

Intro: Hello, and welcome to the CPA Australia podcast, your weekly source for accounting, education, career, and leadership discussion.

Jackie Blondell: Hello, and thank you for joining us today. I'm Jackie Blondell, an editor with INTHEBLACK magazine. And joining us today is Bernard Salt AM, who is the Managing Director of The Demographics Group, which provides specialist advice on demographic, consumer and social trends for business. Bernard also writes a weekly column for *The Australian* newspaper that deals with social, generational and demographic matches. He was awarded the Member of the Order of Australia (AM) in the 2017 Australia Day honours.

Jackie Blondell: Welcome Bernard. It's great to have you here.

Bernard Salt: Hi Jackie. Thanks for having me.

Jackie Blondell: Lovely. We'll get started now. It's generally agreed that this pandemic is unprecedented. If that's the case, why should we have faith in Australia in the future?

Bernard Salt: Well, it's unprecedented in the sense that the generations in the workforce today have not been confronted by anything even remotely close to this scale. The last thing of course was the recession of '91, '92 or so. And then people look back to the Second World War and the Great War of course, and the Spanish flu. So in that sense, it is unprecedented to the majority of people. But even when you go back in time, you go back to say the Great War, the First World War, 1914 to 1918, which was immediately followed by the Spanish flu. Here are five years of global catastrophe.

Bernard Salt: What actually happened in the following decade in the 1920s, it was a period of great joy and revelation and liberation. The suffragette movement really blossomed at that time in Europe. There was a change in fashion. Women became far more daring in their fashion. Baring their shoulders apparently was a big deal back then. The crazy dances like the Charleston emerged. People wanted to celebrate life after the apocalypse of what went before.

Bernard Salt: And during that decade, Australia absolutely boomed and blossomed. High levels of overseas immigration, largely from Great Britain to Australia. People saw Australia as a refuge. So in a global calamity, Australia looks very attractive. And the same thing happened after the Second World War, that intercontinental migration of Greeks and Italians, people coming here. And a great entrepreneurial energy was unleashed in Australia. You look at someone like Dick Dusseldorp, a Dutch migrant who arrived here in the post-war era and many others of course. And Dick set up, in 1958, Civil & Civic, which is now Lendlease.

Bernard Salt: Frank Lowy did the same in the 1950s and set up Westfield. This is why you should have faith in Australia. We are seen in a global catastrophe, whether it's

war or whether it's a pandemic, as a safe option. We have delivered exceptional results thus far in the lockdown. If we can maintain that, I think that we can look forward to the 2020s as an era of growth and opportunity and entrepreneurship, and an opportunity to reset society and business. I know that there's some hardships still to come, but in the medium to longer term, I see opportunity for Australia.

Jackie Blondell: Oh, that's great. You say there were specific interesting things that came out of the 1920s and post-Second World War period for Australia. What are the specific things that will come out of this pandemic for Australia that we can carry forward into the post-COVID world?

Bernard Salt: Well, it's very interesting. If you look at the post-World War One era, that's when Commonwealth Serum Laboratories was founded, which is CSL, arguably our most prosperous successful business in Australia today. Qantas came out of that era and Woolworths was founded in 1924. In the post-war period, again, businesses like Civil & Civic were established. And I think that we will see a new generation of businesses emerge, perhaps based on digital transformation. I think that the way in which we manufacture and distribute goods, certainly online retailing, is going through a transformation at the moment. Media is going through a transformation at the moment. So it's hard to actually say specifically what those businesses will be, but this is a period of extraordinary disruption.

Bernard Salt: Now, do we just put our head in our hands and say, "Oh woe is us," or is the Australian response to say, "Okay, we're confronted with this situation. How do we adapt? How do we survive?" And if you look at the way, in which, for example, restaurants adapted almost immediately, they now sell take away food. I suspect that many of the businesses that come out the other side will say, "Actually we are more efficient. We've opened up new platforms. It forced us to look at new markets. We've developed new skills and we have expanded the range of business office platforms, and we're in a stronger position now than we were actually going into the lockdown."

Jackie Blondell: That's good to know. So how do you think this whole scenario that we're in at the moment, as we're talking now. 14th of May, will play out over the rest of the year?

Bernard Salt: Well, there's a number of thoughts and I remember the same logic applied at the time of the global financial crisis in about September, October 2008, people were saying, "Oh, it's going to be a V shaped or a W shaped or a U shaped." We always revert to the alphabet in thinking of the pathways forward. The prime minister of course has talked about a theoretical snap back. And this would be a V shape where we fall off a cliff plummet to the bottom and then snap back. I don't think that that's likely because that would require the immediate reinstatement of global tourism and global student flows and so forth. And I think that's unlikely. That simply will not happen because our situation has improved, but the situation elsewhere has not improved.

Bernard Salt: The other option is not so much snapback, but what I would call a staircase recovery. So with each stage of the release from the lockdown, then there is a response in GDP, and then we travel along for a while and then there's another response. Go up another step and then another step and then another step. I think the early stages will be very easy. So the schools go back, big business goes back, public sector goes back and there's people buzzing around and there's great sense of... It's quite thrilling to see everything just reignite in those early stages, over May, June, July, perhaps.

Bernard Salt: The difficult bit will be the final steps because the final steps means that we have arts and entertainment. We have tourism, global tourism or domestic tourism even, and that will be harder to reignite. So it will be this staircase and the first two or three treads on the stairway, I think, will be quite an exciting time. The more troubling time and worrying time, I think is a little bit further down the track. Ultimately I most certainly do hold to this view that Australia's prospects, medium term, are still very good, but it's the not so much immediate, but just one step, one or two steps down the track, I think we're going to have to really navigate that time very carefully

Jackie Blondell: Staircases do get exhausting as you near the top. So that analogy is very apt. And also we've got the spectre of a possible second flare up of COVID that was evidenced during the so-called Spanish flu, was it not, where you had worse case outbreaks than in the first outbreak?

Bernard Salt: That most certainly was the case. And I'm assuming that we will manage the release from lockdown as well as we have managed the actual lockdown. I'm also assuming that we are able to retain all our fundamental trade relationships and with some deft management and if we keep our eye fixed on the horizon, keep our head and focus remained united, then I don't see why we should not be able to achieve that. I must say going into the lockdown, I was not confident about Australia's prospects. And the reason is that asking 25 million Australians to do the right thing and to obey authority. We're a very independently minded people, but we did. We placed our faith in the leadership, states and federal. We placed our faith in essential workers, and we placed our faith in each other to do the right thing, and we came out the other side.

Bernard Salt: This is really important because I think the last 10 or even 20 years, there's been a diminution of faith in the big institutions that run Australia, politics, business, the church. What this might just have done is to be restore the idea of faith in each other and in leadership, and to achieve a good outcome for everyone on the other side. How can we hang on to that? How can we carry that forward? How can business take that quality and build upon it and create a better Australia?

Jackie Blondell: I think that is something that we can all be actually really proud of. Hopefully the way that a lens has been shone on essential workers that are being previously ignored. So I think it is good news. But what about next year? Is it too

soon to sort of even start talking about what we might see next year for Australia and perhaps globally?

Bernard Salt: Well, in fact, commentators recoil from this question, but the reality is this is what a CEO, this is what a board needs to do. If we don't talk about it, they need to sit around a board table and say, "How do we think this is going to play out? Literally, how do we think it's going to play out, month by month, quarter by quarter, this year, next year, the year after? What do we need to be doing now?" So my pathway is that it's this staircase, that the real issue will be navigating the staircase, say in the final quarter of this year. I think that by next year that we will have resolved a way to retain a lot of the foreign students that learn at Australian universities. So I think that's going to be a far better year than this year.

Bernard Salt: I think domestic tourism will recover by the second half of this year. So that will be recovered. It's the international linkages and international tourism and travel and aviation that I think will be the problem. Whilst Australia has done exceptionally well, and I'm confident that we can continue on that trajectory, I think then other parts of the world could actually get a lot worse yet, which would mean that our connectivity to the rest of the world would be more limited. We have to prosper within and of ourselves first. Ultimately the second part of next year, vaccines, treatments, responses, I think means that we will start to improve. But it will be quite thrilling in many respects to see the economy reawaken, to see things getting back to normal and, to feel that we have come out the other side.

Bernard Salt: And if you just look at any of the photographs of the end of the war, just the sheer joy on everyone's faces, in some respects, I think that we will see that. We'll feel pride in having overcome this adversity. I do think that this generation of Australians and I mean, all of us, from baby boomers to millennials and others, we feel that this is our time. This is our adversity. We haven't had the Great Depression. We haven't had a global war. This is our testing moment and we need to step up. And I think we are.

Jackie Blondell: We will be taking a short break right now. When we return, we'll be talking to Bernard about self-sufficiency in Australia going forward.

Announcer: We hope you're enjoying this episode so far. To access all of CPA Australia's COVID-19 related resources, including articles, videos, checklists, and advice, go to cpaaustralia.com.au/covid19. And now back to the episode.

Jackie Blondell: Do you think in the latter part of this year and the early to mid part of next year, Australia might become more self-sufficient in some ways? There's been talk of local manufacturing perhaps opening up a bit, us being exposed in the early part of this year.

Bernard Salt: I most certainly do think that this issue of self-sufficiency must be part of the pathway forward. We had built a just-in-time economy and mindset, and that has been mightily disrupted. And I think it has shaken us. We realised that we need to be able to make stuff on the Australian continent. We may not want to participate in a car manufacturing business industry, but we should be able to manufacture a \$2 face mask. And that is the issue. That is precisely the issue. So it prompts the question of what are the critical industries, critical manufacturing capabilities? Do we need to assure our self-reliance into the future? This time it's a pandemic. What if there was a climate catastrophe that cut Australia off. There's all sorts of scenarios that you could put forward in that regard.

Bernard Salt: And I think that we need to identify these key capabilities and businesses that need to be supported. And we would ask every Australian who can to support that business by paying a premium. If it costs more for us, our standard of living our labour, to actually deliver that, that's fine. I'm happy to pay 5% more or 10% more or whatever it is. Not everyone makes that choice, but those who can, should do that, in a patriotic sense, to support the retention and development of those skills on the Australian continent. There are other issues around fuel supply, fuel reserves, not just face masks, but a whole range of pharmaceutical and medical products that should be retained and stockpiled on the Australian continent in sufficient quantities to manage this situation like this.

Jackie Blondell: Let's now talk to the tender topic, working from home. I'm sitting cross legged on my bed, my laptop on a tray in front of me, because it's the quietest place in my house. Do you think that we're going to see work from home is here to stay, even when offices open again, and obviously with the schools going back now in May? What are we going to see?

Bernard Salt: Well, work from home was talked about 20 years ago when the internet suddenly became available to the mass market. I recall it very well. Late 1990s, we all got these bright new laptops, and we had modems to connect into, if you worked from home. And then came wireless technology and what are we up to? 5G or something like that. Interestingly, the proportion of the Australian workforce working from home, as measured by the census, which is the definitive measure in my view, has not shifted of 4% to 5% in 20 years. So despite all the whizzbang new technology, despite the shift towards knowledge workers, we have the capacity to work from home, but only 5% of the workforce choose to do so. And that includes probably one or two percentage points that are farmers that have to work from home.

Bernard Salt: The proportion now, so at the peak of the lockdown, well, now in mid-May, maybe 35%, even 40%. I don't think it'll snap back to 5%. I think it'll pull back to maybe 10%. The contribution that the coronavirus has made and the lockdown is that it will shift, for the first time, the proportion of workers working from home from maybe 5% to maybe 10%, doubling. And that is because workers and bosses, workplaces, have realised that actually working from home isn't a bit of a lurk, a bit of an excuse to watch daytime telly. You do actually get good

productivity, even better productivity from your workers who work from home. This is actually a better way to organise society.

Bernard Salt: And I most certainly think that the millennial generation would say, "Why am I spending an hour in the car, on the train in the morning, going into an office and doing the same at night?" This is a better model. Live, work, recreate all within the local area as opposed to this idea of living in the suburbs and commuting into the city centre. It's simply a better way to organise society. There's still the vast majority, 90% of workers who will work in a workplace, but even if we could take 5% out, off the roads, off public transport, that would make a tremendous contribution to the efficiencies of cities, and also to issues like mental health and stress and carbon emissions as well. It's simply a better way forward, I would have thought.

Jackie Blondell: There's lots of implications for future office design and home design and public transport if we do move even 5%? Or too early to-

Bernard Salt: Well, I most certainly do think that the home will change. And in fact, I've scoped this in one of my columns recently in *The Australian* newspaper. I think that the home office has, during the lockdown, morphed into a broadcast outlet, which you're doing exactly at the moment, as I am at the moment. Home office broadcast outlet, HOBO is the acronym of the future. Every house will have a HOBO space. And if one partner works from home permanently, then you don't need a second car. Then the garage can actually morph into a home gym and storage facility for all the toilet paper that you've stored away somewhere. The backyard converts into a veggie patch instead of just a flower garden. And so you see the suburban home almost becoming self-contained, a fortress if you like, with storage facilities. We learned that we needed water tanks after the millennium drought. They're still with us. So storage tanks, veggie patches, home gym, broadcast outlet.

Jackie Blondell: Yeah. Okay, great. Now let's just turn to professionals. What do you think the impact of the shutdown has been on professionals, like for example, accountants?

Bernard Salt: Well, in fact, a shutdown like this where businesses shut down very much engages the skill sets of accountants. You need to understand the mechanics, the metrics of your business in terms of shutting down. Then of course there are all the applications associated with JobKeeper, which was the accountant's domain. So shutting down an economy, then scaling up an economy, working out this scenario versus that scenario, what if we did this, what if we did that, the first person that you talk to with regard to all those strategic decisions, how does this actually play out in the numbers? So in many respects, I think that the accounting profession has been at the forefront, the enablers, if you like, the people... There needs to be a new name for this, the metrassists, people who work on metrics, that's what they do. I like it myself. I might nick that one, the metrassists.

Jackie Blondell: inaudible...

Bernard Salt: I'm sorry, I missed that one?

Jackie Blondell: You coined it on the spot.

Bernard Salt: I coined it on the spot. Yes. So I think that they're very much in high demand. I know that there's a lot of concern about artificial intelligence and automatic this and automatic that, but essentially the requirement for accounting skills, whether it's in the traditional role of an accountant or in some other iteration, will not change. In fact, it's one of the top 10 occupations on the Australian continent. We need lots and lots of accountants, not necessarily in traditional accounting roles, but we need those skills. And if we're going to have an agile economy, an agile business, agile careers, you're always evaluating, measuring, metricizing this option versus that option. And in order to do that properly, you need to understand the principles of accounting.

Bernard Salt: I will say that I'm not an accountant, but I hang around them a lot. And I've learned a lot from them, including a lot of their language.

Jackie Blondell: Yeah, well, certainly you're right about the first place to call. A lot of the CPA Australia members have been reporting that they are more than just the metrasist in terms of, they are a friendly ear for businesses that are in distress, and have been acting as counsellors. So I think the human face on the metrasist, as opposed to the AI machine, is an interesting scenario to consider into the future for the accounting profession.

Bernard Salt: Exactly. And I suppose in my career as a business advisor, not coming from accounting, but hanging around them a lot, what always struck me about meeting with the board and the CEO, doing my presentations and so forth, after the CEO, it was the CFO, chief financial officer. And I worked out very quickly why. These are businesses, these are operations. These are life forms. Corporation is a life form that must understand the flow of money. Flow of money in, flow of money out, the circulation. It's not unlike a body. It is a life form and it is the accountants that understand that, that regulate, not regulate it, but monitor it, evaluate it, measure it and show what can be done, what cannot be done, what is possible, what is not possible.

Jackie Blondell: Now we're going to look at the topic of narcissism in your column. Completely different topic to accountants, let's point that out. In your column, in the *Weekend Australian Magazine*, you say that the virus could spell the end of narcissism. What does this mean?

Bernard Salt: I must say that this has been one of the most commented upon and widely read columns of mine. This is the idea that the coronavirus is killing off the trend towards narcissism that we have seen in society, perhaps best evidenced through parts of social media. It's all about me, me, me, that sort of thinking.

Very early on in the lockdown, celebrities, mostly from Hollywood, started to post memes or ideas or singing arrangements to identify with the trials and the tribulations that everyone was going through in the lockdown phase. And they were showcasing inadvertently their own extraordinary mansions and saying, "I identify with you. I understand you." From your mansion.

Jackie Blondell: I'm like you.

Bernard Salt: No, you don't.

Jackie Blondell: Yes.

Bernard Salt: No, you don't understand. And very quickly, the celebrities just retreated. They knew that they could often nothing to people in doing it tough. And at the same time we saw the rise of the essential worker. Certainly the doctors, the nurses on the front line, we kind of knew about that. And then we discovered a new life form that we knew was incredibly important. The supermarket shelf filler. A humble job that many people probably didn't even know existed, but was absolutely critical to stocking hand sanitizer and toilet paper and whatever. And we put that together with our acknowledgement of the firefighters, the volunteer firefighters in January, and new way of thinking, you know what? This is a re-evaluation of the effort reward equation.

Bernard Salt: Influencers and celebrities, how about you just sit this one out? It's volunteers, essential workers, supermarket shelf fillers, the people with the nitty gritty in there getting their hands dirty, making this work. They're the people we should be supporting. They're the people that we should be clapping. And that narcissistic view of society just gets turned on its head. This is one thing that I'm hoping we take forward into the recovery phase, and part of this creating a better Australia for the future.

Jackie Blondell: Oh, me too. I hope we never forget and start to ignore these essential workers again. I mean, let's just hope that that's the case. I know we've probably covered a lot of this, but this is the last major question. How will business and society be changed by the coronavirus? Perhaps we should just treat this question as a summing up of...

Bernard Salt: Well, I do think that the coronavirus and the lockdown and the recovery has been a breakpoint in Australian history. Just as we talk about post-Second World War, future generation will say post-COVID-19. Here is how society evolved. I think that it will encourage new businesses. It is already prompting adaptation and some introspection. I think we'll come out of this with a different set of values. I think we Australians will come out of this with an absolute determination to ensure that we remain far more self-sufficient than we have been in the past.

Bernard Salt: It's almost like a shot across the bow. This could have been a whole lot worse. We do need to have manufacturing. We need to understand the concept of supply chain sovereignty going forward. And yes, while I'm sure that celebrities and influencers will reemerge, I don't think they'll quite get the same dominance that they had previously. I think we can actually create a better version of Australia going forward because of the learnings we have taken from the experience of the lockdown and the recovery.

Jackie Blondell: Great. Lovely. Now I've got about five quick questions for you to cover off. How have you kept busy and sane during the lockdown period?

Bernard Salt: Well, I have reworked my website, worked on my business, rather than in my business, and every day I've gone for a very long bike ride on a very crowded bike path.

Jackie Blondell: I know, they're crazy out there. So no baking for you then, I take it?

Bernard Salt: No baking for me. No, I'm more outdoors. So there's been the time in the home office and then outdoors.

Jackie Blondell: Well, now there's a lot to keep us awake at night at the moment, but is there anything generally that keeps you awake?

Bernard Salt: What keeps me awake is columns. Ideas for columns, thinking about columns, especially if I'm going to write one in the morning, it's can be all encompassing. You can't just switch onto this on the day you need to submit. It never leaves you. My wife will often say, "What are you thinking about?" And I'll often say, "I'm thinking about a column," which drives her mad, of course. Sadly, that's what I do.

Jackie Blondell: Okay. And how do you relax?

Bernard Salt: I relax. Well, I most certainly do like my bike ride once a day, five, 10 kilometres or so, it's not too bad. But I must say that it's been very difficult during the lockdown having to negotiate just so many more people on the bike. I like a bike path all to myself. I'm not brave enough to go on the roads, mind you.

Jackie Blondell: No.

Bernard Salt: Bike paths.

Jackie Blondell: Bike path only. Illegal footpath cyclist. But have you noticed, do you think that more people are working out or are we just... in the parks as...?

Bernard Salt: No. I do think people are working out largely because people are worried that they're eating too much. And I suppose if you're just in your house, you're not really getting the exercise. My normal days, going to the office or going to the

airport or walking here or walking there, there's a lot of walking involved and all of a sudden that comes out of your day. You need to replace it with something, in fact.

Jackie Blondell: Quite right. I wonder if it'll continue. Can you nominate a favourite book of yours and a podcast for the listeners?

Bernard Salt: Well, in fact, the book that I have chosen is a book that I read on my summer holidays, absolutely loved it. It's called *Origins: How The Earth Made Us*, by a British English author called Lewis Dartnell. And it talks about the way in which geology has actually shaped civilization. And it explains why the Greeks, for example, evolved as an early civilization. It was because of the sea transportation, little inlets and islands, it was it easy to transport and communicate. I thought that was a really interesting idea. Anyway, fascinating.

Bernard Salt: I tend not to listen to podcasts. I will listen to clips and I'm fascinated by astronomy, cosmology, how the earth was made, dinosaurs, this really big longterm evolution of humanity and of the earth that really interests me. And in many respects, it comes into my writings often. I'll often make that connection into life forms or to the tectonic movements or whatever. It's that fusion of demographics with geology, oddly enough.

Jackie Blondell: And lastly, what's your best advice for young professionals working today?

Bernard Salt: My best advice for young professionals is to stick at it. Sometimes it's right to leave a job and to go somewhere else. Other times you need to just work through a problem, work through a personality, and come through the other side. And also don't listen to people who say work smarter, not harder. I never met anyone who was really successful in business, who did not work hard. The secret there is to love what you do. You can't work hard at something that you don't like. You've got to like it first, then working hard is very, very easy.

Jackie Blondell: Well lovely. Thank you, Bernard. We've been talking to Bernard Salt AM about the current coronavirus issues of 2020 and what's going to happen next year. He's predicting a staircase ascent back into normality where we take a little bit of time at each stage of the stairs. Bernard, if people want to know a bit more about you and your work, how will they track you down?

Bernard Salt: Well, I think the best way is to have a look at my website thedemographicsgroup.com.au or tdgp.com.au, or better still, follow me on LinkedIn. I post all of my research and observations ultimately on LinkedIn. In many respects, I think that's probably better to find out what I'm saying and what I've published.

Jackie Blondell: Thank you very much for your time, Bernard. Much appreciated.

Bernard Salt: Thanks, Jackie.

Outro:

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