

TRANSCRIPT

LEGISLATIVE COUNCIL ENVIRONMENT AND PLANNING COMMITTEE

Inquiry into Recycling and Waste Management

Morwell—Wednesday, 21 August 2019

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WITNESS

Ms Wendy Bezzina, CEO, Latrobe Valley Enterprises.

The CHAIR: Welcome, Ms Bezzina, CEO of Latrobe Valley Enterprises. Thank you for making yourself available today, this afternoon.

The Committee is hearing evidence in relation to the Inquiry into Recycling and Waste Management, and the evidence is being recorded. All evidence taken at this hearing is protected by parliamentary privilege as provided by the *Constitution Act 1975* and further subject to the provisions of the Legislative Council standing orders. Therefore the information you give today is protected by law. However any comments repeated outside this hearing may not be protected. Any deliberately false evidence or misleading of the Committee may be considered a contempt of Parliament. You will be provided with a proof version of the transcript in the next few days.

Now, in 5 minutes, can you tell us a bit about your enterprise and the wonderful work your company, or your organisation, do and maybe then after that we will have some questions and go from there.

Ms BEZZINA: Okay, so Latrobe Valley Enterprises—we are a social enterprise, a not for profit based here in Morwell, and we employ around 100 staff, and 84 of those are people with disabilities. We have a number of different business units, and those are sign-making, grounds maintenance and our businesses support, but also our recycling services. We have been recycling for quite a number of years. The business has been in business for 52 years, so—

The CHAIR: Fifty-two years!

Ms BEZZINA: Yes. It is a really great organisation, and I guess our recycling side of the business has been probably our most volatile and changing and where we are strategically looking at quite a lot at the moment—into where we will change, where we will move, where we will grow. So we have sort of, I guess, put a little bit of automation into that industry. We have stayed fairly manual for quite a number of years to ensure that we keep labour for our supported workers, but we are realising now that because of the volumes game and the commodity pricing of recycling that we have to get some automation in there and actually produce much higher volumes to maintain the pricing.

The CHAIR: If you do not mind taking me through it again, the employees—you said 100 people and 85 per cent with disability, and they are doing really meaningful work—now how are you going to balance it? You said you are going to be forced into a situation where you need to employ high-tech equipment—

Ms BEZZINA: Automate a little bit more.

The CHAIR: which could replace a lot of people. So how are you planning to balance maintaining local employment for people with disability but in the meantime make sure the enterprise does not go under and can continue to support what has been doing great work for the last fifty-two years? How are you looking at balancing that, and what do you need to make sure you will be able to continue to employ a large number of people but also catch up with technology?

Ms BEZZINA: So there are a number of different ways in which we are working at the moment. Some of it is around retraining or upskilling, so some have been going for forklift licences and things like that. So we are upskilling those that have the capacity and the capability to take on additional learnings. We have also helped a couple of our workers through getting their drivers licence so they are now able to go out and actually drive the vans. We are increasing our customer base that we are actually collecting from, so we have an increased reach as well—we are collecting all the way down to South Gippsland and we are collecting up into the east a little bit as well. We have increased our runs on the roads, so they are now out doing driving runs or they are assisting on driving runs. They are also assisting in the shed. We have removed a manager from the department, so we have made the department a little bit leaner, giving the opportunity for the supported workers to actually step up into team leader roles and those sorts of things as well.

So for us it is about reskilling and upskilling, but because we also have a number of different businesses we can cross-skill them across different departments as well, so cross-skilling into our sign-making department as well as our grounds and maintenance department. So I guess ensuring that we will never be in a position—and we are constantly looking for more employees—where we are looking to, if we are introducing technology, completely take away the manual labour that we are doing. But we still will maintain our manual balers, so we have still got some products that are going through manual balers. Our plastics are going through a manual bale system, and our bulk bags have to go through the manual bale system because the automatic process actually tears the bags. So we will keep some sort of volume of manual labour within the department anyway.

The CHAIR: So where do you see an organisation like your organisation in the big scheme of things and in the current crisis we have—I can call it a crisis because I think it is—with the recycling issues we are facing now? How do you see your enterprise going forward and contributing toward a solution? What has been your experience? Can we do things better? What are your thoughts on the industry in general?

Ms BEZZINA: The industry in general, I think, we need to get really mandated around the use of waste. Over the past 10 years we have increased recycling from 7 per cent to 58 per cent. However, the same amount of tonnage is still going into landfill. So the consumption of waste and the generation of waste has increased significantly. I think for us there is the opportunity to enter new streams. We do not currently process hard plastic, we only process soft clear plastic at the moment, so there is an opportunity to enter new streams for us. I guess across the whole state especially there is opportunity, or there needs to be opportunity, for multiple recycling facilities or sorting facilities, because transport is part of the barrier to revenue growth in the industry in that, say for our organisation, we go and collect, then we process—we cannot then afford to transport again. So if you are doing all of those streams and transporting, you are taking all of the viability out of the revenue that you are earning. So for us if we were processing and sorting here and processing into the separate streams, that would make a lot more sense.

The CHAIR: So you do not collect from kerbside. You just collect from—

Ms BEZZINA: We collect from commercial customers.

The CHAIR: Commercial customers, yes.

Ms BEZZINA: So we are just doing the commercial side of it. We did look at taking on sub-sorting. Veolia and Dasma were doing the kerbside collection contract for Latrobe city, and we were sub-baling, taking on that product, but it was so contaminated with glass. And glass for us is a big issue. Even though they would pre-sort, glass shards are absolutely through everything and they stick in the cardboard and the paper. That was compromising our contract with Australian Paper to be able to put our cardboard out to them, so we had to cease taking on that commingled product. For me it has to all come back to the consumer at the kerbside. Everything has to be sorted into the separate streams so that glass has to be completely separate to everything else. Plastics can all be sorted together, that is fine, and then all paper products together as well. So we have to, I think, go back to the old day when historically that is how we used to sort. But the economics of it all—shire councils have looked at it, and it is far cheaper to go one roadside collection, pick everything up all at once, throw it all in together and then try and get somebody to sort it. That is where it is breaking down.

SKM in Melbourne is the same situation. They have got commingled rubbish stored in warehouses all over the place, and it is the sorting that is now going to cost too much to actually process. So the sorting needs to come back to the consumer.

Mr LIMBRICK: Thank you for your evidence, Ms Bezzina. It sounds like a wonderful enterprise that you have going. I am interested in understanding a couple of things. Maybe you could just tell me a bit more about the revenue that you get and the expenditures. What are some of the line items that affect the economics of your business? You said before that you have a relationship with APM. Is that right? So a lot of this paper that you sort ends up going to them. There must be some sort of economic arrangement there. Could you share a bit on that, please?

Ms BEZZINA: So all of our products that we collect at the moment, or that we process, are recycled through a stream. We do not take on any product that we do not have a stream for because then there is no

viability in it. For our cardboard and paper and our plastic, our cardboard and paper we collect from commercial enterprises as well as having a 24/7 drop-off zone but we also have some commercial players, such as Cleanaway and Suez, actually come and drop off product on our floor. It is clean product though, so it is literally all cardboard or all plastic. So there are those commodities coming into our site. All of our paper and cardboard product goes directly out to the Australian Paper mill. We actually bale on behalf of Australian Paper Recovery in Melbourne; so we actually co-bale on their behalf and we get paid a fee for that product, but we do not pay a gate fee or anything out at Australian Paper. We get it transported via Willaton and we get paid per tonne, so we get paid different rates per product.

[REDACTED] So the contamination rates are negligible for our product, and it can go straight out to APM and get dumped straight into their vats. It is clean product, they trust it and it can go straight through the process.

Mr LIMBRICK: Just one follow-up—

The CHAIR: You were not giving trade secrets, were you, about how much per tonne?

Ms BEZZINA: You did say this was closed, protected.

The CHAIR: No, it is on the transcript. You know what, actually—

Ms BATH: Except for the Hansard.

The CHAIR: On a serious point, you do not want that, because that is recorded and it is an open hearing.

Ms BEZZINA: I would probably say that is—

The CHAIR: So if there is something you do not want to open—

Ms BEZZINA: No, I do not want that.

The CHAIR: You do not want to give that.

Ms BEZZINA: Yes.

The CHAIR: That is why I made the point. I can probably correct it if you want us to delete the figures—

Ms BEZZINA: The price—yes, that would be great.

The CHAIR: We can do that. We are able to do that. Before it is published, we can make note that we will not mention the price.

Ms BEZZINA: I appreciate that, and I will not make any further comment.

The CHAIR: We do not want to hurt your business, because you have got a wonderful business and are looking out for wonderful people.

Mr LIMBRICK: There has been a lot of talk at these inquiries about APM and what they are talking about doing, which is another issue related to energy as well.

Ms BEZZINA: Waste to energy.

Mr LIMBRICK: Because of the high gas prices, that is unsustainable, so they are looking at waste to energy. If you did not have APM as a customer, are there any other alternatives for the paper and cardboard stream for your organisation?

Ms BEZZINA: We have not sourced anything else because we have had that contract and it has been fairly secure, so I guess we have not looked at any other options. With China closing their gates, there would be no

option overseas into China. There potentially may be options into other regions. However, I do know that the US are now struggling and closing a number of recycling plants because they are now finding the commodity prices are falling. So with the Chinese market closing, it is forcing product out into the other Asian markets, and so other countries are finding that there is an oversupply in those countries and there is nowhere to send the product. So I guess for us, looking at that as a whole global impact, potentially we would be at a point where it would not be viable for us.

Mr LIMBRICK: And APM is fairly close, is it? So transport costs are not—

Ms BEZZINA: Seven kilometres.

Mr LIMBRICK: Yes, right, so cheap transport.

The CHAIR: And having a clean product, you will always find a market for it.

Ms BEZZINA: A clean product is important. So as I was saying before, it all comes down to the sorting, but we need to make sure that there is no contamination in any of our product.

The CHAIR: So the point I want to sort of emphasise on that is there have been a lot of discussions recently in relation to 'Okay, we want to recycle but we want to find where the product is going to go at the end of the day'. But I think if we do it properly, if we produce a clean product, whether it is paper, cardboard, plastic, glass, if it is green, we can find someone to buy it.

Ms BEZZINA: There are streams for that.

Ms BATH: Thank you, Wendy, and by the way I have a wonderful nameplate that sits on my desk in Parliament that was made by Latrobe Valley Enterprises. I am very proud of it and I show it to everybody who wanders in.

The CHAIR: Was it?

Ms BATH: As a gift, it was. I did not declare it, though, so I hope that I am not going to get into trouble.

The CHAIR: Where is Hansard? Where is ours? Are you going to make one for us as well?

Ms BATH: It was a number of years ago. Wendy, for example, I just asked Mr Matthew Peake a question in relation to e-waste and the recovery of some of these metals and various entities from e-waste, and I guess I am interested to know if you were able to expand your business and take on new commodities and new processing, what would you need, or would you need personnel to look at business cases? What would you need to expand your Latrobe Valley Enterprises to adapt and use some of these products that need to be recycled?

Ms BEZZINA: So for us it would be the infrastructure, so the equipment to be able to do that, depending on what that is. So we have actually looked at e-waste, and we have gone to look at another organisation that is processing e-waste—spoken to them about the commodity prices and those sorts of things. Unfortunately the commodity price and the gate fees and those sort of things have actually become so great that it has now taken the bottom out of the business and that stream is becoming unviable. So the commodities that you are gaining out of e-waste are so small that you have to have such high volumes. So that has to be almost essentialised, a stewardship kind of role, where only one company is saying, 'This state is processing e-waste', because—

Ms BATH: You need the volumes.

Ms BEZZINA: you need the volumes to be able to make that viable. So e-waste is something that we have looked at and we would not pursue at this point in time, but that is not to say that we would not pursue it in the future. But for us it is around the equipment. If we are taking on, say, plastic sorting, that would need to be a shredded product, and so the shredders and the sorting equipment and conveyors and all that sort of thing that would have to go with it that would require, I guess, some staffing to be able to scope that out but then also the staffing to be able to run that equipment and maintain it and service it. So there would be, I guess, employment expansion as well as equipment expansion. There could potentially be, depending on the sizing of the equipment and volumes that we would be able to process through our facility, whether we needed a new facility

as well. Because at the moment we are not quite at capacity in our recycling shed, but as soon as you add a bit more equipment, then you may actually take it beyond its capacity.

Ms BATH: You have expanded almost to fit your size, haven't you?

Ms BEZZINA: Yes, and because we run four business units off the one site. We are just moving our shredding department at the moment because we have run out of space in our sign-making. So we are actually expanding sign-making out into our back area and we are having to move our shredding—secure document destruction business—within the site.

Ms BATH: And I guess just on a personal level it must be wonderful to have those 85, 84 people working very fulsomely and holistically. What is the longest serving person that you have working at Latrobe Valley Enterprises?

Ms BEZZINA: Forty years at the moment.

Ms BATH: Forty?

Ms BEZZINA: Yes.

Ms BATH: So it has been going for 52, so you have got some—

Ms BEZZINA: Yes. So we have someone that just celebrated their 60th birthday two weeks ago, and they have been with us for 40 years, and we have got some other staff that have been there for 30. So very loyal, dedicated, and they love it. It is part of their family. And I love going to work every day, and they love it when I rock up and I get a wave and a 'hi' from the car park. Yes, it is a great organisation. And they love having meaningful employment. It gives them a sense of dignity and pride. They can say that they have a job and they need to go to work today. It is a really strong, close-knit community.

Ms BATH: Yet they are very much part of the economy of your business, aren't they?

Ms BEZZINA: That is correct, yes. And they love when we do something new. However, the training that goes along with it has to be very, very structured—

Ms BATH: Flagged.

Ms BEZZINA: yes—for them to be able to take on something new and make a change. But they do love it.

Ms BATH: And are you unique or are there other Latrobe Valley Enterprises across the state? Do you know?

Ms BEZZINA: We are unique in our mix. There are other ADEs—Australian disability enterprises—that are similar to us in that they employ people with disabilities, but the mix of the business units that we have is very unique. You will often find a lot that will be a pick-and-pack service and they may do mostly pick and pack. There are some like Ability Works that do a pick-and-pack service, and they will run all the e-tags for Melbourne but they will do some industrial sort of fencing and stuff as well. So the majority of the ADEs are fairly unique in the actual services and products that they provide.

The CHAIR: So does Latrobe Valley Enterprises receive any funding for your recycling business, or do you think more funding should be made available for similar businesses across the state, with a particular focus on working with people with a disability? I noticed another organisation, Outlook I think, in Melbourne. So have you got any comments to make? Do you get any funding from any agencies at this stage or Government agencies?

Ms BEZZINA: The supported workers have NDIS funding, so there is some funding that comes with that. However, as we pay wages as well, that funding goes basically back out the door back to the employee. There is occasionally a grant or something like that that we might apply for, and we did apply for a Regional Development Victoria grant. However, that is a one-off. We rely mainly on our commercial viability. So at the

moment it is about getting out there, selling our wares and earning our income that way. So 75 per cent, maybe 80 per cent, of our income will be through our commercial enterprises.

The CHAIR: So on that, what impact did the China sword policy have on your business?

Ms BEZZINA: On us?

The CHAIR: Yes. What I am hearing from you is that because of the way you are doing things the China policy has not had much impact. Is that correct?

Ms BEZZINA: Not a lot. It has affected commodity prices. So commodity prices probably dropped about 15 to 20 per cent off what we were earning per tonnage for our product. So the commodity prices did drop a little, but it has not really changed. We have probably got smarter. But at the same time, as I say, we are very strategic in that we do not take on streams that there is no stream for. So we will not take on any product that is not viable in the first place or that we cannot actually make sure that that goes back into the economy to be recycled.

The CHAIR: So you don't stockpile?

Ms BEZZINA: No, nothing. We do not stockpile anything.

The CHAIR: Like other plants in this industry have been stockpiling for the market to pick up, and then we have fires and they we do not know what to do with it. So there is something to learn from your business model actually. If you get things done properly, you can sell it at a good price, where the others' basically laziness and greed got us into that situation unfortunately.

Ms BEZZINA: And it is probably strategy—it was a bit different. It is me coming into this business. I have only been in my job as a CEO for six weeks but I have only been in the business for two years as well. So new into that industry, so looking at it from a very commercial perspective. And so fresh eyes, I guess, is a different way of running it. But we need to make sure it is viable because I want to continue providing employment for people with a disability. I cannot do that if the whole business is not viable.

The CHAIR: No, absolutely. That is great news. I mean it has proved the point that you can actually recycle, you can make money and protect the environment at the same time. It is a great success. On behalf of the Committee, I just want to thank you for all the good work you are doing—you and the whole organisation. Please pass on our congratulations for the effort all your colleagues are putting in. Keep up the good work.

Dr RATNAM: Thank you, Ms Bezzina, for the fantastic submission, and congratulations on the incredible work that you do. I think what the Chair has said echoes the sentiment of the entire Committee. I was particularly interested in the possibilities for expansion, because one of the things that we are hearing quite loudly is the local sorting processing facilities need to expand in Victoria if we are going to solve our way out of this crisis. In terms of some of the sorting that you are doing, it sounds like that is the kind of model that we want to see and want to replicate across the state. I want to ask you: is there scope to expand your business? And I am thinking about it could be your business or what you think could be replicable? What are the barriers to expanding? I guess I am asking the question because we are trying to look at the template: what kind of framework is going to help more businesses like yours pop up all over the place to help us create a really closed, circular economy in Victoria itself? So are there any barriers to expanding? Is it something you have thought about?

Ms BEZZINA: Really just dollars, but also streams and viability of those streams. So, as I said, we have looked at e-waste but we have stopped that for now because it is not viable. So it is the commodity pricing. It is sourcing major volumes, so you have got to be able to source some major volumes, but also the way in which we run. So when we go out to a client we literally do have separate bins for our products because we want to make sure that that is collected cleanly. So again that comes back to if you are going to look at, say, a statewide solution and it comes down to kerbside, it is sorting that at that kerbside. So that then the companies can collect it segregated. I guess I do not want to see the recycling industry move into where we have sorting facilities all over the place, because again that is teaching everyone to throw everything together and then sort it. So you are putting the impost of sorting onto those facilities.

Ms BATH: The middle user.

Ms BEZZINA: And there is not much viability in the actual sorting of it. There is viability in processing it, packing it, baling it and sending it out, but there is not much viability in sorting. If you are spending the majority of your time sorting—so you have got to collect, sort and you mostly spend all day sorting and then send it out—there is not enough viability in the commodity prices to warrant that. So it has to come back to the consumer.

Dr RATNAM: So in terms of expanding processing, you were saying that some of the restriction is dollars. Is that kind of capital investment?

Ms BEZZINA: Yes, capital. We are in a position, we are looking at the moment, where we actually have the capital to invest. As I said, I have only been six weeks into the role. As part of the board we have set up a committee, so that we are going to actually start looking at strategically where we are going to go and what stream we will enter into—whether we are piloting a collection system like a deposit scheme or something like that, whether we are piloting that for our region; whether we are piloting a new plastics processing facility or something like that. So we are looking at all options but, as I said, it has to be viable before we will enter into it.

Dr RATNAM: Yes, and I guess we are now looking at what are the catalysts that are going to expand in an accelerated way the local recycling industry. I think on any learnings from your process going into the future I am sure the Committee would be very happy to stay in contact as well. I think we would really benefit from knowing the learnings from it as well, because I think one of the obligations and responsibilities that we have now at a state level is to think about how do we take these models and innovations and allow them to be replicable to other industry players as well. Some of that might be a bit of Government intervention or other types of catalysts, so anything that you are able to communicate and share with us we would really welcome to hear from you as well, so that is really interesting. Thanks very much. It is really useful.

Ms BEZZINA: Yes, all right.

Mr LIMBRICK: Just one very quick question. With the NDIS funding, what is the nature of that? Is that like a wage subsidy-type thing, or how does that actually work?

Ms BEZZINA: It is literally based on, so it is kind of a meld from, the old system. Under the old system people were given what is called a DMI ranking, so that is ranking from 1 to 4 and that is based on their disability. Within our organisation we only have people with a DMI4, which is more severe disabilities. That actual weighting comes with certain funding, so the funding that comes with each individual is a monthly amount, so we have them coming onto our site, and it may be that they are capable of one day, or they may be capable of five. So they can come onsite and come and work with us any amount of days. We receive the same amount of funding for the month no matter how often they are onsite. We literally put in a service booking and we say that they have been here onsite for X amount of days and then we get the same amount of funding per month.

Mr LIMBRICK: And that helps with your wage bill.

Ms BEZZINA: Essentially, yes.

The CHAIR: Excellent. On that note, Ms Bezzina, I again thank you very much for your time and evidence. Good luck, and keep up the good work.

Committee adjourned.