



James Kirby  
Rod Myer

# RICHARD PRATT

The Secrets of an Australian Billionaire



**RICHARD  
PRATT**



RICHARD  
*One Out of the Box*  
PRATT

The Secrets of an Australian Billionaire

James Kirby  
Rod Myer



WILEY

John Wiley & Sons Australia, Ltd

First published 2009 by  
John Wiley & Sons Australia, Ltd  
42 McDougall Street, Milton Qld 4064

Office also in Melbourne

Typeset in Bembo 12.4/15.9 pt

© James Kirby and Rod Myer 2010

The moral rights of the authors have been asserted

Some material in this publication originally appeared in *Richard Pratt: Business Secrets of the Billionaire Behind Australia's Richest Private Company*, published 2004 by John Wiley & Sons Australia

National Library of Australia Cataloguing-in-Publication entry:

---

Author: Kirby, James.  
Title: Richard Pratt: one out of the box—the secrets of an Australian billionaire / James Kirby, Rod Myer.  
ISBN: 9781742169606 (pbk.)  
Notes: Includes index.  
Subjects: Pratt, Richard, 1934–2009.  
Visy Paper.  
Businessmen—Australia—Biography.  
Philanthropists—Australia—Biography.  
Billionaires—Australia—Biography.

Other Authors/Contributors:  
Myer, Rod.

Dewey Number: 338.43676092

---

All rights reserved. Except as permitted under the *Australian Copyright Act 1968* (for example, a fair dealing for the purposes of study, research, criticism or review), no part of this book may be reproduced, stored in a retrieval system, communicated or transmitted in any form or by any means without prior written permission. All inquiries should be made to the publisher at the address above.

Extract from The World Today 'Richard Pratt warns of coming chronic shortage of water' by Jo Mazzochi, first published by ABC Online, 14 March 2003, is reproduced by permission of the Australian Broadcasting Corporation and ABC Online. © 2003 ABC. All rights reserved.

Cover design by Xou Creative

Cover photo © Fairfax Photo library / Craig Sillitoe

Printed in Australia by McPherson's Printing Group

10 9 8 7 6 5 4 3 2 1

### **Disclaimer**

The material in this publication is of the nature of general comment only. The authors and publisher expressly disclaim all and any liability to any person, whether a purchaser of this publication or not, in respect of anything and of the consequences of anything done or omitted to be done by any such person in reliance, whether in whole or in part, upon the whole or any part of the contents of this publication. While all due care has been taken to represent the truth in this publication based on thorough evidence and research, or the authors' fair comments and opinion as the case may be, the authors and publisher make no representations or warranties with respect to the accuracy or completeness of the contents.

## Contents

*About the authors* vii

*Acknowledgements* ix

*Introduction: the last days of a king* xi

- 1 From Poland to Shepparton and beyond 1
- 2 The beginning of an empire 19
- 3 Keeping it in the family 41
- 4 The unreasonable man 57
- 5 Working five to nine 81
- 6 Giving back 101
- 7 A European affair 121
- 8 No shrinking violet 133

9	True blue Aussie	147
10	Mr Fix-it	169
11	The legacy of a Cardboard King	187
	<i>Notes</i>	197
	<i>Index</i>	205



## About the authors

### **James Kirby**

James is Managing Editor at Australian Independent Business Media, the publisher of online investment magazine Eureka Report and the online business news website Business Spectator. He is also a weekly columnist for *The Sunday Age* and a regular commentator on Sky Business.

He has worked for *The Australian Financial Review*, *The Australian*, *Business Review Weekly*, *Business and Finance* (Dublin) and *The South China Morning Post* (Hong Kong). He is a graduate of University College Galway and of the National Institute of Higher Education (now Dublin City University) in Ireland.

## **Rod Myer**

Rod Myer was born on a farm in north-eastern Victoria and has lived most of his life in Melbourne. He is a writer, journalist and poet with twenty-five years' experience in the Australian media. He has worked as a business writer for *The Age*, *The Sunday Age*, *The Herald* and the *Herald Sun*, and has made radio documentaries for the ABC, 3RRR and Public Radio News. Rod also worked in politics, serving as a speechwriter, political adviser and researcher for the Australian Democrats in the 1980s.

He is the author of *Living the Dream: The Story of Victor Smorgon*, which chronicles the life of the patriarch of the Smorgon industrial dynasty, and has published a work of his own poetry called *Prayers for a Modern Man*.

Prior to commencing a career in writing and journalism Rod spent a number of years living in the outback working in the mining and pastoral industries, and has travelled extensively in Asia, North America and Europe.

## Acknowledgements

### **James Kirby**

Thanks again to the team at John Wiley & Sons who have guided me through a variety of challenges since we began working together in 2002. Thanks also to my book editor, Brendan Atkins at Big Box Publishing, for editing the original manuscript and suggesting many improvements along the way.

For the original manuscript Richard Pratt allowed me remarkable access and I remain grateful for the patience he showed at that time in the face of many questions he had no doubt heard before, and some that were clearly being considered for the first time.

Tony Gray, press officer at the Visy group, stands out as the person who did more than anyone else to make the original book a reality.

I would also like to thank a range of people I dealt with when researching the original book, including Gideon Haigh, Robbie Kaye, Sam Lipski, Bill Montague, Anthony Pratt, Michael O'Regan and Adrian Tame.

Finally, thanks once more to my partner, Mary O'Brien, who shared thoughts, theories and reflections on the original book as it came together.

### **Rod Myer**

Writing this book would not have been possible without the support and assistance of a number of people. I would particularly like to thank my co-author James Kirby, Tony Gray, Michael Naphtali, Rebecca Myer, Ian Allen, Digger James, Sam Lipski, Leon Zwier, Helen Reisner, Stephen Kernahan, Keith McKenzie, Paul Littmann, Julia Fraser, Dr George Klempfner, Brian Meltzer and Winsome McCaughey.

I have also cited the published work of a number of journalists whose diligence and talent I am grateful for. Most prominent among these are Garry Linnell, Leonie Wood, Cameron Stewart, Annette Sharp, Patrick Smith and Jake Niall.

I would also like to thank the publisher, John Wiley & Sons Australia, particularly my editors Kristen Hammond and Kate Romaniotis.

## Introduction

### The last days of a king

In mid April 2009 a seemingly endless stream of visitors began making their way to Raheen, the mansion belonging to Richard and Jeanne Pratt in the leafy Melbourne suburb of Kew. Richard Pratt had been diagnosed with prostate cancer in 2006, but he was not the sort of person to lie down and go quietly. He was a fighter and a visionary who was accustomed to shaping life according to his whim. So he fought—so strongly that he once appeared at an informal business meeting with an intravenous needle still in his arm. He had apparently considered his treatment finished for the day and, unable to catch the attention of the hospital staff and unwilling to miss his meeting, he simply pulled the tube delivering his medication out of the needle and walked out.

The disease eventually went into remission, only to reappear in 2009. What appeared at first to be an abscess on his prostate was in fact cancer. In March he was in severe pain, which forced him to be often, and uncharacteristically, away from the office. Then one weekend in early April his condition deteriorated and he was taken to hospital. There he was told that the disease had spread to his lungs and liver, and that his life was coming to an end.

The family let it be known that Richard Pratt's days were numbered, and so began the succession of people—a mixture of the rich, the powerful, the well known and the unknown—to Raheen to pay their last respects to a man who had touched myriad lives across the community. Former Labor opposition leader and current Trade Minister Simon Crean joined the throng, as did the former skipper of Australia's successful 1983 America's Cup challenge John Bertrand. Various Carlton Football Club personalities, including legend Ron Barassi, president and former skipper Stephen Kernahan, coach Brett Ratten, captain Chris Judd and club Chief Executive Greg Swann, said their goodbyes. Former long-term employees of Visy, Pratt's giant packaging company, such as Cliff Powell, with whom the ailing tycoon sang a duet as they had done often over the previous fifty years, and Dante Bastiani, came to see their old boss one last time. Socialite Lillian Frank also made the journey, saying later that the Pratts were like family to her.

Outspoken and unconventional ally of the downtrodden Father Bob McGuire and trucking magnate Lindsay Fox joined the queue. Pratt's long-time mistress Shari-Lea Hitchcock was allowed to spend one hour with the man she loved and had a daughter with. Prime Minister Kevin Rudd also made an

unscheduled fifteen-minute visit to the bedside of the dying billionaire.

On the day before his death it was announced that evidence used to charge Richard with four counts of giving false and misleading evidence to an inquiry into price-fixing allegations by the Australian Competition and Consumer Commission had been ruled inadmissible and all charges had been dropped. Upon receiving word of the ruling, Pratt's daughter Fiona leaned across her father, who was drifting in and out of consciousness, and whispered the news in his ear. Pratt reportedly nodded signalling he understood and began to weep.

The Cardboard King passed away on 28 April 2009 with his family by his side. Following Pratt's death a range of public figures, including the Prime Minister, expressed regret at his passing and thanks for the contributions he made in a range of areas. Even his adversary in the final months of his life ACCC Chairman Graeme Samuel expressed his sadness.

Two days after his death a section of Kew was closed off by police as 500 people crammed into the suburb's synagogue, while another 500 stood outside watching closed circuit television coverage of Pratt's funeral. Once again there was a wide cross-section of the community present, from friends and relatives to businesspeople, sportspeople, politicians and even the centurion philanthropist and mother of media magnate Rupert, Dame Elisabeth Murdoch. In his eulogy to his long-time friend, Pratt Foundation Chief Executive Sam Lipski observed that he knew of no other Australian whose life and death had touched so many people.

Richard Pratt, the migrant boy from Poland who set out from his parents' fruit block in the country town of Shepparton in

Victoria, built far more than the Visy packaging empire that catapulted him to the status of richest man in Australia. He influenced people, organisations, public policy and culture across an unusually broad spectrum using not only his money, but his ideas, passion and boundless energy. His was a remarkable journey.



## Chapter 1

# *From Poland to Shepparton and beyond*

**R**ichard Pratt (born Ryszard Przewicki) was born in what was then known as the Free City of Danzig on the Baltic coast of Poland in December 1934 to Jewish parents Leon and Paula Przewicki. Events in Danzig were something of a precursor to the storm that would rain down on Europe in the late 1930s. Although firmly part of Poland, situated on the mouth of the Vistula River that runs through Warsaw, it also has strong links with Germany. During the Middle Ages it was a member of the Hanseatic League of predominately German cities that dominated trade in the Baltic. In the centuries that followed its administration moved between the Germanic state of Prussia and the Polish kings. Prior to World War I it had been part of Imperial Germany and following the recreation of Poland after 1918 it took on the

status of a 'free city', a small, almost independent state in its own right.

Danzig was not given to the new Polish state in 1918 because around ninety-eight per cent of its inhabitants were German. As Hitler rose to power he demanded the return of Danzig to German control and he sent his henchmen to watch the city's Jewish community in what was an early sign of the bleak future for European Jewry under Nazi domination. From the mid 1930s the Jewish population, wisely as it turned out, started to leave Danzig for Britain and other parts of Europe. World War II actually began in the city when the German battleship *Schleswig-Holstein* bombarded Polish positions at Westerplatte.

Post-World War II the city was fully integrated into communist Poland and went by its Polish name, Gdansk. It was famed for the rise of the Solidarity trade union at its Lenin Shipyards in 1980 under the leadership of Lech Walesa. The movement was the first independent union in Eastern Europe since before the days of Soviet domination. Its activism proved so successful that years of martial law could not crush it and by 1989 it was the main opposition to the Polish communist government. Elections that year saw a Solidarity-led government and in December 1990 the shipyard electrician Walesa was elected Polish president.

Danzig was a vibrant place with a traditionally open culture, and the Pratt family were loath to leave it. For years Leon Pratt ignored the darkening clouds of Nazism and clung to life with his bike shop in the port city. Eventually, he could no longer ignore the danger and in 1938 made his way to London. He left Paula with enough money to follow him later when he sent for her. However, some months on when he sent

word for her and young Richard to come there were major problems. The outflow of Jewish refugees as the situation in Europe worsened meant host countries were shying away from accepting people. Paula approached a number of consulates but could not find one that would give her and three-year-old Richard a visa. In the end the Swedish consulate obliged and, with the help of a kindly stranger at the port of Danzig, she found berth on a ship that took them to London. Later Richard would say he had ‘escaped the Holocaust by about five minutes’.

The years of Poland’s Nazi occupation would wash away the world Richard Pratt was born into. Pre-war, Poland was the centre of Jewish culture and traditional learning, and Polish Jewry’s 3.5 million people made up ten per cent of the nation’s population. Between 1939 and 1945 ninety per cent of them were killed and most of the rest fled, leaving only a few thousand Jews in Poland at the war’s end. The religious scholars in their *yeshivot* (study houses), the writers and performers, the Yiddish theatres, and the traders and industrialists who had created so much of the material and spiritual wealth of Poland were gone, never to return.

Richard Pratt would eventually return to Poland as an adult, though he clearly, like many Polish Jewish émigrés to Australia, had mixed emotions about his birthplace. As a leading international business figure, he was offered Polish citizenship, which he declined.

In London the Pratts discovered that Australia—through the offices of the then federal interior minister John ‘Black Jack’ McEwen—was allowing Jewish refugees to enter the country. Sailing on a liner called the *Orontes* the young family arrived in Melbourne with 2000 pounds and looked for a way

to make a living. They found accommodation in a rooming house in St Kilda, but try as he might Leon could not find a suitable job. He was advised that there was a small Jewish community in the Goulbourn Valley town of Shepparton, in northern Victoria, that had managed to get a foothold in the fruit business, which sounded like a good opportunity. One day Leon arrived home to tell Paula he had put up their 2000 pounds as a deposit on a sixty-acre fruit block at Shepparton. Despite their predilection for urban life, the Pratts, as they now called themselves, headed for country Victoria.

In Shepparton the Pratts were guided by a successful fruit grower named Moses Feiglin. He helped them settle on the fruit block and asked their new neighbour Tom James to take the family under his wing and show them how to make a living in what to them was a totally alien environment. Tom agreed and the Pratts got a start in their new life. The James and Pratt families lived in identical weatherboard cottages separated by a small irrigation channel, and Richard became very close to the neighbouring family.

Tom James had five sons and Richard became lifelong friends with the youngest, William 'Digger' James. 'Richard was my little brother, my little mate', Digger recalled. 'He picked up English very quickly because he was a kid and going to school, and he became the spokesman for the family.' Richard quickly took to farm life and later would reminisce about his days picking peas, digging irrigation channels and driving produce to town in the family truck at the age of thirteen. Digger remembered hearing young Richard singing in the fields as he went about his work.<sup>1</sup>

The relationship with Digger James was to be a highly significant one. Digger, as his nickname suggests, carved out a

distinguished military career reaching the rank of major general, serving as the army's chief medical officer and becoming the national president of the RSL. He served in the Korean War where he tragically lost a leg. Richard was nothing if not loyal to the friend who had introduced him to Australian life, regularly visiting him at the Heidelberg Repatriation Hospital in Melbourne while Digger was recovering from his wounds, and carrying his disabled friend to his car and taking him for a drive.<sup>2</sup> On retiring from the army in 1985 Digger ran a Visy factory in Brisbane, and, at the age of seventy-nine, still works three days a week for Visy.

Farm life did not really agree with the Pratts. They were used to a more cultured existence but stuck with the fruit block until the late 1940s. Leon Pratt was an entrepreneur and started looking for other possibilities to boost the farm income. He came up with making boxes for local growers to pack their produce in. At first he made them from wood but later moved to cardboard. When Richard was sixteen the family hitched its wagon to the box business and moved to Melbourne to set up a box factory in a small shopfront in the then industrial suburb of Fitzroy.

Behind every great business empire there is more than one person or more than one family. In the case of the Visy group, it was not entirely a Pratt family operation in the early days. Richard's uncle, Max Plotka, had joined the family in Shepparton after moving from Europe and was part of the move into box making. Digger James later described him as having been damaged by his war experiences. He bore a concentration camp number tattooed on his arm and did not take to country life, moving to Melbourne and marrying Ida Visbord. Starting out in the box business in Melbourne

Max and Leon met an engineer named Les Feldman, and the Feldman family joined the partnership as well. Together they created what was the beginning of the Visy empire.

In the early days Visy was not what you would call a sophisticated corporate operation. To go into box production the company needed a corrugator—a machine that turns paper into cardboard. As none was available Leon, Max and Les approached two engineers, Bill and Ken Allen, and asked if they could build them one. The Allens' younger brother Leon, who worked for many years at Visy, later recalled, 'My older brother said yes [they could build a corrugator]. We didn't even know what a corrugator was and our factory was only fifteen by twenty feet'. Ken Allen was a practical guy and set to work fulfilling the order. He worked out what a corrugator was and began to design one. 'We used to draw our plans on the floor with a piece of chalk. The only problem was we'd just finish a drawing and someone would come and sweep the floor', Ken later remembered.<sup>3</sup> The Allen brothers built the first machine from scrap metal from Ma Dalley's famous scrap yard in North Melbourne. The rollers were made from old gun barrels. When it was finished Leon Allen left his job at Kodak to set up the machine and oversee the running of it, becoming one of Visy's first non-family employees.

Eventually the Pratts bought out the two partners, but, not surprisingly, there have been tensions between the families over who did what in the early days of Visy. The most public tension has been between the Feldmans and the Pratts. Les Feldman, one of the original directors of Visy, publicly campaigned in the 1990s to detail the family's role in the formative years of the company. Feldman wrote to *BRW*

magazine detailing the family's early working life in the corrugated board industry and their relationship with the Pratt and Plotka families. The Feldmans clearly believed they had not been given due recognition for their early role in the development of Visy, with Les Feldman claiming that at the time of Visy's foundation he had more experience in the corrugated board sector than anyone else in the group.

Although the Feldmans left Visy in the late 1950s to go to Israel, the link between the two families was not broken at this time. Indeed, the relationship remained cordial with the Feldmans later selling another company, Cardboard Tubes and Cartons, to the Pratts. Richard was obviously working on improving the relationship between the founding families in 2002, when he introduced the Feldmans into Visy's official history. Visy's Director of Sustainability and long-serving Pratt family confidant Tony Gray says the Feldmans were never excluded from the story, rather, they simply did not make it into the abbreviated versions of the company history that had been published. For the record, company documents from 1950 list six directors: Leon and Paula Pratt, Max and Ida Plotka, and Jack and Leslie Feldman.

The Feldman family has also claimed that the name Visy Board, as the company was originally known, came from a Les Feldman idea that they were working with 'visible boards'. However, the accepted source of the name is Ida Plotka's maiden name, Visbord. Ida had invested 100 pounds in the business in its early days.

Whatever the finer details of the story, it is clear that Visy, in the days when the Feldmans, Plotkas and Pratts were working in association, was little more than another of Melbourne's 'backyard' manufacturing companies that dotted the city

until the 1980s. It was under Richard Pratt that the company became a multinational, employing almost 9000 people. The change to Visy's history in its 2002 annual review cost Richard nothing, but clearly gave greater recognition to the Feldman family, giving them a place in the economic history of Australia.

Leon Pratt was an entrepreneur and taught his son everything he knew about business. Richard was a natural salesman and started working in the business in 1952 at the age of eighteen. Leon, from whom Richard inherited drive, discipline and the capacity for hard work typical of many migrants, and his Uncle Max Plotka imbued Richard with a sense of pride in running a successful business. He also gained a large dose of business acumen from his mother, Paula, who was closely involved in the development of Visy in the early days.

Leon taught his son the value of engaging with clients, an approach he would develop into the massive parties Visy still throws today. Leon would often get box buyers together at his Albert Park flat and give them gifts of the gadgetry he loved to collect. It made dealing with the Pratt family popular among the buyers and helped the business grow.

A hard worker, Leon drove his son to produce the results he wanted. Observers from those days report that he did not always approve of Richard's extracurricular activities and wondered out loud at times whether he was the right man to take over the business. Richard was a high-spirited young man who liked a good time. Cliff Powell, a lifelong Visy employee, described the young Richard Pratt as 'the wildest young man I've ever seen'.<sup>4</sup> Other Visy employees from that era worried that as a salesman he drove his FJ Holden so fast he was risking his life. However, like Kerry Packer, another



successful businessman who was underestimated by his father, Richard was to take the business to new heights unimaginable when his father ran things.

Richard was an enthusiastic and talented salesman with a gift for understanding what made people tick. He could laugh and schmooze with people, and loved telling stories and jokes. In his early years at Visy he brought in prized new customers such as the Rosella, Kraft, Heinz and Tom Piper food labels. He did not pay great attention to detail, though, and tended to promise customers delivery times that were too quick for the factory to meet, which caused some friction between father and son.

After the family moved to Melbourne Richard attended University High School, a coeducational selective school that took students with strong academic abilities. He excelled at athletics and football and was made a prefect. Long-time friend and current Chief Executive of The Pratt Foundation, Sam Lipski, was at University High with Pratt but was three years younger. He recalls that the school held religious instruction classes for the different faiths represented in the student body. The first time Lipski attended the Jewish religion class he was surprised to see Pratt walk in. 'My God, Pratt's Jewish', he thought, surprised because Jewish sporting champions were few and far between at that time.

Even at high school Pratt was a natural leader. 'Wherever you looked he was captain of this or had won a school medal for that', recalls Sam. 'He was good at footy, cricket and athletics, he was in the choir and the school play, he was house captain and he became a prefect. He was so exuberant and extroverted. He was strikingly built and had that presence. When Richard came into a room you knew he was there.'