

# INTHEBLACK

JULY 2020

SPECIAL  
ISSUE

FLIPBOOK LAUNCH  
EDITION

## FUTURE FOCUS

Ways our world  
will change for  
the better

## BEST FOOT FORWARD

What return to  
the office will  
look like

## POSITIVE DISRUPTION

Insider's guide  
to buy now,  
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# CONTENTS



08

## WE'RE TURNING THE PAGE

As the world awaits what lies beyond the cliff-hanger that is 2020, INTHEBLACK is excited to announce its next chapter.

22

## THE BIG BUSINESS OF SMALL LOANS

The buy now, pay later industry has been a major disruptor, and Afterpay has become a yardstick for the industry. Here's an insider's perspective.

26

## FUTURE FOCUS

Futurists share their views on the world's "next normal", and the picture they paint is one of hope.

34

## THE WORKPLACE REVOLUTION

Workplaces are on the cusp of a widespread and positive transformation, as staff return and change what has not worked in the past.

38

## TIME TO UP YOUR ONLINE SALES GAME

The jump into e-commerce can be daunting for SMEs, but you don't have to be Amazon to capitalise on this lucrative sales channel.



30

## THE STRATEGIST

In Professor Veena Sahajwalla's material world, there's absolutely nothing to waste.

42

## WHY NOT ALL MICRO-CREDENTIALS ARE CREATED EQUAL

The ongoing quest to stay relevant hinges on upskilling. Here are the questions to ask when choosing your next micro-credential.

44

## BACK TO THE FUTURE FOR FAIR PAY

Underpayment woes have been a problem for many companies, and a return to the humble timesheet may offer a solution.

48

## LAND TAX VS STAMP DUTY

Could property tax be the solution to replacing the sagging stamp duty process?

52

## FAIR SUPPLY CHAINS

Modern slavery is an important global issue, and CPA Australia is at the forefront of promoting fair and transparent supply chains.



# REGULARS



06

## FROM THE DESK

Peter Wilson AM FCPA, CPA Australia president and chairman.

07

## INTERACT

Discussions and online additions.

10

## POLICY UPDATE

Key information CPAs need to know about that all-important time of the year – tax time.

## PROFILES

16

### FAST FOCUS

Section 100A, a 40-year-old provision under the income tax assessment act, is now under review.

18

### TIMES THREE

Are higher taxes the best way to shore up the economy for the future?

20

### MY BOSS AND ME

Jerome Tymms CPA and Shaun Steenkamp CPA make the most of their complementary skills in learning from one another.

## WORK SMART

58

### A NUDGE IN THE RIGHT DIRECTION

Health by stealth: the simple office design tweaks and subtle nudges that can encourage staff to make healthier choices.

60

### MEET THE CFO

Hallmark Cards' CFO Ajith Abeynaike CPA shares lessons he's learned in his career.

62

### HOW TO PRACTISE SELF-CARE

While supporting clients during busy and stressful times, don't forget the importance of self-care.

64

### MEETINGS THAT WORK

Effective meetings that achieve actionable results – over-optimistic? Not if you put these practical tips to good use.

66

### CONNECT TO THRIVE

Embracing interpersonal connection is the key to becoming happier and more productive.

68

### TRADING RETIREMENT FOR REINVENTION

When full-time work ends, what lies ahead is an era of opportunity – for continuous learning, providing mentorship and giving back to the community.

70

### TECHTALK

Are you your own tech support? Here are some practical tips.

72

### EXCEL YOURSELF

Four new functions associated with dynamic arrays.

74

### GIVING BACK

Corrine Kong CPA's volunteer work has opened her eyes to the ongoing needs of emerging economies.



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## GLIDE PATHS AND STIMULI



### Welcome to the July edition of INTHEBLACK.

Around the world, fiscal stimulus spending continues to flow to businesses and households. While these forms of stimuli remain a key component of government responses to the COVID-19 pandemic, such support will ultimately come to an end.

Contemporary conversations are now turning to what the world will look like once the worst of the pandemic danger is over, and restrictions on businesses and communities are wound back.

As that time approaches, governments must have a plan for how they can manage the stimulus withdrawal process while enabling businesses to succeed without the same levels of ongoing assistance.

Consideration must also be given to the consequences, for both businesses and households, of an abrupt end to financial assistance. A more transitional approach to withdrawing the various forms of fiscal support is preferable. It is very unlikely that all businesses will bounce back to where they left off, prior to the governments' restrictions being put in place. Further, it is even more unlikely that unemployment will fall to pre-COVID-19 levels for some years.

Governments need to consider a glide path to post-pandemic economic recovery – and not an abrupt finish at the edge of the cliff face. This is the message we are taking to the Australian Government as part of our ongoing consultations.

Similarly, governments around the world would do well to look for ways to encourage businesses and individuals to progressively reduce their reliance on taxpayer-funded support, as our public authorities taper off their fiscal stimulus. An abrupt end to government support followed by an immediate rebound to full pre-COVID-19 economic activity is an unrealistic expectation.

CPA Australia has developed *Road to Recovery*. This is a tool to help businesses navigate their way out of COVID-19 as government assistance is withdrawn. It includes practical suggestions to help businesses emerge from the recovery. However, for many, the recovery process will identify a need to reimagine their business if it is to survive and grow. This is because a very different business and work environment can be expected in 2021 and beyond. Our *Road to Recovery* tool is available on our website.

Finally, I'd like to pay tribute to Paul Drum FCPA, a valued member of the CPA Australia team and passionate advocate for our profession, who passed away tragically in May. Paul has been the voice of CPA Australia in the public debate for more than 22 years, and his intelligence, generosity and humour will be greatly missed by all those who were fortunate to know him. ■

Peter Wilson AM FCPA, president and chairman, CPA Australia

**CPA Australia has developed *Road to Recovery*. This is a tool to help businesses navigate their way out of COVID-19 as government assistance is withdrawn. It includes practical suggestions to help businesses emerge from the recovery.**



## INTHEBLACK intheblack.com

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### HAVE SOMETHING TO SAY?

Feedback should be kept to fewer than 250 words and may be edited for length and style. All submissions will be considered.

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LET'S GET SOCIAL

### PRINT AND DIGITAL AWARDS



#### Mumbrella Publish Awards

##### 2019 FINALIST

##### MAGAZINE COVER OF THE YEAR – BUSINESS

##### 2018 WINNER

##### BEST USE OF SHORT-FORM VIDEO

##### 2016 WINNER

##### ASSOCIATION OR MEMBER MAGAZINE OF THE YEAR

##### 2018 GLOBAL WINNER, EXCELLENCE

##### INTHEBLACK.COM

##### BLOCKCHAIN VIDEO

##### 39TH ANNUAL SILVER WINNER

##### (The Tolly Awards)

##### Telly Awards

##### 2018 GLOBAL WINNER, SILVER

##### INTHEBLACK.COM

##### BLOCKCHAIN VIDEO

##### Content Council, Pearl Awards

##### 2017 GLOBAL WINNER, BRONZE

##### CPA AUSTRALIA FOR BEST USE OF EMAIL

##### 2016 GLOBAL WINNER, GOLD

##### BEST ASSOCIATION/ NONPROFIT PUBLICATION 2016

##### QV Content Marketing Awards

##### 2015 AND 2016 GLOBAL WINNER

##### BEST ASSOCIATION PUBLICATION



### DISCUSSIONS, REACTIONS AND ONLINE ADDITIONS

# INTERACT

### TIME TO CELEBRATE OUR PAST AND LOOK TO OUR FUTURE

This issue of INTHEBLACK is a special one for a number of reasons.

As these words are being written, the world is cautiously starting to emerge from the upheaval caused by the COVID-19 pandemic.

Everyday things we took for granted – the commute to the office, the Sunday brunch with friends, cheering our favourite team from the stands – still seem out of reach.

Yet, even as we ride this wave of uncertainty, there are things we can still count on. It is these bright spots that have been our inspiration for this special issue of the magazine.

The articles you will read draw on the need to embrace change, leverage human connection, find a new sense of purpose and bring only the best aspects of our pre-pandemic lives to whatever “next normal” awaits us.

This issue is also a special one for CPA Australia, as it marks the next step in the evolution of its flagship publication. From this issue forward, the magazine's format will be changing from paper and ink to an enhanced digital flipbook.

INTHEBLACK has a reputation for delivering timely, interesting content that is tailored to the needs of its readers. Even as the magazine makes this leap into the digital world, the elements that have made INTHEBLACK a sought-after member resource will follow the magazine into this new chapter in its history.

We look forward to our next steps, while we continue to bring you quality journalism and beautiful photography, presented in the familiar magazine format and enriched with multimedia, hyperlinks and, soon, other features, as the magazine continues to develop and grow.



### FOR YOUR DIARY

9 JULY 2020

#### CPA Australia webinar: Year-end resources and tax time update

This webinar will provide an overview of year-end resources CPA Australia provides for members. It discusses the Australian Taxation Office's regulatory focus areas for tax in 2020 and updates on changes applied to tax returns. The presenters include Kerry Hicks, director of taxation – Moore Stephens, Elinor Kasapidis, tax policy adviser – CPA Australia, and Gavan Ord, business investment policy manager – CPA Australia.

### CPA AUSTRALIA PODCASTS

#### STAIRCASE RECOVERY FOR AUSTRALIA POST-PANDEMIC

Bernard Salt AM, managing director of The Demographics Group, provides insight about Australia's post-pandemic recovery and highlights the importance of accountants' work in scenario planning and strategy when an economy is shut down and then scaled up.

➔ LISTEN TO THE PODCAST HERE

#### THE BIG ISSUES FACING PUBLIC PRACTITIONERS DURING COVID-19

Gavin Swan FCPA, director of Absolute Accounting Services, and Andrew Pearce FCPA, business adviser and executive director at Collins SBA, discuss the strategies they adopted in challenging times.

➔ LISTEN TO THE PODCAST HERE

# WE'RE TURNING THE PAGE

AS THE WORLD AWAITS WHAT LIES BEYOND THE CLIFF-HANGER THAT IS 2020, INTHEBLACK IS EXCITED TO ANNOUNCE ITS NEXT CHAPTER.

Since its beginnings as the *Commonwealth Journal of Accountancy* in 1909, this magazine has undergone several transformations – all with the aim of delivering high-quality, trusted content to accounting and finance professionals in Australia and overseas.

The digital transformation of our work and personal lives, already well under way and pushed into overdrive by the current global crisis, will see INTHEBLACK evolve once again, as we leave paper and ink behind and embrace a new format.

This issue of INTHEBLACK will be our last print edition.

It will also mark the launch of an enhanced digital flipbook that offers readers a familiar magazine format, as well as myriad interactive and immersive features,

on a platform that is rich, eco-friendly and accessible on demand.

After long encouraging our readers to embrace digital transformation on the pages of the magazine, we are excited to see INTHEBLACK take this next step in its journey.

The new digital flipbook will significantly reduce the magazine's

environmental impact, to which printing and distribution were major contributors.

It will also have new features many of our readers have been asking for – the ability to share INTHEBLACK content with colleagues and clients, easy links to relevant resources, and the ability to access the magazine content anytime, anywhere.



## THE FLIPBOOK WILL HAVE:

- The familiar page-turn magazine format
- High-quality editorial and design content
- Relevant information for accounting and finance professionals
- CPA Australia member profiles, career path advice and all the magazine sections readers are familiar with

IT WILL ALLOW READERS TO ACCESS QUALITY MAGAZINE CONTENT ON A PC, TABLET OR MOBILE PHONE.

View rich interactive content, including video, audio and graphics

Bookmark relevant content

Share content with colleagues or clients

Click and go to additional resources such as reports, websites and more

Download and print articles



## HISTORY OF POSITIVE CHANGE

Our transition to a digital flipbook is the latest in a long line of strategic re-inventions over the magazine's long history.

In its progress from the *Commonwealth Journal of Accountancy* to *The Australian Accountant*, and to INTHEBLACK, the magazine's goal has always been to meet its readers' needs and expectations.

We are excited about taking you on this digital journey with us, as we bring you a more interactive and immersive version of INTHEBLACK.

We welcome your feedback on the new features you love, as well as on the opportunities for future improvements and new features you'd like to see.

Elinor Kasapidis, policy adviser – tax, at CPA Australia

## AT A GLANCE

- Many Australians are accessing various forms of government support this year, due to changes in their employment or income streams.
- The tax consequences are not always clear, so the tax preparation process is critical in ensuring income and expenses are correctly reported.
- Individuals will need to be registered with myGov, or engage a tax agent well before 31 October, to get onto their lodgement program.



# GETTING READY FOR TAX TIME 2020

THE END OF THE FINANCIAL YEAR IS ALWAYS A BUSY TIME FOR ACCOUNTANTS, AND FOR MANY, THIS YEAR WILL BE BUSIER THAN EVER. HERE'S HOW TO TICK ALL THE RIGHT BOXES WITH YOUR CLIENTS.

For public practitioners in Australia, this year's tax time may require additional checks and discussions with clients to ensure they are aware of what information they need to provide, and the types of income and expenses that need to be disclosed.

Here are some tips to get started.

As most employers now report through Single Touch Payroll (STP), income statements (formerly known as group certificates or payment summaries) are generated electronically via myGov or through online services for agents. Some micro-employers and closely held payees may not yet be reporting through STP, so pre-fill information may not be available until later in July.

Self-preparers will need to be registered with myGov, or should alternatively engage a tax agent well before 31 October, to get onto their lodgement program, which provides deferred due dates.

Pre-fill data will be available on tax returns in myGov or through online services for agents. While this usually has a high degree of accuracy, it is best practice to check this information against records and not just accept it at face value. When relying on pre-fill information beyond an income statement

to complete a tax return, it may be advisable to wait until at least early August to ensure that all the relevant data is available, in order to avoid any unexpected adjustments.

With COVID-19 also resulting in many of us working from home more often or even for the first time, the Australian Taxation Office (ATO) has announced a new shortcut method for work-from-home deductions, which allows individuals to claim 80 cents per work hour for expenses incurred between 1 March and 30 June 2020 should they choose to do so. Individuals will need to keep a record of work hours at home, and have a choice of using a fixed rate or actual cost method.

As always, records of all deductions are required, so make sure any claims can be substantiated, and that this information is kept for five years after the tax return is lodged.

The ATO has created the myDeductions app for individuals and sole traders to assist in this process. It is possible to take photos of receipts, record expenses and upload the myDeductions data into the tax return. Alternatively, data can be emailed to a tax agent straight after year-end (70 per cent of Australians use a tax agent).

Many Australians have experienced changes in their employment or income streams, with some accessing various forms of support.

Sometimes the tax consequences are not always clear, and the tax return preparation process becomes critical in ensuring that income and expenses are correctly categorised and reported.

### SOME THINGS TO CONSIDER

If superannuation has been accessed early, under the government's COVID-19 support package, these amounts are not taxed and do not need to be included on the tax return.

If JobKeeper payments were received, these amounts are assessable, and tax should have been withheld by the employer. If this did not occur, a liability may have been created and the ATO could be contacted to enter into a payment arrangement.

If Australian Government allowances and payments or lump sum payments, including employment termination payments, have been received, this information must be correctly reported on the tax return. If leave has been taken, or if COVID-19 led to being stood down or job loss, there are different tax consequences for payments that have been received

from the employer. Where amounts are pre-filled through income statements or matched against Services Australia information, they need to be checked for correctness.

Some individuals may have received grants or other forms of support, which will need to be correctly disclosed if assessable. The ATO matches data from various federal, state and local government agencies to check for taxable government grants and payments.

If a private health insurance policy was reduced or cancelled during the year, caution must be taken not to over-claim the rebate or incorrectly calculate any Medicare levy surcharge amounts.

If additional income-earning activities have been undertaken, such as renting out property, selling on eBay or providing contract services on Airtasker, these income amounts will need to be included in assessable income, and any associated deductions claimed.

On a final note, if income has decreased due to COVID-19 or other negative impacts during the year, a pleasant surprise in the form of a larger-than-usual tax refund may present itself for the first time. This is due to benefitting from the low and middle income tax offset, which is automatically calculated when a tax return is lodged and assessed. ■

With many of us working remotely, some for the first time, the Australian Taxation Office (ATO) has announced a new shortcut method for work-from-home deductions.



# GET SMART

JULY 2020

COMPILED BY SUSAN MULDOWNNEY



## KIDS SPENDING MORE TIME ONLINE

YOUNG AUSTRALIANS BETWEEN SIX AND 13 YEARS OF AGE SPEND AN AVERAGE OF 10 HOURS A WEEK ON THE INTERNET AT HOME, UP BY 0.3 HOURS FROM TWO YEARS AGO.

The figures come from a new study from Roy Morgan, which shows that even before COVID-19 forced kids to spend more hours indoors, they were spending more time online at home than watching TV (9.4 hours) or playing with or talking to friends (9.7 hours).

Michele Levine, CEO of Roy Morgan, says kids' leisure time is changing rapidly. "Perhaps more concerning in terms of healthy lifestyles as we emerge from lockdown is that in the last few years the time spent playing computer/electronic games by 10 to 13 year olds has overtaken the time spent playing sports."

➔ READ THE STUDY HERE

## BRIBERY A RISKY BUSINESS

Almost 70 per cent of businesses say bribery or corruption is a risk to their business, with more than a third reporting an instance of the behaviour occurring in the past five years, according to the *Deloitte Australia and New Zealand Bribery and Corruption Report 2020*.

The report is based on a survey of 159 anonymous respondents from a broad range of industries, including ASX200 and NZX50 companies. These included Australian and New Zealand subsidiaries of foreign companies, public sector organisations, not-for-profit entities and other listed private companies.

Results show 35 per cent of respondents reported a bribery or corruption incident in the past five years; 17 per cent reported it in the past year. One in 20 said that their leadership did not endorse a no-tolerance approach, and 11 per cent reported their organisation did not communicate their position on bribery and corruption to staff.



➔ EXPLORE THE REPORT HERE

"As leaders, we need to fight the idea that the world should go back to the way it was. What it was is a known state, but charting a path back to a known state isn't leadership."



**SCOTT FARQUHAR**  
ATLASSIAN CO-FOUNDER  
In an interview with *Australian Financial Review Magazine*

## MORE CONSUMERS REACH FOR CARDS

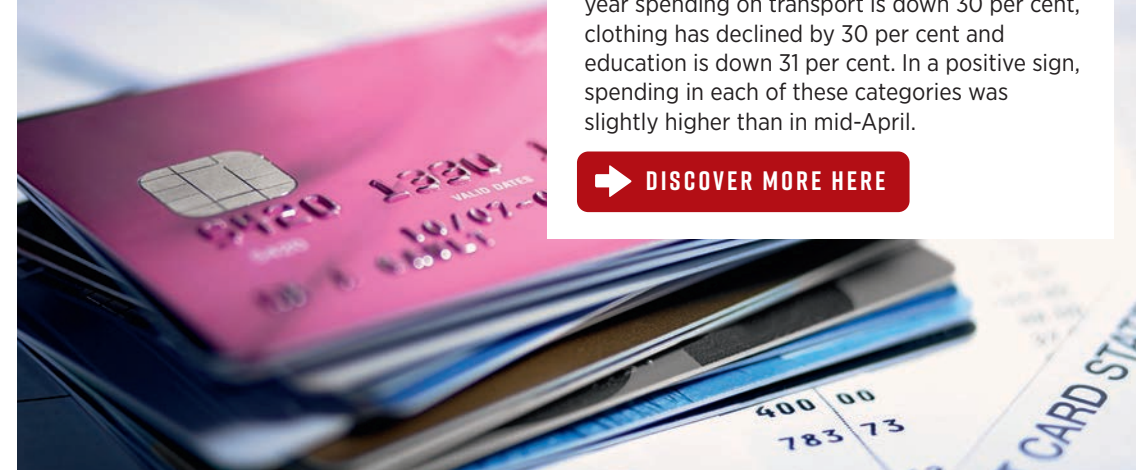
As COVID-19 lockdown restrictions began to ease in May, Australians started to slowly open their wallets.

Commonwealth Bank data shows that while overall spending in the week to 8 May was still down 2 per cent on the same week last year, it had bounced back from mid-April, when spending was down 20 per cent on the same week last year.

Across the categories of food and alcohol, card spending rose 12 per cent and 4 per cent respectively year on year, while spending on household furnishings and equipment jumped 53 per cent compared to levels a year earlier.

However, the bank's data shows that year-on-year spending on transport is down 30 per cent, clothing has declined by 30 per cent and education is down 31 per cent. In a positive sign, spending in each of these categories was slightly higher than in mid-April.

➔ DISCOVER MORE HERE



## RANKING THE COVID-19 RESPONSE

CITIZENS ACROSS 23 COUNTRIES ARE LARGELY DISSATISFIED WITH THEIR OWN GOVERNMENTS' RESPONSES TO THE COVID-19 PANDEMIC, WITH WESTERN GOVERNMENTS FARING WORSE THAN THEIR EASTERN COUNTERPARTS.

The Toluna-Blackbox Index of Global Crisis Perceptions measures the sentiments of citizens towards their national COVID-19 crisis management efforts across four key performance indicators: national political leadership, corporate leadership, community, and the media. The findings are based on a survey of 12,500 people across

23 countries – and just seven of the countries gave their leaders a score of more than 50 per cent across the key metrics. New Zealand was the only Western country to make it into the top 10. Australia just missed out, coming in 12th place.

➔ READ MORE HERE

01. CHINA 85
02. VIETNAM 77
03. UAE 59
04. INDIA 59
05. MALAYSIA 58
06. NEW ZEALAND 56
07. TAIWAN 50
08. PHILIPPINES 49
09. INDONESIA 48
10. SINGAPORE 48

# 20%

The growth in global e-commerce revenue in the first quarter of 2020. This compares to 12 per cent growth in the first quarter of 2019.

Source: *Salesforce Q1 Shopping Index, which analyses data from the activity of more than one billion global shoppers.*

# 20 MINUTES

The amount of time spent in a green space required to reduce levels of the stress hormone cortisol by 18.5 per cent.

Source: "Urban Nature Experiences Reduce Stress in the Context of Daily Life Based on Salivary Biomarkers", published in health journal *Frontiers in Psychology*.

# 57%

The proportion of Australians who expect the economic impact of COVID-19 to last for more than 12 months.

Source: *Melbourne Institute*

REVIEWS DEREK PARKER

# GOOD READS



CLICK HERE  
to explore the  
CPA Australia  
library



## BEAT GENDER BIAS

By Karen Morley  
Major Street  
Publishing, A\$30



Karen Morley has worked with a wide range of companies to help them improve gender diversity at senior management levels, so she speaks with great personal authority. There might be more women in corporate life than ever before, but the overall numbers remain distressingly low, even in companies that actively pursue gender equality. The essential problem, Morley says, is unconscious bias on the part of leaders, even those with good intentions. She offers advice on how to identify and address unconscious bias by reframing issues and asking the right questions. At the same time, leaders must ensure that women have networking opportunities and suitable mentorship. Too often, the number of women in senior positions stops at one or two, and even they usually fail to reach the highest management levels.

Morley emphasises that if providing opportunities for women and working towards gender balance are perceived as a zero-sum game, where women are seen as having been given special advantages to take them past men, the program is likely to fail. Instead, gender equality has to be shown to be a win-win situation. She readily acknowledges that beating gender bias is difficult, but that the issue has to be confronted if leaders want to effect change.

## DON'T BE EVIL

By Rana Foroohar  
Penguin, A\$35



Once upon a time, when they were still novelties, the appeal of Facebook, Amazon, Apple and Google lay in their sense of fun. As they have grown from strength to strength over the years, the perception has shifted. Each a force to be reckoned with, these companies, while being held up as examples of growth and success, are also often condemned for seemingly flouting the principles on which they were founded.

How, asks financial journalist Rana Foroohar, did this happen? How did Google, whose original motto provides the book's title, and Apple, whose founder Steve Jobs once described personal computers as "bicycles for the mind", become big tech behemoths?

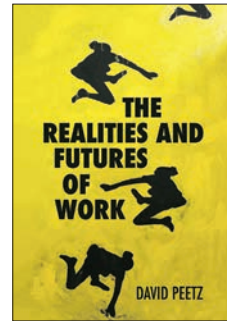
The key, Foroohar says, is that each company was able to develop systems to collect, refine and manipulate customer data, feeding it back to generate further revenue. Assured cash flow and massive reserves enabled them to invest in research and development, corner the talent market, dominate competitors and ensure political protection. Foroohar focuses on Google, but the method was similar for all the companies. It was not pretty, but it was ruthlessly effective.

Foroohar does a good job of keeping this sprawling canvas organised, often injecting a dry sense of humour. She suggests that it might not be too late to control the giants, by reinvigorating anti-monopoly laws and imposing a data-based tax. Whether one agrees with her or not, she tells a fascinating story.



## THE REALITIES AND FUTURES OF WORK

By David Peetz  
ANU Press, A\$55



It is universally acknowledged that life can feel like it's just one thing after another. This is especially true in relation to work and workplaces, which have seen waves of change over the past few decades.

David Peetz, an academic who specialises in this area, brings together a huge amount of research, aiming to get past the emphasis on technology that is the focus of many analysts. He accepts the importance of technological change, but sees other "mega-drivers", such as demographics, globalisation and regulation, as equally important.

He argues that casualisation and freelancing constitute only a small part of the total economy, and that a fairly traditional employment relationship is likely to remain the mainstay. He detects broad push-back against technology-related downsizing and globalised outsourcing, and believes that unions are due for a resurgence. At the same time, many companies have realised that they need to provide a sense of satisfaction to their employees if they are to survive. The future of work, says Peetz, will not be a single model, but a mix of layers, relationships and systems.

This book covers a great deal of ground. It does not provide definitive answers, but it offers useful food for thought on where the road is leading.



## REMOTE WORKING SERIES MANAGEMENT BEST PRACTICE

Hays Specialist Recruitment has consolidated a series of articles and resources dealing with managing employees and teams working remotely. The collection covers how to set priorities and timeframes for remote employees, how to maintain the corporate culture, recruit and onboard new employees, and ensure the mental and physical wellbeing of remote employees. A particularly interesting article deals with making a team adaptable to change by encouraging innovation and experimentation within a framework of strategic objectives. The keys to successful management of remote staff are constant communication, clear rules, robust technology tools and willingness of executives to trust their people.

EXPLORE THE RESOURCES HERE

## GUIDE BUILDING RESILIENCE

Beyond Blue is an organisation dedicated to improving Australia's mental health. It has put together guidance on how to recognise and reduce the amount of stress and anxiety we feel in our daily lives. According to Beyond Blue, everyone experiences anxiety occasionally; it becomes problematic when it persists once its causes are removed. Beyond Blue provides a number of anecdotal cases to show how anxiety can become embedded in thinking and have major impacts on physical health. There is also an "anxiety checklist", information on finding professional help, and a link to Beyond Blue's e-publication, *A Guide to What Works for Anxiety*.

DOWNLOAD THE RESOURCE HERE

## REPORT THRIVING ON CHANGE

A report from consultancy firm McKinsey, *From Surviving to Thriving: Reimagining the Post-COVID-19 Return*, examines how companies can take advantage of the post-pandemic recovery. Many companies will have to rethink their business model, and those that do will be well-placed for long-term success. Areas of focus are rebuilding revenue, reconstructing operations, rethinking the organisation and accelerating the adoption of digital solutions.

The report unpacks these, while underlining the importance of recognising how much has changed. Until now, companies that have done the best in navigating the crisis are those that consciously developed a shared purpose and a common performance culture, and this is likely to continue as we move forward.

DOWNLOAD THE REPORT HERE

## MARKET INSIGHTS SALARY TRENDS

Data from recruitment firm SEEK shows that the finance sector is one of the areas continuing to show solid rates of year-on-year salary growth. Compliance-related roles were especially strong due to a heightened regulatory environment. Within finance, risk consulting in insurance and superannuation showed strong demand, and company secretary roles also attracted high salaries. Starting salaries continue to be strong, but there is some evidence that growth is slowing (a trend evident even before the COVID-19 crisis). On the other end of the spectrum, the real estate and property sector recorded a year-on-year decline, with valuers' salaries falling most sharply.

ACCESS THE REPORT HERE

## TED TALK TEAM PLAYERS

Patrick Lencioni is the author of a series of books imparting valuable business lessons through fables.

In this TED talk, he uses stories and anecdotes to define the qualities of an ideal team player. The essential attributes, he says, are humility, which means focusing on the greater good; being hungry for learning, entailing self-motivation and a willingness to take the initiative; and being people-smart, which requires being perceptive about others, asking good questions, listening carefully and knowing how to respond effectively. Lencioni emphasises that it is up to the leader to nurture and develop these qualities through example, mentoring and good recruitment choices.

WATCH THE VIDEO HERE



AT A GLANCE

■ Section 100A is a 40-year-old provision under the Income Tax Assessment Act. It was enacted in 1978 in a bid to discourage tax avoidance.

■ The ATO is now reviewing section 100A to address some of its complexities, and to help increase tax compliance.



# DISCRETIONARY TRUSTS IN THE ATO'S SPOTLIGHT

AS THE ATO RENEWS ITS FOCUS ON TAX AVOIDANCE, SECTION 100A, A 40-YEAR-OLD PROVISION IN THE INCOME TAX ASSESSMENT ACT, IS UNDER REVIEW.

Discretionary trust structures continue to be widely used by many families around Australia, both for the purposes of holding assets and distributing income to their beneficiaries.

Discretionary trusts are so called because the trustee has sole discretion to determine whether any assets or income will be distributed, which beneficiaries will receive distributions, and how much will be received.

However, discretionary trusts are on the Australian Taxation Office's (ATO) radar as the regulator steps up its efforts to clamp down on tax avoidance.

## BOTTOM OF THE HARBOUR

Under review by the ATO is a 40-year-old provision contained in the *Income Tax Assessment Act 1936*, known as section 100A.

It was enacted as legislation in 1978 as an integrity measure to stamp out tax avoidance schemes rampant at the time (known as "bottom of the harbour" schemes). These complex schemes used trust structures to own companies, then strip out all of the assets of those companies via distributions, leaving them unable to pay their tax liabilities.

The ATO can apply section 100A if it considers a trust agreement or arrangement as outside the bounds of what it deems to be "ordinary family or commercial dealings", and distributions are regarded as being part of a "reimbursement agreement".

A reimbursement agreement generally involves making someone presently entitled to trust income in circumstances where both someone other than the entitled beneficiary actually benefits from that income, and at least one party enters into the agreement for purposes that include getting a tax benefit.

A benefit includes the payment or loan of money, the transfer of property, the provision of services or other benefits, or the release, abandonment, failure to demand payment, or postponed payment of a debt.

## FAMILY DISTRIBUTIONS

The ATO is also focusing on activities where trustees distribute trust income to beneficiaries paying low or no tax (including a non-working spouse or adult children studying at university) with the intent of reducing the tax liabilities of a primary income earner and other trust beneficiaries in higher tax brackets.

Section 100A would additionally apply where distributions are paid to beneficiaries with existing tax losses, to those who have excess deductions or capital losses, or to those with an unapplied net capital loss.

If section 100A is applied by the ATO, a trustee is liable to pay tax on the trust's income at the top marginal tax rate of 45 per cent, which is normally applicable for income levels of A\$180,001 and over.

There is no statute of limitations on section 100A. While taxpayers are ordinarily required to keep their relevant tax record for five years from the date they lodge their return, section 100A has an unlimited application period.



## 100A DRAFT RULING

The ATO has been working on a draft ruling on the use of section 100A. The draft sets out the Tax Commissioner's preliminary views on the exclusions from a reimbursement agreement, such as agreements not entered into with a purpose of eliminating or reducing someone's income tax.

The ruling is also expected to provide more clarity around the ATO's definition of ordinary family or commercial dealings.

"Whether a particular agreement constitutes an 'ordinary family or commercial dealing' [which isn't defined], and is therefore not a reimbursement agreement for the purposes of section 100A, will depend on all of the relevant facts," the ATO notes on its website. "The courts have made it clear that the exclusion must be considered having regard to all of the steps comprising the reimbursement agreement – not merely components of it."

"An agreement won't necessarily be considered to have been entered into in the course of an ordinary family dealing, merely because all of the entities involved are members of the same 'family group'."

Greg Nielsen, tax partner at Pitcher Partners, says the integrity aspect of section 100A comes in when an arrangement is designed so a person subject to tax is paying less tax than another person actually receiving the benefit.

"It could involve property being transferred out to someone for a minimal consideration, or amounts of cash may have been loaned out to that party, or where the underlying property or benefit is retained by the trust," says Nielsen, who is also CPA Australia's representative on the ATO's Private Groups Stewardship Group.

"Under those scenarios, whether it's a person who has had some value transferred out to them or to the trust, what's being targeted is if the person would have paid a higher rate of tax if they had legally been subject to assessment on those amounts."

The ATO has not given a completion time for its draft ruling, and notes on its public advice and guidance program that it is currently focused on providing support around the tax and superannuation issues arising from the impact of COVID-19. ■

**IF SECTION 100A IS APPLIED BY THE ATO, A TRUSTEE IS LIABLE TO PAY TAX ON THE TRUST'S INCOME AT THE TOP MARGINAL TAX RATE OF 45 PER CENT, WHICH IS NORMALLY APPLICABLE FOR INCOME LEVELS OF A\$180,001 AND OVER.**



CLICK HERE TO READ  
CPA Australia's  
factsheet on the  
JobKeeper payment

# ARE HIGHER TAXES THE BEST WAY TO SHORE UP THE ECONOMY?

COMPILED BY SUSAN MULDOWNNEY



01

**JO MASTERS**  
CHIEF ECONOMIST, EY OCEANIA

The impact of COVID-19 on economic activity was almost immediate, and the government response was swift. The debt burden we have as a result of this health crisis is debt that we had to incur, but it could realistically take decades to pay off. We do need to address this debt in time, otherwise we leave a burden for future generations.

In economic terms, there is no black-and-white solution to repaying this debt. It will require a combination of government revenue raising, containing government spending and growing our economy. Everything needs to be on the table.

The more we can do to grow our economy, the less we will need to act directly on government spending and revenue raising. Productivity-enhancing reform is critical – we need to look at how we tax, how we train our workforce for the future, and how red tape and a complex industrial relations system are hampering growth and innovation.

Tax reform needs to be part of the conversation, as it not only impacts government revenue directly, but also affects productivity and economic growth. Australia has a complex tax system, with a reliance on personal income and corporate tax. From an economic perspective, a change in the tax mix to rebalance that reliance more in favour of consumption taxes, which provide a more sustainable tax base with a lower cost to economic growth, could be worth putting on the table.

Whichever policy path the government chooses, the road back for the economy will not be fast or straight.

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Tax reform needs to be part of the conversation, as it not only impacts government revenue directly, but also affects productivity and economic growth.



02

**PAUL DRUM FCPA**  
GENERAL MANAGER, EXTERNAL AFFAIRS,  
POLICY AND ADVOCACY, CPA AUSTRALIA

The public discourse on how governments worldwide should pay for their various COVID-19-related fiscal stimulus measures has already commenced – even before the funds have been fully spent, and before countries around the world are fully out of lockdown.

At the same time, economic indicators, such as unemployment levels and GDP, are worsening.

There is no quick-fix recovery solution. There's no doubt increasing taxes to fund the cost of fiscal stimulus measures is one option governments will be considering, and so they should be. However, this needs to be carefully balanced against consideration of the impact such measures may have on recovery and, more specifically, on business investment, entrepreneurship and innovation, as well as on household consumption.

Globally, most businesses have taken a major hit financially due to various governments' responses to COVID-19, and many will not survive the COVID-19 lockdown phase. For those businesses that do survive, one of the last things they need is the additional burden of increased taxes. Further, increasing taxes on consumption or personal income at this time will only dampen household spending – even though households may be desperate for some retail therapy after the lockdowns are eased and shops re-open.

Governments should be considering what they can do to help businesses bounce back, as well as encouraging new businesses to start up and succeed. This includes providing support to encourage businesses to more effectively use digital technology and enter new markets via online sales, and helping enable trade to markets domestically and globally. Governments should be aiming to grow tax revenues by increasing business profitability and jobs growth and, if possible, doing so without putting the heavy yoke of increasing taxes on economies and on their residents in the foreseeable future.

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Governments should be aiming to grow tax revenues by increasing business profitability and jobs growth.



03

**JOHN DALEY**  
CEO, GRATTAN INSTITUTE

Australian state and territory governments are spending 9.5 per cent of GDP to look after households and businesses through the COVID-19 shutdown. Once restrictions ease, Australia will still face a deep, globally synchronised recession, and it is not inconceivable that gross debt will hit A\$1 trillion, which is about 50 per cent of GDP, and up from less than 30 per cent before the crisis.

The least painful way to deal with this higher debt is rapid GDP growth, so that the debt quickly becomes a smaller proportion of our resources. This was Australia's budget strategy after World War II.

However, this time is different. No one is forecasting a baby boom like the one that rapidly expanded the working-age population after World War II. Ongoing quarantine restrictions are likely to constrain the contribution of net migration to population and GDP growth. Furthermore, economic productivity per person has been sluggish around the world for 15 years, and there's no obvious reason to think it will spring back.

Australia will have to pay for budget deficits over the next couple of years with budget surpluses in future. This means that, at some stage within the next five years, we will need either lower government spending or higher taxes – and successful budget repair usually requires both.

The taxes that would do the least economic damage are largely on investment by individuals – particularly reforms to capital gains tax, negative gearing and superannuation. Arguably, these would also be the fairest taxes to raise, as they have increasingly skewed the tax system to favour capital income, benefiting older people over time.

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At some stage within the next five years, we will need either lower government spending or higher taxes – and successful budget repair usually requires both.

## MEET THE EXPERTS

### JO MASTERS

As the chief economist for EY Oceania, Jo Masters is passionate about driving discussion around the traditional and disruptive forces that shape the economy. Her involvement in the banking sector has focused on economic research and trends, and currency strategy. Masters sits on the advisory committee for the Financy Women's Index, and teaches economics 101 to SheStarts, an accelerator program for female entrepreneurs.

### PAUL DRUM FCPA

As CPA Australia's general manager, external affairs, Paul Drum FCPA was the voice of CPA Australia in the public debate for 22 years, before his tragic passing in May 2020. He had over 30 years of experience in public policy in Australia and internationally.

### JOHN DALEY

John Daley has been CEO of the Grattan Institute since it was founded 11 years ago. He has published extensively on economic reform priorities, budget policy, tax reform, housing affordability and generational inequality. Daley has worked at the University of Oxford, the Victorian Department of Premier and Cabinet, consulting firm McKinsey & Company and ANZ Bank, in fields including law, public policy, strategy and finance.

AS TOLD TO NICOLA HEATH PHOTOGRAPHY JARROD BARNES

# ALWAYS ADAPTABLE, ALWAYS COMMUNICATING

Jerome Tymms CPA and Shaun Steenkamp CPA from National Australia Bank (NAB) attribute their strong working relationship to open communication and being adaptable, while making the most of their complementary skills in learning from each other.

## JEROME TYMMS CPA

HEAD OF FINANCIAL CONTROL AND GOVERNANCE  
FOR GROUP BUSINESS SERVICES AT NAB

I first met Shaun when he was working for the bank's group accounting policy team on the implementation of the new Australian Accounting Standards. I was dealing with him, given that part of my responsibilities is looking after our property portfolio as well as the strategic sourcing team, and the lease accounting standard had impacts on both.

The three words I'd use to describe my first impression of Shaun are confident, capable and thorough. Even though he was articulate and knew his subject matter well, when people asked questions or made suggestions, he would listen intently before responding, rather than necessarily presuming he had it covered. When he didn't know, he was quite frank about it and would say, "I'll get back to you".

I thought he would be good for the finance partner position in the enterprise property and strategic sourcing team, and that the role would be good for him. It's a role that requires a certain level of technical accounting knowledge, which he had demonstrated through the accounting standard

policy implementation. That impressed me – I thought I could use some of that technical knowledge in the team. The way he carried himself also gave me comfort that he could lean into a more commercially focused, stakeholder management-type role. I considered it a good development fit for him in terms of his future and the skills he could build.

He has settled in well. Shaun is highly organised, structured and methodical in his work. He is very good at sharing his knowledge with junior team members. He has also very quickly built strong relationships with some of the senior stakeholders in the sourcing and property teams. These relationships are critical to him being effective in the role.

Although it's a strength, his thoroughness can slow him down in our fast-paced work environment. His ability to turn around that first iteration quickly is something that he's developing at the moment.

We're both open communicators. We're happy to talk about what's going well and what isn't. That

really helps in keeping the lines of communication open. Overall, he's adaptable, and I'm adaptable too, which is necessary for the role.

Where we differ is that I think more freely and will move from topic to topic fairly fluidly, whereas Shaun is a little bit more structured in his thinking. He manages me well when I have thoughts across a range of topics in one discussion.

For me, learning how to check in with him and coach him in the right way has been a bit of an experiment. It's teaching me to step back – I don't necessarily need to know everything that's going on. He's very capable. Having been in a commercial role for a long time, I'm enjoying getting a refresher from Shaun in some of the nuances of accounting standards.

**WHAT JEROME WOULD CHANGE ABOUT SHAUN:**  
I don't think I'd change anything about him. He'll develop in his own way.

## SHAUN STEENKAMP CPA

FINANCE PARTNER, ENTERPRISE  
PROPERTY AND STRATEGIC  
SOURCING AT NAB

I first met Jerome two years ago, when I was the associate director for group accounting policy at NAB. I worked closely with Jerome on a project to understand how the Australian Accounting Standards Board's new leasing standard would affect the bank. He struck me then as very detail-focused. He understood what he was talking about and asked challenging questions. In that first impression, he came across as quite intimidating.

Once the project finished, he asked me if I was interested in trying something different – a role with more commercial exposure than the policy-focused roles I'd previously performed. I said yes, and in December 2019, started working for him as finance partner in enterprise property and strategic sourcing.

From the outside looking in, Jerome appears to be a strict manager. Once you're within his team, his work style is a lot more relaxed. He likes to say that he's not a line-of-sight manager, so he doesn't care where I am and what I'm doing on a particular day, as long as I deliver the outcomes that we've agreed on. He often talks



Jerome Tymms CPA  
(left) and Shaun  
Steenkamp CPA

about the 80/20 rule – he knows there is a time when close enough is good enough, and he knows when you need to prepare an accurate answer.

Overall, he expects high-quality and very considered work, but he's a huge proponent of work-life balance. My wife had our first baby in late December last year, and he's been very supportive. He doesn't mind me working from home or taking the day off here and there if I need to. He's very accommodating. I have quite a lot of flexibility to do what I need, which is quite interesting, because that's not the impression I had when I first met him.

Jerome consistently displays good judgement.

Being a financial professional, you get queries from every angle, but he's very good at avoiding knee-jerk reactions. One of his strengths is deciding what's important and what isn't, and what needs to be answered to what degree of accuracy.

He takes a very methodical approach to managing people's expectations of what the finance function can deliver.

He knows when to step back and reconsider a problem and look for a better answer – although it's challenging when that happens very close to when you're meant to deliver the final outcome. ■

## WHAT SHAUN WOULD CHANGE ABOUT JEROME:

His 8 o'clock "let's discuss" emails. It turns out there are a few people in his team who joke about the same thing.

# THE BIG BUSINESS OF

**A MAJOR DISRUPTOR OVER THE PAST SEVERAL YEARS, THE BUY NOW, PAY LATER (BNPL) INDUSTRY HAS CHALLENGED STEREOTYPES, DEFIED EXPECTATIONS, AND IS HERE TO STAY.**

STORY CHRIS SHEEDY

# SMALL LOANS

## AT A GLANCE

■ Afterpay's business model is centred on the importance of consumer protection.

■ A Roy Morgan report says Australians under the age of 35 make up almost 56 per cent of BNPL users, and those over 50 make up just 14.2 per cent.

■ Credit card debt today is down to A\$7 billion from A\$8 billion in 2007, says the Roy Morgan report.

**F**or the BNPL industry, the past year can be likened to a wild rollercoaster ride, and no one has felt the highs and the lows as sharply as market leader Afterpay Holdings Ltd. (Afterpay).

Three years from its listing in May 2016, the future looked bright for Afterpay. Its stock was trading at A\$25.7, and its market capitalisation had risen from A\$165 million to just over A\$6 billion. Then, in June 2019, when Visa announced it was entering the instalment payment solutions arena, some began to predict the death of Afterpay and other fast-growing but still young BNPL brands. That day, the value of Afterpay stock dropped 15 per cent in 30 minutes, and far worse was yet to come.

During the COVID-19 market panic in mid-March 2020, in a single session, Afterpay lost A\$1.47 billion of market value, or 33 per cent, amid fears of bad debt exposure caused by job losses and

widespread economic downturns. Having traded at over A\$40 in mid-February, shares were languishing at less than A\$9 in March.

The share price then soared back to almost A\$40 in May, when Chinese tech giant Tencent Holdings Ltd, owner of communications social media and payment system WeChat, purchased a A\$300 million stake in Afterpay.

## AN INSIDER'S PERSPECTIVE

When she was first approached by Afterpay to take a leadership role, Christine Blyth CPA was the CFO of a global professional services consultancy. Initially, she thought the BNPL business was a payday lender, and was not overly enamoured with joining. Then she did some research.

What Blyth discovered, she says, was completely different to what she thought the industry was all about.

"It wasn't until I did a little bit of digging that I realised this company was nothing like what I thought it was, having read a few media articles," she says. "I looked at the consumer protections, and there are just so many of them."

In fact, she says, Afterpay's entire business model has been built keeping in mind the importance of consumer protection.

"We make money off the merchants," explains Blyth, who is now Afterpay's global head of transformation. Afterpay charges a commission on sales from merchants in return for managing the payment system. "If you go to Myer and buy a pair of pants and you default on that payment, we freeze you from being able to further use the platform. We still have to pay Myer for your pants, but we get no money from you, and we don't report you to any third-party credit bureaus."

**THE NUMBER OF CONSUMERS WHO USED AT LEAST ONE BNPL ARRANGEMENT INCREASED FROM 400,000 IN 2015-2016 TO MORE THAN TWO MILLION IN 2017-2018.**

“If a customer can’t pay the bill, we lose the 3 per cent or 4 per cent we would have made from the sale. We still have to pay the merchant, plus we lose a customer.”

“Clearly, the entire business model is built around getting customers paying on time and making sure the right customers are using our product.”

Compare that to the credit card model, which, like it or not, relies on customers being permanently in debt. If credit card customers pay off their debt in full, the business makes no revenue. That industry requires heavy regulation around consumer protections, because it benefits partly from customers being in debt, as well as revenue from merchant fees.

Many have argued that BNPL operators should face similarly stringent oversight.

Up until now, the industry has not had to face such regulation, even after a Senate hearing into the industry in early 2019.

“The industry is listening and responding as the regulatory landscape evolves,” says Diane Tate, CEO of the Australian Finance Industry Association (AFIA), which represents more than 100 providers of consumer, commercial and wholesale finance, and which has developed its own code of practice.

“In AFIA’s BNPL Code of Practice, there are many instances where the standards go above and beyond the law.”

#### A MODEL OF FINANCIAL DISRUPTION

According to a November 2018 report from the Australian Securities and Investments Commission (ASIC), titled *Review of Buy Now Pay Later Arrangements*, the number of consumers who used at least one BNPL arrangement increased from 400,000 in 2015-2016 to more than two million in 2017-2018. Today, according to AFIA, approximately 30 per cent of Australian adults, or about 5.8 million customers, are using BNPL services. Up to 10 per cent of all online sales now go through a BNPL provider.

A Roy Morgan report says Australians under the age of 35 make up almost 56 per cent of BNPL users, and those over 50 make up just 14.2 per cent.

According to the Reserve Bank of Australia (RBA), in the 12 months to January 2019, the



### PROTECTING THE CUSTOMER

**BNPL operators emphasise the efforts they put into protecting customers and preventing them from becoming over-committed.**

**01.** All code-compliant members (signatories) are required to be a member of the Australian Financial Complaints Authority.

**02.** BNPL products are not offered to people under 18.

**03.** The assessment of product suitability for customers is upfront and ongoing.

**04.** If a customer misses a payment, they are restricted from further use until they make the repayment.

**05.** Consumer safeguards to assist vulnerable consumers – including providing hardship assistance to customers and never initiating bankruptcy proceedings against customers.



Left: Christine Blythe CPA, global head of transformation at Afterpay.



Above: Zip Pay signage on a storefront in Sydney, Australia. The number of retailers offering Zip Pay payments increased by 66 per cent to 20,900 between June and December 2019.

number of Australian credit and charge card accounts dropped from 16.71 million to 15.89 million. Credit card debt today, the Roy Morgan report says, is down to A\$7 billion from A\$8 billion in 2007.

Significantly, 86 per cent of BNPL users from the past 12 months plan to use a BNPL arrangement again, according to ASIC. On the downside, however, “buy now, pay later arrangements can create some risks for consumers if they take on debt that they may have difficulty paying back”, the ASIC report says.

In the wrong hands, of course, any service that results in any debt can be a negative. Gerard Brody, CEO of the Consumer Action Law Centre (CALC), says that while the BNPL industry has grown substantially over the past 12 months, consumer protections have not.

He says those who contact CALC’s national debt helpline often have BNPL debt on top of several other debts such as credit cards, personal loans, payday loans and utility debts.

“There is no logical reason that people would not benefit from the protections that apply for other types of loans,” Brody says. “I’m not saying these loans shouldn’t be available. People should have choices and, for many people, they work really well. But the providers should be required to abide by the same standards as other lenders.”

Brody has also seen cases of people prioritising payments to BNPL providers over payments to providers of essentials such as rent, electricity and water. They do this, he says, because they fear being kicked off the BNPL platform.

Dr Paul Harrison, Deakin University’s director of the Centre for Employee and Consumer Wellbeing, says the industry is still under consideration for stricter regulation. Indeed, ASIC declined to be interviewed for this story, saying “... we are still looking into the BNPL sector and hope to have more to say about it in the coming two to three months”.

However, if there is regulation of the industry, it shouldn’t be assumed that current legislation for credit providers would do the job, Harrison says.

“There’s a bit of confusion about how to approach this,” says Harrison, who gave advice during the Senate hearing. “People ask, ‘How do we change current credit legislation to account for BNPL?’ Instead, we need to think about it differently. We need to start with the effects of this type of product on consumers, particularly vulnerable consumers, and work back from there to figure out whether, and how, we need to regulate it.”

Interestingly, Tate agrees. “The current regulation of financial services and technology is becoming increasingly complex,” she says. “We need the right regulatory settings to properly regulate the different fintech product and service offerings. A one-size-fits-all approach is increasingly not appropriate in traditional financial services, let alone tech products and services.” ■

### CONTINUOUS INNOVATION

**For BNPL players, innovation is crucial in ensuring that they, the disruptors, don’t become the disrupted.**

As they go about their business under the watchful eye of corporate regulators, the BNPL businesses that so successfully disrupted the decades-old credit card industry are now innovating at a rampant pace to ensure that they in turn are not disrupted.

Most of the major players have carved out their own unique spaces.

For example, Afterpay works by offering fortnightly repayments over six to eight weeks to pay off a purchase, interest free. Zip Pay has no fixed term, instead taking a monthly repayment on the interest-free loan account.

Openpay offers a choice of three repayment options over a term of two to 36 months. Certegy brings to the table continuing credit contracts with terms of two to 60 months.

Retailers typically now offer two or three choices of BNPL providers to suit the needs of different customers.

Some BNPL operators charge the consumer fees, and others do not. Most operators allow customers to repay early, and some are making the leap into entirely new offerings.

At Zip Pay, for instance, different types of solutions are offered in different territories. The business runs a real-time credit and ID check on every customer, resulting in “bad debts well below comparable credit card companies, well below 2 per cent”, says Tommy Mermelshayn, Zip Pay’s chief strategy officer.

“We’re very much of the opinion that unless you continue to innovate, and unless you continue to deliver real value, customers will jump to new players in the market. In the payments landscape, one of the fastest-growing and hottest segments in the market, there’s been a lot of capital investment.

“To that extent, we just launched a virtual card solution that enables our customers to shop anywhere online. We generate a one-off card they can use to make a purchase. That was a pretty massive business development on our side. It was a big investment and [was] in response to customer feedback.”

Like many of the BNPL players, Zip Pay is also fast becoming an international brand, seeking growth in other territories, including the UK, after perfecting its art at home. Having begun as a lean start-up in Australia, Zip Pay now boasts big-hitter executives, including chief customer officer Steve Brennen, previously with Uber, and chief commercial officer Hamish Moline, previously with Visa. The brand also accepted a A\$40 million equity investment from Westpac Group in 2017.

Having joined Afterpay after her initial moment of doubt, Blyth has enjoyed what she says are the most satisfying and thrilling 15 months of her career. Her main concern is with newcomers to the industry who could give it a bad reputation.

“We’re working hand-in-hand with the regulators, because this is a new industry,” she says. “We know we have an amazing industry, and we want to keep it that way. We have very happy customers; Afterpay has the highest net promoter score of any digital payment solution in Australia.”

“Our merchants are thrilled with the increases in basket sizes and frequencies of purchase. The app is now one of the biggest channels for merchants to get a pipeline of customers. Users, merchants and our business now have a wonderful, symbiotic relationship.”

“There is so much passion and energy in this industry, and so much great leadership. We are all very excited about the potential and the human-centred change we are able to create.”

AT A GLANCE

- As a society, we have a unique opportunity to re-evaluate how we live and work.
- There has been a cultural shift that brings into focus new priorities and emphasises the need for adaptability.
- Futurists believe that our “next normal” will prioritise collective benefit, collaboration and empathetic leadership.

# FUTURE FOCUS

WHAT WILL OUR WORLD LOOK LIKE A YEAR FROM NOW? EXPERTS AND FUTURISTS AGREE THAT WE CAN EXPECT BIG CHANGES, AND THAT THEY WILL BE FOR THE BETTER.

➔ OPEN VIDEO IN A NEW WINDOW

STORY **SUSAN MULDOWNNEY**

**F**or the past six months, the global community has been staring down a health and economic crisis of unprecedented scale.

During this time, “normal” has taken on a whole new meaning.

Amid the hardship, glimmers of optimism have emerged, and the next version of normal is slowly taking shape.

What will the business world look like a year from now? We’ve asked experts from across the globe to share their predictions.

## 01.

### CAPITALISM WILL CONTINUE, BUT NOT AS WE KNOW IT

Many basic rules of capitalism were suspended during the early months of 2020.

Survival became more important than budget surpluses, and government intervention reached a grand scale.

At the start of April, for example, Singapore had set aside about 12 per cent of its GDP to soften the economic damage caused by the pandemic. In Australia, the federal government’s A\$320 billion support package is equivalent to about 16.4 per cent of GDP.

Futurist Gerd Leonhard, who is based in Zurich, says the threat of the pandemic has caused a “global reset” that he predicts will take two or three years to iron out.

“The rules of capitalism are changing,” he says. “We cannot strictly apply only financial benefits to a relationship, and that’s become clear in the treatment of the virus.”

Leonhard predicts that prioritising human wellbeing over the prosperity of individual entities will reshape post-COVID economies.

“Consumers will be closely examining company behaviour,” he says. “They will be asking, ‘What did this company do during the COVID crisis? Did they show solidarity? Could they be depended on? Did they bend the rules? Did they do something extra? Can they be trusted?’”

“People are thinking that it’s more important for us to have a collective benefit – to have good health care and to be prepared

– than to amass more money in big industry,” adds Leonhard. “That’s clearly not an open, Milton Friedman kind of place. That’s more like a place of social capitalism, which has been practised in Europe in various forms.”

Dr Angus Hervey, political economist and co-founder of Melbourne-based think tank Future Crunch, says the pandemic will contribute to a shift in perceptions of value.

“In the wake of this crisis, you probably want to be the kind of business that’s creating more value than you capture.”

Hervey says corporate social responsibility will need to transcend rhetoric in a post-pandemic world.

“I think businesses are really going to be under scrutiny,” he says. “What kind of product do you make? What are your business practises? Where are you sourcing your materials?”

What’s your plan for end of life, when those materials get thrown away? I think social and environmental responsibility now moves right to the top of the list, and the reason is because that’s all we’re talking about right now.”

Leonhard adds that business priorities will be reshaped as a result of the crisis.

“It will become about people, planet, purpose, prosperity,” he says. “It’s what I call the quadruple bottom line.”



**“COLLABORATION WILL SHAPE  
NEW BUSINESS MODELS...  
BUSINESSES WILL NO LONGER BE  
AS DARWINISTIC, BECAUSE WE  
NOW NEED TO INVENT TOGETHER.”**

GERD LEONHARD, THE FUTURES AGENCY

## 02.

### IT'S WHAT YOU DO, NOT WHERE YOU DO IT

For many people, the current commute to work involves a short walk from one room of the home to another.

A survey from Gartner HR reveals that 88 per cent of organisations across the globe have encouraged or required employees to work from home during the crisis. Gartner research also shows that 74 per cent intend to shift some employees to remote work permanently.

However, futurist Chris Riddell, who is based in Melbourne and Los Angeles, says that people will still choose to work from offices next year because “humans crave connections”.

“Work is a thing that we do, not a place that we will go to as time goes on,” he says. “The networking and incidental conversations that occur in a workplace are so important, and just can't be replicated in a scheduled teleconference call.”

Riddell says workplace design will change to accommodate new ways of working.

“Office spaces may become smaller as more people will choose to work from home when it suits them,” he says. “Trends like hot-desking will disappear. It's a cost-saving rationalisation measure done by a lot of corporates, but it's never really made a lot of sense, especially as office space will get smaller, and there will be restrictions on sharing equipment to reduce the risk of spreading the virus.”

Will workers spend less time in an office? “Absolutely,” says Riddell. “The pandemic has stress-tested our businesses to the absolute max when it comes to technology. It's been tough for many, but they've discovered that remote working does work.”

## 03.

### CYBERSECURITY TAKES CENTRE STAGE

The Australian Competition and Consumer Commission's Scamwatch website has received more than 2000 COVID-19-related scam reports, with over A\$700,000 in reported losses since March. Common scams include phishing for personal information, online shopping and superannuation scams.

Sydney-based futurist Shara Evans says remote-working conditions have left many businesses vulnerable to cybercrime, but that cybersecurity measures required tightening even before the pandemic.

“Even without COVID-19, there are a lot of practices I see businesses engaging in that are quite alarming,” she says. “Information that can be used for identity theft is still being sent through unencrypted email, for example. Cybersecurity training for employees has been missing in action for too long, and it will have to change.”

Data from the Office of the Australian Information Commissioner shows that human error accounted for 39 per cent of data breaches across all legal, accounting and management services in 2019.

“Cybersecurity may have taken a back seat as companies scrambled to keep things going, but that will change,” Evans says.

Security measures such as the establishment of chief information security officer roles, rolling out security awareness programs and the implementation of cyber incident response plans are likely to become more widely adopted.

“Cybersecurity will be a greater focus a year from now, because it has to be,” Evans says.

## 04.

### A NEW ERA OF HYPER- COLLABORATION

Responses to the pandemic have required a collaborative effort. Apple and Google teamed up to create COVID-19 contact tracing technology in April this year, and leaders across Europe announced an international alliance in May with the aim of raising billions of pounds to help find a vaccine and treatments for the virus.

Leonhard says “hyper-collaboration” will become the new normal in 2021.

“Collaboration will shape new business models,” he says. “For example, hotels and restaurants are already teaming up, rather than competing, to attract bookings and to share marketing expenses.”

“Business will no longer be as Darwinistic, because now we need to invent together.”

Hervey says businesses will need to build new mechanisms for collaboration, and says inspiration is likely to come for the scientific community.

“The speed at which science is moving in terms of understanding, tracking and building antivirals is the fastest in history, because there are incredible mechanisms for collaboration. The scientific community has spent decades practising collaboration, and those practices and norms of behaviour are now really coming into their own.”

“I think what's going to be interesting for business is to see where they can start building similar mechanisms for collaboration, for whenever the next crisis hits.”



## 05.

### A MULTIPOLAR FUTURE FOR ASIA

Home to the world's second-largest economy, China is the most dominant power in Asia. However, that may change in the post-COVID world, according to Dr Parag Khanna.

Khanna is founder and managing partner of FutureMap, a data and scenario-based strategic advisory firm based in Singapore, and author of *The Future Is Asian: Commerce, Conflict, and Culture in the 21st Century*.

He says the impact of COVID-19 may facilitate the emergence of a truly multipolar Asia, where power is not dominated by one country, but distributed among many.

“If there is one silver lining from the pandemic, it is the geopolitical outcome, which is that there will be a greater balance of power and the non-dominance of any one power – in Asia, in particular, and in Eurasia in general,” he says.

## 06.

### ADAPTABILITY BEATS EFFICIENCY

The rush towards greater business efficiency has been picking up steam since the 1980s, but Hervey predicts that adaptability will become more prized.

“What we've discovered during the pandemic is that if you're super-efficient with distributed global supply chains and just-in-time manufacturing, and you have pared your HR costs down to the bone, and trimmed any fat in your business, when a crisis like this hits, you're in big trouble.”

Hervey says the businesses that will survive – and eventually thrive – are those that have prioritised adaptability.

“We live in a world now where we're going to get these black swan events,” he says. “We're going to put in place measures and procedures to account for this, and they might be the opposite of efficiency.”

Hervey explains that this is not to say adaptability will come at the expense of efficiency.

“It's just a different way of structuring the business,” he explains. “The argument for adaptability has to be made from the top, because when you've got businesses that have prioritised efficiency for so long, you're going to get push-back. I think we're just going to see adaptability being talked about in more boardrooms as more of a strategic priority, and companies will be more willing to accept extra costs in order to build [adaptability] into their business model.”

## 07.

### EMPATHY TRUMPS EGO

Decisive leadership has helped shape the more successful responses to the pandemic. Leaders such as Taiwan's Tsai Ing-wen, Germany's Angela Merkel and New Zealand's Jacinda Ardern have been singled out as models of effective management under pressure.

Is it a mere coincidence that they are all women?

“I think it's dangerous to typecast female leadership into a particular style,” Hervey says. “My hope is not that female or male leadership comes up looking better or worse at the end of this crisis. My hope is that styles of leadership come out looking better after this crisis.”

“Certainly, the ego-led style of leadership has been an absolute disaster,” he says. “It's not going to emerge looking very good.”

“Empathetic leadership, or leadership that is willing to change its mind – if those styles of leadership suddenly look better in the wake of this crisis, then I'll be delighted.” ■

# MATERIAL

PROFESSOR VEENA SAHAJWALLA HAS LAUNCHED THE WORLD'S FIRST E-WASTE MICROFACTORY AND PLANS TO ROLL OUT THE MODEL ACROSS AUSTRALIA AND THE GLOBE.

STORY SUSAN MULDOWNNEY

## When China announced a ban

on the importation of 24 types of solid waste in January 2018, the inherent inefficiency of Australia's A\$15 billion waste industry was suddenly exposed. An annual average of 619,000 tonnes of Australian recyclable materials were left without a home. The nation was facing a waste crisis, but Professor Veena Sahajwalla had a strategy for tipping the materials straight back into the economy.

As founding director of the Centre for Sustainable Materials Research and Technology (SMaRT) at the University of New South Wales (UNSW), Sahajwalla is revolutionising recycling science in collaboration with industry. Last year, she was appointed director of the NSW Circular Economy Innovation Network, which brings together stakeholders from across government, industry and research organisations to develop new processes and supply chains for reducing waste and improving sustainability.

In 2003, Sahajwalla invented polymer injection technology (PIT), known as green steel.

An environmentally friendly and cost-effective process for using recycled rubber tyres, the technology has been licensed to steel makers globally, and Sahajwalla and her team are working with Newcastle-based steelmaker MolyCop, which plans to implement the technology across its global operations.

In 2018, Sahajwalla launched the world's first e-waste microfactory, where valuable metal alloys are extracted from discarded smartphones, laptops and circuit boards.

# WORLD

Now she's converting waste materials, such as the glass, plastic and textiles Australia previously exported or sent to landfill, into industrial-grade ceramics inside a second microfactory. She also plans to roll out her microfactory model across the country and, ultimately, the world.

## CAPTURING VALUE IN WASTE

Sahajwalla grew up in Mumbai, where she says waste was viewed as an opportunity rather than a problem. Rubbish heaps were trawled for plastic, cardboard and other materials of value to sell on to scrap dealers.

"The sense of repurposing and reusing, and sharing was driven by economic necessity, of course, but people were more than happy to have hand-me-downs, whether it was clothes or furniture items," Sahajwalla says. "We would rarely throw away things that were in decent working order."

While Sahajwalla's mother is a medical doctor, her father was a civil engineer, and she loved visiting his construction sites to see how things were built. "A Cadbury factory was my favourite," she recalls. "When I think about it now, it was probably just an office building rather than an actual factory, but when you're a kid and you see the symbol

of Cadbury, your imagination goes wild. I wondered what they were making and how they got the liquid chocolate to become that solid slab and all the challenges there must have been to get it right."

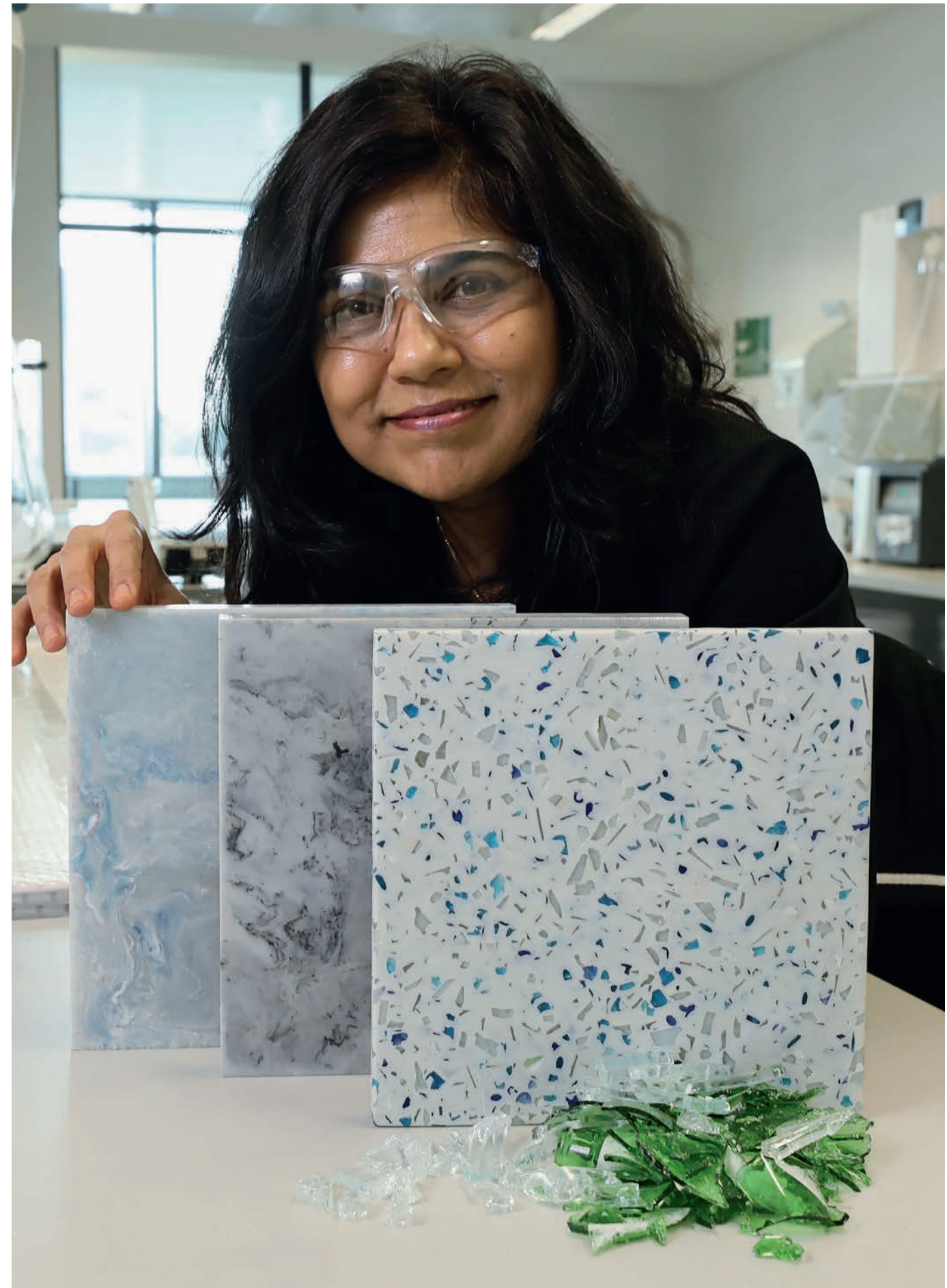
That early interest in materials science led Sahajwalla to study engineering at the Indian Institute of Technology, where she was the only woman in her class. She went on to earn her master's degree at the University of British Columbia and, while completing her PhD at the University of Michigan, she was offered a job at Australia's national science and research agency, CSIRO.

## WHEELS IN MOTION

Sahajwalla's stint at the CSIRO led to an academic position at UNSW, and it was in one of the university's laboratories that she pioneered her green steel technology.

In Australia, 50 million vehicle tyres reach the end of their life each year, and only 16 per cent are recycled. Sahajwalla's technology involves melting down carbon-rich rubber tyres to replace some of the non-renewable coke in the production of steel.

Rubber is cheaper than coke. It also creates less waste, which represents a cost saving to industry.



## AT A GLANCE

Professor Veena Sahajwalla is the inventor of polymer injection technology, known as green steel, an eco-friendly process for using recycled tyres in steel production.

Sahajwalla launched the first e-waste microfactory, which processes metal alloys from old laptops, circuit boards and smartphones.

She views waste as an opportunity, not a problem, and hopes to roll out the microfactory model across the world.





## REFORMING AND RECYCLING

The Australian Council of Recycling and the Waste Management and Resource Recovery Association of Australia (WMRR) estimate a A\$150 million investment by federal and state governments is required to reboot the local recycling industry and foster the creation of a circular economy.

Sahajwalla says green manufacturing is a vital part of the circular economy. In addition to her role at UNSW and NSW Circular Economy Innovation Network, she also heads the ARC Industrial Transformation Research Hub for green manufacturing, which works in collaboration with industry to ensure new science is translated into real-world environmental and economic benefits.

“It’s not entirely funded by government,” Sahajwalla says. “Industry contribution is vital to the model.”

Green manufacturing aims to transform traditional business and manufacturing practices – and the mindset of stakeholders – to reduce the industrial impact on climate change and other environmental concerns.

Sahajwalla thinks about green manufacturing as “reforming” in addition to recycling.

“You’re not necessarily converting something into the same product, but rather reforming it into something else,” she says. “There’s a huge amount of embedded value in things like everyday electronic products, so why shouldn’t we tap into it and create that value right here in Australia, rather than sending it away for someone else to tap into? I think manufacturers are really excited about it – they are seeing lots of new opportunities coming down the pipeline.”

When rubber is transformed into smaller molecules in a furnace, millions of rubber tyres have been diverted from landfill thanks to Sahajwalla’s innovation.

“When we talk about recycling, it’s generally about converting like for like – converting a plastic bottle into another plastic bottle, for instance – but this is quite limited,” Sahajwalla says.

“Old tyres are no longer roadworthy, so they can’t be reused as tyres. What if you can see that old tyre as a collection of molecules that can be transformed and used in other manufacturing solutions?”

### POWER OF COLLABORATION

In 2005, Sahajwalla won the prestigious Eureka Prize for her green steel invention and, while she describes it as a “wonderful outcome”, the scientific recognition was not enough. “I wanted to use the research outcomes to create sustainable industry practices,” she says. “I needed to be able to show the steel industry that the benefits were not just environmental, but also economic.”

Fast-forward over a decade, and she has visited countless manufacturing centres across the country to promote the environmental and economic benefits of green manufacturing. She says engaging with the business community has been vital to getting her innovations to market. “We need scientific collaborators,” she says. “We also need [industry] partners who are open to trying new products and seeing the benefits in the longer term.”

Michael Sharpe, national director – industry at the Advanced Manufacturing Growth Centre, says Sahajwalla “understands the path to commercialisation and what it takes to be successful”.

“Veena and I have walked the factory floors in places like Dubbo and Armidale to talk about robotics and automation, and we’ve spoken with manufacturers in Perth and Adelaide about the benefits of recycling and the circular economy,” he says.

“At every point, Veena is open about the possibilities that exist for manufacturers, and this has led to companies coming in from across Australia to visit her at UNSW’s SMaRT Centre to investigate ways of developing new technologies. Veena knows what it takes to have a go, but, most importantly, how to have a beneficial impact.”

### THE MICROFACTORY OF THE FUTURE

Many of these new manufacturing technologies are being developed via Sahajwalla’s unique microfactory model.

Microfactories feature a series of small machines and devices that use patented technology to perform one or more functions in the reforming of waste products into new and usable resources. They can be installed in an area as small as 50-100 square metres, and can be set up wherever waste is stockpiled, such as a building site or alongside regional waste disposal sites, to process waste at the source.

Sahajwalla says the microfactory model may disrupt the current highly centralised, vertically integrated industrial model.

“My model is one that is laterally integrated to allow different operators in the supply chain to connect,” she says. “If you can localise your solution,

➔ OPEN VIDEO IN A NEW WINDOW

you’ve actually enabled everybody across the country to benefit by enhancing our manufacturing capabilities.”

The first microfactory was launched at UNSW with funding Sahajwalla received from the Australia Research Council (ARC), to convert electronic waste input into new products. Electronic devices are broken down and scanned by a robotic module to identify useful parts, which are then transformed into valuable materials. Computer circuit boards, for example, can be turned into valuable metal alloys such as copper, while plastics can be converted into filaments for 3D printing, which Sahajwalla describes as a “cost-effective” alternative.

E-waste microfactory industry partners include MolyCop, e-waste recycler TES, and spectacle manufacturer Dresden, which makes its frames from recycled plastics.

A second microfactory was launched at UNSW last year, to transform waste materials such as glass and textiles into tiles, ceramics and panels that can be used for building products and furniture.

Industry partner Mirvac has used Sahajwalla’s ceramic tiles in its new apartment complex in Sydney’s Marrickville.

Diana Sarcasmo, general manager design, marketing and sales at Mirvac, says the partnership is part of the company’s sustainability strategy to achieve zero waste to landfill by 2030. The Marrickville project is located on the site of an old hospital, with 90 per cent of construction waste recycled.

“Veena is incredibly engaging and passionate,” Sarcasmo says. “She’s a true collaborator.” Mirvac is looking to set up its own microfactory on one of its building sites. “The whole idea of having a local plant is that we wouldn’t be using transport, so we could recycle what we’ve got on site and then keep it onsite, so that we can tap into the circular economy,” Sarcasmo says.

This is exactly what Sahajwalla had hoped for her microfactory model. The global rollout has already started – Sahajwalla is talking with engineers in India to set up microfactories across the country.

“The value-added part of creating highly valuable products [from waste] that can be sold into the economy has not quite happened in places like India,” she says. “There’s been a lot of front-end work with waste being collected, but we want the economy to reward everyone in that supply chain.”

Sahajwalla sees innovations such as microfactories and green steel technology as new export opportunities for Australia.

“With green steel, we’re not putting steel on a ship and sending it away,” she says. “We’re exporting our knowledge and our intellectual property. Waste is not a problem to be managed; it is an opportunity to be explored.” ■

## Q&A WITH THE INVENTOR

**You are an inventor. What does a “eureka” moment feel like?**

It’s absolutely exhilarating. Even if it doesn’t present the complete solution to a problem, discovering what you think may work leads to the next step. It’s a great feeling. You get goosebumps.

**Did you develop any new routines during the COVID-19 lockdown?**

The lack of clear routine has been good for me. It means that I have had more fabulous thinking time, because I haven’t been caught in traffic, driving to and from work.

**What is the greatest lesson you’ve learnt in your career?**

The more people think that something is impossible, the more likely that a solution can be found if you put your mind to it.

**What are you currently reading?**

I’m reading *The Cattle King* by Ion Idriess, which is about [Australian pastoralist] Sir Sidney Kidman and how he built his cattle empire. It captures the Australian spirit.

**Do you have any advice for budding innovators?**

When you challenge the norm, you will have the spirit of innovation in you. Don’t ever let it die! People might think you’re crazy because your ideas are different, but don’t let it bother you.



AS STAFF ARE WELCOMED BACK TO THEIR OFFICES, WE CAN EXPECT A DRAMATIC  
- AND TIMELY - SHIFT IN THE USE AND PURPOSE OF WORKPLACES.

STORY CHRIS SHEEDY

# THE WORKPLACE REVOLUTION

**H**istorically, the biggest changes in society tend to occur after a major disruption. As humans, we become comfortable with a certain way of doing things, and when individuals suggest dramatic change, their ideas are perceived as fringe. However, when an upheaval occurs – a world war, a financial crisis or a pandemic – those same ideas quickly become mainstream and sensible, rather than radical.

There is a good chance that major change could occur in offices over the next few months, says Rhonda Brighton-Hall, HR thought leader and founder and director of mwah (making work absolutely human).

If this change does occur, she says, it is not a moment too soon.

“We designed the way we’ve been working in the 1860s,” says Brighton-Hall, a Telstra Businesswoman of the Year national award winner and former director of the Australian HR Institute.

“Working an eight-hour day, five days a week, and accepting that everybody must fit into this model has been crazy for a long time. Along the way, everything in the entire world changed, but the strict rules around how we work never did.

“It doesn’t make any sense. It’s not how we work best. It’s not how we think best. It’s not how we contribute best. We lost the essence

of what work is, and instead got stuck in a ritual of what work should look like. It hasn’t worked for a long time, and I’m glad we’ve now been forced to look at other options.”

Those other, post-pandemic options have begun to be expressed in various announcements, such as news from social media giant Twitter and from mobile payments company Square (both share the same CEO) that all employees will now be able to choose to work from home, permanently. It’s not just tech firms that are joining the remote working revolution. Such options are also being explored by leaders within numerous other types of businesses as they survey their staff about their return.



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**THE MOST IMPORTANT FACT TO ACCEPT UPFRONT IS THAT THERE IS NO TEMPLATE. THIS IS ONE OF THE RARE PROBLEMS IN BUSINESS THAT WILL NOT HAVE A SHARED SOLUTION ACROSS ANY TWO COMPANIES.**

## THE VIRUS THAT ATE OFFICE SPACE

One fascinating likely outcome from the COVID-19 crisis is the new use of office space, as well as the broad development of home office space. This is likely to have a long-term effect on values of commercial property and the design of residential property, believes Bernadette Smith CPA, Aspen Corporate partner.

"When I came into the industry, I set up a home office. I got a fax machine, a photocopier, a computer, etc.," she says. "During this COVID-19 experience, I've been amazed by how many people didn't have offices set up at home. But guess what? Now they do."

"Now, commercial space is changing. Offices will get smaller because people will be working from home a lot more often. The design and value of commercial space is being challenged."

"Residential design is changing, too. Houses and apartments will require designated offices, or office spaces. I can see that rolling out across residential. The next challenge will be data security from home, which is vital in our industry and in many others."

the past month or two trying to work at home, and they have young, school-aged kids, it might have been a nightmare, and they might be desperate to come back to the office. Others might miss the social interaction or the collaboration. You really do have to establish the individual circumstance of each person before developing a solution."

Such intelligence-gathering requires surveys and individual conversations, some of it by well-briefed line managers. However, that's not the only ingredient required for success.

That information, Smith says, must be combined with the organisation's requirements. For example, a business that manages vital infrastructure and that therefore can't afford for several of its staff to be knocked down by a disease at the same time, might bring a "red team" and a "blue team" back to work on different days. That way, essential staff on each team never cross paths. A thorough, daily disinfection of all office surfaces further protects against contagion.

Does that solve all issues? Not even close, Smith says. What about teams who are far more productive when they are working together in the same area

of an office, Smith asks. How do you ensure they all return? What about individuals whose roles mean they should be fine to work from home, but who have proven to be unproductive outside the office environment? What if hot-desking, now an absolute no-no, was previously part of your work process, or you simply don't have enough office space to ensure social distancing, or some staff are in high-risk groups? The potential complications are enormous.

When EY surveyed more than 6000 of its staff, it discovered that 43 per cent were comfortable to return to the office, but happy to wait. Another 20 per cent wanted to keep working from home, and 11 per cent wanted to return to the office as quickly as possible. The company has cancelled hot-desking and has asked those returning to work to book a specific desk during a trial period, which will see support staff and about 11 per cent of professionals coming back to the office.

It is this type of workforce research and testing that Smith recommends. With so many variables, research is the only way to develop a strategy that suits the very specific environment within a business's workplace. ■

## CASE STUDY: ASPEN CORPORATE

**The plan of action for returning to the office must be built on adaptability and staff feedback on how they would like the business to evolve.**

Aspen Corporate, an accountancy practice based in Perth, Western Australia, has had most staff working from home over the past few months, and skeleton staff in the office, but safely separated into individual offices. Prior to the COVID-19 crisis, the firm's directors saw what was happening elsewhere and were able to plan their work-from-home strategy, including allowing staff to take computers and office chairs home, and sorting partners and staff into two teams, to ensure continuity should one group become infected.

The business's partners, including Bernadette Smith CPA, who is also chairperson of CPA Australia's WA Public Practice Committee, are now planning the return.

"We're asking staff for feedback on what's working well and what's not working well, because as a business, we know we'll have to evolve a little bit differently in the future," she says.

"We're already planning for that, because some of our staff actually worked very successfully from home."

"However, we've not only been asking staff about how we should be evolving into the future. We're also speaking with our clients to find out what they found successful and what they've not. We've been having Zoom meetings and we have portals set up, but we have to work out what they liked and what they didn't."

When staff return to the office, Bernadette is keenly aware that they will have to hit the ground running. Rarely has there been a period in history when the knowledge of accountants and finance experts has been so heavily in demand, and she is preparing for this, too.

"Everybody who comes back will understandably want to catch up and share their experiences, but we need to maximise our time in the office for productivity, so we'll also organise some sort of social event, within the parameters we can, to allow for this socialising to occur safely."

She's not sure yet how things will change, but she says the secret will be in the regularity and quality of the communication with all stakeholders.

Rhonda Brighton-Hall of mwah agrees, saying that the changes will likely be overwhelmingly positive, dragging our working lives out of the Dark Ages.

"Some businesses in the recent past, for example, have felt they can't have a person with a disability in their workforce, because they need special adjustments and that's going to be expensive, etc., but we've just proven we can all work remotely," Brighton-Hall says.

"Flexibility has nothing to do with policy, and everything to do with leadership. I have no doubt that going out of this, really forward-thinking and interesting companies that understand humanity will create a space for people to do well."



IN THE ECONOMY OF THE FUTURE, A STRONG ONLINE SALES PRESENCE WILL BE VITAL. YOU DON'T NEED TO BE JEFF BEZOS TO PROFIT FROM ONLINE SALES.

# TIME TO UP YOUR ONLINE SALES GAME

STORY NIGEL BOWEN



## AT A GLANCE

- Australia has the tenth largest e-commerce market in the world, with eight out of 10 Australians shopping online.

- The approach to improving online sales presence involves four key focus areas: technology, marketing, payments, and fulfilment.

- It is also important to stay abreast of competitor strategies, seek expert advice and be open to revising strategy, if needed.

Small and medium-sized enterprise (SME) owners can be placed in three broad groups when it comes to their approach to online sales. At one end of the spectrum are the luddites. These are individuals who have made little attempt to adapt to the digital economy, and are not about to start.

At the opposite end of the spectrum are the technophiles, who are early adopters of any shiny gadget that comes along.

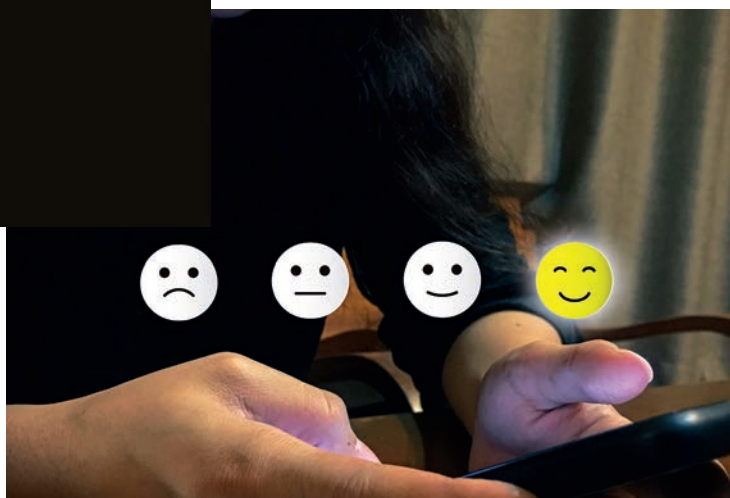
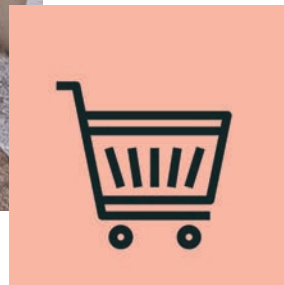
Between those two extremes lies a vast number of SME owners – businesspeople who are aware

that e-commerce is of growing importance and feel they should be doing more in that area, but can never quite find the money, time or energy to take significant action.

Five experts explain why SME owners in this group should build an effective online sales presence and how they can go about doing so.

### THE CATALYST FOR CHANGE

Dr Meena Chavan is a former auditor who is now a Macquarie Business School academic specialising in small businesses.



“Eight out of 10 Australians shop online, and Australia has the tenth largest e-commerce market in the world,” she says. “Pre-COVID-19, the prediction was that in 2021, 10 per cent of Australia’s total retail sales would be online, and Australia’s e-commerce market would be valued at A\$35.2 billion.”

Chavan forecasts nervous Australian consumers may buy less overall than predicted, but will ultimately make many more online purchases than previously expected.

“Australians have now become accustomed to buying everything from houses to racehorses online,” Chavan says. “Likewise, the more innovative SMEs have been pivoting from real-world to virtual interactions to serve surging online demand. For example, I consult with a medspa. It’s gone from selling on-premises beauty treatments to offering online make-up technique courses. Things won’t be going back to the way they used to be after the lockdown is lifted.”

### GETTING YOUR DIGITAL DUCKS IN A ROW

There are few silver bullets when it comes to online sales. What works for one industry won’t necessarily work for another. Selling goods online differs markedly from selling services, and it is not uncommon for similar businesses using similar technologies and pursuing similar marketing strategies to generate divergent results.

That said, it can be useful to examine the following four areas when seeking to improve a business’s online sales presence.

## ADVICE FOR SME CLIENTS

**Ernest Stabek FCPA is chief strategy officer of PepperStack Global, a company that builds and maintains “a precise, globally scalable software as a service (SaaS) platform that transforms organisations”. Here are his top two tips for SME owners looking to pump up their online sales.**

### EDUCATE YOURSELF, THEN EXPERIMENT

“The jargon around online sales can seem impenetrable at first, but it usually doesn’t take that much time to get your

head around the basics. Once you’ve done that, you’ll need to work out, through trial and error, what options are best suited to your business. Depending on what you’re selling, you may wish to market yourself on LinkedIn, Facebook, Instagram, Pinterest or Twitter. Then, depending on what platform or platforms you’re concentrating on, you may focus on churning out podcasts, videos, webinars, blog posts, e-books, case studies, white papers, tweets, infographics, Pinterest boards, Instagram images or Facebook ads.”

### NO COMPLACENCY

“SME owners who have initial success with one online strategy are sometimes tempted to believe they’ve cracked online sales and can now sit back and watch the revenue continue to flow in. However, the digital world moves fast. Google can alter its search algorithm overnight, significantly changing the rules of the SEO game. Business owners need to watch how their competitors’ online sales tactics are evolving and regularly seek advice about their own online sales strategy.”

### 1. TECHNOLOGY

Michael Kava is the director of Little Marketing. He argues SME owners will get the biggest bang for their buck by concentrating on the basics. “Most SMEs now have a website, but often they are suboptimal websites,” he says. Kava’s advice is to:

- **Use a reputable hosting company:** “You don’t want your site to crash or get hacked.”
- **Invest in quality copy and images:** “Spelling mistakes and cheap stock images will turn off potential customers.”
- **Harness SEO:** “Your potential customers will almost certainly start their buying journey by doing online research. You want to make sure your site is on the first page of Google.”
- **Focus on user experience (UX):** “It’s a rookie mistake to create a site that looks beautiful, but is difficult to navigate. Your potential customers won’t have the patience to scroll endlessly to find the information they want.”

While it is possible to renovate an existing website, Kava suggests SME owners consider starting afresh with a one-stop-shop e-commerce solution or a custom-built platform. E-commerce solutions provide a platform that websites can be built on. They also facilitate the straightforward integration of payment gateways, accounting software, marketing software and social media sites, as well as remarketing and analytics tools.

“There is plenty to choose from – WordPress and Shopify are two popular options,” Kava says. “People should be shopping around to find the solution that has the right fee structure and features for their business.”

### 2. MARKETING

“Most SMEs have a static online presence – a website with some basic information,” digital economy guru David Banger observes.

“That’s better than nothing, but to be competitive nowadays, you need a dynamic presence. You need to be regularly posting on your own website and platforms such as Instagram, Facebook, Twitter and LinkedIn.”

## GUARD YOUR CYBER DOORS

**John Rundell FCPA is the managing director of Stratica, a business that undertakes e-commerce fraud investigations for the world’s top credit card companies.**

Rundell says hacks of SME sites are common and going to become even more so as growing numbers of smaller businesses seek to join the online sales gold rush.

“Cybercriminals are looking to exfiltrate credit card information,” he warns. “If hackers can access someone’s name, credit card number and CVV [card verification value] – which usually happens in between a customer entering their payment details on a business’s site and that information reaching the relevant payment gateway – those payment details can be sold on the dark web for about A\$50. Typically, the amount of fraud that will then occur exceeds A\$1000.”

Rundell suggests SME owners use a fully hosted e-commerce solution such as BigCommerce or Shopify. “SMEs who use third-party e-commerce platforms, such as Magento, to develop and operate their own site are a softer target,” he says.

Fortunately, those SME owners using third-party solutions can still encourage malicious actors to put their site in the too-hard basket. “Get your site scanned frequently, regularly check you are using the latest version of your website’s software and fully comply with Payment Card Industry Data Security Standard (PCI DSS) 3.2, which is the mandated security standard for banks and credit card companies,” he advises.

“The one thing I always attempt to impress upon my clients is that they are operating in a cluttered environment,” Kava says. “Regardless of the platforms a business is active on, the key to it generating more online sales lies in communicating its USP [unique selling proposition] clearly and consistently.”

Although it long ago ceased to be an SME, Kava points to Xero’s trajectory to inspire his small business clients to clarify their brand proposition.

“Granted, Xero has a great product,” he says. “But the main reason it has been able to compete so successfully with much larger competitors is, firstly, it has a strong brand focus and, secondly, it has marketed that brand online faster and much more effectively than the other accounting software providers.”

### 3. PAYMENTS

There are a plethora of payment gateways. All have their pros and cons in terms of fees, accepted modes of payment, and the level of cybersecurity they offer. SME owners should investigate whether they are using the gateway that best suits their needs.

### 4. FULFILMENT

Even amid the fourth industrial revolution, getting physical goods from point A to point B remains time-consuming and expensive. The good news is that SMEs can now access external infrastructure to do this. The bad news is that this access does not come cheap.

“Business owners often find creating an online shop, and then storing, picking, packing and transporting products, is a lot more work than they expect,” Kava says. “On the other hand, many business owners have found themselves paying Amazon fixed fees and commissions without seeing much return on that money. Businesses usually have to learn through trial and error, whether it makes more sense to handle fulfilment themselves or outsource it.”

“If your business is selling a product that is either the cheapest or best in its category, online marketplaces such as Amazon and eBay can work well,” Banger adds. “If that’s not the case, it might be best to sell it through your own website, as well as marketplaces. Make sure you explain two things on your website. First, why your product is better quality than cheaper competing products. Second, why your product is of similar quality to more expensive competing products.” ■



# WHY NOT ALL MICRO-CREDENTIALS ARE EQUAL

MICRO-CREDENTIALS ARE INCREASINGLY CONSIDERED A MEASURE OF EMPLOYABILITY AND EMPLOYEE DEVELOPMENT, BUT MAKE SURE YOU ASK THE RIGHT QUESTIONS BEFORE CHOOSING A COURSE THAT SUITS YOU.

STORY HELEN HAWKES

In a fast-moving workplace, upskilling has become a constant requirement in order for professionals to stay relevant.

Most employees will need to manage multiple career transitions over their working life, and build career paths and business opportunities through continuous learning.

Micro-credentials can be a sound solution for the need to update and refresh skills, from technical to managerial, including soft skills such as communication and problem-solving.

In fact, employability skills are expected to be the fundamental requirement for almost two-thirds of all jobs in Australia by 2030, according to Deloitte Access Economics, while employers globally are looking at acquired micro-credentials as a measure of employee development.

It is now possible to sign up for short courses in almost anything, from risk management in banking to how to become a CEO.

However, the trick is finding a course that resonates not only with you, but also with your employer and your industry.

On the one hand, the value of a micro-credential offered by a private organisation is determined by the employees who do the course and the potential employers who consider its weight when comparing candidates' CVs, says Simon Eassom, executive general manager, Member Education, at CPA Australia.

## TOWARDS A MICRO-CREDENTIALING FRAMEWORK

OpenLearning's Cherie Diaz, managing director, Australia, and its CEO Adam Brimo have written a lifelong learning, micro-credentialing framework that launched on 1 July. They suggest that micro-credentials be centred around hours, and evidence of learning to show a development of knowledge, skills and competency in a particular area be classified as OpenCreds.

CPA Australia has previously urged the government to consider revisions that would encompass the new way adults learn in its Australian Qualifications Framework, the policy for regulated qualifications within the education and training system.

On the other hand, there is no universal framework that includes a consistent language around micro-credentials and quality assurance mechanisms, says Cherie Diaz, managing director Australia at OpenLearning, one of the world's largest online education platforms.

"This creates confusion for learners, and locks out many providers who are delivering valuable, in-demand skills," she says.

"From an employer's perspective, if someone comes to them with a certificate or a badge, they need to know what that means."

Despite the complexity, there are ways to decide if that course you are considering is beneficial to your career progression.

## CHOOSING THE RIGHT SHORT COURSE

If you want to update your skills, finding a course recommended by your professional body is always a smart idea.

Researching the current skills of someone higher up in your industry, or in the job you want, can also provide you with clues about which areas to skill up in next.

"It's also a good idea to keep an eye on the trends appearing in your industry or profession, to see what skills may be needed in the future to stay relevant," says Edwin Trevor-Roberts, CEO of the career management organisation Trevor-Roberts.

Beyond that, and even badges and certificates, Diaz suggests you ask a series of questions to decide if the course you are choosing offers true value.

Who is the organisation or individual delivering the course?

Check their experience in the industry, and their alignment with other educational organisations or industry authorities.

While many private organisations now offer micro-credential courses, you may feel safer choosing a course from a reputable university or a platform such as openlearning.com, where all courses undergo a quality assurance process.

Is the course industry current, or has the provider worked with industry representatives to develop or provide it?

What is the approach to the learning itself?

Aim for depth in learning; for example, activities that enable you to build upon your current experience and, importantly, the ability to build a connection with your peers.

What is the support model?

"You may need assistance to get the most out of the learning," Diaz says.

If there is an assessment, is it enabling you to demonstrate your skills/understanding or is it just multiple choice?

What are the learning outcomes?

Will the course simply add to your personal or professional knowledge, but not be certified by an independent educational, industry or government body? Or is it the first step on a ladder of courses that will lead to a qualification? Do you get to build a portfolio of evidence that is likely to be useful to your career?

Finally, while learning intelligence – the ability to acquire and learn new things – is a critical success factor for careers in the future, micro-credentialing must be part of a longer-term career strategy to ensure a sense of cohesion to what is being learnt, says Trevor-Roberts. ■

➔ OPEN VIDEO IN A NEW WINDOW



› With nearly 30 per cent of the global workforce predicted to be working remotely multiple days a week by 2021, there will be added challenges in ensuring employees are paid correctly.

› However, complexity around awards and enterprise agreements is the greatest challenge in keeping up-to-date with how people work and should be paid.

› Australia's Fair Work Commission has made it compulsory for employers of staff on an annualised salary agreement to keep records of starting and finishing times, and unpaid breaks taken.

STORY HELEN HAWKES

# BACK TO THE FUTURE FOR FAIR PAY

AS COMPANIES STRIVE TO ADDRESS STAFF UNDERPAYMENT, THE RETURN TO THE HUMBLE TIMESHEET COULD BE AN EASY SOLUTION, BUT ARE THE EMPLOYEES OF THE DIGITAL AGE HAPPY TO CLOCK ON AGAIN?

In workplaces of old, most employees were issued with a timecard they inserted into a Bundy clock, which clocked them in and out of their shift.

Today, with companies from the Australian Broadcasting Corporation to Woolworths Group and Coles Group having been caught up in wage underpayment claims, anecdotal evidence suggests biometric clocks that feature a sensor or a facial recognition system are on the way back for white-collar workers, once most of us return to the office. In fact, Coles Group is already having its managers clock on and off, after discovering that staff were owed A\$20 million in overtime.

Even for employers who felt they were across payroll issues, the need for more employees to work from home during the pandemic has also introduced fresh challenges in accurately monitoring hours.

Even clocking start and end times, as well as unpaid breaks, may not reflect workers who log off to complete a personal or family task, and then log back on, says Rohan Geddes, partner, payroll consulting at PwC Australia.

Geddes believes all employers need to have better visibility over working times to enable employees to be paid correctly. Simply put, he says businesses can no longer treat payroll as “set and forget”.

## SIGNIFICANT COMPLEXITIES CAUSE TROUBLE

While 54 per cent of Australians spent at least some time working remotely before COVID-19, Global Workplace Analytics predicts that 25-30 per cent of employees globally will be working from home multiple days a week by the end of 2021.

Experts agree telecommuting will present additional challenges in monitoring hours, but say it is significant complexity around awards and enterprise agreements that continues to present the most serious challenges in keeping up-to-date with how people work and, consequently, how they should be paid.

One small step towards rectifying this in Australia came in March this year, when the Fair Work Commission (FWC) made it compulsory for employers of salaried staff subject to an annualised salary arrangement under an award to keep a record of starting and finishing times and unpaid breaks taken.

The move followed numerous underpayment scandals that were referred to as “endemic” to corporate Australia, and requiring “a full-court press” across government policy, according to Attorney-General Christian Porter.

In addition to increasing civil penalties for wage underpayment ten-fold, the government is working towards instituting a category of clear criminal offence that deals with “the worst types of systemic, large, knowledgeable underpayment by companies”.



## RECORD-KEEPING UNDER THE NEW ANNUAL WAGE AGREEMENTS

Employers must record the arrangement in writing and include:

- The annual wage that will be paid, and how it has been calculated
- Which award entitlements are being included
- The maximum number of penalty hours and overtime hours that can be worked in a pay period without extra payment

The employer must record:

- Starting and finishing times
- Unpaid breaks taken

Employers must also undertake a reconciliation of their employees' annual wages every 12 months.

While the commission's recommendations go a long way towards increased vigilance around payroll compliance (see breakout, left), annualised salaries are just one part of the remuneration puzzle, says Mark Curran, principal lawyer at global legal firm DWF Australia.

There are 120 modern employment awards in total covering Australian workers, including 22 that cover banking, finance and insurance, mining, legal services, telecommunications and more, that currently contain an annualised salary arrangement clause.

Curran says all employers are challenged by the complexity of provisions across all awards and enterprise agreements, and the amount of record-keeping required to stay firmly within the law. He believes it is ambiguities in the implementation of the law that trip up many, rather than a deliberate flouting of the law.

Geddes agrees: "While the industrial relations framework has been simplified, complexity is still a hallmark."

He gives the example of a recent client who, under one employment clause, found they had to pay an employee eight times their base salary if the employee worked outdoors, in the rain, on a Sunday that was part of a public holiday. In addition, this agreement had to be configured into the payroll system.

### LONG HOURS THAT DON'T NECESSARILY ADD UP

Other businesses in Australia that have recently admitted to wage underpayment include the Super Retail Group, Commonwealth Bank, Bunnings Group, Qantas, Rockpool Dining Group, Sunglass Hut, 7-Eleven and George Calombaris's hospitality company, MAde Establishment Group.

Geddes adds that countries including Japan, the Philippines and New Zealand are also struggling with issues surrounding underpayment.

In December last year, Seven-Eleven Japan Co. disclosed that it had withheld ¥490 million (about AS\$6.9 million) in overtime payments to more than 30,000 part-time workers since 2012.

In July 2019, the Philippines Supreme Court ordered Kentex Manufacturing Corporation to pay ₱1.44 million (about A\$42,000) to 57 workers found to have been underpaid.

In New Zealand, the NZ Police, district health boards and Restaurant Brands Ltd's KFC, Carl's Jr, Pizza Hut and previously owned Starbucks have all been affected by underpayment issues.

Geddes explains that even small issues in payroll, in time or attendance recording, when extrapolated over a large workforce over many years, can add up to significant exposures.

"The declining presence of unions also means fewer early warnings of concerns in relation to how an employee is being paid," he says.

"What we are seeing now coming in to replace this union presence is the media as a watchdog."

In December 2019, the Woolworths Group hit the headlines in Australia for all the wrong reasons.

Canberra-based legal firm Adero Law filed a class action in the Federal Court alleging "underpayment and systemic wage theft" on behalf of more than 7000 current and former salaried employees.

The action was launched by a former night-fill manager, and is now a class action on behalf of thousands of other workers.

Adero Law alleges underpayment by the Woolworths Group amounts to about A\$620 million, an allegation the organisation has disputed, as well as saying it believes the class action proceedings are without merit.

In February this year, Brad Banducci, Woolworths Group managing director, said the company had analysed almost 80 million time, attendance and rostering records of salaried store team members, and reassured the public and shareholders that the company is committed to rectifying any matters as soon as possible.

As employers such as the Woolworths Group have found, salaried arrangements can unravel if there is no continuous auditing of each salaried employee's timesheet against each and every underlying award



entitlement, says Peter J. Richards, Brisbane-based workplace consultant and former senior deputy president of the Australian Industrial Relations Commission and FWC.

"The salaried system needs to be simplified and globalised in its assessment of exchanges, and include scope for reasonable tolerances, noting the FWC orders don't make any mention of employees' obligations when they are overpaid," he says.

### AVOIDING AN UNDERPAYMENT SCANDAL

To avoid penalties and reputational damage, businesses need to seek advice on how to interpret awards through professional or legal advisers, says Curran.

In addition, companies can use data visualisation capacities to look at their workforce in detail, and explore information that comes through payroll, says Geddes.

Apps such as Asana or Trello can also provide accountability and transparency to the wider team on what others are working on, especially for businesses that encourage telecommuting.

Karen Gately, founder of advisory, organisational, leadership and team development company Corporate Dojo, believes that great relationships with people are at the heart of the ability of a business to monitor and report on levels of productivity.

"Even in an office environment, it is not possible to watch how many minutes, or hours, people are being productive," she says. "Employers are relying on staff to get into a database and enter their hours and add any relevant notes."

Besides demonstrating integrity, staff need to be well-trained in the record-keeping systems in place, and employers need to make the fundamentals – such as a good system with checks and balances – a baseline priority, says Gately, who has worked with companies including HP and Toyota.

These may include the new version of the bundy clock, mobile phone apps that track time, or electronic check-in, she says.

Gately adds that optimal work hours for those in a professional role are the hours it takes to deliver on the role within reasonable boundaries that also enable them to maintain health and balance.

"If someone is working 70 hours a week, and is tired and burnt out, they are not going to be impactful," she says. "Every working arrangement should be based on mutual trust and respect." ■

**"IF SOMEONE IS WORKING 70 HOURS A WEEK, AND IS TIRED AND BURNT OUT, THEY ARE NOT GOING TO BE IMPACTFUL. EVERY WORKING ARRANGEMENT SHOULD BE BASED ON MUTUAL TRUST AND RESPECT."**

KAREN GATELY, CORPORATE DOJO

## QUESTIONS EMPLOYERS SHOULD BE ASKING

01.

When was the last time we commissioned an external review of our payroll codes and configuration of our payroll system to ensure it is aligned with our underlying awards/enterprise agreements, and that super guarantee (SG) is calculated correctly?

02.

If we pay our employees an annualised salary, have we confirmed that this is (a) allowed under our award, and (b) appropriate given their minimum terms and conditions of employment?

03.

Do we regularly test that employees receiving an annualised salary are being paid at least what they would be paid if their entitlements were calculated based on the relevant award?

04.

Do we use an electronic time and attendance system to capture non-rostered hours?

05.

What manual interventions are required by our payroll function to ensure that our employees are paid correctly?

06.

How does our payroll department keep up with its professional development?

Source: PwC

07.

Have we received employee complaints in our organisation about our payroll's accuracy?

08.

How often are we required to run back pay adjustments or to make disclosures to the tax authorities?

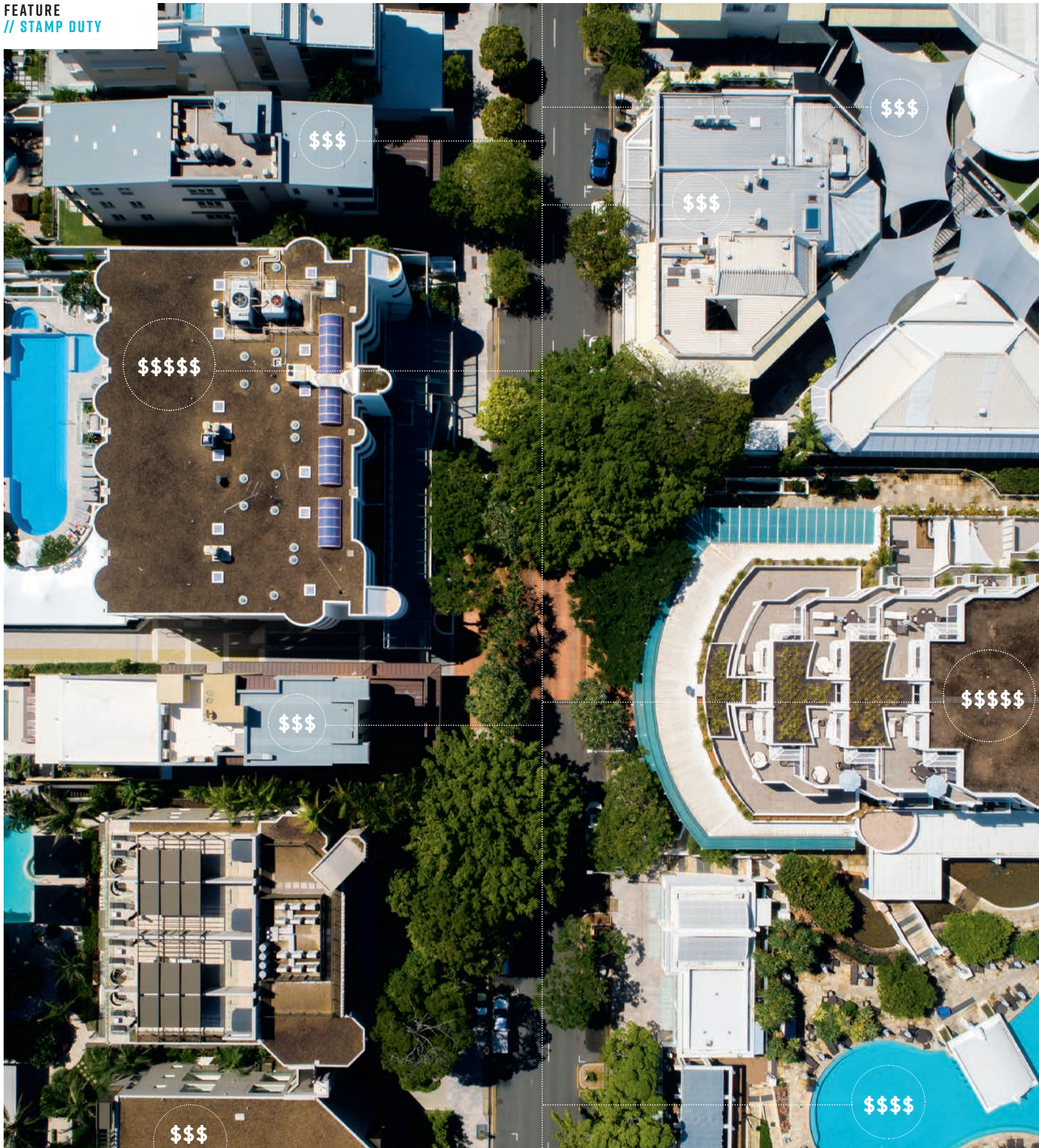
09.

What is the capital and training cost associated with upgrading capture systems for various business sectors?



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STORY GARY ANDERS

# LAND TAXES VS STAMP DUTY

**ITS CRITICS SAY STAMP DUTY IS AN UNSTABLE REVENUE SOURCE THAT CREATES INEFFICIENCIES IN THE HOUSING MARKET, BECAUSE IT IS SUBSTANTIAL AND CAN INFLUENCE PEOPLE'S DECISIONS TO SELL AND BUY PROPERTY. WHAT IS THE ALTERNATIVE?**

Last financial year, across Australia, state and territory governments collectively reaped about A\$19 billion in property transfer tax revenues, otherwise known as stamp duties.

Charged to the buyer whenever a property transaction is settled, and calculated on the sale price, stamp duties remain a lucrative source of government income, especially for the country's most populous states.

For New South Wales, property stamp duties generated A\$7.4 billion in 2018-2019, while they brought in A\$6 billion for Victoria, and A\$3 billion for Queensland over the same period. Other state/territory governments took in an additional A\$2.6 billion between them.

However, as large as these revenue numbers were, they also highlighted an underlying problem with transaction-based revenue streams.

The figures were all lower than those that had been recorded from the previous financial year, simply because of a softening in property values from 2017-2018, and reduced market turnover.

Property stamp duties are entirely pegged to market conditions, and therefore are an inherently unstable revenue source for the states and territories.

With the economic fallout from the COVID-19 pandemic in 2019-2020

placing both the residential and commercial property sectors under severe strain, it is highly likely that government stamp duty revenues will fall once again as sale prices slip in some regions and overall transaction volumes drop.

## INEFFICIENCIES AND INEQUITIES

At present, every Australian state and territory has a different stamp duty calculation method, although each uses some form of sliding scale based on the transaction price.

For example, New South Wales, Victoria and the Northern Territory all apply fixed percentage rates in a tiered structure, depending on a property's sale price.

Queensland, South Australia and the ACT charge set dollar amounts based on the sale price, plus additional fees for every A\$100 over certain price brackets. Tasmania and Western Australia also charge flat stamp duty dollar rates based on the sale price, and then additional fees are levied on a percentage basis for amounts over certain transaction values.

Dr Gareth Bryant, senior lecturer in political economy at the University of Sydney, believes there is a strong case for tax reform in the way state and territory governments approach revenue generation from property.

## AT A GLANCE

- Stamp duties are a lucrative source of government income, particularly in populous states.
- However, as stamp duties are pegged to market conditions, they can be an unstable revenue source, especially in difficult times, when sale prices fall.
- Economists see a case for tax reform in the governments' approach to revenue generation from property.

He points out that, as well as being an unstable revenue source for governments, stamp duty creates inefficiencies in the housing market, because it is substantial and can influence people's decisions to sell and buy property.

"It's especially acutely felt by first home buyers, because it massively adds to the kind of deposit that's required for people buying their first homes," Bryant says.

Retirees also can be reluctant to move from their homes, knowing they will likely need to pay out tens of thousands of dollars in stamp duty when they make another purchase, even though some states have introduced concessional rates for pensioners.

However, there are already changes taking place on the stamp duty front. In 2012, the ACT government began a 20-year tax reform program that will ultimately result in transfer duties on property being abolished in favour of higher annual property rates. In end-May this year, the New South Wales government announced a potential phasing out of stamp duty as part of a broad taxation review.

Residential stamp duty rates have been progressively reduced every year, and from 1 July 2018, duty was completely abolished for all commercial property transactions of A\$1.5 million or less.

First home buyers in the ACT also no longer have to pay stamp duty on property transactions, as long as their household income is less than A\$160,000.

However, progressive reductions in residential stamp duty in the ACT have led to sharp increases in property rates to compensate, with Canberra homeowners facing average fee hikes of 7 per cent in each of the next three financial years.

### COMPARING PROPERTY TAX SYSTEMS

Australian governments considering property tax reform may be able to take something away from the systems in place in other jurisdictions.

In Hong Kong, where a high percentage of property is rented, owners are levied with a 15 per cent flat property tax on the gross annual rental income.

Similar to Australia, stamp duty is levied on purchases on a sliding scale. For residential, it ranges from 1.5 per cent for transactions up to HK\$2 million, to a mix of set dollar amounts and additional percentage fees for higher amounts. The maximum rate is 8.5 per cent for

transactions above HK\$21.74 million. Commercial transactions are assessed on a different cost and percentage scale.

Danny Kwan, a tax partner with PwC in Hong Kong, says there are a lot of sensitivities in the market when it comes to property taxes.

"Hong Kong is in a very strange situation. There are a lot of retired people, and there are a lot of tycoons who are holding most of the land resources," Kwan notes.

"The tax is very low, and there's no capital gains tax. Hong Kong attracted a lot of investors, and people became rich when they bought more and more properties."

Kwan says this includes the "indigenous people" living in Hong Kong villages, who hold a lot of the agricultural land.

"These people have a vested interest already with the Hong Kong property

market. A lot of the time, when the government needs to increase the land supply, it's actually quite difficult to move, because it's not easy to find a piece of land. That's why the prices keep going up."

In a bid to keep a lid on property prices, rather than imposing higher taxes on citizens, the Hong Kong Government has focused its attention on deterring foreign investors.

In 2010, the Hong Kong Government introduced a 30 per cent transactional tax for foreign buyers (known as Buyer's Stamp Duty), as well as further taxes ranging from 10 to 20 per cent if a property is sold within three years (known as Special Stamp Duty).

This was largely aimed at curbing the significant amount of offshore money pouring into the country.

"Using tax, the government is already affecting the property market, but it only helps in deterring money from the mainland," Kwan says.

"Whether the government can use another tax mechanism to change the current situation will be very difficult, because we are kind of at a crossroads on whether we should maintain the capitalist market driven by supply and demand."

In Singapore, about 80 per cent of the S\$4 billion (A\$4.3 billion) in property taxes received by the government annually is from commercial properties.

Property tax rates on residential properties are applied on a progressive tax scale, with owner-occupiers taxed between 4 per cent and 16 per cent, depending on the assessed annual rental value (ARV). No tax is payable on the first S\$8000 (A\$8700).

That's the situation for most of the Singaporean population, who live in subsidised public housing. Although they receive an annual property tax bill from the government, there is rarely anything to pay.

Residential property investors also pay tax on a sliding scale, ranging from 10 per cent to 20 per cent, depending on the ARV.

Stamp duty is payable on residential transactions under a tiered system that caps out at 4 per cent of the purchase price for properties valued in excess of S\$1 million (A\$1.1 million). All commercial properties are taxed 10 per cent of the ARV.

"In so far as property tax is concerned, the impact is not so great because most people see property tax as a kind of municipal charge," says Leung Yew Kwong, principal consultant at KPMG in Singapore. "Because the amount is not a



  
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market trends

**“THERE IS A MUCH STRONGER CASE FOR REMOVING STAMP DUTY FOR OWNER-OCCUPIERS THAN THERE IS FOR INVESTORS. STAMP DUTY CAN HAVE A USEFUL COUNTER-CYCLICAL EFFECT ON THE INVESTMENT PROPERTY MARKET.”**

DR GARETH BRYANT,  
UNIVERSITY OF SYDNEY

lot, they're not concerned by property tax when they buy a property.

"Generally speaking, people are quite prepared in their mind to pay the stamp duty up to 4 per cent. The only problem comes when you buy a second property."

For second properties, the duty rate is far higher, at 25 per cent, under what is known as Additional Buyer Stamp Duty.

### A POSSIBLE ROADMAP FOR AUSTRALIA

Bryant advocates that Australian states and territories move away from transactional stamp duties towards land-based taxation systems.

He explains that the first big advantage of a land tax is that it is usually levied on the unimproved, underlying value of land, which does not discourage the development of land.

"The second main reason in favour of land tax is that it is progressive, so it is a way of shifting our tax system towards one that is taxing wealth, and therefore addressing wealth inequalities.

"The third reason is that it is a more stable source of revenue for the state governments around Australia. That's because underlying land values tend to be much more stable than housing prices and the turnover of the housing market."

However, he adds, there should be a distinction between owner-occupiers and investors.

"I think there is a much stronger case for removing stamp duty for owner-occupiers than there is for investors. Stamp duty can have a useful counter-cyclical effect on the investment property market."

Bryant says that land tax is an untapped source of revenue waiting for state governments to draw upon, but politics is the thing stopping them.

"That's because the idea that there could be a tax on the family home is something that would leave state governments exposed to serious political opposition," he says.

"What would need to be done there is a range of options to mitigate those problems, to make it fairer and politically acceptable."

This would include having higher land tax for more expensive properties, having value thresholds for when land tax comes into play, and making sure there are arrangements for people to defer their land tax if required.

"Ideally, coordination between state governments would be crucial to the politics of implementing this type of reform." ■



# FAIR SUPPLY CHAINS

HOW FAIR IS YOUR SUPPLY CHAIN? MANY ORGANISATIONS MAY NOT BE AWARE OF THE RISK OF MODERN SLAVERY IN THEIR SUPPLY CHAINS.

STORY MEGAN BREEN

**W**hen COVID-19 started its march across the world earlier this year, few could have predicted the catastrophic social and economic fallout that would follow.

Within weeks, businesses started to close, factories were shut down and global supply chains were disrupted. The ripple effect continues, including placing more people around the world at risk of exploitation – a form of modern slavery – as people find themselves in increasingly desperate circumstances.

For the Australian economy, the effects of the pandemic have been devastating and, despite the multi-billion dollar JobKeeper stimulus package, the unemployment rate is set to double to 10 per cent, its highest rate in almost three decades.

For less-developed countries, already living with high unemployment and lower-paid jobs, the scenario is even worse, and there is a real fear that modern slavery will reach new levels as more vulnerable people find themselves desperate for work.

## DEFINING MODERN SLAVERY

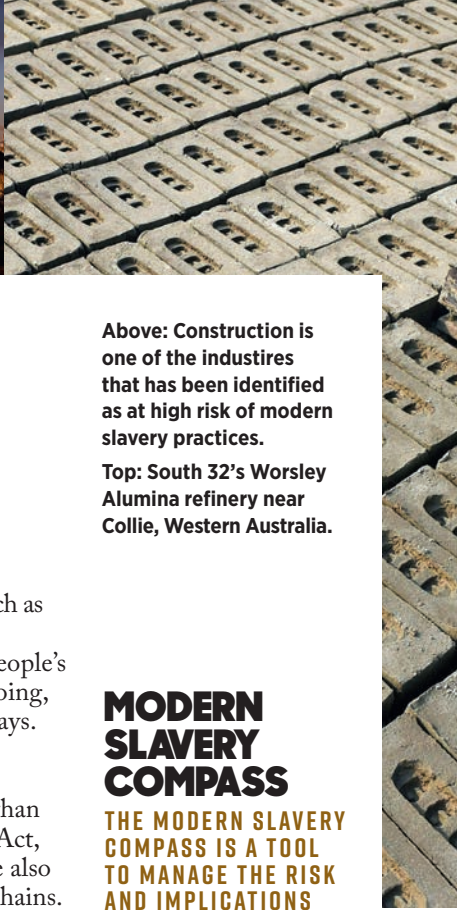
Despite slavery being abolished by most countries more than 150 years ago, its modern equivalents can still be found in supply chains across many industries. The term “modern slavery” is wide-ranging and covers human trafficking, slavery, servitude, forced labour, debt bondage, forced marriage, deceptive recruiting for labour services, and child labour.

## AT A GLANCE

■ According to the Global Slavery Index, G20 countries import an estimated A\$547 billion in goods produced by forced labour each year.

■ Australia is working hard to eradicate modern slavery. Since January 2019, organisations operating in Australia with consolidated revenue of more than A\$100 million must report annually on the risks of modern slavery in their operations.

■ CPA Australia and the University of South Australia have developed the *Modern Slavery Compass*, a tool to help businesses meet reporting obligations under the Modern Slavery Act.



**“RIGHT NOW, WE ARE ENCOURAGING ENTITIES TO CONSIDER HOW THE IMPACT OF COVID-19 MIGHT INCREASE THE VULNERABILITY OF WORKERS IN THEIR OPERATIONS AND SUPPLY CHAINS TO MODERN SLAVERY.”**

DAVID BRIGHTLING, AUSTRALIAN BORDER FORCE

Above: A member of Italy's Unione Sindacale Di Base (USB) at a May 2020 demonstration around workers' rights during the time of COVID-19.

Top: A woman wearing a face mask walks past graffiti, translated as “don't be a slave of the dollar”, in Caracas, Venezuela.

Top right: A worker in a production line at a seafood processing operation in Bangkok, Thailand, in April 2020.

The latest Global Slavery Index, published in 2018 by Walk Free Foundation, an initiative of philanthropic organisation Mindaroo, estimates that 40.3 million people were in some form of slavery in 2016.

It also states that G20 countries are estimated to import A\$547 billion of at-risk goods – goods that are considered to be at risk of being produced by forced labour each year.

Reports of children in Thailand being forced to peel prawns bound for Australian tables have gained global attention and widespread condemnation.

The 2013 collapse of the Rana Plaza building in Dhaka, Bangladesh, which killed at least 1132 people working in its five garment factories, also highlighted the hazardous working conditions inside the supply chains of many global fashion brands.

Developed nations such as Australia are not immune to modern slavery – an estimated 15,000 people are living in conditions of modern slavery in the country right now.

In 2015, five karaoke bars in Melbourne and Perth were raided by a joint taskforce, including the Fair Work Ombudsman and Border Force, following allegations of wage fraud, sham contracting and sexual slavery of female hosts.

In October 2016, the Migrant Workers' Taskforce, chaired by Professor Allan Fels, was set up with a focus on domestic slavery, sex slaves and wage fraud.

Fels's taskforce delivered its first report in March 2019, revealing that more than half of all temporary migrant workers were underpaid and subject to poor working conditions.

### REPORTING THE RISKS

Australia has several measures in place to help organisations identify the risks of modern slavery in their supply chains. Under Australia's *Modern Slavery Act 2018*, modelled on the UK's *Modern Slavery Act 2015*, from 1 January 2019, about 3000 organisations based or operating in Australia with a consolidated revenue of more than A\$100 million must report annually on the risks of modern slavery practices in their operations.

In addition, under the Act, organisations are required to report on the action they are taking to assess and address modern slavery risks and the effectiveness of their response. The reports must be submitted to the Australian Government.

Against the backdrop of COVID-19, now more than ever, attention must be paid to the supply chains struggling to survive in a globally depressed economy, says Vanessa Zimmerman, CEO of business and human rights consultancy Pillar Two.

“It might be stating the obvious, but I think one of the key messages that has come out is that people who were already at risk for modern slavery may become even more vulnerable, because the desperation to have any work at all might mean they'll be much more willing to accept situations they wouldn't previously have accepted,” Zimmerman says.

David Brightling is assistant secretary at the Australian Border Force's modern slavery and trafficking branch, which is responsible for implementing the Modern Slavery Act. He says the most at-risk areas for modern slavery in Australia

include cleaning, agricultural work, construction and hospitality.

“We know that modern slavery happens here in Australia, as well as overseas. Right now we are encouraging entities to consider how the impact of COVID-19 might increase the vulnerability of workers in their operations and their supply chains to modern slavery.

“Factory shutdowns, order cancellations, workforce reductions and sudden changes to supply chain structures can disproportionately affect some workers and increase their exposure to either modern slavery or other forms of exploitation,” Brightling says.

### HOW FINANCE PROFESSIONALS CAN HELP

Dr Katherine Christ CPA, a lecturer in accounting at the University of South Australia, is the co-author of *Modern Slavery Compass*, a tool developed with CPA Australia to help businesses meet their reporting obligations under the Modern Slavery Act.

“Organisations are not starting from a zero base – there are many resources freely available that we have included in the *Modern Slavery Compass*,” Christ says, adding that finance professionals play a key role in the reporting process and that organisations should not fear reputational risk by calling out modern slavery practices.

“Accounting is implicated throughout the whole reporting and management process under the Act. An accountant should really play a leading role in this space, because it involves due diligence and reporting – if you look hard enough, you will find modern slavery in your supply chains,” Christ says.

“It is important that you are completely transparent with your stakeholders and celebrate the fact that you've found it and you are working with suppliers and contractors to make a positive difference for the victims.”

Deepen Somaiya, infrastructure procurement manager at Transurban, says the company's finance team was critical in establishing a successful program to meet modern slavery reporting requirements.

“I can't overstate it – the finance community has such an important role to play. If you look

at a traditional finance team in any business in Australia, they would typically control aspects such as procurement, legal risk and compliance.

“Accountants make such a big difference to people's lives once they realise what they're capable of doing, especially through the supply chain,” Somaiya says.

### DIGGING INTO THE SUPPLY CHAIN

While only businesses with a turnover of more than A\$100 million are required to report under the Act, small and medium-sized enterprises (SMEs) are also vital to stamping out modern slavery in supply chains.

Shaeron Yapp, human rights principal at global mining and metals company South32, says working with SMEs in your supply chain is essential to be able to report under the Act.

“One of our focus areas is to support and develop SMEs in our emerging markets, and bring them into our supply chain where we can.

“We recognise that sometimes they're not quite ready in terms of their management policies, capabilities and systems, so we also work to address any issues to prevent any potential risk for our supply chains. For example, we are giving our local SMEs in South Africa human rights training and educating them about modern slavery,” Yapp says.

What should businesses do when they identify potentially risky practices?

Zimmerman says it depends on the situation.

“I think, if they find a clear case of modern slavery, often calling the authorities will be one of the first steps to free the survivor and ensure action is taken against the perpetrator. However, it has to be done in a very careful way to avoid endangering the survivor of modern slavery, as well as the person who might be reporting it, and to prepare for any flow-on consequences,” Zimmerman says.

Brightling says if organisations identify modern slavery in their supply chains in Australia, they should respond in a way that best protects the victims. If the instances of slavery are in supply chains outside of Australia, they should be working with those suppliers to change practices.

“For instances of modern slavery in Australia, we encourage organisations to contact the police. That will ensure that there's a proper investigation, and any victims are identified and protected, and that the perpetrators are held to account,” Brightling says.

Above: Construction is one of the industries that has been identified as at high risk of modern slavery practices.

Top: South 32's Worsley Alumina refinery near Collie, Western Australia.

## MODERN SLAVERY COMPASS

THE MODERN SLAVERY COMPASS IS A TOOL TO MANAGE THE RISK AND IMPLICATIONS OF MODERN SLAVERY.

The *Modern Slavery Compass* is designed to help large and small organisations navigate the reporting requirements of Australia's Modern Slavery Act. It is based on a process of continuous improvement and addresses five core questions in relation to modern slavery management, as well as identifying actions organisations need to take to implement and improve their modern slavery management. It also lists freely available resources to help businesses understand more about the problem and how to be part of the solution.

- **Preconditions** (Where have we been?)
- **Current position** (Where are we now?)
- **Expectations** (Where are we going and what do we do now?)
- **Results** (What is the outcome from the actions taken?)
- **Effectiveness** (How did we do?)



**“I’VE FOUND IT IS EXTREMELY IMPORTANT TO LOOK AT THE HUMAN IMPACT FIRST...WE ALWAYS START WITH THE STORIES, BECAUSE PEOPLE NEED TO UNDERSTAND WHAT THE HUMAN IMPACT OF MODERN SLAVERY ACTUALLY MEANS IN REAL LIFE.”**

DEEPEN SOMAIYA, TRANSURBAN

**PUTTING PEOPLE FIRST**

Dr Leeora Black, principal in the Sustainability Services team at Deloitte, says a victim-centred approach is crucial, and that boycotting suppliers will not address the problem.

“When the Act refers to risks of modern slavery, it is referring to risks to victims and potential victims in operations and supply chains. It is not talking about a risk to the business, and this is a deep mindset change that business needs to make,” Black says.

“If you simply cancel a supplier who has a problem, you don’t actually help the victims, you just raise the risk for those victims that there may be a backlash against them and that they may be further enmeshed in these horrific practices.”

Transurban has been digging into its supply chain over the past two years, and Somaiya says that, from conception, the program was very much centred on labour and human rights.

“The single greatest challenge was a general lack of knowledge and understanding about what modern slavery actually is. This is not just within our business – it’s also evident through our supply chain.”

Highlighting the human impact of slavery has helped Transurban educate its staff as they prepare to report, says Somaiya.

“I’ve found it’s extremely important to look at the human impact first. Before we get into any theoretical kind of process with teams like procurement, we always start with the stories, because people need to understand what the human impact of modern slavery actually means in real life.”

**CREATING IMPACT**

South32 has been reporting under the UK Modern Slavery Act for the past four years, and is due to submit its first mandatory report under Australia’s Modern Slavery Act this year. Yapp says the Act’s section on effectiveness presented one of the biggest reporting challenges.

“We have the numbers on how many people we’ve trained or how many audits we’ve completed, but our focus is to make sure our work in this area is having an impact for the people at the end of the supply chain, and that can be challenging,” Yapp says.

South32 joined forces with a consortium of other resources companies to develop ways to achieve that impact. This included the development of a single risk-screening questionnaire for their suppliers, which often overlap.

“We want to make sure our efforts generate real impact – not just create additional paperwork for our suppliers. As an industry consortium, we agreed to a set of supplier risk-assessment questions with supporting guidance notes. We want our suppliers to receive a united message from the industry, which is that we take modern slavery very seriously,” Yapp says.

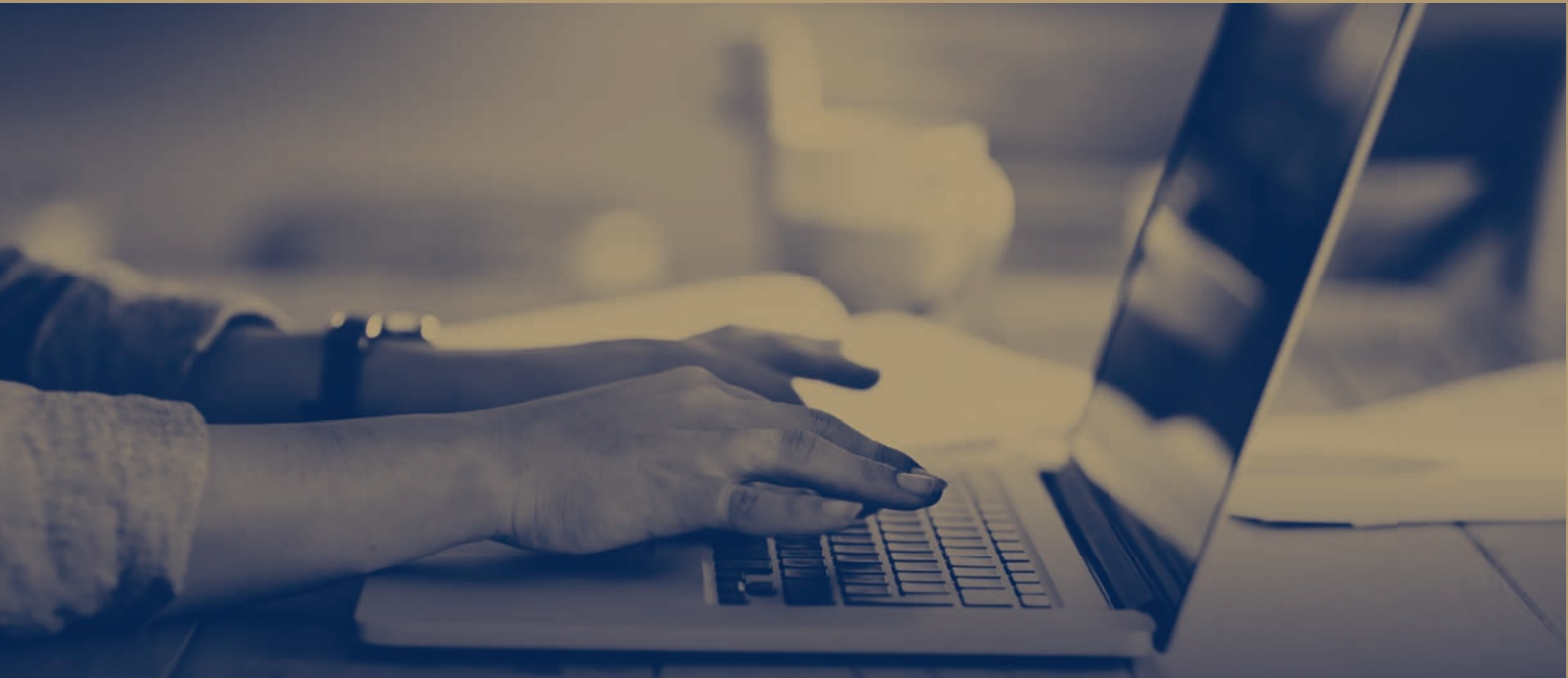
With the first reports due this year, the question remains whether the Act’s requirements will bring any change to supply chains. Black says time will tell, and the introduction of the Act in Australia is a vital first step.

“I’d say that this is a step in the right direction, but I think we need to wait probably a few years to see what the cumulative impact of this effort might be. We need more jurisdictions to enforce similar legislation, and we need every section of society to play their part in combating this problem.” ■

Top: In this garment factory in Narayanganj, Bangladesh, women and men work equal shifts for equal pay.

Above: Adhering to on-site work safety standards is an important aspect of mitigating the risk of modern slavery.

  
**CLICK HERE TO ACCESS CPA Australia and the University of South Australia’s Modern Slavery Compass**



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# WORK SMART

// HEALTH BY STEALTH

BY INTEGRATING WELL-DESIGNED 'NUDGES' INTO THEIR WORKERS' DAY-TO-DAY ROUTINE, ORGANISATIONS CAN HARNESS THE POWER OF HEALTH BY STEALTH.

## A NUDGE IN THE RIGHT DIRECTION

STORY THEA O'CONNOR

**"No time" is one of the most** common reasons Australians give for not engaging in healthier behaviour, such as more exercise or cooking nutritious meals.

What if you didn't have to make more time to attend to your health because it was integrated into every working day?

That's the potential of "the nudge". A nudge is a tweak in design that makes healthy choices the easier ones, while preserving our freedom to choose. A simple example is placing fruit, rather than less healthy snacks, at the canteen cash register.

Nudge theory was developed by Richard Thaler, co-author of the influential book *Nudge, Improving Decisions About Health, Wealth, and Happiness* and the winner of the 2017 Nobel Prize in Economic Sciences. Thaler's theory is born of behavioural economics, which

recognises and takes advantage of the fact that, most of the time, we act out of habit or in response to our environment, rather than due to conscious deliberation.

One example of a nudge that can be used to improve people's health and wealth is to make the "better" choice, such as participating in a savings plan, the default option. This technique plays on our autopilot tendency to stick with the status quo, because it's too much bother to change, even for our own good. We are still free, however, to opt out of the savings plan if we truly object to it.

When the Healthier Queensland Alliance piloted its *My health for life* program for men in a male-dominated transport company in mid-2019, it made good use of healthy defaults.

When faced with the common challenge of low rates of engagement, the organisation

decided to change participation in the program's health checks from opt-in to opt-out. Working with key influencers to make this change, the company increased participation in the program by 20 per cent.

### SUBTLE, EVERYDAY NUDGES

Nudging isn't a new concept to Katrina Walton, director of Brisbane-based Wellness Designs, a boutique workplace wellness business.

"If a workplace identifies physical activity as a priority, for example, we look at how we can influence a range of workplace factors to make moving easier, and not to simply educate individuals and hope they'll change," Walton says.

She offers the examples of walking or standing meetings, encouraging workers to "walk an email" when possible, moving bins and printers to a distant

place in the building, wireless headsets for call centre staff so they can stand and move when taking calls, or making stairwells more attractive. "We had one client who went so far as to make the lifts much slower to deter people from using them," Walton says.

Policy changes can also help remove barriers to better health.

Walton gives the example of flexible work policies that help workers feel comfortable spending an extra 15 minutes of their lunch on exercise.

Daily work activities that take up much of our time, such as screen-based work, emails and meetings, are particularly good targets for healthy nudges.

Sit-stand desks are proven to reduce prolonged sitting and increase standing. What about computer programs that prompt us to take a stretch? A 2016 Australian study of 57 workers found these

computer prompts reduced sedentary behaviour by 8 per cent.

Whether the effects of prompts last longer term is unknown. The pop-ups can become annoying, leading workers to turn them off or ignore them. A defining feature of an ideal nudge is that it is timely and catches us when we are receptive, not mid-stream on an important task.

One company that tackled out-of-hours emails in order to protect its employees' overnight leisure time was global management consulting firm Boston Consulting Group (BCG). It created a pop-up window to appear whenever managers attempted to send a message after office hours.

Described in BCG's paper, *The Persuasive Power of the Digital Nudge*, the message read: "You are trying to send an email to BCG users outside normal office hours. Please choose one of the

following options: a) mark email as low priority; b) defer sending until the next business day; c) send email as is; or d) cancel. The nudge was designed to appear at the exact moment managers needed a reminder.

When Anushka Bandara, co-founder of software and app development company Elegant Media, was exploring ways to help his staff thrive, he decided to transform their meetings. "Our meetings were all sitting down, and we would drink lots of coffee," Bandara says.

After eliciting ideas from staff, Elegant Media implemented stand-up Zoom meetings, often punctuated by stretch breaks. Team members are now required to drink water or herbal teas during meetings, avoid sugar and bring fruit and nuts or other healthy alternatives.

A 2019 meta-analysis found that small, healthy food nudges

such as this can reduce daily energy intake by up to 209 kcal, the same number of calories found in 21 cubes of sugar.

Nudges aren't new. Advertisers and retailers have exploited them for decades to prompt us to buy stuff we don't need and eat food we've resolved to avoid. However, nudges have probably been underutilised by those of us promoting wellbeing at work.

Engaging staff in reviewing the design of their working days and generating ideas for embedding healthy tweaks is likely to generate many simple and inexpensive ways to help us act in our own best interests. ■

### THE IDEAL NUDGE

**Easy:** defaults, simplifying messages or removing the hassle factor // **Attractive:** rewards, recognition, making the healthy option fun // **Social:** creates networks, encourages accountability buddies // **Timely:** occurs in a receptive moment when key decisions are being made



### HEALTH BY STEALTH CAN BE SIMPLE, CHEAP AND EFFECTIVE

Sticking colourful footprints on a set of stairs prompted a significant increase in stair use over a six-week period, according to one workplace study. When the footprints were removed, stair use decreased again.

Labelling some foods as unhealthy and placing them below eye level in a hospital cafeteria reduced the number of people eating them.



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AT A  
GLANCE

■ Joined Hallmark Cards as CFO in October 2018.

■ Formerly CFO at fashion brand KOOKAÏ and Arnott's Snack Foods.

■ CFO's team: more than 250 across finance, IT, supply chain and merchandising.

# MULTI-FACETED ROLE

**AJITH ABEYNAIKE CPA, CFO OF HALLMARK CARDS, BELIEVES THE EXTENDED REMIT OF HIS ROLE IS IMPORTANT IN DELIVERING CRITICAL INITIATIVES AND HELPING TO FUTURE-PROOF THE ORGANISATION.**

AS TOLD TO LACHLAN COLQUHOUN PHOTOGRAPHY JARROD BARNES

## MY ROLE: GETTING CLOSE TO THE BUSINESS

My role at Hallmark is wider than being CFO. It is more of a chief operations officer, because in addition to the finance team, I also manage the IT, supply chain, demand planning and field merchandising functions, which encompass more than 250 people across the organisation in Australia and New Zealand.

I also lead a number of key strategic projects designed to produce a significant transformation of Hallmark's operating model in Australia and New Zealand. These are business-critical initiatives that we believe will future-proof our business in what will be extremely challenging trading conditions over the next few years.

As a CFO, having an expanded remit has been vital in being able to produce a synergistic approach to financial and strategic controls over the bigger expenditure items in the business, such as IT, supply chain and, in the case of Hallmark, our field merchandise workforce.

Aside from being able to embed consistent financial and business planning disciplines across the business, we are achieving significant value through authentic business partnering practices, which not only produce important commercial benefits, but are just as vital in helping create tremendous cultural harmony between the business functions.

There is no doubt that technology is changing the finance function and helping CFOs perform a broader role. Being able to configure our systems and automate business controls is allowing CFOs to create new value as business partners and advisers.

## GAME CHANGERS: FINDING NEW REVENUE STREAMS

I had some of the best learning experiences in my career during my five years at Kellogg's as the director of finance and IT.

I always had the ambition of being a finance director of a Fortune 500 company here in Australia, and I was able to achieve that in this role.

This was my first executive leadership role, and it was a real challenge. At that time we were in a category with declining revenue, and our US parent was demanding annual EBIT [earnings before interest and tax] growth well above industry standards.

I quickly learned that there was no one simple answer to this challenge. We designed a solution that incorporated developing new sources of revenue through product innovation, we improved our cost structures, we became more closely aligned and engaged with consumer needs, and invested in acquisitions.

These were invaluable experiences for me, and I was very fortunate to have had the opportunity to transfer these learnings into my next key role as group financial controller at Bunnings. During the nine years that I was with Bunnings, the leadership team worked tirelessly to enhance the company's vision and strengthen its businesses foundations, while creating a culture of highly successful internal business partnering.

At the core of Bunnings' DNA are category diversification, product innovation, acquisitions, channel and store growth, internal business partnering, systems improvements, digital commerce and, most importantly, new ways of customer engagement.

## MY CHALLENGES: RE-ENGINEERING THE BUSINESS

Hallmark operates in a complex product category with minimal growth, and this presents us with a number of challenges and opportunities.

We distribute about 4500 different SKUs [stock keeping units] to 3000 retail outlets and provide in-store merchandise services, so that is a major supply chain operation across both national retailers and independent stores.

Our challenge now is to work on initiatives that will give us the most cost-effective and efficient model, which will result in a best-in-class supply chain for our category.

We import most of our products from China, and we operate a dual distribution model; that is, our everyday products are distributed from Australia, and our seasonal products go to stores directly from China. This chain of activities has many areas that could be improved and made more efficient, which is what I will be focusing on over the coming months.

We currently operate a wholesale model that sells to the customer, who in turn retails to the consumer. We want to ensure that every part of this interaction is seamless, which will create value throughout the supply chain. ■



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## LESSONS LEARNED AND BEST ADVICE

Very early on, I learned that to become a successful business partner, you need to understand how the entire business operation works and why it is critical to proactively build effective relationships across the business. Understand the detail. You can't take short cuts on technical accounting knowledge if you want to help your business grow. Don't compromise on getting the basics right, because they will serve you well.

Acquiring new experiences in quality organisations with different operating environments will be invaluable. This will equip you with the skills and knowledge you need to lead best practice. As a leader of best practice, you will always get a seat and, more importantly, a say at the executive table.

Successful careers often require massive personal investments and the occasional sacrifice. It is easy for ambitious professionals to allow work to consume their lives, but it is important to try to maintain perspective. While work is a big part of your life, it is not the only part. Remember that it is up to you to own your work-life balance.

A key requirement of being a strong leader of high-performing teams is maintaining a good understanding of your team and being genuinely interested in their welfare and development, as any challenges they face outside of work will affect how they perform.

➔ EXPLORE THE SLIDESHARE HERE

STORY JOHANNA LEGGATT

# HOW TO PRACTISE SELF-CARE

CPA AUSTRALIA, BEYOND BLUE AND MENTAL HEALTH FIRST HAVE TEAMED UP TO OFFER PUBLIC PRACTITIONERS TOOLS TO TAKE CARE OF THEIR MENTAL HEALTH.

**T**he traditional remit of accountants has unexpectedly broadened from a finance specialist who can help clients navigate the complexities of the JobKeeper legislation to a psychologist, counselor and a friendly shoulder to lean on.

Predictably, the outbreak is imposing considerable stress on all practitioners, and knowing how to help valued clients while still taking care of yourself is one of the biggest challenges accountants face, according to Beyond Blue workplace engagement manager, Michael O'Hanlon.

"The pressure [on accountants] is two-fold," O'Hanlon says. "They face challenges running their own businesses at this time, as well as coping with stress from advising other small businesses and clients."

## MENTAL HEALTH RESOURCES

To improve the ability of accountants to safeguard their mental health during this difficult time, CPA Australia has teamed with two leading mental health services, Beyond Blue and Mental Health First Aid Australia (MHFA), to provide members with a raft of additional resources, including a webinar.

The webinar featured O'Hanlon and MHFA workplace engagement manager, Kathy Bond, and offered tailored advice to practitioners on strategies to maintain sound mental health.

"Accountants are working with people who are distressed about finances, which can be a source of great worry [at the best of times]," Bond says.

A 2018 survey of 5000 workers by SuperFriend highlights just how susceptible those working in financial services may be to stress. The *Financial and Insurance Services Profile Report* found that nearly half of all financial services employees (47 per cent) experience ongoing stress in their job, which is 9 per cent higher than the national average.

"Previous research has highlighted high levels of psychological distress among professionals, with accountants ranking in the top three," O'Hanlon says.

## BE AWARE OF THE SIGNS

The first step to protecting mental health is being able to recognise when stress is taking over.

"You may feel on edge, on the verge of tears, or angry," Bond explains.



**"NOW MORE THAN EVER, IT IS IMPORTANT TO SCHEDULE BREAKS INTO YOUR DAILY ROUTINE."**

MICHAEL O'HANLON, BEYOND BLUE

"Recognise there is nothing wrong with needing support," he says.

"If you are part of a network, like CPA Australia members are, you may find that other members are going through something very similar. Keeping in touch with your peers is a great way of normalising your situation."

If you need more structured support, both Bond and O'Hanlon emphasise the importance of talking to a mental health professional – even via a hotline – or consulting your doctor.

## EXERCISE AND LOOK AFTER YOURSELF

Most people know that exercise is important and, as O'Hanlon notes, good physical health is directly associated with positive mental space.

If you want to be mentally healthy, you have to be physically healthy, he says.

"We, as a society, have separated the two concepts, but you can't separate them in yourself [because] they're linked [to] who you are."

However, there is no necessity to sprint up or down stairs or along hallways.

"Whatever exercise gives you a mental break is all that is needed," O'Hanlon says. "It could be simply walking the dog during your lunch break. Now more than ever, it is important to schedule breaks into your daily routine."

## SET BOUNDARIES

Boundaries are important, too, which means limiting exposure to distressing or distracting content.

According to O'Hanlon, for some, it's imperative to limit interaction with the news cycle and to manage routines "in a more deliberate way".

"There is a real risk of information overload [which] can add to stress and confusion," he warns.

It can also be helpful to create boundaries in your home life by working from a separate home office, where possible.

"That way, when you are in your office or spare bedroom you are working, and when you finish at the end of the day, you leave work behind," O'Hanlon says.

Most importantly: it's OK to not feel OK.

"It's a strange and unusual time for all of us, so remember that you are not alone in these experiences," Bond says. ■

Be attuned to any changes in thinking, behaviour or feelings that are personally unusual and last more than a few days, she adds.

"You may not get any enjoyment out of the activities you used to, or lack motivation."

O'Hanlon points out that it is common during any crisis for people to experience changes in sleep patterns and appetite.

"You may also feel more indecisive or overwhelmed, or start to think that you will never get out of the pandemic," he says. "You may also [experience] poor concentration and lack focus."

## STAY CONNECTED WITH CO-WORKERS

One of the best ways to improve wellbeing is to stay connected with co-workers through teleconferencing or videoconferencing.

"Set aside 10 or 15 minutes for morning tea breaks with colleagues," Bond advises. "It allows us to see if someone else is doing OK, and to also share if we are not doing OK."

O'Hanlon suggests sharing with co-workers how stressed you feel, and picking up tips on how they manage their stress levels.







**IN THE BLINK OF AN EYE, YOUR DIARY IS CRAMMED WITH MEETINGS AND CATCH-UPS THAT CONSUME YOUR TIME AND STOP YOU DOING USEFUL WORK. TWO EXPERTS SHARE THEIR TIPS ON HOW TO HAVE PRODUCTIVE MEETINGS THAT ACHIEVE OBJECTIVES.**

# MEETINGS THAT WORK

STORY NICOLA HEATH

**“Where else do you get away with 8 per cent wastage in an organisation? Meetings starting five minutes late cost companies millions and millions of dollars in lost productivity.”**

DR AMANTHA IMBER, INVENTIUM

**W**e’ve all spent a workday sitting through one meeting after another, whether virtual or face-to-face. A calendar clogged with unproductive, unnecessary meetings is the bane of corporate life. Now, we are adapting to the challenges of running remote meetings via video platforms such as Zoom.

Executives spend as much as 50 per cent of their day in meetings. Yet, a *Harvard Business Review* survey of senior managers found that 71 per cent consider meetings unproductive and inefficient, and 64 per cent said meetings compromise deep thinking. Another survey found that over 70 per cent of employees do other work in meetings. In the US, the estimated cost of avoidable and poorly run meetings is US\$37 billion (about A\$53 billion) a year.

If most of us agree that meetings make it harder for us to get work done, why do we have so many?

“It’s a combination of laziness and entitlement,” says Donna McGeorge, author of *The 25-Minute Meeting*. A meeting is the default method for communication in many workplaces, even when another mode would be more suitable. When a leader needs information from five people in her team, the easy option is to pull them all into a meeting room or a video call for an hour – at a cost to the organisation of six hours, and lost productivity for all involved. A more efficient use of resources, McGeorge says, is to skip the meeting and have five separate conversations, whether online or face-to-face.

Meetings are a valuable tool when used in the right setting: to have a debate, problem-solve, bounce ideas off one another or make decisions, says Dr Amantha Imber, an innovation psychologist and founder of consultancy firm Inventium.

However, she says, “a meeting is not the best place to share information”.

A meeting is required when it’s the most effective way to achieve a clearly stated purpose. Everyone present should have a role to play and stand to benefit by attending. If it doesn’t satisfy these criteria, McGeorge says, consider writing a well-crafted email or picking up the phone to have a conversation instead. vvvv

01

## BE PREPARED

A lack of planning is one of the most common causes of ineffective meetings, says McGeorge. Send an agenda and background reading before, so that when the meeting starts, no time is wasted in getting people up to speed.

A productive meeting requires a tight structure. “All meetings should have what we call a PAO – purpose, agenda and outcome – which is surprisingly simple, but so many meetings don’t, and as a result get derailed... and don’t deliver the outcomes they need to,” Imber says.

Most meetings should fall into three broad categories: those that inform, align (where decisions are made), or resolve a problem or a conflict.

02

## USE BREAKOUT GROUPS

Voices are often lost in large virtual meetings. One solution is to use breakout functions in platforms like Zoom to create smaller groups of two or three. Allocate these subgroups specific tasks to facilitate participation from all team members, not just the loudest or those with the best internet connection.

“As an added benefit, this technique can save time if a divide-and-conquer approach is used,” write Liana Kremer and Steven G. Rogelberg in *Harvard Business Review*.

03

## EVALUATE HOW MUCH TIME YOU NEED TO ACHIEVE YOUR STATED OBJECTIVE

“For McGeorge, the magic number is 25 minutes. “Put simply, 25 minutes is practical, easy and achievable.” Having a strict time limit creates the clarity and urgency necessary to complete the task at hand. It also suits the human brain’s tendency to operate best in short, sharp bursts of concentration. “Often, we are more productive and produce higher-quality work when we have less time,” she writes.

04

## BE STRATEGIC ABOUT WHEN YOU SCHEDULE DIFFERENT TYPES OF MEETINGS

“Daily stand-up meetings or work-in-progress meetings...are often scheduled for first thing in the morning, when a lot of people’s brainpower is at its peak,” Imber says. “This is madness – you don’t want to be wasting people’s peak brainpower sharing updates.”

She suggests scheduling meetings that require “heavy-duty thinking” such as decision-making or problem-solving before lunch when, for most of us, our cognitive function is at its sharpest. Meetings where information and updates are shared are better suited to the afternoon, “particularly after lunch when people’s brains have a dip in energy”.

05

## BE PUNCTUAL, AND DEMAND OTHERS BE ON TIME, TOO

“So many meetings start five minutes or more late, and if you think about that in the context of a one-hour meeting, that’s 8 per cent wastage of time,” Imber says. “Where else do you get away with 8 per cent wastage in an organisation? Meetings starting five minutes late cost organisations millions and millions of dollars in lost productivity.”

06

## PUT YOUR PHONE AWAY

Devices are a distraction, particularly in online meetings, where we can’t rely on eye contact and body language to keep everyone focused.

“If you’re in the meeting, you have to be present,” Imber says. “In so many meetings now...people get bored and check their emails. Then you’re wasting everyone’s time.” ■



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**No More Pointless Meetings from the CPA Australia library**



STORY LINDA MOON

**RESEARCH CONFIRMS THAT THE HAPPIEST WORKERS ARE THOSE IN JOBS WITH A LOT OF INTERPERSONAL CONTACT. IF YOU'RE LONELY IN YOUR WORK, A FEW SIMPLE STRATEGIES CAN MAKE ALL THE DIFFERENCE.**

# CONNECT TO THRIVE

**A lot has been written about loneliness.** However, the occupational kind has had little acknowledgement until recent events.

If you're feeling isolated at work, you are not alone.

Forty per cent of Australians, surveyed by Reventure in 2019, felt lonely on the job, while those working from home voted professional and social isolation their biggest negative in a McCrindle study.

"Loneliness in the workplace is rarely addressed, and it is often left to the individual to solve themselves," says Dr Michelle Lim, a senior lecturer in clinical psychology at Swinburne University of Technology and scientific chair of the Australian Coalition to End Loneliness. "Sometimes it can get confused with mental health issues."

The COVID-19 pandemic boosted the global incidence of remote working, and has helped

draw attention to the issue. However, people working in a traditional bricks-and-mortar office can also feel lonely.

This is because loneliness and social isolation are not the same thing, Lim explains. The latter occurs when you have little contact with anyone. The former is a subjective feeling.

## HOW LONELINESS AT WORK HURTS US

"Loneliness in employees is associated with lower work affiliation, productivity and creativity," Lim says. Thus, tackling occupational loneliness should be a key element of career management.

Of those reporting loneliness in the Reventure study, 40 per cent felt less productive. They were also more likely to get sick.

Work-related loneliness plays a major role in burnout for owner-managers in SMEs, according to a 2016 study.

"Connectedness is an essential ingredient for psychological health," the researchers write. Among its benefits is buoying our resilience to stress.

The toll of loneliness on our mental health makes it as hazardous to our health as smoking and other key risks of mortality.

## WHO IS AT RISK?

A 2018 American study by BetterUp found that loneliness doesn't discriminate by salary, race, gender, geographical location, or even length of employment. There were exceptions: those who didn't identify as heterosexual, were recently divorced, or had a small social circle, were more likely to be lonely.

What did have a significant bearing on loneliness was the nature of different industries and professions, and the level of education. Those with higher levels of education were lonelier than people who had only completed an undergraduate degree or high school certificate. Workers in the for-profit industry were less lonely than



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*The Wellbeing Workout* from  
the CPA Australia library

employees in the government or non-profit sector. The loneliest workers were in legal practice, medicine, science, engineering, and civil service. The least lonely worked in social work, sales, and marketing – roles with high levels of interpersonal contact.

Dan Schawbel, managing partner of Workplace Intelligence and author of *Back to Human: How Great Leaders Create Connection in the Age of Isolation*, says professionals with higher educational backgrounds have fewer peers on their level to connect with, and fewer free hours for socialising due to a business model of billable hours.

## REDISCOVER BEING HUMAN

Schawbel believes our growing sense of aloneness is strongly related to the shift to working from home and our over-reliance on technology to communicate.

"The more you use these digital devices to connect, the more you feel like something's missing from your life – which is human connection," he says.

Highlighting the value of old-fashioned communication, Schawbel found if you work remotely, you're much less likely to want a long-term career in your company. He says "relationships in the workplace are an anchor to the company".

Technology can be a "bridge" or "block" to connection, depending on how you use it, Schawbel says. Videoconferencing tools can help people connect, but will never substitute for real human interaction, he says.

He recommends sticking to simple rules around how you use technology. "Know when, where, and how you're going to use the technology to connect. Match the right medium with the right circumstance. If you are just notifying someone of an upcoming meeting, a text or an email would do, but if you're about to lay off an employee, it has to be done in person or by video. There has to be an emotional element. You can't really express that in text, or people can take it the wrong way, and, if you're going back and forth to get a point across, that's feedback that you should have just picked up the phone for in the first place."

Disengage with tech at meetings. Give your attention to those physically around you, for example by putting mobile phones in a bucket or basket, he suggests.

Be a leader, not a follower. "Set the standard, set the expectations," Schawbel says. He notes, for instance, that some managers strongly encourage employees to use video when making calls.

One of the leaders he interviewed for *Back to Human* budgets for the cost to fly to meet employees across the world. "Make time to be with people where they are," he says. While it might be more work to pick up the phone or travel to meet in person, it's worth the investment. "You're more likely to have better, stronger relationships if you do that."

Put pressure on yourself to be with your team or meet new people within your organisation. "It's not just good for preventing loneliness, it's good for getting added work, because relationships lead to all the opportunities that are valuable to you throughout your life," Schawbel adds.

Build socialisation into your calendar, and maximise every aspect of your day to be social. "If it's not in our calendars, it doesn't exist," he says. "Block out time to have a phone call with someone during the day."

The tendency towards work creep – where work encroaches into after-hours territory – can rob us of social contact. It is also associated with burnout, he adds.

**"You're in this together. It only takes one action to become less lonely. That's the good news. All you have to do is reach out."**

DAN SCHAWBEL,  
WORKPLACE INTELLIGENCE

"Seek out others in a similar situation within your network, a professional association or Facebook group. Create a support group. You're in this together. It only takes one action to become less lonely. That's the good news. All you have to do is reach out."

Calling loneliness a global epidemic and a health crisis, Schawbel says, "we all have a role in preventing loneliness from hurting people's lives, and we can all make ourselves less lonely".

## REMOTE, YET CONNECTED

Coco Hou CPA, a tax agent, accountant, and managing director of Platinum Accounting and Platinum Professional Training, combats loneliness with a disciplined daily schedule that includes gratitude practices, yoga and connecting to others. "You have to make your own cup full," she says.

Sydney-based Hou introduced her strategies to her team when they started working remotely under COVID-19 restrictions, and she noted a slight drop in productivity.

Every morning, employees send photos of themselves and their workspace to each other using WhatsApp. "They're in suits and at desks and saying hi to the team," Hou says.

After going through emails and sorting tasks, everyone logs into an online meeting on Microsoft Teams to share good news and the three most important tasks of their day.

"After the meeting, we let Microsoft Teams run all day in order to create that virtual office environment," Hou says. Along with providing a sense of working with colleagues in the same room, they can "virtually" tap another person on the shoulder for a quick, private chat.

"Shutting down the computer at 5pm is an ideal goal," says Hou, a single parent. "The biggest problem right now is they don't know how to draw the line after working hours." Hou has introduced virtual office drinks, where everyone turns off their email.

"Don't browse Facebook in the day either," she warns. Unproductive work can contribute to longer work hours.

"All the team members are even closer in this epidemic," Hou says.

Caring for others has unexpectedly fed her own social needs. Recently, she had a Zoom catch-up with a team member who was struggling.

"I realised we all face different challenges in life. When we exchange stories, it actually makes all of us feel empowered and cared for. You don't feel lonely anymore. You're not the only person who's going through this." ■

AT A  
GLANCE

■ Retirement is not what it once was, with changing lifestyles and technology that can enable continuous learning and semi-retirement, as opposed to ceasing work entirely.

■ Members of CPA Australia's Third Age Network advocate networking and keeping professional skills up-to-date, especially amid the uncertainty driven by COVID-19.

■ Volunteering is another good way to apply the skills acquired in a corporate setting, to give back to the community.



CLICK HERE TO EXPLORE  
CPA Australia's  
Third Age Network

STORY JESSICA MUDDITT

# TRADING RETIREMENT FOR REINVENTION

WHEN THINGS DON'T QUITE GO TO PLAN, KEEPING PROFESSIONAL NETWORKS ALIVE HELPS ACCOUNTING AND FINANCE PROFESSIONALS NAVIGATE DIFFICULT TIMES.

**T**heresa Day FCPA planned to retire from her role as national professional services consulting manager at Sage a decade ago, but life had other plans for her.

"I started to slow down a bit and thought I might retire, but work called me back and gave me projects to work on from home," she says.

"Then I ran a sales division, because we had a sales manager leave. I'm now 65, and I've been working like this for 10 years – I've never fully retired."

Her husband of 44 years, Russell Day FCPA, also had his retirement plans hijacked, but under different circumstances. He was 53 when he attempted to retire after 35 years with BHP, but the timing wasn't right.

"We went straight into the global financial crisis (GFC), and I realised that I needed to make my savings last for another 30 years. Within 12 months, I was back at work," he says. Russell took up a full-time contract role with OZ Minerals.

These days, the Melbourne couple are as busy as ever with part-time accounting work, volunteering and regularly looking after their seven grandchildren.

"The conventional idea of retirement was that you gave up work to play bowls or move to a seaside resort," Theresa says, "but I think nowadays there's pressure on grandparents to help with grandchildren, and to make a commitment to not only minding them, but also helping a bit financially. It can, therefore, be good to keep a bit of money coming in."

## BABY BOOMERS EXPECT MORE

Russell, now 66, believes that a cut-and-dried retirement is less applicable to his generation than previous ones. Australian baby boomers are wealthier and have a life expectancy of 84.6 years for women and 80.5 years for men. This is up from 67.9 years and 74.2 years for men and women, respectively, in 1960.

"People used to go from full-time employment to a pension, and would cut back to a meagre lifestyle to get by, but I think baby boomers expect more: they don't want to just sit back and watch the grass grow," Russell says.

While some may continue working because it is their passion, for others it is borne out of financial necessity. In Russell's case, after the shock of the GFC, he resolved to remain "work ready" by keeping his professional skills up to date. With the current uncertainty surrounding COVID-19, he says he is glad to have kept a foot in the door.

Russell became a member of CPA Australia's Third Age Network (TAN) eight years ago, and served as its chair from 2017 to 2018. The network is open to CPA Australia members aged 55 and over who are not in full-time work, and provides networking and professional development opportunities. It was established in 2004, and has a presence in Victoria and New South Wales. Some of the network's recent projects have focused on tackling elder financial abuse and matching CPA mentors with treasurers of not-for-profits.

"By participating in TAN projects, I'm using the skills that I've acquired over my career and applying them to the latest developments in accounting. I believe that puts me in a place where I'm ready to return to work if ever I needed to do so," Russell says.

For 22 years, Russell was chair of CPA Australia's Central Management Discussion Group, and helped organise more than 200 events between 1998 and 2019. He enlisted speakers who were at the leading edge of Australia's accounting profession, and says that facilitating the exchange of ideas gave him enormous satisfaction.

In 2019 he became part of a joint subcommittee of the Women's Network Committee, and became involved in a project focused on bolstering women's superannuation.

"It was an incredible project to be involved in, as we identified how to lift the superannuation balances of women, which are lagging so far behind the balances of men," he says.

## LIFELONG LEARNING

Theresa says that her appetite for learning remains as strong as ever and that her volunteer activities are richly rewarding.

Since 2010, she has been a member of CPA Australia's Women's Network Committee, which provides professional networking opportunities to female accountants. It also facilitates sessions for women who are starting out in the world of accounting or returning to it after an extended break to raise children or care for elderly relatives.

"When I joined CPA [Australia], accounting was a male-dominated profession. That's no longer the case, but it remains important that women have a voice and help one another out," Theresa says.

Theresa was a member of CPA Australia's Victorian Divisional Council between 2016 and 2018. She participated in career nights involving up to 1500 students and gave career talks at universities.

While it is not compulsory for semi-retirees to undertake 40 hours per year of continuing professional development activities, both Theresa and Russell continue to do so.

"I hate to think that I would ever stop learning," Theresa says. "I picked up a lot of things when computers first came in, and throughout my career, whenever there's been a new piece of software to use, I'd be the one saying, 'Please give it to me'."

## A PASSION FOR VOLUNTEERING

Richard Blakeman FCPA retired from his role as business operations manager at Eastman Kodak at 60. What started out as a conventional retirement turned out to be short-lived.

"I took up sailing and planned on becoming a 'grey nomad', but I found myself getting involved in voluntary work, and it began to take up more of my time," he says.

Blakeman, now 70, began volunteering in his 30s, but was never able to give it as much time as he would have liked.

During the six years he spent as a committee member of TAN in Melbourne, he helped set up



**"By participating in TAN projects, I'm using the skills that I've acquired over my career and applying them to the latest developments in accounting. I believe that puts me in a place where I'm ready to return to work if I ever needed to do so."**

RUSSELL DAY FCPA

a treasurer mentoring program, was involved with the financial abuse task force and mentored young accountants.

"Being involved with TAN helps me maintain an association with the profession and gets me involved in activities that stimulate creativity. It also helps to develop a network of contacts and friends."

Blakeman is currently on CPA Australia's Victorian Divisional Council. He is also heavily involved with his local Rotary Club and has served as its president. "The skills I acquired in corporate life are valued in the community, and the opportunity to give back is really satisfying.

"Being engaged in useful work also gives me a sense of purpose," he says.

Blakeman has also helped provide life-changing benefits to individuals around the world.

Last year, he visited the Indonesian island of Sumba as part of a Rotary Club project that performed cataract operations and trained local health workers to carry out such operations.

His advice to others on the cusp of retiring is to maintain existing professional links and cultivate new ones.

"My suggestion is to take advantage of the opportunities within CPA to continue your association with the profession. There are many benefits to maintaining it, and even developing it further during your retirement." ■

STORY GLENN REES

# HOME OFFICE SELF-HELP

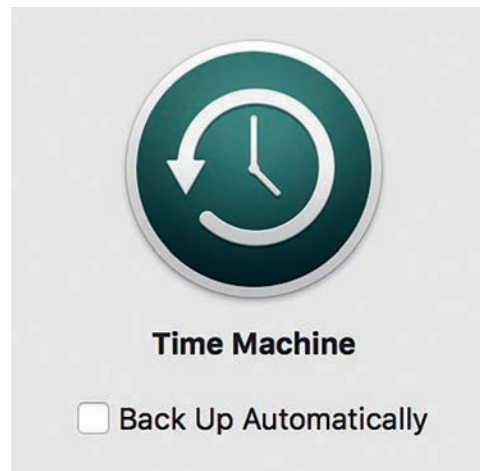
CAN'T CALL TECH SUPPORT? SOMETIMES THE ANSWER IS AS SIMPLE AS RESTARTING A DEVICE, OR FIGURING OUT THE PROBLEM BY PROCESS OF ELIMINATION.

One challenge when working remotely is not having an on-site tech support team to call on, but did you know you can solve many tech problems by using some relatively straightforward techniques? Let's start with some general tips that may help with a range of issues.

## TROUBLESHOOTING TIPS

Use a process of elimination. Most tech problems have a range of possible causes, so take a systematic approach towards eliminating them.

- Check the simplest causes first: Monitor not working? Check that the cable is plugged in properly. Smartphone not charging? Try another cable. Checking the simplest possible causes first could save you a lot of time and hassle.
- Restart it: If you're having trouble with a device, try restarting it. That clears its memory, and may fix the process that caused the issue. However, if it's a computer, use the operating system's restart feature if you can. The hardware reset button should only be used as a last resort, as it can result in data corruption.
- Take note of any error message, either writing it down exactly or taking a screenshot. You'll need it to search for solutions online or when making a tech support call.
- Check official resources: Tech vendors generally offer rich self-help resources online, such as frequently asked questions (FAQs), knowledge bases or forums to help customers.
- Know your limitations. You'll find a lot of unofficial solutions on the internet. Many



are useful, but some may land you in even more trouble – particularly if your device is still under warranty. If in doubt, seek help from the vendor or a professional.

## SLOW INTERNET?

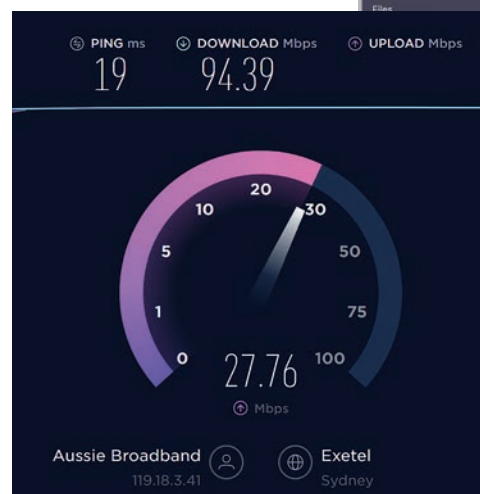
Slow or unreliable internet could be due to your broadband connection, your router, wi-fi, a network cable or your device, so it's definitely a problem that requires a process of elimination.

Try restarting your router. If that doesn't work, consider the devices that have a bad connection, and work out if there's a common denominator. If it's one computer connected via an ethernet cable, for example, that cable could be loose or need replacing.

If the troublesome devices are on wi-fi, try moving one close to the router.

If the speed increases as you move closer, it's probably a wi-fi issue. Newer wireless

Above: A wireless charger can reduce wear and tear on your charging port. Left: Both macOS and Windows offer good back-up tools. Below: Use an app like Speedtest to check your internet performance at various locations.



routers support two frequency bands, which appear as two separate networks: 2.4GHz and 5GHz. Choosing the latter could be a simple fix, as it's likely to be less congested, faster and offer greater range than 2.4GHz.

Routers can also use different wi-fi channels, so check your router's manual for instructions on how to switch to another channel that may have less interference.

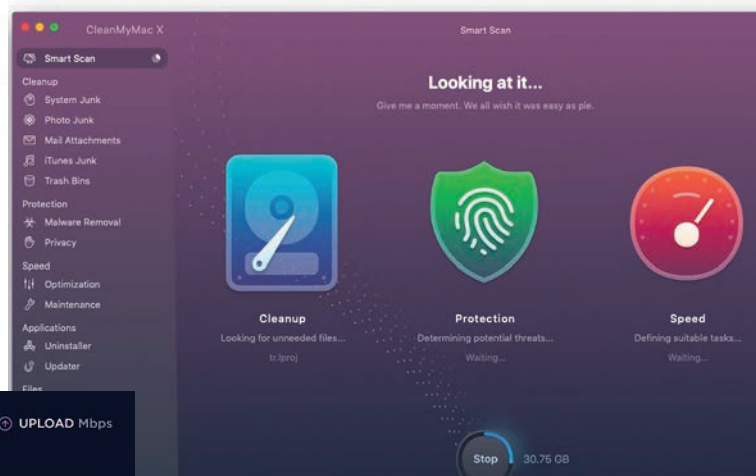
Experiment with the position of the router, use a wi-fi analyser, or buy a wireless extender to improve wi-fi coverage.

Still got problems? Try plugging your laptop directly into your broadband modem. You'll



Left: Get to know your router's settings to change wi-fi channels, secure your network and more. Below: Tools like CleanMyMac can help reduce storage clutter and optimise your system's performance.

Right: A wi-fi analyser like NetSpot can be a big help in diagnosing connectivity problems.



## FULL HARD DRIVE?

A full or near-full hard drive is a hassle, and it can affect your computer's performance.

The techniques in this article will help reduce storage clutter, but if they're not enough, you may need to archive older or lesser-used files on an external hard drive or in the cloud. You can do the latter by using OneDrive's Files On-Demand feature in Windows or macOS's store in iCloud tool. Dropbox Business offers a similar feature.

## LOST A FILE?

Can't find a file? First, check Windows' Recycle Bin or macOS's Trash to see if you have accidentally deleted it. Perhaps you accidentally saved it to another folder, so use your operating system's built-in search function to look for the file.

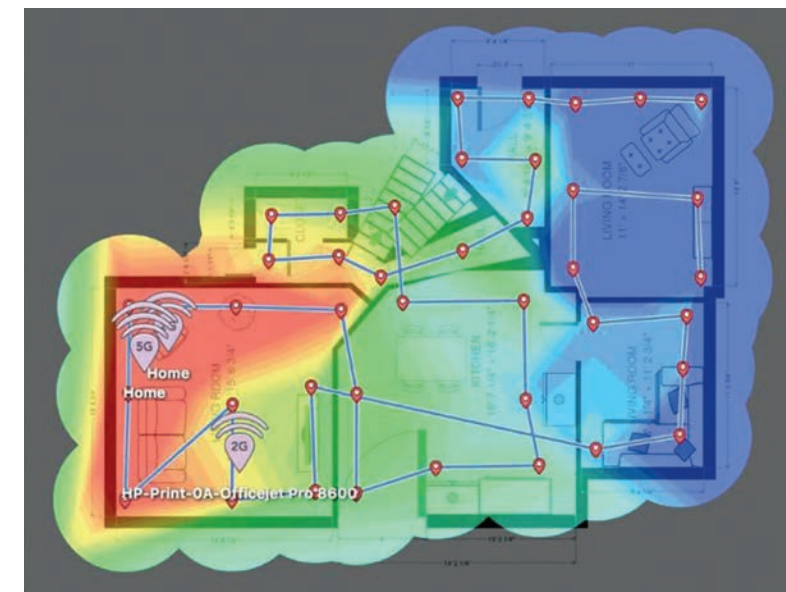
If it's gone, don't panic. Tools such as Disk Drill can recover "permanently deleted" files. However, act quickly, because it won't work if new data has overwritten the area on the drive where the file used to be. Disk Drill can even recover files on a damaged storage device, or deleted emails.

Want an earlier version of a document? Dropbox, OneDrive and similar apps offer a version history feature.

## SPILED WATER ON YOUR LAPTOP?

We all know we shouldn't drink near our laptop, but what do you do when you ignore that advice (like most of us do) and spill liquid over the keyboard?

First, if your laptop is connected to the mains, disconnect it from the power point immediately, and power it down. Quickly wipe away as much liquid as you can, and unplug the power cable and external devices.



Open your laptop as wide as you can and turn it upside down, placing a paper towel underneath. Let it drain for a day or two.

The next step involves disassembling your laptop and drying the components, but that's best done by a computer technician.

## MAINTENANCE TIPS

Here are some simple suggestions to help you head off problems before they arise.

- Use antivirus software. Among other nasty symptoms, malware can really slow down your system, so if that's a problem for you, try running a virus scan.
- Back-up. Make sure you back up everything you need, including data files for applications such as Outlook, that may not be in an obvious place. Using a file-syncing app like Dropbox is a good start. For important data, however, you should also use dedicated back-up software daily to copy the files to a second location, such as an external hard drive.
- Save your work regularly – just in case your computer crashes. Turning on auto-save, if your application supports it, can make this easier. Just be aware in recent versions of Microsoft Office, auto-save will only work if you name and save your file to OneDrive before starting on the document. ■

STORY NEALE BLACKWOOD CPA

# DYNAMIC ARRAYS, PART 3: SORTING LISTS

THE LAST TWO EDITIONS OF EXCEL YOURSELF COVERED HOW DYNAMIC ARRAYS WORK AND TWO NEW FUNCTIONS. THIS MONTH, WE WILL LOOK AT FOUR MORE NEW FUNCTIONS.

Dynamic arrays are a new feature in Excel 365 (subscription version). The feature is being rolled out to all Excel 365 users in July 2020. Older versions will not receive this functionality.

## SORT FUNCTION

This new function allows you to dynamically sort a list using a formula. The list can be vertical (column-based) or horizontal (row-based). This function works well in combination with the UNIQUE and FILTER functions we explored last month.

## SYNTAX

Note: when reading Excel's formula syntax, any arguments within square brackets are optional. When omitted, their default value is used. **SORT**(array,[sort\_index],[sort\_order],[by\_col])

**array** – the range to sort. This can be a single or multi-column range. This can also be another function that returns a range, e.g. the new UNIQUE function covered last month.

**sort\_index** – optional. This is a number that specifies the row or column number within the range to sort by. If omitted, 1 is used, meaning the first column is used to sort the range.

**sort\_order** – optional. You can choose between ascending and descending. Use 1 for ascending and -1 for descending. If omitted, 1 (ascending) is used.

**by\_col** – optional. This determines the direction of the sort. FALSE (default) sets the sort direction as rows (vertical range). TRUE sets the sort direction as columns (horizontal range). Since the default is used for a standard, vertical table-based range, you would omit this argument in most cases.

01

	A	B	C	D	E	F	G
1	First Name	Last Name	Salary	First Name	Last Name	Salary	
2	Sue	de Silva	57,607	Keith	Ng	87254	
3	John	Smith	61,776	Pamela	Brown	74190	
4	Pamela	Brown	74,190	John	Smith	61776	
5	Keith	Ng	87,254	Sue	de Silva	57607	
6	Kelly	Chen	55,300	Kelly	Chen	55300	



## SORT FUNCTION EXAMPLE

Figure 01 shows a table on the left and the sorted table on the right. The table on the right is sorted by the Salary column in descending order. A formula has been entered in cell E2 that creates the table on the right.

The formula in cell E2 is  
**=SORT(A2:C6,3,-1)**

The formula returns a range exactly the same size as the range it refers to – three columns wide and five rows long. The 3 means base the sort order on the third column (Salary). The -1 means sort in descending order.

Changing a value in the Salary column on the left could result in the order of the table on the right changing automatically.

## SORTBY FUNCTION

If the values you want to sort by are not in the range you want to return, you can use the SORTBY function. In our previous example, you may want to sort the list of names in order of salary, but not list the salary figure.

**SORTBY**(array,by\_array1,[sort\_order1],[by\_array2],[sort\_order2],...)

**array** – the range to sort. This can be a single or multi-column range. This can also be another function that returns a range, e.g. the new UNIQUE function covered last month.

**by\_array1** – first array is required, and the others are optional.

This argument specifies the column number to sort by. You can specify more than one column.

02

	A	B	C	D	E	F	G
E2	=SORTBY(A2:B6,C2:C6)						
1	First Name	Last Name	Salary	First Name	Last Name	Salary	
2	Sue	de Silva	57,607	Kelly	Chen		
3	John	Smith	61,776	Sue	de Silva		
4	Pamela	Brown	74,190	John	Smith		
5	Keith	Ng	87,254	Pamela	Brown		
6	Kelly	Chen	55,300	Keith	Ng		

If you do, it sorts by the by\_arrays listed from left to right.

**sort\_order1** – optional. Each by\_array argument can have its own sort order – 1 specifies ascending order and is the default, -1 specifies descending.

## SORTBY FUNCTION EXAMPLE

In Figure 02, I have used the SORTBY function in cell E2 to list the names only, sorted in ascending order based on salary. The formula in E2 in Figure 02 is

**=SORTBY(A2:B6,C2:C6)**

This first range is the range that will be sorted. It has two columns and five rows. The second range is the single column range (Salary), and this is used to determine the sort order. Because the third argument has been omitted, it has sorted the Salary column (C2:C6) in ascending (default) order.

Neale Blackwood CPA runs A4 Accounting, providing Excel training, webinars and consulting services to organisations around Australia. Questions can be sent to a4@iinet.net.au

## SEQUENCE FUNCTION

This new function returns a list or table of sequential numbers. It can be used on its own or with other functions that require sequential numbers.

## SYNTAX

**SEQUENCE**(rows,[columns],[start],[step])

**rows** – specifies how many rows to return. Although it is not listed as optional, you can omit this argument if you want a horizontal list of sequential numbers. If omitted, 1 is returned.

**columns** – optional. Specifies the number of columns to return. If omitted, 1 is used.

**start** – optional. Specifies the starting number for the sequence. If omitted, 1 is used.

**step** – optional. Specifies the number to add to the sequence. This can be a fraction, and it can be negative. If omitted, 1 is used.

## SEQUENCE FUNCTION EXAMPLE

Let's say you need a loan calculator that handles a varying number of years. Normally this means building the schedule to handle all the years up to a maximum that you determine, say 30 years. This means you can't handle 31 years without modifying the schedule. With SEQUENCE, you can create a totally flexible schedule that has no limit.

Figure 03 has a loan schedule for five years.

In the companion video, I will go into detail about all the formulas used in Figure 03 and Figure 04. Some of the formulas are complex, but the complexity is not due to the dynamic arrays. For this article, I will focus on a few of the formulas that explain how and why this technique works.

Changing cell B4 will automatically change how many years are displayed and calculated – see Figure 04.

The initial formula to create the schedule is in cell A10. It is

**=SEQUENCE(B4+1,0)**

This creates a sequential list of numbers that is one more than the number in cell B4. The sequence starts at zero due to the zero at the end of the formula. In Figure 04, cell B4 has 3, so the SEQUENCE function creates a list of four numbers starting at zero. Zero in the list represents the starting balance.

The formula in cell A10 is a dynamic array. As per the first article I wrote in May, we can dynamically refer to this vertical range by using the # symbol.

The formula in cell B10 is

**=IF(A10#>0,B6\*12,"")**

By using the # symbol after A10, we dynamically refer to the vertical range no matter how long it becomes. The formula in B10 will spill down to match the entries in column A.

If the number in column A is greater than zero, then the annual total repayment is calculated by multiplying the monthly repayment in cell B6 by 12. If the number is zero, a blank cell is returned. Two quotation marks used together specifies a blank cell.

The entries in cells C10, D10 and E10 all have a similar IF function to B10, but the calculations performed are much more complex than in

03

	A	B	C	D	E
1		Input			
2	Loan Amount \$	40,000			
3	Interest Rate % p.a.	4%			
4	Years	5			
5					
6	Monthly Repayment	-\$736.66			
7					
8	Totals	-44,200	-40,000	-4,200	
9	Years	Repayment	Principal	Interest	Balance
10	0				40,000
11	1	-8,840	-7,374	-1,466	32,626
12	2	-8,840	-7,675	-1,165	24,951
13	3	-8,840	-7,987	-853	16,964
14	4	-8,840	-8,313	-527	8,651
15	5	-8,840	-8,651	-189	0

04

	A	B	C	D	E
1		Input			
2	Loan Amount \$	40,000			
3	Interest Rate % p.a.	4%			
4	Years	3			
5					
6	Monthly Repayment	-\$1,180.96			
7					
8	Totals	-42,515	-40,000	-2,515	
9	Years	Repayment	Principal	Interest	Balance
10	0				40,000
11	1	-14,172	-12,805	-1,367	27,195
12	2	-14,172	-13,326	-845	13,869
13	3	-14,172	-13,869	-302	-0

05

	A	B	C	D	E	F
B2	=RANDARRAY(3,4,1,100,1)					
1						
2		74	79	74	75	
3		1	3	75	51	
4		69	33	31	32	

cell B10. Because they also use the # symbol, they too spill down as far as required.

The totals in row 8 also use the # symbol. The formula in cell B8 is **=SUM(B10#)**

This sums the range from B10 down as far down as the formula spills. The formula in cell B10 will spill as far as required to match the formula in cell A10.

The formula in cell B8 has been copied across for the other totals.

The reason the totals are at the top is that we don't know where the end will be.

## RANDARRAY FUNCTION

This function produces a range of random numbers. This can be useful for testing, training or forecasting, but has limited use in an accounting setting. More details of this function will be published on the INTHEBLACK website version of this article. ■

STORY KATIE LANGMORE

# BUILDING A FOUNDATION OF HOPE

FINDING INSPIRATION IN AN ARTICLE LED CORRINNE KONG CPA TO TAKE ON ACCOUNTING IN A WAR ZONE.

If the pages of this magazine have broadened the world of accounting for you – as we hope they might – you’re not alone. Seven years ago, Corrinne Kong CPA read an *IN THE BLACK* article that changed the course of her professional life.

“There was a feature about a guy who had volunteered for MSF [Médecins Sans Frontières], and it really sparked my interest,” recalls Kong.

“I’ve known about MSF for a long time. I think their work is quite meaningful, and I’ve donated to them at times. When I saw that you can use your accountancy skills to volunteer, I was interested.”

By 2014, Kong had applied and been accepted into the volunteer program. She quit her job and travelled to Pakistan, where MSF had several hospitals to support internally displaced people, including Afghan refugees.

At the end of her first year, Kong was offered a paid position, and over the next four years went on three further assignments, with breaks in between.

“I needed to decompress between assignments – they encourage you to take a two to three-month break before you jump into another one.”

Listening to Kong describe the assignments, the need to take time out between postings becomes evident.

A month before she was due to fly to South Sudan for her second assignment, the civil war reached the capital where she would be based. She was given the choice of cancelling her trip, but she decided to take the position.

“The first night I was there, we were all sent to the compound bunker. It was a false alarm, but it was really scary,” she explains.

“Most of the time you don’t feel too unsafe, as there are very strict protocols and curfews, and movement is heavily restricted, but being in a country where everyone is so on edge impacts you.”

Kong stayed for four months in South Sudan, and took a long break afterwards. Her next assignments took her to Nigeria and Malaysia, where she was involved in



Above: Corrinne Kong CPA. Top right: Médecins Sans Frontières is best known for its projects in conflict zones and countries affected by endemic diseases.



Médecins Sans Frontières (Doctors Without Borders) is an international medical humanitarian organisation that delivers emergency aid to people affected by war, epidemics, healthcare exclusion and natural or man-made disasters. In addition to medical personnel, it requires volunteer engineers, human resource managers, financial administrators and other support staff. [msf.org.au](http://msf.org.au)

establishing a new program aimed at providing support to Rohingya refugees from Myanmar.

Kong says witnessing the work her colleagues undertake in the hospitals and clinics is confronting, but it is balanced with the smiles of appreciation from those they support.

“Witnessing the resilience of the people is also incredibly inspiring and humbling,” she says. “As finance coordinator, I always managed a team, and I remember one day in South Sudan a local man in my team was really quiet.

“When I asked him what was wrong, he explained that men from the army had robbed him the night before, and had taken everything. He had begged them to leave his shoes, so he could keep working. I couldn’t believe he’d come in, but he said he was grateful to have a job and wanted to do the work.”

Kong reveals there are strict protocols when balancing the books in an organisation that relies on donations, as there is so much accountability. However, she says she loves the challenges and structure of accounting.

“I’m from a family of accountants,” she laughs. “At first it probably wasn’t my first choice, but now I love it.”

After five years, Kong has decided to take a break from such high-intensity work.

“Eventually, I would like to look into working with a local NGO [non-governmental organisation] – perhaps on women’s rights, the environment or refugees. For now, I would also be open to going back into the private sector – to gain more skills and top up my bank account for a while.” ■

  
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