

# PAUL ESPIE: A LONG ROAD— SCIENCE TO FINANCE

Paul Espie—a Monash science graduate—has become an influential figure and change agent in corporate Australia. He thinks “critical thinking, that is part of scientific method,” has played a role in his success in life.

Espie never wanted to be a white coat scientist: he originally decided to study Vet Sciences and then left that and came to Monash University and enrolled in a science degree. “In those days I guess I was a little too preoccupied with motorbikes and rowing,” he says.

While completing his degree in physiology and biochemistry he also studied economics and was fascinated by Keynesian economic theory and politics. Whilst his father and grandfather had been mining executives, he grew up on the edge of Broken Hill and had always had an interest in the land and commerce.

He then completed an MBA, partly at Monash and then at Melbourne Business School. At the end of this he gave up his seat in a Monash VIII (rowing), accepting a corporate finance position with International Pacific Corporation, an early merchant bank in Sydney.

and Managing Director of its Australian operations before setting up his own boutique firm, Pacific Road Group.

## Young Investment Banker

In the early 1980s Espie became involved with a group of young investment bankers determined to bring about changes to the Australian Financial System. The initial move was to convince the NSW Government to change the law to allow the establishment of a currency grey market to bypass the restrictions on trading on the currency and exchange rate differences. He was also instrumental in the establishment of the Australian Merchant Bankers Association, which played a key role in the Campbell Inquiry into reform of the Financial System.

“We battled with John Stone (then Treasury Secretary) over the need for

aspects of system change. I chaired the group that did the work on the Merchant Bankers’ Association submission to the Campbell Inquiry which I think was influential in subsequent policy change. At the time Paul Keating (Shadow Treasurer) was dismissive of proposals for floating the dollar and licensing foreign banks. We wanted the markets to determine currency levels and efficient allocations

**“I always had a belief in the importance of self reliance, building things and the land and its people.”**

(The Monash VIII went on to become Victorian champions, some of the crew also becoming Olympians).

Espie’s next move was an assignment at bank Kleinwort Benson in London. He returned to Sydney to work for a related firm in which Bank of America was also a key shareholder. After Bank of America later converted this to a bank in its own right, he became a Senior Vice President



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of capital.” The incorporation of Stock Exchange memberships followed.

After the 1983 Labor election, according to Espie, Paul Keating assumed ownership of the Howard/Campbell reforms and began introducing them, within months of the election.

“Looking back on it, many of the key players were only in our mid thirties at the time. We were perhaps prematurely the ‘kings of the castle’ and I am not sure where all that confidence and drive came from but we certainly fed off one another. I suspect it had something to do with that baby boomer generation, not satisfied with the way things were.”

## Pacific Road Group

Then in 1986 Espie formed Pacific Road Group, a boutique corporate financial advisory and resources funds management group. Since then Espie has emerged as a significant player in the infrastructure, resources and other utility sectors. He joined the Board and was later appointed chairman of the Australian Infrastructure Fund (AIX) which recently sold its airport assets to the Future Fund, delivering attractive returns to its investors since 1995. AIX played a key role in the development of Western Australia’s Dampier to Bunbury gas pipeline, the establishment in Australia of Vodafone, re-development of ports in Portland and Geelong as well as the Sydney Light Rail and several airports in Australia and Europe. Espie is also a former chairman of FreightCorp (the NSW freight rail business) and a Director of the Menzies Research Centre.

He is a Fellow of the Australian Institute of Company Directors and the Australian Institute of Mining and Metallurgy and is also a member of the Australasian Committee of the Eisenhower Exchange Foundation.