

## Conversations with Future Generation Podcast

### Episode Two: David Gonski AC

#### Transcript

L Welcome to Conversations with Future Generation. I am Louise Walsh, the CEO of the Impact Investing companies Future Generation Australia and Future Generation Global. In this series we explore the worlds of investing, philanthropy, mental health, and supporting children and youth at risk, with amazing Australians who are leading the way. Joining us today is David Gonski AC. David is Chairman of ANZ, as well as the Chancellor of the University of New South Wales, and President of the Art Gallery of New South Wales Trust. David is also a patron of the Australian Indigenous Education Foundation and Raise Foundation who happen to be two of our much loved charities associated with Future Generation Australia. I've also happened to have known David for believe it or not now thirty years. David is here today to discuss his reflections on some of the positive impacts of coronavirus. David welcome and thank you for joining us today.

D It's a great pleasure Louise. Good to be here.

L Thank you. And before we get into it I'd like to start with a few interesting ice breaker questions. So firstly what is the most common question you are getting asked in relation to COVID and what is your answer?

D The most common question I'm asked and probably because they see me as a chairman of a bank and somebody who's been in business now for over forty years is the question of whether it'll be a U or a V shaped recovery after COVID. I should incidentally mention that somebody asked me the other day whether it'd be a chair shaped recovery, and that I'm still dwelling on. It's an interesting question. And so many people want to know will we snap back, have we frozen our economy and therefore can thaw it out, and so on.

My answer is basically that in my view to answer the question of what's going to happen after COVID you've got to understand the health ramifications and indeed what we're talking about as a health crisis within this COVID situation. Unless you take a view on the health aspects you can't possibly determine what shape the recovery will be. Do you believe that a vaccine will come very soon, or indeed may never be developed. Do you believe that anti-viral drugs will come to ameliorate the sad effects that we've seen coming out of COVID-19 to allow people to be more willing to be out there and indeed for the community to be able to afford the downsides health-wise. Or finally do you believe the testing will be adequate and indeed that the new tracing situations will be excellent in keeping COVID-19 under check. These are the questions in my opinion one has to come to a view on. If you believe that one or all of those are going to work well then it's pretty clear it's probably going to be a V shape or even a U shape. But if on the other hand you've answered no to all of those then I'm not sure which of the U, V or indeed chair shaped it would be, but I doubt it'll be any and it'll be very serious.

L I'm not sure I've come across the chair shaped but I'm not sure we've got time to elaborate on that this morning but that's an interesting one for sure. Now you have multiple hats and lead an incredibly busy and super organised life. I must say one of the most organised people that I know. What is the most single significant change so far in your life as a result of COVID? And what do you think it will be say in twelve months' time?

D I think that the most significant change for me has been being housebound. I've always been a person that loves to be home, but actually hasn't been home that much. My wife and I enjoy going to art situations, we have a large family to visit, and we're usually out and about. Over the last nine weeks we have actually not only taken the spirit of the laws but actually really adhered to them and have lived internally rather than externally to our house. Indeed Louise there have been parts of this house that I have never been to before and I have found it quite amazing sitting in chairs that were put here two years ago when we

moved in that I've never sat in before. I've now done it all over the house. I think that that's been a big change. We've started to realise how it does feel quite locked in and indeed we feel sincerely for so many who have smaller premises to live in than we do and indeed for those who don't even have permanent abodes to deal with. In terms of twelve months out I would have to say that I think there will be changes. I think that the changes will be really in people being happy to go out, in the questioning that people have in standing in queues, whether it be to get on an aeroplane or to get their coffee, and I think there's going to be quite a lot of thinking not just on how to cross the road and whether it's safe but rather on just how you deal with social distancing etcetera. How this change will affect us will obviously depend on medical breakthroughs, and indeed in our way of thinking on how careful and in fact how concerned we feel we should be. And I hope that after twelve months, and you asked in twelve months but I'll go further than that, that we will move more to the norm, and it is my belief that we will move on and come back to our normal hopefully enjoyment of a wider society.

L Well let's hope that certainly happens because I think we're all craving for that David. It's easy to focus on the negatives associated with COVID and today we want to primarily focus on some of the positives that could or will result from COVID but before we do I've got one burning question I mean what's annoyed you most about the pandemic?

D I think what's annoyed me most about it has been some of the what they call commentariats. I'm not saying that I'm a medical expert, but I have made it my business to read a lot about it and I know a lot of people have done that, and some of the commentary that I have seen, whether it be on television, listened to on radio, or indeed seen on the Net, has been in my opinion quite amazing and from people who should have known better. To give you an example, the other day I was listening to an expert talking about the benefits of herd immunity. He was talking at a time when our percentage of our community, and I might say very relievedly, was very low in the terms of the number who had actually had the

disease. In fact we've been running at .3 of 1%. And I'm delighted at that. But he was talking about herd immunity and the benefits of it. And when asked well what percentage of the community has to have it to get herd immunity he said 60% to 70%. And I'm not an expert on mathematics, but I worked out that that means that basically 60% to 70% of the population still needs to get it in order to get this herd immunity that he was saying was so good. How could anybody really put that up? How could anybody be pushing for us to go for herd immunity when so many people would have to get ill to achieve it? This is just one example. And I must say I think it's quite sad that many who give the commentary drill the space and didn't actually do their homework.

L Yeah fair enough. I mean I think the one for me for what it's worth is how unprepared we were for all of this. I mean one of the first things I listened to was Bill Gates' TED talk that he did in 2015, and I'm sure you've listened to that as well, but was no-one listening. I mean he is one of the most powerful men in the world and it's exactly what he was talking about was after Ebola that the need for us to be ready for another pandemic like this so anyway there you go.

D No but I think you make a very good point. I mean in 1975 when I was studying economics at the university we definitely studied the effect of a pandemic. And indeed we looked at the Spanish Flu, and just for your listener's benefit no it was not around 1918 that I was studying economics, it was quite some years later, but having said that I don't believe I've really reflected on the possibility of a pandemic since that time. And I think this says more about our long term thinking, our long term planning, and I think it really advocates for us to think a little bit more for the future rather than trying to solve the problems of the immediacy.

L Thank you. So can we talk a little bit about your thoughts on the impact of COVID and its economic consequences on the charitable sector, including the Arts which I know you're very passionate about. Will it change how you donate as well?

D Well let me start with one of the sad things about the charitable sector that you of all people know a lot about is that charities unlike corporations and businesses don't generally have a capital. They set up basically to do functions and to carry out good works, and generally, unless they're very lucky, they don't have what the Americans call an endowment and they don't have the ability to raise shares in the market or whatever. And this means that most charities don't have monies put away for an extended rainy season. It's basically impossible. And so when you close theatres for an extensive period as we've had to do, for very good reason, basically you destroy what small monies they have available for the rain and they basically teeter. And so we see that right throughout the Arts. We see it more generally by the way in the charitable sector as a whole as well, because of the way charities by necessity are structured. I think this is terribly sad and I think that it's something we really have to take a serious look at. A lot of people as we know I think it was something like 8% or 9% of the population work in charities. They do marvellous work. And if many are going to be closed or not able to reopen that's a very serious thing. You come then to will it change how we donate. And the answer is yes. I think that we've felt, and I see that some rules have recently been changed for private ancillary funds etcetera to encourage people to give a bit more at this time, we feel as a family that we should give a bit more at this time and if that means we're taking away a bit of what we might give in the years to come so be it. This is real need for so many organisations. The second thing I would say is we used to be giving so that charities could do more. Now we realise that we should focus on many of the charities that won't be able to do anything unless people like ourselves give and let them open up their doors, get back to normal, and do the good works that they were doing previously.

L        Fantastic. And it's awesome that you're showing that leadership because that's what it needs. I mean that's what philanthropists and donors need to do, they need to give untied funding, and they also need to give that extra bit because this is as you know going to be quite a severe impact on that sector and where would we be without that sector so thank you. Let's shift gear a bit and talk about some of those short and long term positives. So my first question on this one, it seems in every crisis that technology booms. So for instance it happened after each World War. We find ways of doing things smarter. Can I have some of your reflections on the technology boom?

D        I think, it's interesting, people are talking about technology boom but there's two parts to that. One is a boom in actual new technologies, people developing new things, and the other part is a boom in known technology. As to the second I have no doubts that what we're living through now will be the case. In other words I had never heard of Zoom, I really hadn't, until about two weeks before the COVID-19 lockdown, and basically I have been on Zoom up to six or eight times a day, a working day, since that time. So clearly the technologies that already existed are booming because we need them, and it's wonderful by the way that we have them at our discretion. I've often reflected during the last eight or nine weeks what it would have been like to be at home, locked up, without the internet, without the ability to talk to people and see them, without the ability to be able to see the world in a little window in your house. It would have been quite demeaning. As to the first the boom in new technology I have no doubt that there's much been focussed on in terms of technology. If you for example just look at the vaccine search. I mean I understand there are a hundred research technologies being looked at in that area and that are really going well. There may be many more that haven't been documented. That's marvellous that the world can spring into action, look for a technology to solve a problem, and I have no doubts will do so in the future months to come. So I would say to you yes technology is booming, but it's more in my opinion the boom of technology we already had, that we're learning to use it, learning to rely on it, and indeed I think learning to enjoy it.

L I think it's so true. I think we've swapped stories previously on our mothers. I mean my mother's eighty-six and quite elderly and wouldn't be an early adopter of technology but it is fabulous I mean she's doing FaceTime and I think she's done a couple of Zoom meetings and I think she's done a Telehealth meeting with her GP. I think she might have been more advanced than the GP from what I could see but anyway I think it's fabulous so.

D Well I don't want to show off but I was looking in the newspaper the other day that the local choir here in the Eastern Suburbs was now singing through Zoom, and they had a picture of all the choir members and there in the second last little box was a ninety-one year old woman singing away that I recognised to be my mother. So not only has she mastered Zoom but she's now learnt to be a member of a choir that actually doesn't meet.

L Wow. There you go. She'll end up with an agent or a manager soon so look out she'll be in hot demand. Now the topic of working from home has and is getting a lot of attention. I mean it seems to be working well for some and harder for others. I mean I know in my situation my husband and I have been bunkered down at our place near Berry. My husband's been working from home already for about four years and it's actually working remarkably well. I seem to be quite productive and I'm actually happy to be out of the big smoke. But I know I'll be going back at some stage. But what about your thoughts on working from home?

D Well can I firstly say that I chair a bank and we've got more than thirty-five thousand people working from home. And I want to put on record I personally salute our technical people who were able to achieve that so quickly and I also want to salute each and every one of them because basically they're doing a great job. They're running this enormous bank, and by the way it's not just our bank that's doing it I know that lots of other enterprises are doing it, but we are doing it and it's working well. So this working from home is working.

Often people say to me, indeed one of the academics at the university I'm Chancellor of has put out a paper that says you won't need so many office buildings because people will work from home and therefore there'll be less office space required, I don't agree with that. I honestly believe that we have shown ourselves to be able to work from home, but I absolutely believe that people like talking to other people. They like being able to deal with them, they like being able to size them up, they like actually to be able to have some social arrangements with them much more than just sitting in their homes. And of course as I said earlier in this interview not everybody has a nice place to be at home and we have to recognise that. My view is this may allow people in the years to come, because of the good technology and the fact that we've got a bit used to it, to do a bit of their work from home. But in the end I believe people will still want to come to the office to be part of a team and to deal at least for most of their week with other people and see what they're doing etcetera etcetera. So I don't think there's going to be an enormous change and we'll all be working from home. I do believe maybe on the periphery that people might say well I might take a day to work at home and work in a different way than they way they used to.

L I do agree with you and what I think we'll see is the one or two days. And I'd be a good example of that. I mean I currently do the job four days a week, and I have for the last five years, but I've always thought about working from home one day down here in Berry. And I know that that will be achievable now and that that's perfect. At my age and where I am in my life it's working well and I think it will almost be a natural progression out of this so I'm happy. Now there's a theory that regional towns and cities will become more attractive to live in, especially for young families. It's inevitable that we're going to see a boom in domestic tourism in the next few years because unfortunately we won't be travelling overseas I'd say at least in the next year or so, and if so it'll be to a very limited number of countries over time. Will big cities becomes less attractive, cheaper to live in, and with more affordable rents? They could attract more people like artists, ideas and companies. Any comments on that?

D I think that with the coming of better technology that allows people to deal with be it their doctor, be it their friends and so on through the IT world I think it obviously opens up all sorts of dimensions of where one can live, where one can play and indeed where one can travel. But I still think there is enormous attractions in the bigger cities. So my answer to you is well I hope that the regions will get enormous benefits from be it the technology, from people's experiences in the last little while, that we do travel to these areas, that we do spend money there to help their economies, and that those who wish to live near a beach down south or even up north whatever if they want to do that they should be able to and make it more easy. But in the end I do believe that people as I said earlier like people, that the arts, that the buildings that have libraries in them, that show visual arts, they basically are places where treasures can be there for people to look at and talk about, I think there is an attraction to big centres, and I believe they will continue.

L Right. Thank you. I mean I think one interesting point is we hear a lot of talk of shortages of professions like medical and teachers in regional centres and what I'm hoping is that one of the impacts out of this is that we won't see those shortages hopefully in the future because obviously they are much needed in these regional and remote centres across the country so. Now I know you come from a medical family including your late father, your wife, your daughter and at least one brother. What do you think of the Telehealth revolution and where it is going?

D Oh it I think it's absolutely wonderful. I mean I can tell you now I'm talking to you from my study and I know that my wife is in her study actually using Telehealth as a doctor to see some of her patients. And that is allowing her to still maintain being at home in terms of this lockdown etcetera but at the same time to see her patients and she says it's efficient and indeed a very good way to deal with them. I don't think it's an absolute substitute, but at the same time I think it can mean a much more efficient way of delivering medical services.

And as you said a few minutes ago can allow us to deliver the first class services of big hospitals to smaller regions which is a big plus indeed. I think Telehealth has come a long way and I can only talk as I haven't used it myself of what my wife and my daughter who's a doctor have said that there are benefits from it. And I think it's terrific. I also so know as we learnt through COVID-19 that there are a lot of limitations to the availability of hospitals and so on, hospital beds and the like. And obviously if we can use this Telehealth situation to actually have the outpatients not within the hospital that could be of great benefit and allow us to use the resources of the hospital for those who are very ill.

L David I'm interested to get your opinion on self-sufficiency or sovereign capability. Now there is a tension here of course. The cost of doing it here is likely to mean paying a premium for something, but it means having a more reliable supply chain. Now of course this premium could be absorbed over time. So anything that involves say complex advanced manufacturing could be potentially a good target for a country like Australia to explore. Offsetting the big cost of trans-continental shipping of course is another factor. But what do we want to make and do here? Do you think a country like Australia will seize the day on this one or not?

D I think the first thing I would say to you is that one of the lessons of COVID-19 for all of us is that our risk planning has to be a very important issue. I have to say as someone involved in a bank it's something we've looked at because that's the nature of banks that we're always looking at our risk planning and indeed doing scenario planning to see what would happen if certain things occurred. I'm not totally convinced that I've done that more generally than in the banking context. And I think as a country we will have to look much much more seriously into our risk planning. And what that does mean I think and what that will mean is that there are many areas that we feel we need to protect ourselves. For example, and we've already taken action that way, we may need more oil supplies available so that if there is an inability to bring oil to the country because of something like a pandemic

or indeed some other weather conditions or whatever that basically we have some more onshore and the Government has already announced that they are seeking to do that. And it seems to me that there are many parts of the manufacturing chain that we need basically to do, for example as we've learnt a lot of the PPE for hospitals and so on, we may need to produce or at least keep supplies of and in more plentiful supply than indeed we have in the past had. That doesn't mean Louise that we've got to produce everything. And it doesn't mean that we can't buy from some countries and trade with our own things to them. So my answer to your question is yes this is a reminder that we have to do more for ourselves, but not everything. Doing more for one self should be more a risk planning exercise so that we have the things we need should we for pandemic reasons or other reasons be cut off. And I think that's the way I would look at it. I hope that the world still remains keen on being as global as possible, but with protections such as I've just talked about.

L It's a good point and I just hope that we do actually seize the day because I remember I worked on the Olympics as you know and it was an amazing opportunity for Australia and Sydney and some people said on the back of those Olympics that we didn't make the most of that opportunity. And I probably agree with that. So I just hope that something does happen in this space. And it's not necessarily that as you said it has to happen for everything but I think there are some opportunities there and I think surely eventually sovereign capability does become value for money at a certain point. So it'll be interesting to see.

D It becomes a necessity in many ways. But I just believe, I mean I think that being involved in the world and having the world coming to us as tourists, as people learning at our universities and so on, I believe in very strongly. And I think there is a balance to be had here of feeling that one has the safety and the risk solutions should we need them, but at the same time still embracing the fact that the world working together and indeed different cultures being both enjoyed, studied and indeed cultivated, is a good thing.

L Now one last question. You said in a recent webinar for the wonderful charity Raise that I mentioned earlier that the bushfires in December and January and of course COVID has made you reappraise who and what is important to you and in particular what professions are. Can we explore that one a bit now?

D Well I think that, I mean really meant that when I said it. I mean you asked earlier about the things sort of has affected one in this COVID-19 era. And not just sitting at home I've also had time to think about things. And I remember very early on in the bushfire season which was late last year 2019 really being admiring of the people I saw whether it be on the television or in the newspapers who were going out of their way, generally as volunteers by the way, to help people who had either lost their business in the fire, lost their homes or even had dear ones who'd lost their lives, and I thought to myself these are wonderful people. These are sort of in my opinion the basis of a great humanity. And I contrasted that to the efforts I've made. I mean have I gone through a fiery forest to try and save lives, no. And indeed I haven't put my name forward for that. And so I really respected them. And I by the way respected also the professional way in which they went about it. They didn't want someone just to come and pour water on the fire, they'd worked out how they could deal with the fire to try and coax this terrible phenomenon to basically going in a different direction which wouldn't hurt people. Looking at COVID-19 this has become even more in one's mind. I mean the doctors and nurses on the frontline who have taken the risk of getting this disease themselves. To say nothing of the police and the other various wonderful people who've been there to try and make sure that our community continues in the way it is. I was watching a man who drives the Woolworths truck manoeuvring in our street the other day as I put out the garbage. I mean what a terrific person, that he has kept driving through all of this, taking a risk for himself, but because he's got to deliver the food maybe once to the supermarket and then again to deliver it from there to elderly people who live either near me or near you or indeed generally in Australia. I think it's time we do think

about these wonderful people who have taken us through this. And each of us have a part to play, but there's absolutely reason why we can't laud some who have really done wonderful things.

L So David on that note, because I absolutely one hundred percent agree with you on this point I'm very passionate about this, how can we bring about a real shift in society where we properly recognise these hero workers, especially the medical workers, the teachers and of course the firefighters? I mean isn't it about them being better paid so more young people want to go into these professions in the first place and stay there importantly?

D Well I personally think that them being better paid is a good thing. I do believe in that. And indeed in the second of the two reports that I chaired into education it actually advocated for an increase teachers being paid, and this was particularly in the case of allowing teachers as they went through their careers to get further monies even if they didn't become principals of schools because they wanted to remain in the classroom. So I do believe in that. But having said that, I'm not totally convinced that people actually who do wonderful things are motivated solely by money. And by the way that shouldn't be that they should suffer because they don't feel that way, that they shouldn't be able to own a home, that they shouldn't be able to buy what they want in life within reason. I'm not advocating that. But I do believe there is a higher calling and higher thinking. I spoke to hundreds of teachers when I was doing my reviews and there was some talk about pay but it wasn't the biggest issue on the teachers' minds. Many of them were much more concerned about how the classroom worked. Many of them were much more concerned about the burgeoning administration that was being asked of them and rather wanted to spend more time teaching, developing good courses and so on. When I watch my own family who are in medical things money is not what drives them, and if it did they certainly wouldn't be doing this. They're driven by solving and assisting in keeping medicine going and doing well, to helping their patients, to solving the problems that produce medical sadness. And I'm very impressed by

that and I think that's probably more where we should put our focus on rewarding workers who actually do an absolutely wonderful job for the community generally.

L Well I'm sure on that recognition and acknowledgement there needs to be some thought put into that because I'm sure we can do something to applaud and recognise these outstanding Australians so. Look on that note thank you David for joining me today. It's been an absolute privilege to have the benefit of your measured and stimulating insights and delivered as always in such a low key self-deprecating manner. I mean you're an absolute pleasure to have on our second episode. And thank you. I'm looking forward to the third episode of Conversations with Future Generation which will be released in June. Stay safe and well.