

BOOK REVIEW

Robert Porter, *Consolidated Gold Fields in Australia: The Rise and Decline of a British Mining House, 1926–1998*, ANU Press, Acton ACT, 2020. ISBN 9781760463496

The preface to this book describes it as ‘a history of a once-great British mining-finance house and its investments in Australia’, pointing out that ‘The Gold Fields group in Australia had a rich and broad history; its ultimate fate did not demonstrate its potential as an Australian mining company’ (p. xiv). Like the book’s subtitle, the quotation refers to the demise of Consolidated Gold Fields Australia [CGFA]. The end came in 1998 when Westralian Sands absorbed the company, although CGFA had operated as Renison Goldfields Consolidated [RGC] since 1981. Gold Fields had been interested in Australia since the 1920s and tracing the history of its various investments is no easy task. The author is to be congratulated for providing an exhaustive account of the company’s activities, one that relies on an impressive list of sources, including interviews with key players, and materials held in a number of corporate archives. Porter was particularly well-placed to write the book, having worked as general manager Investor Relations at Iluka Resources, the corporate entity that absorbed RGC and whose history he published in 2018.¹

Overall the book is clearly written and nearly error-free. That said, Porter’s suggestion (p. 34, footnote 27) that F.W. Baker earned an Honours BSc degree and was likely a fellow student with John Agnew at the Thames School of Mines in New Zealand in the 1890s is incorrect. This confuses W.H. Baker at the Thames School of Mines with F.W. Baker (no relation), who in the 1890s worked as a solicitor in London. A reference on p. 246 directs the reader to chart 10, chapter 8; in fact, this chart is in chapter 20, on p. 386. On p. 84, note 46, the date of a letter presumably should read 1960, not 1980. And the Babilonia mine (p. 32) is in Nicaragua, not Mexico. Finally – although this is not an error *per se* – the reference to ‘The Barrier mines near Broken Hill’ (p. 38) struck me as a little odd, given that the town was built around the mines.

The book is subdivided into six parts, although the first two parts – which make up the first quarter of the book and describe the early years of Consolidated Gold Fields – appear to be of less interest to the author than the latter four, which describe CGFA’s history from 1960 until its demise in 1998.

Consolidated was a British firm organized by Cecil Rhodes and C.D. Rudd in 1892 to undertake deep level mining on the Rand (a re-organization of the earlier Gold Fields of South Africa that the two men had floated in London in 1887). The impact of the South African War led Consolidated to expand its operations overseas, beginning with its acquisition of the Camp Bird (a gold mine in Ouray, Colorado). Its later move into Australia can be seen as part of a larger effort to expand and diversify its business beyond South Africa.

Porter’s account of Gold Fields’ early years is perhaps the least satisfying section of the book. Much of it revolves around the career of the notable mining engineer, John Agnew, about whom Porter provided an article in the last issue of this Journal. The relationships between Agnew, Herbert Hoover, and Francis Govett are not explored in detail and little attention is paid to the existing historiography. Since Geoffrey Blainey’s 1963 article on Hoover’s ‘forgotten years’, it is difficult to believe that Hoover’s and

Govett's intentions were quite as selfless as Porter appears to believe.² However, one cannot quarrel with his observation that 'It is hard to think of anyone better placed than Agnew to identify and pursue multiple opportunities available for Gold Fields when it turned its attention to international diversification (p. 35).

The bulk of the book takes the reader from descriptions of Gold Fields' initial investments in Western Australia (at Wiluna and Kalgoorlie) and Lake George, NSW, to subsequent investments across Australia, through Consolidated Gold Fields Australia (formed in 1960). At times, keeping track of the complex series of companies formed and companies liquidated is a challenge. Consider, for example, Porter's description of initial mining operations at the Lake George mine:

Mining at Lake George recommenced in 1926 when National Mining Corporation took up a sublease from National Metal & Chemical Bank ... Camp Bird also retained an option on a sublease that it exercised in 1927 ... In 1929, a cooperative business arrangement occurred between Camp Bird and New Consolidated Gold Fields, with Gold Fields gaining representation, through Agnew, on the Camp Bird board ... [p. 74] In turn, New Consolidated Gold Fields offered Camp Bird the opportunity to become involved in any ventures it identified. The offices of Camp Bird and its interests in Santa Gertrudis, Mexican Corporation, the London committee of the Fresnillo Company and Lake George Metal Corporation were registered at Gold Fields' offices at 49 Moorgate. By this stage Camp Bird held a 75 per cent interest in Lake George Metal Corporation. [p. 77] In 1937, Lake George Mining Corporation was formed, taking over the shares of Lake George Metal Corporation, which had been placed into liquidation ... [p. 78] Mining operations commenced [at Lake George] in 1937 and milling in January 1939 ... the extensive technical resources of various arms of the Gold Fields group had been drawn upon. New Consolidated Gold Fields provided the technical support of its mechanical engineering department. Gold Fields American Development Company assisted, including for the purchase of mining and processing equipment, while Consolidated Gold Fields of South Africa provided input in relation to drilling and reserve evaluation ... (pp. 73-78)

To assist the reader in following these developments, the author includes some very useful charts, tables, and figures. For example, each of the book's six parts begins with a chronological overview of corporate developments, which I found invaluable, as were the graphs of various share prices and the tables of investment performance in Appendix 4. Notwithstanding these numerous visual aids, a diagram displaying the interlocking directorships would also have been helpful. John Hobson pioneered this strategy in 1906 to demonstrate the links between various financiers (including those involved in Gold Fields) and the corporations in which they were active.³ Without such a visual aid, one can only share a frustrated journalist's 1937 conclusion that 'The labyrinth of interlocking interests [of a company in which Gold Fields had a financial interest] ... is beyond anyone but London headquarters to trace'.⁴

As these comments suggest, this book is very much a corporate history. Those interested in learning more about the social, labour or environmental histories of these companies will be disappointed. And yet if in many ways it takes a somewhat conventional corporate approach, it is not without interest to readers of this journal. For example, the later history of Mount Lyell that Porter provides is very different and far more convoluted than accounts of its earlier operation. Perhaps the book's greatest strength lies in its description of the complexities of modern mining by the end of the twentieth century. By this point Consolidated had acquired a diverse stable of mines,

giving it ‘a presence in a range of minerals sectors, including iron ore, mineral sands, copper, tin and coal, as well as diversifying into manufacturing, property development and agricultural interests’ (p. 108). As can be imagined, this was an unwieldy organization, one often unable to achieve its goals; the (ultimately unsuccessful) efforts to develop a coal property in the Hunter Valley is a vivid example – and not the only one – of how ten years of effort could lead nowhere (pp. 294-97). Local and state actors needed to be persuaded and placated. Even when (or if) that was done successfully, global metal markets could wreak havoc on plans to expand or diversify, which in turn could lead partners in joint ventures to withdraw (as Japanese interests did when iron ore prices dropped). In addition, finding the money to develop very large low-grade mineral deposits was crucial but this in turn meant finding the needed capital on world markets. As Porter shows, this could expose companies to hostile takeover bids from other mining houses.

One of the key issues with which the book is concerned is the ultimate failure of the Australian subsidiary to survive. Porter does a good job of describing its difficulties as it confronted poor metal prices, declining mineral grades, reluctant financial support from the London parent, and other challenges; why did this lead to collapse? Was there some fatal flaw in Consolidated’s business model, were the company’s managers to blame, or did the company simply experience a fatal run of bad luck? Porter is inclined to place most emphasis on the acquisition of the London parent company by a corporate raider, Hanson Plc, in 1989. (See esp chapter 17, *The Challenges of the Parent*, pp. 305-22.) His view is that this left the Australian subsidiary with an insurmountable weakness. Its parent was now a company with ‘little commitment to a diversified mining company model and minimal experience of mining. As an industrial conglomerate it typically held a much shorter time horizon for a return on capital from its investments’ (p. 25 and , in stark contrast to ‘a mining company where demand, commodity price and unit cash costs are all factors that could come into play in influencing the earnings file’ (p. 349). The sixth and final part of the book covers ‘The Final Decade 1990-1998’. Reading it, one gets the sense that at this point the end was inevitable.

One of the strengths of the book is its ability to be both a history and a contemporary story, one that still resonates in today’s business news. Thus, the Porgera mine in Papua New Guinea – originally part of a three-way joint venture comprised of CGFA/RGC, Placer Pacific and Mt Isa – is currently the subject of ongoing court proceedings. The mine was operated by Barrick Niugini, a joint venture of Canada’s Barrick Gold Corporation (who had absorbed Pacer Dome in 2006) and Zijin Mining Group of China. However, in early 2020 the government decided not to renew the company’s mining lease, and at the time of writing, the mine is currently closed while Barrick attempts to have the government’s decision overturned. As Porter describes (pp. 290-94, 369-72), CGFA/RGC and its partners had earlier faced similar challenges with the mine, a good example, if one were needed, of mining history’s continuing relevance.

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1. *Below the Sands: The Companies that Formed Iluka Resources: Consolidated Gold Fields, RGC, Westralian Oil, Westralian Sands, Associated Minerals Consolidated, Western Titanium*, UWA Publishing, Crawley, WA, 2018.

2. Geoffrey Blainey, ‘Herbert Hoover’s Forgotten Years’, *Business Archives and History*, vol. 3, no. 1, February 1963, pp. 53-70. My colleague Ian Phimister and I have also written about Hoover’s activities: see Phimister and Mouat, ‘Mining, Engineers and Risk Management: British Overseas Investment, 1894-

- 1914', *South African Historical Journal*, vol. 49, November 2003, pp. 1-27, and Mouat and Phimister, 'The Engineering of Herbert Hoover', *Pacific Historical Review*, vol. 77, no. 4, November 2008, pp. 553-84.
3. John A. Hobson, *The Evolution of Modern Capitalism: A Study in Machine Production*, The Walter Scott Publishing Co., London, 1906, revised edition, pp. 269-72; this comes in a section entitled "the financial system as illustrated from South Africa". On the novelty of Hobson's approach, see Linton C. Freeman, *The Development of Social Network Analysis*, Empirical Press, Vancouver, 2004, pp. 18-19.
4. 'How The Yellowdine Dividend Is Distributed', *The Sydney Morning Herald*, 31 July 1937, p. 9. Porter uses part of this quotation on p. 64.