve a profitable base of operations', a sum of $250,000 a year with a projected deficit of $148,000 in 1989/90 and $133,000 in 1990/91.

Cost-cutting did not 'appeal to the majority' and neither did changing the basis for membership. That left discussing steps to 'open the firm to 'exploit its potential,' which meant developing the advisory business, which in turn meant members making themselves available to advise.

Defining 'what business we are in?' Sir Eric noted:

'It seems that each of us is in the business of –

- Remaining in the commercial circuit after retirement;
- Maintaining our standard of living and interest in the world as long as possible as a result of being together;
- Keeping more in touch with commercial, political and financial links and opportunities than we could achieve separately;

- Recognising that our time cycle for all this is about 10-12 years – achieving a bridge from public company and Authority involvement for a continuing life as an adviser/consultant, etc. "after life".' [51]

In November 1990 an MOU was signed by the members in relation to the lease of a new office at 2 O'Connell Street, binding all associates to 'pay our individual share of the rent and other charges properly attributable to each member.' The lease the organisation was about to sign was for four years and a total of $640,000, a significant commitment.[52] A month later Ray Craig became Chairman.

In March 1991, DFC's support for O'Connell Street Associates ceased, and they moved from the 6th to the 5th floor as the landlord wanted to refurbish the office space, and the new offices at 2 O'Connell Street weren't ready. The move to 2 O'Connell Street was finally made in July 1991.

Sir Eric recalls that the 2 O'Connell Street office was on two floors: the office on the upper level and a boardroom downstairs. He epitomises the views of some of the business community about the membership of O'Connell Street Associates:

> *'John Gandal, a very prominent businessman in Melbourne, came to see me, and the secretary put him into the boardroom on the floor downstairs where there was a list of people who were directors on the wall.*
>
> *When I arrived John said "You buggers must make millions out of this.' And I was quite surprised. I said 'John, what do you mean?' Then I could see him thinking what a bunch of idiots we all were that we weren't utilising the people in the organisation to network for business deals and the like.'* [53]

By 1991 there were 16 Associates, and a debenture of $10,000 was required from each to cover the fixed assets and provide a basic working capital.

O'Connell Street Associates had also settled on a description for the services it provided, defining its role as:

'Providing advisers to companies and governments on strategic issues of importance to their operations. In aggregate, this represents a resource of knowledge and experience quite unique in Australia.

'O'Connell Street Associates provides its clients with a background of informed, independent advice on issues relevant to clients' present and future operations in Australia.

'We do at times act as a Board of Advice.'

O'Connell Street Associates' purpose was clear. It was solely advisory and not part of management. It was complementary to, rather than in substitution of, any current advisory sources.

In 1994 John Phillips was elected Chairman. Only four members joined in the late 1990s: George Bennett (KPMG), Richard Warburton, AO (Dupont), Tony Daniels, OAM (Tubemakers) and James Dominguez, CBE, AM (SBC Dominguez Barry, later to become UBS AG Australia).

Having settled on the need for OCA to retain and secure clients, the list was remarkably consistent throughout the 1990s, reflecting their desire to have a few, deep relationships where informal advice and insight were valued. Bain & Co, Dentsu (formerly Fortune Advertising) LEK, PEP Partners (through Tim Sims) and UBS, continued their relationships with OCA.

There was also a much clearer expectation and understanding of how client engagement and management would be undertaken. One Associate would take on the responsibility of leading the engagement with the client and liaise with both the client and other O'Connell Street Associates members to provide the advisory services identified. Members were now expected to undertake advisory work.

2000s

For Sydneysiders the year 2000 was all about the Sydney 2000 Olympic Games. For business executives and board members it was all about the Y2K issue. Thousands of hours, millions of dollars and countless board meetings had been focused on Y2K for several years. It was the O'Connell Street Associates' introduction to the new digital world.

As the clock ticked towards 1 January 2000, the transition to the new century seemed to have gone smoothly, but a little over four months later and for completely different reasons the digital age experienced its first bust. The dot.com boom turned into the dot.com dump, taking with it many of Australia's emergent companies such as Sausage Software, as well as its fourth largest telecommunications company, One Tel. Yet again, understanding and applying fundamental business and investment practices proved to be the wise option.

The dot.com boom and bust were yet another example of the cycle of business, investment, booms and busts, a cycle that most members of O'Connell Street Associates had experienced first-hand over several decades. However in overheated stock markets with easy credit, where 'eyeballs' and subscribers counted for more than revenue, it was a brave non-executive director who counselled focusing on the fundamentals – revenue and profitability. It was a challenging environment in which to proffer sage advice, let alone consider offers of non-executive board positions.

For 10 years Australian companies, the government and the community developed internationally. Major security issues in Macedonia, Iran, Iraq, Ethiopia and, closer to home, in Sri Lanka required Australia to participate in global conflicts in a way it had not done since the Vietnam War.

Australian companies also expanded, primarily in the USA and throughout the ASEAN region. While there was a recognition and willingness for Australian companies to become globalised, it wasn't easy and required significant, long-term investment in terms of money, management and local knowledge. Combined with this was the ever-present pressure for quarter on quarter growth and increasing dividend payments for shareholders.

In addition, the regulatory and compliance landscape for companies and their boards had changed markedly since the 1980s and 1990s. Corporate governance became a priority, while triple bottom line reporting and corporate social responsibility was a critical and vital part of board focus and reporting.

in 2007-08 the Global Financial Crisis (GFC) hit the financial markets, the banking sector and national economies. The Australian banking system withstood the impact remarkably well thanks to the lessons learned and regulation enacted as a consequence of the 1987 crash and stresses along with a resources boom propelled by massive growth in China. Australia's wealth of resources cushioned it yet again from the worst of the ravages of the GFC. It also sowed the seeds of complacency and an increasing attitude of entitlement in the community.

For those interested in the longer-term patterns of commerce and finance, the warning signs of a correction were clear. The nature of an intimately connected global economy and financial system is that the critical focus is on the upside, and systemic risk was ballooning through a self-propelling feedback loop.

When the inherently unsustainable vortex of synthetic financial products disintegrated in an 18-month cascade of bank runs, government bailouts, credit freezes and collapses, it was a challenging period for the O'Connell Street Associates, and the first time many Australian executives and directors had ever experienced anything other than continuous growth in revenues, profits and dividends.

As dramatic and unprecedented as the GFC was, O'Connell Street Associates had a wealth of experience, knowledge, insight and calm. Among the Associates were seasoned board directors, who could draw on their own experiences as executives in the late 1960s, and as board directors in the 1987 crash and the Asian financial crisis. They were also currently board directors across most aspects of the Australian economy: finance, manufacturing, services and resources.

The changing nature of boards

One of the many outcomes of the 1987 crash and subsequent collapse of finance and property companies was a move toward greater regulation of Australian companies and focus on corporate governance. In 1998 the Australian Prudential Regulation Authority (APRA) and Australian Securities and Investments Commission (ASIC) were formed as part of a restructure of Australia's regulatory environment. In addition, the ASX Corporate Governance Council developed a set of Corporate Governance principles that became the required standard for listed companies.

Separately, in 1997, Prof Ian Ramsay edited one of the first books on corporate governance titled *Corporate Governance and the duty of company directors*. Fred Hilmer published another in 1998, *Strictly

Boardroom*, and the Australian Institute of Company Directors published its own book in 2002, Common sense in corporate governance.

John Phillips took an active role in the public discussion on governance in business and industry forums, commenting in 2002 that:

> *'having been a small contributor to the deregulation and internationalisation of our financial markets, I confess to considerable disappointment at the average standard of financial ethics, and the attitude 'If it's legal, it's OK', which has become all too common. And we seem to be forgetting the lessons of the 1980s a bit too quickly for my liking.*
>
> *'Self-control seems to be a difficult ideal in the hothouse of market trading or in a drive for market share, particularly if the culture of payment by results has a strong hold and results are measured in the short rather than the long term.*
>
> *'Confidence will only be restored if corporate governance practices, and the way in which executives and boards are remunerated, conform with the ethical standards the community expects.'* [54]

He also described a good board director:

> *'A board of ethical people, committed to the interests of shareholders and the broader community, possessing talents relevant to the nature of the enterprise and willing to put in the effort to fulfil their obligations".* [55]

Graham Bradley, who was the CEO of Perpetual Trustees at the time (2002), recalls:

> *'During my time at Perpetual I was under the mentorship of the Chairman, John Lamble, who was a great student and practitioner of corporate governance. He was often asking interesting questions of me as the CEO such as "What should an audit committee really do?" Well, there wasn't a book on this, so the first response was they do what they've always done. His follow-up question was "So, is that good enough?" and we'd explore this further.*

'So we started to explore how to make some of the governance structures more effective for Perpetual. Then, when I started to talk to other CEOs and ask them about what their audit committees did, or other committees, a number said well, I'm not so sure.

'Twenty years ago companies didn't have board charters, REM Committees. They are part of standard board infrastructure now, but back then they weren't.'

Professor Ramsay was then asked to review the independence of company auditors, and handed in his report in 2001, when conferences on governance were being held across the country.[56] As a result, governance policies and structures became much more rigorous and an important part of a director's focus.

Renewal

OCA underwent renewal in the first 10 years of the 21st century as a number of Associates retired or took up the position of Emeritus and new Associates joined, reflecting, as always, a cross-section of the business community and the manufacturing and investment sectors. New members included Len Bleasel, AM (AGL), Dr Ian Blackburne (Caltex), Graham Bradley, AM (Perpetual Trustees), Richard Humphrey, AO (ASX), Bob Every, AO (OneSteel), John Harkness (KPMG), David Turner (CBA), Peter Scott (MLC), Doug Jukes (KPMG), Duncan Boyle (Royal & Sun Alliance), Richard White (SERCO), Rob Thomas (County NatWest Securities), Barbara Ward, AM (TNT) and Rod Pearse, OAM (Boral). [57]

In 2007 Dr Ian Blackburne succeeded John Phillips as Chairman. At this time OCA had 19 members, one shy of the 20 members the firm had settled on as its total number.

Ian brought a fresh perspective to OCA noting that:

'John Phillips had been a long standing Chair and had provided good leadership. When I took over the role there were a few things that we were advising our clients on in relation to how to structure a professional organisation, but we weren't doing some of these things ourselves.

'Firstly, there was no set tenure for the Chairman, so we changed that.

'Secondly, there were no women. This was a challenge as there were some Associates that did not have any concept of women at board level. While a number of them had experience of women in business, they didn't see this relating to the composition of O'Connell Street Associates. And yet, it was quite clear that our clients expected us to have women as role models and for mentoring.

'When Paul succeeded me as Chairman in 2013 he had an absolute determination to keep the momentum going.' [58]

OCA had discussed the need and will to engage women for some time and, as with all invitations to join, it was a matter of reaching a consensus in principle on the individual. As part of this renewal, in 2009 OCA invited Barbara Ward (TNT, Qantas) to become an Associate. Three years later Anne Brennan (Charter Hall) and Heather Ridout, AO (Reserve Bank of Australia) became Associates.

Tim Besley recalls the various discussions about inviting women to join the membership:

'There was over time, quite a lot of discussion about what we needed to do in terms of gender balance and we knew we needed to progress this. Getting the first one was always somewhat difficult but now it is much easier.'

Heather Ridout recounts her impressions of the organisation when she joined in 2012.

'I knew a number of the people who were members and I had worked alongside them across various committees and boards, including Paul McClintock, Tim Besley and Allan McDonald, and the other members were highly professional, high-achieving board directors across a range of industries, which was important to me given my focus on manufacturing.

'I'd been in male-dominated places all my working life so that didn't worry me; it was more about the calibre of the people and the opportunity to have access to support if I needed it as I transitioned into board roles.' [59]

As part of the renewal of O'Connell Street Associates, there was a consensus that they should secure some new clients. During Ian's tenure as Chairman, OCA began working with the Macquarie Banking Group and King & Wood Mallesons.

OCA also started offering insights to clients on how to present to boards as well as mentoring for selected clients, an area that continues to grow. Examples of this include:

- Insights and feedback on how a company should position offerings to boards and which specific areas boards are most focused on;
- Our views on the business environment, the federal budget, the effects as we see them;
- Providing feedback on major presentations and strategic plans just as a Board of Directors would, but with an independent view and more diverse range of skills;
- Acting as a mentor/sounding board for CEOs, specificially on the relationship between the Chief Executive and the board
- Undertaking role-playing in relation to board presentations and to provide insight into what board directors are looking for;
- Mentoring executives through major board presentations.

The management of clients continues today much as it has in the past, one or two Associates taking the lead with each client and a senior client executive being the main point of contact with OCA. Four to eight other OCA Associates then form a panel that provides the range of advisory services, insights and knowledge in specific areas of interest to each client. As Tim Besley comments:

> *'If you put together a select group of O'Connell Street Associates who know something about a particular sector, you have four or five with relevant experience over a long period of time. Most people here have been involved in a wide range of companies, consulted with government ministers and industry leaders in Australia and internationally over an extended period of time, and have developed a network of experts in many areas whom they can call on.'*

A change in space but not attitude

In February 2007 O'Connell Street Associates moved again, this time to 6-10 O'Connell Street.[60] The move was necessitated by the increase in the number of Associates and their changing needs – including the desire of some members to bring their own secretarial support with them. One thing that did not change was the rather dated furniture and fixtures. As reported in an AFR article in 2012:

> *' . . . the firm is furnished in a way that reflects its vast history. Wooden desks and burnt yellow filing cabinets occupy the floor, which has no partitions, while antique maps and black and white photographs of historical Sydney give the office character. Photos of current and past members line the boardroom.* [61]

The low-key, unpretentious values that were part of the founding of OCA in the mid-1970s continued.

While many of the Associates had much more salubrious offices in any one of their roles as Chairmen or non-executive directors of ASX-listed companies, OCA's offices were deliberately low-key, open-plan and collegiate.

So, what are the special elements of O'Connell Street?

Allan McDonald comments that

> *'The idea for O'Connell Street Associates was for it to be a collaborative space, so there had to be a high degree of trust required and given. And integrity.*
>
> *'Everyone was always very conscious of the fact that what is discussed at O'Connell Street Associates stays within the organisation and you don't listen to what others are discussing even though you might hear.'*

Malcolm Irving recalls that when he moved into non-executive roles:

> *'The idea of having somewhere to work in a collegiate atmosphere was appealing. I stress the collegiality. If you ever have an issue being considered at board level, you might have a general discussion with some of the other members about their approach to specific issues or how they managed a specific issue.*

'Also, as it's an open-plan set-up, you learn not to listen to conversations around you. And you know you can trust them. Everyone here is very discreet and respectful.'

2010s onwards

With the long tail of the GFC impacting on global growth, central banks around the world implemented policies aimed at supporting their own economies. In the USA, quantitative easing pumped trillions into its economy that largely fuelled the equity markets. Through a long-term refinancing operation (LTRO) the European Central Bank (ECB) injected €489 billion into the European banks for a three-year term. In February 2012 the ECB pumped a further €529 billion into the European banks. With the European financial situation still highly uncertain, Mario Draghi pledged that the ECB would 'do whatever it takes to preserve the Euro.' This was followed by an announcement of continued quantitative easing by the US Federal Reserve and the pledge to buy bonds indefinitely. Quantitative infinity had arrived.

Throughout 2012 it became clear that the world's economy was moving into a new era, one of low growth and low inflation. As a result, the IMF slashed its 2012 global growth forecasts to 3.3 per cent, an over-optimistic assessment in retrospect.

In comparison, the IMF noted that Australia's underlying economic fundamentals were still sound with unemployment half the levels of Europe, a massive investment pipeline, contained inflation and very low government debt (24 per cent of GDP, compared with United States 100 per cent, Italy 120 per cent and Greece 152 per cent). Australia's major trading partners, China and India, were forecasting solid growth, and Australia had recently received the coveted AAA credit rating from all three global ratings agencies for the first time in its history.

With the end of the mining boom, property took over as the investment option of choice, creating a house price boom. The banking and financial sectors were also the focus of new regulation: Future of Financial Advice (FOFA), BASEL III and IV standards as well as numerous inquiries, including the 2014 Financial Systems Inquiry and, more recently, the Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry.

Political uncertainty added another layer of complexity for Australian companies as they moved to understand and restructure to meet the challenges of the digital revolution driven by the fast-moving Facebook, Amazon, Netflix, Google, Alibaba and Airbnb behemoths. Data-driven business models harnessing artificial intelligence are changing the business landscape, just as cyber security and privacy issues stretch traditional notions of privacy, trust and ownership.

For board directors and chairmen, the challenges are significant, fast-moving and disruptive. Overlaying these challenges are market and shareholder expectations, corporate social responsibility metrics and requirements, increasing governance and disclosure requirements.

O'Connell Street Associates continues to evolve

In 2013 Paul McClintock succeeded Ian Blackburne as Chairman. A relatively new member of the organisation, Paul brought a new level of energy and a clear focus on broadening the membership as well as the client base. With experience in government and business, Paul in many ways continued the family tradition established by his father, the founder of O'Connell Street Associates, Sir Eric McClintock.

Supported by the existing members, O'Connell Street Associates welcomed new members from business and government including Eileen Doyle (CSIRO), Peter Shergold, AC (Chancellor, Western Sydney University), Nicola Wakefield-Evans (King & Wood Mallesons), Tom Pockett (Stockland), Martin Parkinson, PSM (Secretary, Department of Treasury), Dr Ian Watt, AC (SMART Infrastructure Facility), Sam Mostyn (Citigroup), Stephen Loosely, AM (Thales), Dr Christopher Roberts, AO (Cochlear, UNSW), Glenn Stevens, AC (former Governor of the Reserve Bank) and Grant King (Origin, BCA).

Paul comments 'I picked up the momentum started by Ian encouraging more younger members and promoting gender diversity. It was also important to emphasise the strong collegiate, trusted environment that the group offered.'

The most significant change that Paul oversaw was the move to a new location not far from O'Connell Street, Aurora Place in Phillip Street. He discusses the move:

'The move was a big break from the past in many ways. We engaged the Lend Lease design team to create a contemporary look and feel that projected the status and success of our group without being pretentious. It was also important to move on from the old school 'Australia Club'/boys' club style to something that was sophisticated and workable.

'We had several requirements that are unique to us. We wanted to create a space that encouraged a collegiate atmosphere yet offered the flexibility of privacy and different spaces for engagement between the members and for our own commitments.

'The open-plan concept was shifted to a hot desk arrangement. Our secretarial support team was also an important part of our thinking. We wanted to create a space that worked for the different requirements of members and was flexible.'

O'Connell Street Associates moved from O'Connell Street to Phillip Street in January 2017. While the move ushered in a completely different style and sophistication for the organisation, the concept of what it offered its members had not changed. As Paul notes:

'The role of a non-executive director and chairman is very siloed and episodic. While you may be the kingpin in many ways within the corporate structure, you are often disconnected from the wider business community and there's not a lot of continuity. 'O'Connell Street Associates provides that continuity and breadth of knowledge, and the interaction with other members has provided significant insight and learning.

'There's a strong sense of community within this organisation that you simply are not able to get anywhere else.'

Meeting the challenges of being a director

The move to Aurora Place was very much about looking to the future for O'Connell Street Associates, something Graham Bradley has taken on since succeeding Paul McClintock as Chairman in 2017.

'We are keen to attract a diverse group of people, and they also have to fit into the culture here as well. The internal fraternity aspect is important here, but we do want to catch the next wave of Sydney-based younger directors.'

And with the increasing compliance and legal burdens associated with being a director, the need for the wise counsel and experience of O'Connell Street Associates is more critical than ever. As Graham Bradley notes:

'I was taken with Frank Lowy's comments that he was sick and tired of the excessive regulation that had been imposed on public company boards and management. Among other things this has depressed the entrepreneurial and business drive of some organisations.

'As a chairman you must constantly guard against allowing regulatory compliance and risk management concerns to overwhelm the time and attention the board pays to business strategy, operations, customer service and people management. It is important for a board to have well- functioning committees that can take on some of the compliance burden from the board as a whole, to allow the board meetings to focus more fully on business management and strategy. Excessive focus on compliance can consume significant board time and attention and it inhibits good people wishing to enter the director profession.

'Directors with less business experience will often overreact to regulatory matters. Accordingly, all boards need people with experience who can take a more balanced view and are less likely to overreact to regulatory issues.

'And, we have to learn new skills as directors to look at the systemic issues and compliance. So there is a new art in risk management and risk generally.'

Associates who have joined since 2017 include Penelope Winn (Caltex Australia) and Vanessa Wallace (Wesfarmers).

Future of OCA

As O'Connell Street Associates enters its 46th year, there is a sense of that somewhat self-deprecating humour that Sir Eric McClintock alluded to in his 2017 interview.

> *'It was just the outcome of other decisions. And then, as a result of that, we've finished up with the beginnings of the rogues' gallery.*[62]
>
> *'The idea was very simple: that you could have space where you could continue your own portfolio. But what did surface for us was the great advantage of directors, deputy chairmen, chairmen of not being totally dependent on companies where they were active.*
>
> *'And we also felt a real advantage operating with Chatham House rule, that if any one of us had problems and was scratching his head about what he might do, there was sure to be somebody on the floor that had been through a similar kind of thought process, and if that was really given within the place, it had to be private.*
>
> *'Not secret, but private. So we didn't tell anybody anything about anything in relation to business, but if anyone needed some advice they could ask.'* [63]

And it's these principles of 'being apart', independent, collegial and trustworthy that still drive the organisation.

O'Connell Street Associates has a wealth of knowledge across the economy and across the geo-political environment. Its Associates have deep insights into business and government policy in Australia and, more broadly, across the international environment. It also has a rich, deep and diverse knowledge base that now extends to the health sector, energy and utilities, technology and data analytics.

As Chairman, Graham Bradley has developed a fuller program of external speakers, including speakers at the regular monthly luncheons:

> *'We have no trouble attracting the speakers with whom we wish to engage. For example, over the past year or so we have had as our guests the Governor of NSW, the Premier of NSW, the Federal Shadow Finance Minister, the country's leading demographer, a former Ambassador to India, a leading expert in cyber-intelligence and many others.*
>
> *'We have also started inviting clients to some of these private luncheon briefings, and this has been well received by our clients.'* [64]

And Peter Shergold comments:

> *'We're deeply interested in and supportive of executives who have board careers ahead of them, whether they come from the business or public sector.*
>
> *'The transition from an executive to board role is a challenge and, more and more, this requires a deep understanding of and appreciation for how business and government interact.*

The essence of O'Connell Street Associates

O'Connell Street Associates offers a trusted knowledge source. Members have profound knowledge, experience, insight and wisdom across business to government interaction with business.

This longer term experience combined with knowledge and insight is very rare.

It also provides a supportive and collegial environment for executives who choose to move into board roles, as well as providing a base for non-executive directors throughout their careers.
As Malcolm Irving explains:

> *'O'Connell Street Associates is a totally unselfish organisation. There isn't anybody here who is in it for what they take out of it. There's nobody saying how can I use O'Connell Street to make me money, it's about joining a group of like-minded people that have mutual respect.*
>
> *'In thinking about the dynamic of O'Connell Street, I am reminded of something from my earlier career when I joined a merchant*

bank in Melbourne. After being there a few weeks I said to the Chairman (who was also Chairman of the Melbourne Stock Exchange at the time): "How's it going to be with a rough and tumble accountant like me dealing with you, Sir?" He looked me in the eye and said "The cross-fertilisation will do us both good."

'I thought that was a wonderful answer, and this is what O'Connell Street Associates provides to its members. We work across different industry sectors with a wide array of regulation, oversight and media attention, but as board directors we've faced many of the same issues and have to stay abreast of the upcoming potential changes and issues.' [65]

As board responsibilities and the composition of boards change, so too does the membership of O'Connell Street Associates. As Graham Bradley says:

'And this is the value of O'Connell Street Associates, the deep and wide knowledge we have across our members and our interest in and willingness to support non-executive directors to fulfil successfully their extraordinarily challenging roles and responsibilities.'

Peter Crossing, Vice Chairman UBS Investment Banking, Australasia, captures the value of O'Connell Street Associates for its clients:

'UBS has gained considerable value from the OCA relationship over the past 25 years, including insights into Board thinking and priorities, broadening of our understanding as to how corporations view investment banks, guidance on how best to market our product suite, honing of presentation skills and mentoring of UBS executives (and clients) through the Small Group Coaching Program).

'I have been involved since its inception in the 1990s and have much enjoyed the professionalism and the camaraderies brought to the relationship by both OCA and my colleaues at UBS over such a long time.' [66]

Postscript

On 27 March 2018 Sir Eric McClintock died aged 99. In his interview for this history he was as erudite, incisive and funny as ever. He took great pride in O'Connell Street Associates, although he expressed surprise that it had survived.

With Sir Eric's death Australia lost one of the great post-War industrialists. Sir Eric believed in and worked towards the growth and development of Australia, and played an active role in helping to achieve it.

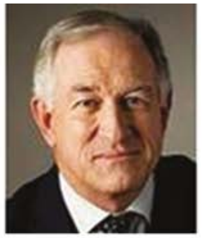
His wit, charm, grace and intellect will be missed, but those of us who knew him and worked with and alongside him, will carry his insights with us forever.

Jaqui Lane
September 2019

O'CONNELL STREET ASSOCIATES

31 August 2019

Sir Eric McClintock
Founder



Graham Bradely AM
Chairman

Dr Ian Blackburne

Anne Brennan

James Dominguez CBE AM

Dr Eileen Doyle

Dr Bob Every AO

John Harkness

Malcolm Irving AM

Grant King

Stephen Loosley AM

Paul McClintock AO

Samantha Mostyn

Maurice Newman AC

Rod Pearse OAM

Thomas Pockett

Heather Ridout AO

Dr Christopher Roberts AO

Peter Scott

Prof Peter Shergold AC

Glenn Stevens AC

Robert Thomas AO

Nicola Wakefield Evans

Vanessa Wallace

Richard Warburton AO LVO

Dr Ian Watt AC

Penelope Winn

Footnotes

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3. Interview with Eric McClintock, 22 July 2017
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5. http://adb.anu.edu.au/biography/marks-sir-john-hedley-douglas-14929
6. Information provided by Allen McDonald from the biography of Sir John Marks, unpublished story held in the National Archives
7. Carew, Fast Forward, page 8
8. Carew, Fast Forward page 9
9. https://www.asx.com.au/about/history.htm
10. The SGWFE moved out of O'Connell Street in 1969 to Australia Square.
11. Two Centuries of Panic, Trevor Sykes, pages 396-390
12. ibid pages 399
13. Ibid, page 403
14. Ibid pages 390-403
15. Sykes, Two Centuries of panic, page 413
16. Ibid pages 413-429
17. Sykes, Two Centuries of panic, page 424
18. Interview with Sir Eric McClintock, 21 July 2017
19. Interview, Allan McDonald, 31 July 2017
20. Sir Eric interview ibid
21. Early draft of history (undated and unmarked)
22. Letter from Keith Brown, 1993
23. See Early draft history noted earlier

24. First minutes recorded 2 December 1975
25. Minutes 13 January 1976
26. The future. A personal view, 31 August 1977 by Ron Yates document, 5 June 2009, page 2
27. Interview Allan McDonald, 31 July 2017
28. OCA A review of purpose and practice. Sir Eric McClintock, 10 August 1987, page 2
29. OCA meeting notes 5 August 1975
30. See Allan McDonald interview.
31. List of Chairmen provided by OCA
32. O'Connell Street Associates history overview, Ron Yates, 5 June 2009, page 3
33. Champions of Enterprise, Max Hartwell and Jaqui Lane, 1991 page 298
34. OCA Office Staff list supplied by OCA
35. From OCA Associates list 25 February 2019
36. $120.00 off revenue of $51,155
37. A review of purpose and practice. Sir Eric McClintock, 10 August 1987, page 5
38. Note: ANZ had acquired Development Finance Corporation for $92 million in 1983
39. A review of purpose and practice. Sir Eric McClintock, 10 August 1987, page 4
40. Sir Eric interview, ibid
41. Alan Coates interview, 19 July 2017
42. Summary from list provided by OCA of members 1 September 1989.
43. Chairman's Report, 10 August 1987
44. Where old executives go, Bruce Jacques, Australian Business, 22 June 1988, pp38-39
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47. List of Secretaries provided by OCA May 1993
48. OCA, Quo Vadis 23 April 1990, E P McClintock, page 2
49. Delfin House had been renamed AFT House, http://artdecoheritage.blogspot.com.au/2009/12/aft-house.html
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57. OCA list supplied
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59. Interview with Heather Ridout, 28 February 2018
60. Memo from Ron Yates, Personal Assistants
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62. Interview, Graham Bradley, 19 December 2017
63. Interview, Sir Eric McClintock, ibid
64. Interview and update with Graham Bradley 19 December 2017
65. Interview with Malcolm Irving, 30 May 2017
66. Email from Peter Crossing to Graham Bradley, 29 November 2018

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About the author

Jaqui Lane is one of Australia's leading corporate historians and storytellers. She has written 16 books, published over 300 books and interviewed over 700 of Australia's leading business people. Jaqui is also the Founder of The Book Adviser, www.thebookadviser.com.au a business book mentoring company that works with business executives and directors on the writing, publishing and marketing of their own self-published book.

This volume records the history of O'Connell Street Associates from its founding over 45 years ago up to the present. This unique group of non executive directors has intersected with a great many of the major business and corporate developments in the Australian economy over nearly half a century. It continues to do so today.