

BY THE SAME AUTHOR

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GIANFRANCO CRESCIANI
TRANSFIELD
THE FIRST FIFTY YEARS

"Soon I came across the only other Italian in Mudgee, married to an Australian, and I went there every night for dinner. That was very good for me, but I later realised it was also good for him, because while I ate there the woman went to some trouble with the cooking, whereas when I wasn't there she served up any old rubbish. In fact, the husband enjoyed the meals more than I did. After a couple of months, however, they sent me a fitter from Sydney to work at the winery, and he was able to cook fairly well – spaghetti, and that sort of thing"⁶.

Not long after, Corino made new friends in Mudgee's community, even if, as he put it, "you can survive in Mudgee, though not much else". He helped establish a food and wine society, which met regularly, not in a 1,200 year-old castle, rather at the local Chinese restaurant or the Lebanese café. By 1978, Montrose Wines was a \$2–3 million business, important to the town's economy, as it was buying a lot of grapes since its vineyard was too small to produce all the grapes it needed, and was spending \$70,000 a year promoting its wine. Corino was of the opinion that Belgiorno-Nettis was prouder of his Italian winemaker than his Australian wines and that Transfield was more concerned with making wine than selling it. His view was in part endorsed by Franco Frigerio, who in 1976 was working for Transavia in Taiwan, and remembered that "Moratelli was coming regularly [to Taiwan], trying to sell Montrose wine at that time, but without much success"⁷.

After years of hard work, Montrose carved for itself a reasonable slice of the local market. Shrewd advertising and sponsoring contributed significantly to its success. In 1983, Montrose Wines was an official sponsor of the Australian yacht *Advance*, challenging the American defender of the America's Cup, at Newport, New Jersey, and in December 1984 the Montrose Wines division achieved a breakthrough when 500 cases of one of its medal winning red wines was exported to Sweden. The wine, Cabernet Sauvignon 1982, was chosen from a host of contenders from well known Australian wineries⁸.

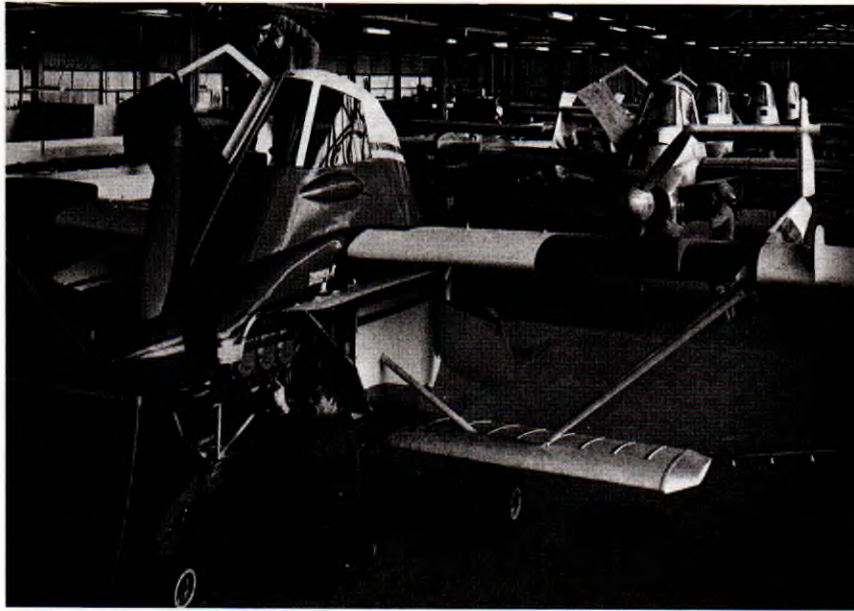
In June 1987, Montrose purchased Mudgee's Amberton Wines. This move, following Montrose's takeover of Craigmoor Winery in 1983, was an indicator of the success of Transfield's foray into the wine business. Craigmoor was the oldest continuously operating winery in Australia

1964. Franco Belgiorno-Nettis discusses the Airtruk with its designer, Luigi Pellarini
(Courtesy Transfield Archive).



dating back to 1860, while the Amberton vineyard was reputed to be the best in Mudgee. At a time when Montrose's sales in the United States were booming, the new deal increased Montrose's grape intake of about 1,000 tons and its area under vine by 80 hectares. Also, the Company sold its Poets Corner vineyard because it could not be properly watered and was therefore unreliable. Soon after buying Craigmoor, Montrose turned part of the old building into a restaurant and installed Corino's wife, Franca, as manager. The restaurant fast acquired a reputation as the place to eat in the district⁹.

However, by the late 1980s, the effect of the protracted economic recession and Transfield Group of Companies' success in establishing itself as a major defence and infrastructure provider, brought about a restructure of the Group's portfolio. No longer was there time to waste in cottage activities, and the need to consolidate and to refinance the new, vastly capital-intensive enterprises was of paramount importance for Salteri and for Belgiorno-Nettis in their quest to become one of Australia's leading industrial concerns. In April 1988, Transfield sold the Montrose, Craigmoor and Amberton Wineries to Wyndham Estate Wines for a price



1974. The Airtruk production line at Seven Hills (Courtesy Transfield Archive).

that was not disclosed, but was understood to have been close to \$10 million¹⁰. The sale was part of a major sell-off of assets following the acquisition of AMECON. For the same reason, in November 1988 the Group also placed on the market ten other properties it owned throughout Australia¹¹.

If the Montrose acquisition seemed to many a capricious and unwarranted departure from Transfield's normal trading practices, the establishment of Transavia had been even more inexplicable to people troubled by the company's flamboyant way of doing business. In 1964, the directors of Transfield decided to back the idea of the manufacture of a new agricultural airplane. In a press release on 30 May 1964, they announced the formation of a new company that was going

"to manufacture a range of unique, Australian-designed light aircraft for air charter and agricultural operations. Backed by Transfield Pty Ltd, one of the Commonwealth's largest construction firms, the new company, Transavia Corporation Pty Ltd, is building a modern factory and airfield at Seven Hills near Sydney to manufacture a multi-purpose aircraft – the Airtruk. The first stage of development at Seven Hills, the construction of 16,000 square feet of factory space and a



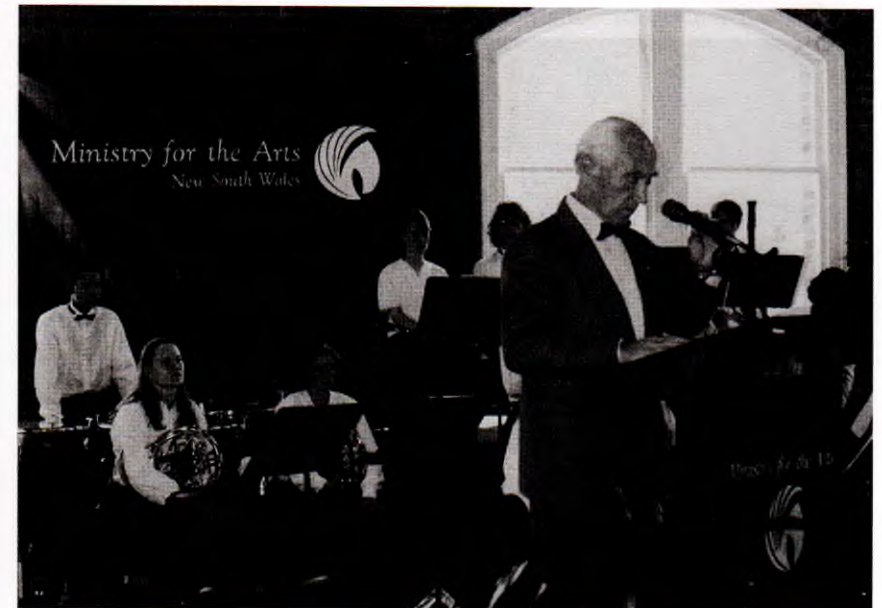
1986. Mount Piper Power Station, NSW. The twin 660MW development contract required the fabrication and erection of 14,000 tonnes of structural steel, along with the assembly of pressure parts, ducting, fuel mills, air heaters, concrete and civil works. The client was



1976. Aerial view of the coal handling and ship loading facility at Port Waratah, Newcastle, NSW, built for the Port Waratah Coal Services (P.W.C.S.).

1,900 feet airstrip, was completed early this month and work began this week on the prototype of the new plane . . . we believe we have made a major breakthrough in design and that in the Airtruk we have such an aircraft"¹².

The idea of plunging into the yet commercially untested activity of aircraft production came to Belgiorino-Nettis and to Salteri following their meeting an Italian aircraft designer, Luigi Pellarini. Born in the Friuli region of Italy, Pellarini had an extrovert and temperamental character. Since his youth he had been obsessed by the need to design and build airplanes. He built his first small aircraft, a one-seater, while working in Rome for a company that was manufacturing aircraft parts, but "the plane only did a few jumps". Soon, he started building a 2-seater, with much improved results. The plane, he boasted, "was tested and was so good, that my wife flew in it". While in Milan, he built what he called the air-auto, a hybrid that, when flying conditions were bad, could be driven on the road after its wings had been folded. Pellarini claimed that his creation was so popular that the FIAT car company, in unwarranted fear of competition,



Franco Belgiorino-Nettis speaking at the completion of the Gunner Visual Arts Centre at Woolloomooloo, Sydney. The Centre was officially opened by Peter Collins, NSW Minister for the Arts, on 13 September 1992. (Courtesy Francini Archive)

forbade him to use its parking stations and to refuel at its garages. Discouraged by the lack of interest in his ideas, he went to work for Alfa Romeo. He came to Australia in 1953, at the age of 38, because, as he put it, "Italy wasn't the best country in the world for aircraft designers, because aviation had a bad image, since it was considered a luxury". Also because a friend of his, a newspaperman, told him that Australia would be the ideal place for the air-auto since, he added, "they are still so far back there!". At Pellarini's protestation that he "didn't know a single word of English, not even goodbye, I had to look in a book for that", the friend reassured him by saying that "everybody there studies French, don't worry", a language that the designer knew well. Once in Australia, he found that everyone might have studied it, but no one understood him.

To his dismay, he also found that the Australian Department of Civil Aviation was using inches and feet in its calculations, a practice unknown to him. He learned, too, that nobody in the Italian community was interested in financing his pet project, the air-auto. A dejected Pellarini was on the verge of returning to Italy, when he met Belgiorno-Nettis and Salteri. The three decided to form a company, Transavia, to build an agricultural craft. Pellarini wanted the business to be on a 50/50 basis, but



1985. Skyfarmers ready for delivery to the People's Republic of China

(Courtesy Transfield Archive).

the owners of Transfield offered him only a contract of employment for three years. That was the beginning of Pellarini's dissatisfaction, even resentment against the two who, in his opinion, were exploiting him, not paying him enough, and were only interested in making money and underestimated his innovative skills. In an interview in 1978, he complained that "Belgiorno-Nettis and Salteri thought I was asking too much, but they had no idea of the number of hours I was working, or the risks I took. One mistake and my reputation would be destroyed". His tense relations with management also spilled onto the factory floor. Pellarini admitted that "in the workshop I am pretty cranky. I cannot tolerate any sloppy work ... When I found slipshod work, I lost my temper"¹³. The aircraft designer could not accept that Transfield's foray into aircraft manufacturing was not the Company's main interest. He resented the fact that Transavia was not mass producing his creation: "they build practically on demand", he complained. It did not take long for Pellarini's resentment against Belgiorno-Nettis and Salteri to turn into a paranoid sense of persecution. In the same interview he claimed that "the only thing Belgiorno and Salteri could say was "Transavia is losing!" ... they wanted Transavia to lose for tax purposes ... they insulted me in every possible way, putting spies on me ... they wanted to destroy me right at the beginning. That is why they contacted me ... they started being jealous because everyone knew me. Very few knew them".

Despite frequent wrangling with Pellarini, Transavia steadily proceeded to advertise and to sell its new product in Australia and overseas. On 15 April 1965, the first prototype took off from the airstrip at Seven Hills and the following year an exultant Franco Belgiorno-Nettis rejoiced:

"I have infinite trust in the capacity of my people. We could send a rocket to the moon – or make a satellite. We have already made a plane, the Airtruk, which looks like a baby elephant. But it will revolutionise crop-dusting. Our designer, Luigi Pellarini, is a genius. He even has plans for a supersonic aircraft. I will be happy when the Department of Civil Aviation finishes testing the Airtruk. I have sunk a quarter of a million pounds into the plane. I want it out of the red"¹⁴.

An experienced General Manager was appointed. Gilbert Forrester was Transavia's second in the role, following Pellarini's stint as Managing

Director from 1964 to 1966. Born in New England, USA, Forrester came to Australia in 1962 on a development project for a large American paper company. He stayed on as General Manager of Cellulose Australia's paper mills in South Australia and joined Transavia in 1966. He was an expert in automated machinery as well as an aeronautical engineer. Enquiries about the new airplane started to come in. At the end of 1964, the company's publication *Transfielder* proudly reported that

"A letter from Angola recently requested distribution rights for the Transavia Airtruk for Portuguese West Africa; one from Hawaii discussed the possibility of replacing an existing agricultural aircraft fleet with Airtruks; from Manila came a letter requesting rights to manufacture the Airtruk in the Philippines – and these were just three of hundreds of similar letters from all over the world, which have arrived at Transfield House since the announcement of the revolutionary plane's first flight. Only nine months from the drawing board, the Airtruk flew for the first time in April, when pressmen, aviation personalities saw it take off after a 60-yard run. It has remarkable performance and carrying capacity compared to any other competitive aircraft. The only other plane with a similar performance and capacity costs more than twice as much. Because of its versatility, the Airtruk will be able to bring new agricultural methods to many countries. It can be used for top dressing, crop dusting, seeding, spraying, pest and weed destroying and many other services. With some modification, it can also become a fast cargo carrier. With a skilled operator, the Airtruk will spread up to 80 tons of fertiliser a day. It can take off with another full load less than 50 seconds after touching down. It will carry an agricultural load of 2,000 pounds"¹⁵.

The first overseas order came from New Zealand. An aerial topdressing company, Barr Bros Ltd, purchased five Airtruks to drop superphosphate. By December 1968, 14 were operating in New Zealand. Tests by the University of Auckland revealed that the aircraft had more uniform distribution of chemical and a 50 per cent wider swath than any other agricultural plane flying in that country¹⁶.

At that time, the Airtruk was the only aircraft being produced commercially in Australia. Department of Civil Aviation staff was slow in

granting a Certification of Airworthiness for the new plane, and Government support for this important, yet depressed sector of the economy was not forthcoming. In 1967, at the opening of Seven Hills' new galvanising plant by the NSW Minister for Industrial Development and Decentralisation, a frustrated Belgiorino-Nettis complained bitterly that Transfield, through its subsidiary company, Transavia Corporation, was the only surviving aircraft manufacturer, "since with the combined efforts of the Government and the Department of Civil Aviation, the industry had been brought to a standstill"¹⁷.

Besides, the Department had not facilitated Transavia's use of the airstrip at Seven Hills. Although permission had been granted on 28 May 1964 to build it¹⁸, a Department inspector quite unrealistically feared that Transfield would use it also to ferry out steel products and construction equipment. As he put it, "from a policy viewpoint, I believe the impression that, while Transavia desire the strip for movements of their prototype, Transfield will use its existence to suddenly become air minded in their diverse engineering activities"¹⁹. In February 1967, the Department complained that "operations have been taking place with the strip for some time", in blatant disregard of a previous departmental instruction to remove some obstacles. "We are not prepared to permit operations to continue", an angry Regional Director wrote, "and you are hereby directed to cease flying operations from Seven Hills until such time as the crane, mast and guy wires are removed"²⁰. The tussle continued throughout 1968. In January, the Regional Director of the Department of Civil Aviation reiterated that "I am not prepared to issue a concession for operations by your aircraft at Seven Hills"²¹. Eventually, the test of wills was resolved in Transfield's favour, and Airtruks became a common sight in the skies of Seven Hills.

By the end of 1968, Melbourne's *Age* proudly reported that "the Airtruk has made the grade in New Zealand, where 12 are being used extensively, proving, in their role, the equal of the best agricultural aircraft built anywhere in the world"²². By 1 August 1969, 29 planes had been produced; over 50 by December 1973 and a total of 101 were built by June 1981. On 1 August 1969, the 29th Airtruk took off from the Transavia factory in Seven Hills on a demonstration flight that was to take it through seventeen countries. Piloted by Roy Williams, the aircraft flew a total of 21 500 miles, equivalent to once around the earth, before reaching on 11

October its final destination, Capetown, South Africa. Major demonstrations were carried out in Indonesia, Thailand, India, Pakistan, Kenya and South Africa. Whenever the aircraft was shown, operators and officials alike were impressed with its performance. It was the centrepiece of the Australian pavilion at the Nairobi Agricultural Show. In Capetown, the aircraft was sold to an operator, and a second ordered on the spot. Orders for a further five were placed and Roy Williams returned to Sydney in mid-November after having logged over 220 flying hours on the Airtruk.²³

In 1970, the Airtruk was awarded the category 2 (Agricultural Machinery) Prince Philip Award for Australian design. Sales to Kenya, Thailand and South Africa were made. In May 1971, the first Airtruk was delivered to Thailand, and King Bhumibol imparted a Buddhist blessing to the craft. Four more planes were delivered a few months later. By mid-1971, Thailand had purchased a total of nine Airtruks. In 1971, demonstrations of Airtruk capabilities were held in Denmark and Hungary²⁴.

At the end of 1971, the Sudanese government showed considerable interest in the Airtruk, after President Nimeiry inspected a plane at Khartoum airport. Negotiations started for Transavia to supply 70 crop dusting light aircraft in various stages of assembly and one factory, complete with equipment and tools for aircraft production. The deal was valued at \$A 2.7 million, with a contract due to be signed early in 1972²⁵. The Australian Trade Commission in Beirut and the Embassy in Cairo both supported the warranting of a line of credit to Sudan for the purchase. Officers in the Egyptian capital obtained advice on Sudanese credit worthiness from Egyptian government representatives, who "stressed the integrity of the Sudanese and their good record in honouring contracts"²⁶. More significantly, officers of the Department of Trade and Industry, Foreign Affairs and the Treasury concurred in an interdepartmental report, submitted on 12 January 1972 to the Secretary of the Department of Foreign Affairs, that

"according to expert opinion in Australia, the Airtruk is an aircraft of advanced design and high performance which is capable of competing successfully with similar overseas built aircraft. However, it lacks the international recognition which is essential for the future development of export markets and a sale of this magnitude would

substantially overcome this disadvantage. Additionally, such sale could well lead to further export orders from neighbouring African states which are reported to be considering the purchase of crop dusting and similar light aircraft and would substantially assist in lifting the Australian light aircraft industry from its depressed state"²⁷.

In February 1972, the Department of Defence concurred that the Airtruk sale was not of military significance and that the factory was not a "warlike store"²⁸. Ultimately, the deal did not eventuate because the Commonwealth was not prepared to take the full contingent liability of the loan, but was prepared to assume it for only 70 per cent, or about \$1.8 million, on the grounds that "in our opinion there are considerable risks involved in the extension of credit to Sudan at the present time. On the basis of limited information available Sudan must be regarded as a poor credit risk"²⁹. The decision was taken despite the opinion given by the Department's risk assessor that "after being temporarily displaced in a Communist-led coup on 19 July 1971, President Nimeiry now appears to be firmly in control of the Sudan. The leaders of the coup were promptly executed and widespread arrests of Communists were carried out by the Army". Undoubtedly, the fact that "corruption will present difficulties" and that "a substantial proportion" of Sudan's cotton export earnings went to the Soviet Union and other Eastern European countries under bilateral trade agreements played an important part in Cold War politics that ruled against proceeding with the sale.

Despite this setback, planes continued to be sold overseas. In 1973, seven Airtruks were despatched to New Zealand in kit form, to be reassembled by a local company, Flight Engineers in Ardmore. Denmark also purchased two planes. Transavia extended its sales drive in Europe, and for the first time was represented at the Paris Air Show. By December, over 50 aircraft had been sold in Australia and overseas, 21 to New Zealand and another 9 to Thailand, while orders for another 5 Airtruks for Thailand and 8 for Australian and New Zealand clients were expected in 1974³⁰. In 1974, Transavia was represented for the first time at the Djakarta Trade Fair, where its display aroused great interest. In 1975, the company produced a new model of Airtruk, the Tiara T320, powered by a 320 HP engine. In February 1976, the new plane was shown at the Tulare Air Show in California³¹.

During the first half of 1977, three Airtruks were delivered to Malaysia, to work on the fertilising of oil palm plantations, while two more were on order. The first plane was also delivered to Taiwan, and another one to Denmark. At the same time, trainee welders and inspectors from the Taiwanese company Air Asia returned home after a two-month course at Transavia, to be employed in the manufacture of Airtruck components, already commenced in Taiwan. The components were re-imported in Australia for assembly at Seven Hills. Air Asia had been established in Taiwan during the Korean War, to repair and overhaul American military and civilian aircraft³².

By December 1977, the two craft on order by Malaysia had been delivered, and another four were ordered by that country for delivery in 1978, while the aircraft had been shown in Spain and Yugoslavia, and orders were expected from these two countries. Transavia was hopeful, by the end of 1978, to exceed production of 100 craft. By 1978, 75% of the aircraft produced had been exported to Denmark, South Africa, Malaysia, Taiwan, Thailand and New Zealand. During the year, Transavia built also two Sopwith "Pups" ordered by the Pacific Film Company. The Pup was one of the most famous fighter aircraft of World War I. In 1978 the government of Yugoslavia ordered six Airtruks and by December the first one was delivered by ferry flight. The second craft ordered by that country was also the 100th plane built at Seven Hills. Transavia, in a new venture, during that year also started work on modifications to first class seating in Qantas jumbos, to provide sleeper facilities³³.

At the beginning of 1980, fifteen years after the prototype first flew, the Airtruk still was the most efficient agricultural aircraft in the world. It had been modified and improved over time, but the basic concept remained the same – to produce an agricultural machine, economical, manoeuvrable and sturdy. The plane could lift a one-ton payload, more than its own weight. Its strange configuration earned it various nicknames, including "the Flying Mango". It could be loaded in 20–30 seconds and land and take off from very short, rough country airstrips. Despite its recognised efficiency, the Airtruk did not take the world by storm. Partly because of intense competition, partly because of the severe depression in agriculture over the previous decade, its manufacture did not reach, as Pellarini had hoped, mass production levels, but was carried out following receipt of

In 1983, while the agricultural sector still remained in the grip of world recession, for six months Transavia's engineers researched into the adaptation of the Skyfarmer to a military role. The new model was designed to operate from rough strips, to carry weapons and forward stores, to perform field ambulance work and to support border patrol and counter-insurgency operations. However, this attempt at further diversifying the potential use of the aircraft and of breaking into the profitable air defence industry did not meet with success. The last significant sale took place in September 1985, when the Australian government placed an order with Transavia, in a \$1 million package, to supply four Skyfarmers to the People's Republic of China. The Skyfarmers were given to the Heilongjiang Province, in Northern China, as part of the Australian Government's aid program. The plane's design had been refined during the previous ten years, to include the most modern spraying systems and a more powerful engine³⁴.

By 1988, Transavia reached the end of its commercial life and ceased producing the aircraft in its several versions, the Airtruks PL12, PL12U, PL12M300, T-300, T-300A and T-320. In total, 117 airplanes had been built at Seven Hills during over twenty years of production. The company was also affected by the general restructuring of the Transfield Group as a result of major acquisitions during that year. Furthermore, the lasting international agricultural crisis killed any hope to make inroads in that market. Nevertheless, the venture had been worthwhile for the owners of Transfield. Looking back in 1988 at Transavia's record, Carlo Salteri well identified the key issues that marked the Company's troubled history:

"I was against [establishing Transavia] at the beginning. Belgiorio was for it mainly because he felt some sympathy towards this Italian aeronautical engineer who had never been able to construct anything in his life, and he thought we might be able to give him a break. I opposed it, but looking into it in more detail I thought that perhaps an agricultural aircraft, rather than a passenger aircraft, might present us with market opportunities, with some economic advantages. What I didn't appreciate was the enormous cost of producing aircraft – getting it through the process of certification and so on, and also what I didn't know was the character of the engineer himself, Pellarini – and finally what nobody anticipated, was that the agricultural sector that had been going up all the time, was going to take a turn down.

This took the ground from under our feet – but once you are in, it is difficult to get out. You have to consider the people who work for you – we have a small group of nice men, and if we close up Transavia, what can we do with those men. Some of them can be absorbed into Transfield, but others can't because they are not the sort of men we need. Also, the customers to whom we have already sold the planes – we have about 100 flying in various parts of the world – would be left with no possibility of spare parts and maintenance. They have invested money in an aircraft that is no longer produced, so their asset is now worth nothing. So we decided that the best possible way was to keep the enterprise as small as possible to cut our losses. Two years ago we changed the management, introduced new blood to see what happens. Now we wait³⁵.

Also in this instance, Transfield, as was the case for Montrose, took a calculated risk with the market and with the vagaries of international politics, and also with heeding the advice of the proponent of the scheme, Luigi Pellarini. Salteri's and Belgiorino-Nettis' confidence to control the process and the man was in this case partly misplaced. With the wisdom of hindsight, Carlo Salteri admitted as much:

"He was an artist, a very brilliant engineer, but his character is absolutely impossible. Very very few people could work for him. That is the reason he never did anything in his life, I am sure of it. No, we didn't investigate his career to find out why he hadn't done much. I suppose we ought to have. Sometimes businessmen are not rational. They take decisions by intuition – and some of the best ones are taken by intuition. No, I don't think that Belgiorino and I are rare in that respect. Many businessmen rely on intuition. Sometimes it is difficult to pinpoint exactly why you feel you ought to act in a certain way. Some people are more successful than others at it. We make mistakes of course. The process is not mathematical³⁶.

Ultimately, the demise of Transavia marked the end of an era for Transfield and highlighted the new industrial scenario that confronted the giant construction company at the end of the 1980s. Transavia proved to be not what its detractors claimed it was, a quirky plaything. Belgiorino-Nettis'

old friend, Jack Kerr, correctly understood the benefits of image accruing from owning the aircraft and the wine companies, as well as its owners' ambivalent attitude towards the new business, when he said that "Transavia is only a cesspool that draws in money ... It's never made money. Salteri is not interested in it at all. Montrose wines – well that's another of Franco's babies. Salteri is not much interested in it; you brought me into it, you fix it, he says. But although these things don't earn money, they are assets. They have amassed capital out of their reserves and they can borrow money on the assets"³⁷. To some extent, Jack Kerr's statement is inaccurate, since Carlo Salteri became intimately involved in overseeing both Transavia and Montrose, probably to try to make them cost-effective.

Ownership of Sabemo was an altogether different case. The company was established to compete in an expanding building market that offered the opportunity of sizable profits, despite the obvious, considerable risks represented by frequent industrial disputes, unforeseen cost escalations and aggressive competitors. The person mainly responsible for its establishment and its running was a young *geometra* (surveyor), Vittorio Moratelli. Moratelli came to Australia in 1954 with his mother, ostensibly to visit his brother, but in reality to compare the local prospects with those in India, where he really



1991. Prime Minister Paul Keating and Vittorio Moratelli

(Courtesy Transfield Archive).