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DAVID PEMBROKE: Hello, ladies and gentlemen, and welcome to Work with Purpose, a podcast about the Australian Public Service. My name's David Pembroke, thanks for joining me. I begin today's podcast by acknowledging the traditional custodians of the land on which we meet today, the Cammeraygal people, and pay my respects to their elders past, present, and future, and acknowledge their ongoing contribution to the life of this city and region. Now for regular listeners, you will notice the change in my Acknowledgement of Country. And that's because Studio-19 is on the road, coming to you from Sydney, and more precisely the dining room table in my 90-year-old mother's house in a retirement village in Mosman.

DAVID PEMBROKE: That is, I have to say ladies and gentlemen, so 2020, a living, breathing example of the way that we are now all working. We are mobile, we work remotely, we are connected, and we are working in ways we would have never thought possible even six short months ago. My guest today is Andy Penn, the CEO of Telstra, upon whose telecommunications network, much of this new reality depends. And Andy also just happens to be running one of Australia's largest and most important businesses from a room in his home in suburban Melbourne. He joins me on the line. Andy Penn, welcome to Work with Purpose.

ANDY PENN: Hi David, it's great to be joining you today.

DAVID PEMBROKE: I saw a video of you the other day where you said to your staff, recognising the milestone of six months working from home, and you said it was with mixed feelings that you sent that message. What have been the positives of this time, working from home, for you?

ANDY PENN: Firstly, I'm incredibly proud with how the team at Telstra has been able to adapt. And one of the things I often say about this COVID experience or crisis, or however you want to describe it, is it's the first time in my career, my life, where I've had to respond to a crisis while living it at the same time. And because we're all affected by it, Telstra often has to deal with various different crises, whether they're bush fires or floods or cyclones, but generally speaking, most of us are not personally impacted by it, and yet COVID has impacted us all personally.

ANDY PENN: And so firstly, I'm incredibly proud of how people have been able to respond, so that's a definite positive. And then also, I'm incredibly proud to have people who've been able to adapt to working from home. And interestingly, David, prior to COVID, on average, our people work from home 1.7 days per week because we implemented something called All Roles Flex maybe six or seven years ago, which was in the spirit of improving diversity in the workforce, which was about enabling people to work flexibly. So we were able to pivot to working from home really quickly.

ANDY PENN: And so how we've been able to do that has also been a positive, I think the other positives, obviously, are people being able to be close to their families, close to their loved ones, saving on commute time, there's a whole bunch of, I think, side effects that have occurred which are positive and that we can take forward into the future. But the mixed emotions comes from the fact that, yeah, I miss seeing people face-to-face, I miss the informality of getting a coffee at the coffee shop in the morning and catching up with the barista and then bumping into people, bumping into people in the lift or in the airport or wherever it may be, I miss those moments.

DAVID PEMBROKE: So, interestingly though, Telstra, with that program All Roles Flex, you were ready to go. Many government agencies weren't, many other organisations weren't ready for it. How big a strain did that put on the network of which you maintain?

ANDY PENN: Well, the way to think about the network is that there's, if you like, there's two networks. There's what I call the residential network, but then there's the network that large enterprises and governments and big companies, and small companies have as well. And most governments and big enterprises have their own dedicated fibre networks which have been put in for them to connect all of their businesses. So whether it's a branch office or a data centre or head office, that's actually all connected using dedicated fibre and dedicated connectivity.

ANDY PENN: Whereas when we're working from a home, we're essentially going over the residential network, which is a combination of the NBN and/or mobile services as well. And so if you can conceptualise that, what it means is that we suddenly went from all doing all of that activity within the confines of the dedicated network built for that organisation to bringing all that home with us and doing it over the internet and over the NBN. And I think the networks have held up remarkably well.

ANDY PENN: And of course, the other thing to think about a network, it's a bit like a road in a way. You have to build it for the peak period of traffic, because, even if 90% of the time it's not busy, you have to build it for that 10% of the time when it's really busy. The network, the domestic networks and the residential networks, if I can call it that vertical the NBN, their peak period has historically been around about eight to nine o'clock in the evening, which makes sense pre-COVID. That peak time went up 20%, but actually the overall traffic on the network went up 70% during the day. So as you can see, it's different at different points of the day.

ANDY PENN: The other thing that occurred as well is, what's suddenly become very important, is upload. So historically, most of the network that we use, if you like, privately, we're doing a lot of downloading, streaming videos, downloading them, surfing the web or whatever it may be. And of course, when we're doing business over the network, as we are now on a video call, that actually needs upload speeds as well as download speeds. So those have been some of the dimensions we've had to manage.

DAVID PEMBROKE: And have you been able to manage it quite successfully?

ANDY PENN: Yeah, I think it's pretty good. Of course, there's always going to be the odd wrinkle, the odd area, where there's been issues, but overwhelmingly, people have been able to move to working from home, the big organisations. I was talking to the CEO of NAB the other day, we helped them shift 35,000 people to working from home over the space of a very short period of time, and it generally worked pretty well. I think the organisations that have been able to adapt quickly are the ones that have historically had, not so much of bandwidth in place, but the other technology in place, to be able to accommodate whatever applications they may be using, Microsoft Teams or VMR technologies or Cisco, whoever it may be.

ANDY PENN: But then also, the ability to work effectively virtually, it takes a bit of practice, doesn't it, to work over video conferencing with people in multiples of locations. I think the quote of 2020 will be, "I think you're on mute," or "Can you go on mute?" It's some of those hygiene factors. Again, because we've worked this way for quite a long time, we're quite used to be able to do that and bring people into the conversation.

DAVID PEMBROKE: So as you start to look towards the future and look to this new reality, what are you seeing? What are your... The people involved in your forecasting area, what are they saying to you in terms of the way our work styles are going to adapt and change, and indeed, what skills do we all need to start to acquire in order to be effective in this future where there is this mixed reality of, we work from home, we go on the road, we visit our mothers, we can work from there, we can go on holidays, we can work from there, we go back into the office and we can work from there. So in terms of how people need to be thinking about how they should be working in skills, what's your advice and what are some of the adaptions that you're making inside the Telstra workforce?

ANDY PENN: Great question, David. I think three things I would say. Firstly, flexibility is going to be crucial in the future. So the organisations that are going to be the most successful are going to be those that offer the maximum amount of flexibility to their people to work how they want, when they want, from where they want. And we're all different. Some of us are more introverted, some of us more extroverted, and we all do different things, and some of those things are more amenable to being done virtually or to be face-to-face.

ANDY PENN: So I think the point is, it's actually the ability to offer that flexibility that's actually going to make you an employer that attracts great talent and great skill. So if you want somebody who wants to work in a call centre type of function, being able to actually set them up at home in a regional town, wherever they may be, that's distinct from actually having to be in a call centre, is really what is makes a difference, so I think... The second point is really around technology, which is to have the technology to back that up, because I have been in a lot of discussions with people who say, "Well, it's not the same, I want to be face-to-face."

ANDY PENN: And I agree. Of course, being face-to-face is fantastic where we can be, but not all video technologies are the same, neither are video experiences the same either. So having a high quality picture, high quality audio, and the ability to have a, maybe an application where you can share content and where you can actually engage, it makes a big difference and can dramatically improve the quality of working virtually as well. So the technology is really important. The interesting thing about the technology is that during COVID, we really saw more adoption of digital technologies in three months than we had in the previous five years.

ANDY PENN: And the interesting point about that, because others have said the same, but the epiphany out of that for me is that the constraint previously to adopting the technology wasn't the technology, because if it was, we wouldn't have been able to adopt it in three months. It was actually our ability and willingness to adopt technology. And of course, there's always a little bit of inertia when it's something new and you've got to change the way in which you work. And if there's no real motivation to do it, then people tend not to, whereas, we've all suddenly become very adept at different technologies to do virtual meetings, we've become adept at being able to use them socially, we've become adept at e-commerce, and I don't think we're going to go backwards, and so I think the technology is exactly what...

ANDY PENN: The last point I would make just quickly is I think the other thing about this dynamic of all having to work from home and studying from home is we've actually dropped a lot of the shields of business. And by that I mean the office or the hierarchy or the suits and ties. And actually, we're inviting people into our homes. And there's usually not a day that goes by when I'm working these days, when I don't have some sort of interruption in the background. The postman might drop off a parcel and the dogs will go nuts, or my wife might want to come and talk to me about something. And I think that's humanised us a lot more, and I think that's a good thing, and how we capture that humanity in our cultures going forward, I think, is going to be really important as well.

DAVID PEMBROKE: That's fascinating. And there's a couple of things I'll take from those last two in particular. I think around that technology piece, the speed through with which you're referring to, that adoption speed, how do we sustain that speed? Because I know conversations inside the Australian Public Service in terms of change and transformation, the leadership has seen this change, and they want to sustain the change. And I'm sure you're exactly the same in your organisation as in many other organisations. How do organisations maintain the pace?

ANDY PENN: Well, I think it's partly... Partly, it would be self-sustaining in a sense. Generally speaking, I find when people adopt technology, they typically don't go backwards. But to your point, David, how do we continue to accelerate? And I think that's partly about investing in new technology because my point was, the constraint previously wasn't that the technology wasn't there, because we wouldn't have been able to adopt it in three months if that was the case.

ANDY PENN: However, now that we have adopted it, the constraint will be the technology, if we don't invest in it in the future, and so that's going to be crucially important. I think the other thing is actually just removing impediments. So I was chairing the Business Council of Australia's digital economy and telecommunications working group because we made a number of submissions to the government about a fast recovery from COVID. There's a whole plethora of regulations, a lot of them not federal actually, a lot of them going all the way down to local councils, which require paper-based engagement or certification or putting in an application, requires you to sign documents, or doesn't facilitate a cashless economy.

ANDY PENN: And I think a very systematic run through all of that, whether that be in an organization's own internal procedures, but also from a government and a regulatory perspective, just trying to systematically eliminate anything, any bureaucracy that gets in the way of us engaging at a digital level. And it's surprising how much there is that still gets in the way of moving to a cashless society and a digitally engaged society.

ANDY PENN: The other thing I would mention as well is really in the space of cyber security, and of course the one thing that goes hand in glove with the expansion of the digital economy is of course, therefore, the more things that are online, the more they become exposed to cyber risk. And if you like, we're increasing the attack area that we're vulnerable to. So very significant ongoing investments in cyber security would also be very important in the future.

DAVID PEMBROKE: Can you estimate how long it might take to tidy up some of that regulation? Is it a big job or could it be done quite quickly?

ANDY PENN:	I think if the will is there, it can be done quite quickly because a lot of it is in regulation as opposed to legislation. And as we know, legislation has to go through parliament, either state or federal, but regulation is usually just the local rules, and they can be addressed pretty quickly. But even interestingly, I was chairing the Governance Advisory Panel on Cyber Security, and they are looking at implementing a significant regime for critical infrastructure, which is really about bolstering our defences around things like telecommunications banking, food, health, and that's going to require legislative change. And the government has issued a consultation paper on it, which is just closed, but their aspiration is to get that legislative change through by the end of the calendar year, and that's got the Prime Minister's support and all of government's support, so we can move fast when the imperative is there.
DAVID PEMBROKE:	Now, to the third point that you raised around the notion of the humanisation, the lack of hierarchy. That tends to suggest different ways of working, different ways of engaging with each other. How are you seeing that play out in your organisation? What are you seeing that is different in the way that your people are working together?
ANDY PENN:	Well, I think there's just a lot more care between the teams and between the people. There's a lot more checking in with how people are going at a personal level, a lot more building of empathy. And I think that helps because it also translates into how we deal with customers and how we deal with other stakeholders as well. Everybody's become a lot more humanised in this process. I've had video meetings with some very senior people in both government and head regulators or otherwise, and it's been a very personable conversation and I think that helps build rapport, builds trust, and I think actually, ultimately, leads to a more effective working environment, working relationship.
ANDY PENN:	In fact, our employee engagement scores have never been higher. The, what we call our engagement... We're basically at 83, which is one off the top decile high performing companies in the world, and that... In fairness, we were on that journey before COVID hit, but during COVID, it's actually increased even more, not withstanding the impact it's had on people.
DAVID PEMBROKE:	Now, one of the things that struck me actually through this series of podcasts, Work with Purpose, and regular listeners will know that I often talk about it, probably for me, it was this discovery really about the collaboration and partnership between business and government, particularly in those early stages when we were dealing with a genuine health crisis that was having knock-on effects all the way through various supply chains in all areas of the economy. And you've mentioned there before that you've been involved in a number of committees, be it cyber security or the business council. Can you describe your working relationship with governments? And I'm not just talking about the federal government, I'm talking about working relationship with government at federal, at state and also at a local level.
ANDY PENN:	Hopefully it's... I like to think it's a very good relationship. And of course, Telstra being the organisation that we are, everybody has an interest in services that we're providing, particularly during these critically important times. And there's a lot of areas where government, very senior Ministers all the way up to Premiers and Prime Ministers, need to understand, want to understand, what the implications of some of the restrictions are that are in place, and how we can advance that technology to support and address the effort to manage the pandemic, and also for a fast recovery.

ANDY PENN: And the thing I've learned is that all of them have been incredibly open and incredibly engaging in speaking to people like myself or other leaders in business to get as much input as they possibly can. And so I've been incredibly impressed actually during this period with how government has responded at all levels, and how open they have been to seek input and consult with businesses, whether it's directly, I've had one-on-one calls with many very senior people, as well as through the Business Council of Australia, as well as being invited into Chairs, we've just discussed advisory councils on cyber security, that one was...

ANDY PENN: In fact, last time around, when the government did their 2016 cyber security survey, there was not an industry advisory panel. The government, they did appoint some independent people, but essentially it was a closed process. This time around, they appointed an industry advisory panel which I Chaired and we made 60 recommendations to government. And again, that was a very collaborative approach, and I think hopefully it was a significant contribution to a very substantial set of initiatives on cyber security, and an all-time record $1.7 billion investment by the government in building our cyber defences.

DAVID PEMBROKE: But again, I suppose, I look to the future once more. And if, as you're suggesting, there has been an improvement in the relationship, necessary because of the crisis that was taking place and the need for people to work together in partnership, how then do we sustain that improved relationship in order to capture some of the benefit of what has taken place, but also to help us to deal with what is coming? Nobody knows what that is, but one would, looking overseas and looking in other places for example, you could suggest that times will get a bit tough. So again, how do we keep those relationships, how do we keep strengthening those relationships between business and government in order to deliver benefit for the Australian people?

ANDY PENN: Well, I think they have to be done at multiples of levels. They have to be done individually, they have to be done through various different advisory groups, they have to be done through panels. We're all the same people. We're the same people that were working together pre-COVID and we're the same people now, and I think there's a number of things, hopefully, that we can take out of this crisis that will be beneficial for us in the future, and I think one of them is perhaps a new found appreciation, on both sides, of the challenges that we respectively face. It's not easy, I've absolutely no doubt, in government, and it's not easy running a very large complex business either, and I think the whole experience has brought us closer together in terms of understanding those respective challenges and perhaps being a bit more empathetic towards them in the future.

DAVID PEMBROKE: Andy, one of the features of this podcast is we take questions from IPAA's Future Leaders' Committee, and I have a couple of questions here that I'd like to pose if I could. Steph McLennan from Geoscience Australia asks you, "How has COVID shifted Telstra's longer-term vision, particularly with the way it works with government? What did the 2020s look like six months ago, and what does the coming decade look like now?"

ANDY PENN: Well, it's interesting. I did a speech earlier in the year, February I think it was, where I was talking about the 2020s and a couple of things. One was really just how we sit at the cusp of the next industrial revolution or technological revolution, which all sounds a bit dramatic, but the point was that we were about to face, in any event, another very significant step forward in the digitalization of the world. And by that, what I mean is that if you look back over the last several decades, in terms of going online and becoming digital, a lot of services have become digital, but the physical world generally speaking hasn't.

ANDY PENN: By that I mean, you now have the opportunity to infuse into the physical world, sensors, which actually start to enable you to move more significantly towards robotics. And so the thing about the 2020s that's important, even before COVID, was that we were seeing a number of technologies mature at the same time that enabled this. And that's 5G, cloud computing and artificial intelligence. So if you think about it through the lens of the government for example, a local government might want to have a smart city. What is a smart city? A smart city is a city that is actually infused with intelligence to make the operation of that city far more efficient.

ANDY PENN: So lamp posts that can sense when it's time to turn on and off again, or a garbage bin which can sense when it needs to be emptied and filled again, and that occurs by virtue of infusing the physical world with the digital, and the way you do that is you put sensors in things. And 5G enables you to then monitor those sensors because you can do it wirelessly as opposed to having wires, and you can monitor millions and millions of them. And then cloud computing enables you to process the data that's coming out of them at scale with very significant computer power and relatively cheaply, and artificial intelligence enables you to actually turn that data into something interesting and meaningful, and that's what gives you a closed system.

ANDY PENN: So I think all that COVID has done is just completely accelerated this whole migration to a digital economy and a digital world. And the Prime Minister in his Press Club speech last November said he wanted Australia to be a top five leading digital economy by 2030. And I think COVID is only going to accelerate that, and it'll be interesting to see in the upcoming budget what initiatives the government is looking at to investing in that, but one of them that gives you a clue is literally only last week, the government announced the $4.5 billion investment into an upgrading of the NBN, which in itself is a clear measure, because in the end, the digital economy doesn't work without a telecommunications network because that's the backbone of it. And so again, I think you're seeing a recognition there of that acceleration and the need to invest in the digital economy.

DAVID PEMBROKE: Okay. Now, second question is from Michael Sanese from PwC. And Michael asks you, "With COVID barriers impacting skilled migration for Australian organisations, does Telstra anticipate any critical skill shortages within its workforce, and if you do, how do you plan to mitigate these?"

ANDY PENN: Well, a couple of quick thoughts. Firstly, yes, on the one hand, COVID barriers are impacting skilled migration. On the other hand, working flexibly, we can recruit anybody in the world and they could work from wherever they are in the world. And so actually there's a double side to it. I've got a lawyer who lives in Canada who's worked flexibly with us for a long time. He has a very senior role and happens to live, as I said, on the other side of the world. But we don't have operations in Canada, that just happened to be where they live. So I think that's one interesting thing.

ANDY PENN: However, I think, more broadly, definitely skills in digital capability. So software engineering is a good example. I think Australia basically produces about 1,500 software engineers a year, India produces 40,000. So that is something that we absolutely need to build. And cyber security skills is another one where we will need to see further investment because, as I say, as the cyber risk increases, and absolutely, we're seeing very significant increases in malicious activity, as that increases, we need to bolster our cyber defences like we've never done before, and that's going to require skills that are not necessarily readily available at the moment.

DAVID PEMBROKE: So if you just look back at that 2030 target set by the Prime Minister, and with what you've just said as context, what do you think, that we could get to the top five by 2030?

ANDY PENN: Oh, I think if there's a will there on the part of government, I think absolutely. I think there's the opportunity for Australia to get there because we're not as big and as complex a country as many others that would have more, if you like, constraints and barriers to get there. I think one thing I always observe is, Australia and Australians, they're quite technology-advanced, they're early adopters of technology, and I think so therefore, with the right investment in the digital underpin, which is the telecommunication and cloud networks, and I think with the building up of skills and the regulatory reform, I think the Australians and Australian companies will absolutely be pleased to do so.

ANDY PENN: And one of the things I observed is that some of the big leading tech companies in the world look to do stuff in Australia first. And I've just announced a big partnership with Microsoft. And Satya Nadella, who's the global CEO of Microsoft, and I did this press release last week. Why is he interested in Australia and Telstra, which candidly, we're not the biggest market in the world, Telstra's not the biggest company, but he is, because we're at the forefront of telecommunications and technology thinking. And so he knows that if he can trial stuff here and it works here, then he knows he can roll it out in the US or in Europe. And so I think we've got a lot going for us.

DAVID PEMBROKE: Listen, just a final question to wrap up, a personal question. What have you learned about yourself in the past six, six months? What's something that's surprised you about yourself?

ANDY PENN: What have I learnt about myself? I miss painting.

DAVID PEMBROKE: Really?

ANDY PENN: So in my spare time, I paint. But I haven't been able to go to my art studio because it's not where I live and it's beyond the five-kilometre restrictions. So I found that I've had to find other ways to create that exercising of the other side of my brain. And I've... Winston Churchill wrote a book once called Why I Paint, and the whole point about why he painted was that actually it exercised a part of his brain that he didn't have the opportunity to exercise while he was doing his day job. And that's one of the things I've learned about myself, is I do need to try and keep my creative side going. It actually helps me in my business life. And I've missed that a bit and I've had to find different ways to achieve that.

DAVID PEMBROKE: And what have they been? What have you replaced painting with?

ANDY PENN: Well, I'm trying to paint on an iPad. And so there's an application... If only... I'm on the board of the NGV, and a couple of years ago, the NGV, the National Gallery of Victoria had an exhibition by David Hockney who's done some digital painting, and I was very, very fortunate to meet him. And I asked him about his iPad painting and he basically took my iPad from me and he helped me download the app and got me started. So I've been doing some stuff on the iPad. It's not quite the same as using oil paint, but it works.

DAVID PEMBROKE: Excellent. Well, Andy Penn, thank you so much for being so generous with your time today and really helping us really look to the future optimistically. There's a lot of change that is going to take place, and really, I think the pandemic has helped us to, I think, self-reflect. I think everyone has taken the time to really think about themselves, and really the future can be very exciting, but we're going to have to work, we're going to have to adapt, we're going to have to acquire new skills, and we're going to have to lean on the best of ourselves as well. And that insight you had around people being a bit more human, a bit more empathetic, and whether that will... I'm sure that will help us to drive and sustain high performance from organisations over time. So thanks for joining us today.

ANDY PENN: Thank you very much, David, really appreciate it. And I agree with them, I'm an optimist.

DAVID PEMBROKE: Indeed you are, thanks. And thanks to Andy Penn for joining us. Work with Purpose is part of the GovComms Podcast Networks, and as we announced last week, GovComms in partnership with the OECD and the European Commission will present the world's first virtual global conference about the future of government communication, as part of the OECD's government after shock global dialogue. So please Google GovComms Festival to register. It's free, but if you would like to make a contribution, please fill out the expression of interest and share your thought leadership with government communicators from around the world.

DAVID PEMBROKE: For Work with Purpose, if you do see the social media promotion for this episode and the links, please pass it on and a review or a rating would be fantastic and help us to be found. Thanks again to IPAA and to the Australian Public Service Commission for their ongoing support for Work with Purpose, this program would not happen without their support.

DAVID PEMBROKE: And a big welcome to our new CEO Caroline Walsh, this is her first Work with purpose, so great to have Caroline on board now and the other members of the IPAA production team. And certainly looking forward to continuing to work with them in the weeks, months, and indeed years ahead, as we continue to talk about the public sector, and we continue to talk to people like Andy Penn about the major contribution that government and business can make together in order to deliver benefits for the Australian people. But that's it for now, we'll be back at the same time next week. But for the moment, it's bye for now.