

Charles Leyland [00:00:07] Hello and welcome to the second of the Leyland conversation series in which we speak with public figures in Australian life. Today I am with David Gonski, an outstanding leader in Australia's corporate, education, arts and philanthropic circles. David's a busy man; presently the Chancellor of the University of New South Wales, President of the Art Gallery of New South Wales trust and a patron of the Australian Indigenous Education Foundation. Welcome, David. Thanks for joining us today. David, education is something that's permeated throughout your whole life and manifested obviously in your current chancellorship and obviously the Gonski report. Did that come from your early days?

David Gonski [00:00:52] I think education for me has been inculcated for many generations. I think many of my early forebears realised that education was something that was not only good for you, but also that you could take with you. In the case of my dear dad, who came from a somewhat impoverished background, education elevated him to the ranks of a very, very good brain surgeon and made a difference to our standing in life and indeed our ability to afford to have a decent life.

Charles Leyland [00:01:27] And you you moved to Australia when you were six.

David Gonski [00:01:32] I was slightly older then, six, seven, seven before I came to Australia and we started our lives in Double Bay. I went to the Double Bay Public School and by the way, I pass by every day on my way home. The demountable classroom that I started in, in 1961. So it's been there more than permanently.

Charles Leyland [00:01:55] A long time for a demontable! And then you studied at Sydney Grammar School and debated with Malcolm Turnbull?

David Gonski [00:02:03] I did indeed.

Charles Leyland [00:02:04] And what what was that experience like for you?

David Gonski [00:02:07] Oh, he was a wonderful debater. Probably still is. We always used to kid that we would work so hard. I was the first speaker. We would develop the...what we were talking about. And Malcolm would get up as the third speaker, talk about whatever he felt like. And we'd always win because of what he said.

Charles Leyland [00:02:26] And then you. You attended University of New South Wales, which at the time was a surprising choice.

David Gonski [00:02:34] Well, it was a surprising choice in this way. Sydney Grammar School almost always was the suggestion that you go to Sydney University was the feeder school for many, many years for Sydney University and it continued even in the early seventies when I was leaving school. I went to the University of New South Wales because its law school had just started and I was really keen on the concept of a Socratic method, which was that instead of having big lectures, we sat around and talked about the problem and I loved the law school and still do.

Charles Leyland [00:03:09] And how did your overall university experience shape your thinking for for later life?

David Gonski [00:03:15] I think that the law school taught me that they can be a mixture of legal principles, of business acumen, but also a societal and indeed a community feeling. They were very keen to teach us that we had to think more broadly than just what was the law or just what was business. And you could look at what was committed and what was needed in the world, and I learnt a lot from that.

Charles Leyland [00:03:47] And after then you obviously became a corporate lawyer at what is now Herbert Smith Freehills, and there's a story which has been relayed to me a number of times. You went from solicitor to partner in one year to be the youngest partner ever.

David Gonski [00:04:04] Well, it's an interesting thing. There are actually a few people who say they're the youngest partner ever; I was very young and I think from memory, I had just turned 24. I had been there for two years and I was not able to be a partner until that two years had passed, because of the rules of the day, I had to do articles and so on. By the way, it's a very big question of whether I should have accepted partnerships so young because, you know, by the time I was 33, I'd been a partner quite a long time.

Charles Leyland [00:04:38] And that period, nine or ten years at Herbert Smith Freehills, that was when the Australian economy opened up to the world, if you like, a very exciting time to be a lawyer.

David Gonski [00:04:49] It was a very exciting time. There was a new companies act, the takeovers code was coming along. We had FIRB, the Foreign Investment Review Board legislation was being proclaimed. What became the ACCC, we called it the Trade Practises Act in those days was starting, there was a lot going on and I must say it was a wonderful period. Also, merchant banking was really starting to grow and they became our key customers. It was a very exciting period and I was very, very lucky to be at the forefront of that because of the prowess of those who were there at Herbert Smith Freehills.

Charles Leyland [00:05:32] And then again, you seem to have picked up on the change in society from a business perspective and decided to become an advisor in your own right with Wentworth Partners. What did you learn over those ten years?

David Gonski [00:05:48] Well, just I mean, the ten years at Freehills were wonderful, but I started to think that I didn't really want to be just transaction based, and what was happening is I was an expert in mergers and acquisitions. People called me and when they wanted to do a takeover, it was very exciting. Or defend against somebody. And the problem was I really wanted to be with the client in between to hear what their problems were, to be involved in their thinking. And it was very hard to do that in those days in a big law firm. And not only was our economic side dwelt on big transactions, but it was seen as a bit of a waste of our time to be sitting there helping the CEO as to, you know, whether he should buy some small bookshelf for the office, and I was pretty keen to be involved in that. So I set up a new business and I went with one of my partners, Richard Longes, and subsequently we enticed two other partners to come and join us. There were four of us in the end, and our absolute aim was to be there for our clients 24 seven and it didn't have to be a transaction. We were on retainer to them. If a transaction came along, we would love to help, but we wanted to be there as part of them and to go forward together.

Charles Leyland [00:07:14] And you were purchased by...

David Gonski [00:07:18] Investec.

Charles Leyland [00:07:18] Investec. Yeah, in 2001. And after that you then became a free agent of sorts. From my understanding, you took on philanthropy a lot, a lot more seriously, and you also started taking on more directorships.

David Gonski [00:07:37] Well, I think that's basically right, but I want to make it clear that I was very lucky. My mentor at Herbert Smith Freehills believed in the concept of generosity of spirit, and he kept saying to me, you will get bored doing law without also looking at the philanthropic side of life. He was the one who bullied me to go on the board of a school for the disabled at the age of 23, and I'm very grateful to him now that he did that, because it extended my life and made me absolutely more broad in my thinking and better informed in what's going on in my society, in the community in which I work. So I had already started that. But when we sold our business, it was very clear in the documentation that I would become Chairman then of Investec Bank Australia and that I would be there for a period of days per week. But the rest I could do what I wish with and I did. I took on various directorships and a number of philanthropic pursuits.

Charles Leyland [00:08:47] Australians are famous worldwide for their volunteering. I think we're right up there in the top two or three as far as volunteering goes, but we're very far down the scales as far as financial philanthropy goes. 20 years ago you assisted John Howard in setting up the PPF, now the PAF to encourage more giving through generous tax rulings. How do you believe that that's helped with philanthropic giving? And can we do more to encourage financial philanthropy?

David Gonski [00:09:20] Well, let me firstly say it is oft said about Australia that we're very generous in time giving, but we're not generous in money giving. And by the way, if you look back over time, that probably is correct, but it doesn't actually go into the reason that it might have happened. My feeling is that one of the reasons that the very rich have not given traditionally in Australia as much as in America and so on, is that the very rich in general over time made a lot of money out of assets and they actually didn't have a lot of cash. So if you were a real estate baron, you had all this real estate, but you may not have had enormous money to actually give to charity. Whereas in America, because of the size of their population often the fortunes were made on selling oil to people, etc., to consumers, big, big shopping areas that actually didn't own their buildings but were just operating consumer businesses. That is changing in Australia of course, a lot of people have made money out of services. A lot of people are making money out of IT businesses and we're actually seeing a great deal of generosity starting to happen. So I'll just mention that. John Howard instigated in 1999 a whole lot of incentives to try and make people change. And indeed I think he was pretty successful. But the most successful thing, in my opinion, are the new generations, the generations behind mine. We had been brought up the boomers with great largesse, but with parents and particularly grandparents who had often been through the depression and had kept their money. The later generations, my own children are questioning whether you really should just keep your money or whether in fact you should be very generous to your community and whether one can really be happy if there are lots of people who are not happy. And I applaud that. And if you look at the giving, it is actually affecting that.

Charles Leyland [00:11:29] That's a wonderful trend. Until recently you were the chairman of Coca-Cola Amatil and ANZ really as the peak of a lot of directorships and accumulation of all your business experience through Freehills, Wentworth Partners, etc.. So over the years you've seen a lot of businesses, a lot of directors; I'm wondering if I can talk about

personal traits. Are their personal traits that you've seen consistently or or poor traits that you've seen consistently, which you look for in people or you look to avoid in people.

David Gonski [00:12:03] As directors?

Charles Leyland [00:12:05] As directors, or as leaders in business.

David Gonski [00:12:09] Look, everybody has their own views on what they look for. For me, I assume that the people I'm going to choose from will obviously have intellect and will obviously have background, and if I'm looking for some bias towards a particular strength, like somebody who's been in banking or someone who's been in consumer businesses, obviously that's a taken as given. But in terms of actual human traits, firstly, I'm very keen on people who think; who don't just accept things but think things through. I like people who are team players, and by the way, I should make it very clear that is not somebody who just says yes to everything, but it's somebody who constructively questions and tries to bring the group to a better place rather than just elevate themselves. I'm also very keen on people who've got a generality of understanding of business. The expert is important, but if they don't have all of that generality, it's very hard for them to actually understand the fullness of what is expected of them as a director.

Charles Leyland [00:13:24] Okay. And in leaders, is that a similar sort of trait leaders of business you have seen.

David Gonski [00:13:30] Leaders are slightly different. You know, I think absolutely. Leaders have got to be great at bringing people with them. Leaders have got to have the intellect that I talked about, but I also think that leaders have to be very, very careful on their own egos. I always shy away if somebody is a very, very strong leader and very keen on themselves. It always worries me. Strong leadership's good; being keen on yourself - no one is that good that they should be incredibly impressed by themselves.

Charles Leyland [00:14:04] And I think they could flow to a lot of society. Humility is important with politics. In many traits of life

David Gonski [00:14:11] And it builds the collegiality that you need, whether it be in government or in business, you've got to bring everybody with you, and that's often the biggest thing you have to do.

Charles Leyland [00:14:24] You spoke recently to some of our clients and you've written previously about the scourge of short termism and why people, again, politicians, leaders, investors should should try and take this out of their thinking and think long term for the good of the country and investments, etc..

David Gonski [00:14:42] Well, can I say, for ten years had the honour, and I mean, it was an honour to be a director of one of the big Singaporean companies, first Singapore Airlines and then SingTel, which is their big Telstra. And what I noticed, which was very different in my opinion, to what I was seeing in my other life as an Australian company director was the almost obsession to ask the question in the long term, is this good? They looked at things in a much longer term perspective than we do. In my opinion, to be pushed for a short term result often is at a cost to the long term viability, the long term effect of what you're doing. And so I've really become quite keen on saying to everybody, at least ask the question, 'how will this affect things in the longer term?' And we've got to be really careful that we don't give away what we could in the long term for the short term

benefit. Because let me tell you, I've been around a long time. The short term just disappears and the long term you're stuck with.

Charles Leyland [00:15:59] Yeah, I agree, totally. I think that's very, very, very important. It's been ten years since the Gonski report, I guess, was accepted, somewhat implemented. I think what a lot of people don't quite appreciate is that it was only a review into the funding of schools. It wasn't an overarching review into the quality of teachers or class size of classrooms, etc.. So given that given that, on balance, are you happy with the results of Gonski or do you think it could have gone further?

David Gonski [00:16:35] Well, I think firstly, you make a wonderful point. It was a review of the funding of schools, and I stand by it, and I like the whole concept of what we put. You know, obviously, it's been ten years to think about it, but I still think we are right and so on. What is misunderstood and there's a lot of discussion just recently about it is - it wasn't implemented. It certainly was implemented in terms of some of our needs based funding concepts, which I think are absolutely correct. But the actual concept of putting the right amounts of money in certainly didn't occur until 2016, when of course we started to do a second report. But even today, the full amount of the funding, primarily in what goes into government schools, has not been implemented. I should add that a lot of what we put I think are very important, particularly in terms of how the federal government and the state governments work together and the importance of government schools to the system. It doesn't mean the other schools aren't wonderful, but the need for those government schools to be good, competitive and available to all.

Charles Leyland [00:17:53] The government school thing to me is very interesting. I think the last the last recommendation was a recommendation to provide some sort of framework by which government schools can access donations from their alumni, their successful alumni. I went to a state school and from our school we've had a number of very successful people just around my generation. I'm sure there's been a lot more who I know would like to give back. It's very prevalent. It's almost a business in its own in the private school system and I don't begrudge them a cent. Should we be doing more to encourage philanthropy and giving into the back into the state school sector?

David Gonski [00:18:38] Well, what we said in our 2011 report was just that. Because of the way things work, you couldn't get a tax deduction for giving to a government school unless it was through basically as some sort of building fund or whatever. So we urged in recommendation 41 that basically there should be some way of doing that. And this brought about an organisation called Schools Plus, which has been both very well run and extremely successful. And I must say I've kept up with them and I think they're very good indeed. And I do agree with you that there is a need to raise moneys and you might say, what for? Well, school doesn't stop just in the schoolyard. There are so many needs, for example, for kids to be able to be properly fed. There are so many needs for the families of the school kids to be helped with their English or to be helped with the ability to give IT equipment to their kids or to help them with books and and writing equipment and so on. These are very important, and I've been absolutely bowled over by when you go to schools plus and they show you the programmes that they're helping to fund, and I think it's terrific that it's happened, that they have done this and I hope it goes even better in the years to come.

Charles Leyland [00:20:10] It's obviously, it's vital for the future of the country that we have a solid school system. Since the pandemic, which is really just in its final throes, I suppose, of disruption as far as disruption to society goes. There's been a big shift in the

way, we, in particular younger generations. Think about work and think about life. Um, what do you think the future of work will look like in Australia?

David Gonski [00:20:36] Yeah, it's very interesting because again, coming back to your good question about short and long term, there's a popular view by the way, already waning a bit. I think that people won't go to the office. I believe they will. Now, whether they will go to the office in the same way as they used to. That may change. I am absolutely certain that you cannot run a proper and engaged business unless people get together physically. Do they need to come in five days a week? I doubt that. And with Zoom and the other ways that we can now open up our homes, rightly or wrongly, to be in workplaces, it may be that people only go in four days a week, but they will need to come in. And I think that those...I've watched a few companies give away space and say, well, we won't need it because people won't come in. I think they're going to be absolutely seeking to find space in the years to come because they've made a mistake. And by the way, I don't know the concept of hot desking when people are scared of other people's germs. So they may need more space as we go forward. But I do think that it's a wonderful thing for the flexibility that people need with their own families, the fact that occasionally they need to be at home to let the plumber in or to help in the maintenance of their children who may be sick and can't go to school. It's magnificent that we can allow them that flexibility, but it should be the flexibility, not the main game. And I believe that's the way to go.

Charles Leyland [00:22:16] I think you you've obviously mentioned mentoring and another word you've mentioned is osmosis. The osmosis from being in the work environment you can't achieve sitting at home.

David Gonski [00:22:26] Well, it's interesting. I was just thinking about the poor kids, because I know about law firms. I grew up in one. The poor kids who came out into the law profession during COVID. How did they meet the rest of the law firm? How did they learn how other partners do things or what sort of people they are, how they run their lives? You can't learn that just on Zoom and you can't have the accidental meeting. We used to call it near the water cooler. They don't have those anymore and they wouldn't be good in covid anyway. But the fact of the matter is, whether it be bumping them into them in the lift, in the lobby, in the library or whatever, you need that. Humans need that and we owe it to the young for those who've been there much longer to be there for them. And that's why we've got to come into the office, too.

Charles Leyland [00:23:19] I just want to ask you a question about the current global environment with a war in the Ukraine, but in particular a huge amount of debt that we've taken on as a result of the pandemic and other, other things. And into that mix, we have have inflation. Do you think that we're at a predicament economically or do you think we will sort of get through this...

David Gonski [00:23:48] Well, it's a sort of question I'd ask you.

Charles Leyland [00:23:50] Yeah, that's right!

David Gonski [00:23:52] I feel quite strongly. Everybody says to me, this is a very terrible time and so on. The future is always uncharted and our job is to understand it. I could paint a very bad picture, but I could also paint a good one. And I think the most important thing is to understand the levers and not be, you know, confident that the future will be the same as the past and not be confident that you can just coast and that you shouldn't be actively managing one's money, one's business and indeed one's family. I think that if you're

conscious of all the things that could happen, one works one's way through it. I am not lying awake because we've got a lot of debt. But if certain things happened, it could be terrible. But it's our job as business people and for the politicians, as politicians to circumnavigate these problems. And I believe they are able to be solved.

Charles Leyland [00:24:54] No, I agree totally, I think there's always walls of worry to jump over, there have been for the last 200 years, and we've always got through and achieved and become bigger through innovation, good economic management, etc..

David Gonski [00:25:07] And if there weren't these worries, why would they need you and me?

Charles Leyland [00:25:11] That's right. David, thanks for joining us today. What's what's on the agenda for you for the next chapter of your career?

David Gonski [00:25:20] I think over the last few years, I have slightly increased my involvement in not for profits. That's what I want to do. But I love the business area and I will continue to till the day that people don't want me anymore to be involved in boards and most particularly in watching, I hope, younger people flourish and come forward to lead what is a wonderful country and which has got lots of opportunities.

Charles Leyland [00:25:52] Well, thanks very much, David. Fantastic, succinct insights there. And we hope to hear more from you later.

David Gonski [00:25:59] It's a pleasure.