

Macdonald a no-show despite findings

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James Hardie Industries' Peter Macdonald has become Australia's most elusive chief executive. After a NSW special commission of inquiry found the Hardie boss could face criminal charges, Mr Macdonald has failed to surface or comment on his role in one of the biggest corporate scandals in Australian history.

Despite calls from asbestos victims groups, shareholders and unions for Mr Macdonald's resignation, Hardie would not say if its California-based chief executive had any plans to revisit Australia in the near future nor speak of his whereabouts. "He is operationally based in the [United] States and he's currently operational," was the cryptic comment from one Hardie spokesman.

Nor would the company say if its board had discussed Commissioner David Jackson's findings that senior Hardie management lied when they said the foundation formed to compensate asbestos victims was sufficiently funded in February 2001. But the silence has not stopped talk that Hardie's chief operating officer, Louis Gries, could soon take charge.

After 13 years with the company, Mr Gries is seen as Mr Macdonald's logical replacement, given his role in driving Hardie's hugely successful expansion into the US, where it now generates 75 per cent of its sales.

But given that much of Mr Macdonald's attention was devoted to defending himself at the inquiry, Deutsche Asset Management's Vince Pezzullo said the strength of Hardie's US business showed the company would be in good hands without him. The company recently reported a 29 per cent quarterly lift in US fibre cement sales. "It just tells you about the depth of management over there," Mr Pezzullo said.

With pressure mounting on chief financial officer Peter Shafron to go, there is talk that Hardie's head of R&D, Don Merkley and his twin brother Dave, Hardie's head of manufacturing, could be up for a promotion.

The ACTU on Friday criticised the conduct of investment banks, which have stood by Mr Macdonald.

A swag of brokers upgraded their recommendations on Hardie during the week, after the commission said it would be legally difficult for asbestos victims to sue the company. One of the most bullish analysts was Macquarie Equities, which kept its valuation at \$9.30. Hardie shares fell 7c to \$5.88 on Friday.

Despite the public outrage at Hardie, one analyst said Mr Macdonald was an "excellent manager". The analyst said described the ongoing media scrutiny of Hardie as akin to "examining goat's entrails". "It's extremely difficult for the people who are sick, but it's a very, very difficult situation for the management of the company."