

TRANSCRIPT

PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

Inquiry into the Victorian Government's Response to the COVID-19 Pandemic

Melbourne—Thursday, 13 August 2020

(via videoconference)

MEMBERS

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Mr Richard Riordan—Deputy Chair

Mr Sam Hibbins

Mr David Limbrick

Mr Gary Maas

Mr Danny O'Brien

Ms Pauline Richards

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WITNESS

Mr Steven Csiszar, Chief Executive Officer, Med-Con.

The CHAIR: Welcome, Med-Con, to the second series of public hearings for the Public Accounts and Estimates Committee Inquiry into the Victorian Government's Response to the COVID-19 Pandemic. The committee will be reviewing and reporting to the Parliament on the responses taken by the Victorian government, including as part of the national cabinet, to manage the COVID-19 pandemic and any other matter related to the COVID-19 pandemic.

Members are attending these hearings remotely from their homes and from their electorate offices, so we ask that people note that members are not required to wear a face covering if they are working by themselves in an office under the stay-at-home directions of 6 August, part 2, section (7)(i). We advise you that all evidence taken by this committee is protected by parliamentary privilege. Therefore you are protected against any action for what you say here today, but if you repeat the same things outside this forum, including on social media, those comments may not be protected by this privilege.

You will be provided with a proof version of the transcript for you to check. Verified transcripts, presentations and handouts will be placed on the committee's website as soon as possible. We thank you for joining us today and we invite you to make a brief opening statement of no more than 5 minutes. We ask that you state your name, your position and the organisation you represent for the broadcasting record, the Hansard record, and this will then be followed by questions from our committee. So thank you, Mr Csiszar, for your attendance today, and we invite you to make a short statement.

Mr CSISZAR: Thank you. I am Steve Csiszar. I am the CEO of Med-Con Proprietary Limited, and I would like to thank the committee for allowing us to have a presentation. I have made a few notes; I would just like to read from those, and hopefully I can cover most of the salient points and then certainly open for questions afterwards.

As a preamble, Med-Con is an SME based in Shepparton, Victoria, formed in 1989 as a manufacturer and provider of medical-grade PPE to the Australian healthcare sector. At the commencement of this current pandemic it became apparent that Australia and Victoria were going to be in a diabolical situation should the COVID-19 virus spread exponentially. We had actually made the statement that this is a war and as such a wartime effort would be needed to combat this pandemic. The rationale for this statement is predicated on the fact that there was going to be a high demand for PPE products and almost everything in Australia is imported. A shortage was imminent.

This definitively raised the issue of local manufacturing of PPE. There is no doubt that we must be in a position to protect our sovereignty when it comes to times of disaster such as this, and believe me, there will be more in the future, as previously experienced with the bird flu, SARS, swine flu, zika virus et cetera. This pandemic had forced the governments to search out the last remnants of local expertise and try to rapidly re-establish some local manufacturing to ease the pressure on supplies to the healthcare services. For our part, Med-Con was the last manufacturer of surgical face masks and as such embarked upon a complex and urgent program to quickly ramp up the manufacture of masks for the healthcare services. At this point Med-Con had three machines, two of which were operational and one which was being used for spare parts. We were manufacturing around 2 million to 5 million masks per annum.

Fortunately the governments, both federal and state, acted proactively and their assistance in this matter was reasonably swift. Firstly, the commonwealth department of industry, science and technology provided funding and grants to build seven new machines for us, and they wished us to provide or to build a stockpile of 59 million masks. The Victorian government, the Department of Jobs, Precincts and Regions, also provided a grant for a facility expansion at our Shepparton plant to assist the increased production requirements. Thirdly, the ADF was enlisted to assist in the ramping up of face mask production. This was a priority. They gave us the ability to produce 24/7, they gave us time to employ and train new staff, they helped improve our operating procedures, they refurbished the existing face mask machine that was being used for spare parts and they also recreated all the old hard-copy drawings in 3D CAD/CAM features so that the mask machines could be built promptly by Foodmach, which is a company based in Echuca.

The final results were that we were on target to complete our 59 million masks for the stockpile. So far, we have done 16 million and we are producing about 9 million a month till the end of December to complete that order. In addition, we have been able to supply the Victorian customers such as the Victorian Department of Jobs, Precincts and Regions and Health Purchasing Victoria, which is the main healthcare provider, with about 5 million masks so far, and we are planning to give them about 1 million a month till the end of this year. We have also been looking after a lot of the ancillary areas such as the police. We have supplied them with 1 million masks until now, and we are planning to give them another million per month till the end of this year.

We have also been able to assist some of the other jurisdictions. We sent some masks to Queensland and WA Health, because most of these places are so desperate that we just felt it necessary to try and look after as many people as we could with the facilities that we have got.

So basically the grants that were given to us helped us increase our labour force from 15, with a million a year, to about 120 now. They added new machinery and supporting facilities for us. They expanded our manufacturing facilities by way of size and structure. They also expanded our warehousing facilities by way of size and structure and allowed us to expand our IT and internal support functions, because as you can imagine, going from 15 people to 120 really created a necessity to have a much bigger structure there to try and run and govern the place.

I think it is very pertinent for us to acknowledge that, to say the least, this is a dramatic and intensive development of our company—to an extent that I, and we, could never have imagined. The effort and dedication applied by all our staff to this point has been extraordinary, and I think we must acknowledge their role in assisting the fight against this pandemic.

My belief is that we have to implement some strong policies going forward, and part of that will be manufacturing and making sure that we have got the capability of looking after our own PPE needs and not being reliant on imported products. What we are suggesting is that health services, particularly, need to look beyond what they have in the past, which has been price, and look to support Australian manufacture, and I think price becomes secondary when you come to a situation like this—primarily because now anything imported is no longer cheap. Most of the stuff coming into the country now is exorbitantly priced and is costing the government and the community a massive impost on what they would normally spend.

I think, secondly, we need to be very mindful of the fact that now that we have this structure built to make products, we need to be able to keep making them. We would hate to think that we get to the end of December and perhaps the pandemic starts to phase out and all of a sudden we take our 10 machines and mothball half of them because there is just not enough production for them, because I think we need to be ready, that this will happen again. I think we need to be cognisant of that, and when it does, we need to be in a position where we can have some reserve stock and also fire up the equipment and get it going at full capacity as we have done up till now.

The CHAIR: Sorry to interrupt you and cut you off there, but the time for the presentation has expired. I will hand the call to Ms Pauline Richards, MP, for the first questions. Thank you.

Mr CSISZAR: Sure.

Ms RICHARDS: Thank you very much for your insights, and I would perhaps like to start by placing on the record how grateful we are to you and your team for being able to, you know, see us through. It is extraordinary to hear that evidence, and I hope to give you the opportunity to unpack that a little bit more actually.

Mr CSISZAR: Thank you.

Ms RICHARDS: Mr Csiszar, can you explain how, in a bit more detail than you already have perhaps, the pandemic has changed your business, including the opportunity to increase local manufacturing.

Mr CSISZAR: Oh, well, look, it is almost hard to put into words, but if you can imagine a company that was a family-based company—to be quite honest, the last couple of years we have been struggling. We have been under intense pressure from imported products. As you can appreciate, making products in Australia is quite expensive. We have a level of overhead and structure that a lot of the cheaper countries do not have, and

so for us to provide a finished product and compete on a dollar basis with anything imported, particularly coming out of the low-cost places in Asia, we are just not competitive. So we were getting to that point where we were even questioning whether or not this was the business that was going to go on for us. Maybe we were getting to the point where perhaps we should retire it and just mothball everything.

Every other manufacturer has pretty much closed down. Everyone went offshore. We were the last of the manufacturers, and fortunately we hung in there long enough that this came and then all of a sudden, once this commenced and put us into this diabolical situation, we too were confounded, because we thought, 'Well, we can't really do much'. Financially we did not have the capital to say, 'Look, let's go out and buy machines, let's go set this up, let's get people, let's do whatever'. However, with the support of the governments, both the commonwealth and the Victorian, we have been able to set up things very, very quickly, and we have managed to restructure the whole place. We have managed to build an add-on. We built a mezzanine within the factory, so we have actually got two floors of the factory running machines. The change to the place is just dramatic. If you had walked in there in December, you could have shot a canon through the offices and the factory. If you walk in there now, my goodness, you have got to squeeze past people so you can get anywhere from point A to point B. So it has been dramatic, it has been fantastic, and the good thing is that there are so many people there now it seems like we have got half of Shepparton employed.

Ms RICHARDS: Thank you. There is a little bit of background noise here, I am sorry. My puppy is making a bit of noise, so I hope he does not disturb us. I am interested in hearing a little bit more about how you have had to increase capacity in your business to meet this increased demand, what other steps you have had to take to get us to the point that we are at at the moment.

Mr CSISZAR: Obviously the machines were the most important thing. There are three things basically: there is raw material, there are machines and there is labour. The machines, even though they are the most technologically complex, are pretty straightforward. You build them, you pay money, you get machines. The two harder things were labour, which we obviously had to source, and we had to train the people. That was a huge, huge project, because for people to make masks and any of these other PPE products that we make, there is no pool to get them from. You have to try and get people that you think may have some acumen with that, and then you try and build on that and train them up.

Then the raw material—there was no raw material made in Australia, or not at that time anyway, so all the raw material had to be ordered. We were struggling to get that, because most of the countries that made it were trying to keep their stock for their own domestic markets, and they were not prepared to let it go. So we were very lucky that the commonwealth helped us using their diplomatic ties to put pressure on countries to release the material so we could get it in here and convert it into face masks. Then of course getting it here—well, I mean, we would never have contemplated airfreighting it; we are talking bulk material here. Things that come in 20- and 40-foot containers were all of a sudden getting shoved into planes and being flown into Australia. Logistically it was just absolutely nightmarish. We had to work on all of that and we had get that tied in with the machines being built, tied in with the people getting trained and working on the machines. We have been running pretty much 24/7 since March, and I think it will be like this until December. So yes, it has been a huge effort.

Ms RICHARDS: It is extraordinary to hear that first-hand report. How has the Victorian government supported you, either through the direct purchase of product or through facilitation and support in other areas?

Mr CSISZAR: Yes, well, look, they did. They certainly came along, and they spoke to us about what sort of funding we may need, what sort of assistance they could give us, and we had some good discussions about that. They came up with one grant that is in two pieces. We have been given half the grant now, which we are using, and then we will be getting the other half later in the year, which we will use up as well. That was basically to support the building up of the infrastructure of our company so that we had all of the facilities there for the people. I am not just talking about training and management; I am talking about things as simple as toilet facilities. When you have gone from 15 people to 120 people, three toilets are not going to cut it. So all of a sudden we had to look at that, and we had to invest money in buying that. Things like getting electricity in the place. The electricity demand that we had, say, in December was only 1 per cent of what we need now, so all of that had to be restructured.

The government helped us a lot in putting pressure on people to get things done, getting providers to work for us. And then on the other side, purchasing wise, even though we were not the supplier to the tender, they came to us and said, 'Look, if you can give us supply, we will take supply from you'. As I mentioned I think we have supplied them with about 6 million masks up till now, and we are trying to supply them with nearly 1 million a month until the end of year. But as we get close to the end of the year, our production will increase because workers will get better at what they do. Whatever increases we get we will then pass on to the government.

Ms RICHARDS: Just taking you from where you were before and giving you an opportunity to expand perhaps on how the government can ensure that the industry is sustainable going into the future, have you got any insights that you would like to further unpack there?

Mr CSISZAR: Yes, look, I think it is very simple really. I think we need to be afforded some sort of support by way of either protection or making sure that we get some part of the action when it comes to tendering for these products. These products are all put on what they call state health tenders. Some of them can run for five years. They can run for seven years when they put extensions onto them. If we had enough to be a part of that and it is all imported product, then our machines will not work as hard as they could do, and then we would have to wait until the next five, six or seven years come about when we can quote again.

Now, I think people—when I say 'people', I think the government—have got to understand that our product will never be as cheap as the imported product, but what our product will be is the best possible product available. When you look at some of the stuff coming into the country at the moment and what did come in for the first few months, it is absolute garbage. So you are looking at measuring apples and apples and oranges and oranges. When you come and you look at our product and the way it is made and the standards it is made to, it is at the top end. So I think they just have to bite the bullet. I know that people do not like protectionism and I know that we still like to think we have developed beyond that, but I think when you get to these sorts of it brings home the fact that we do have to have some sort of sovereignty that will protect our industries and give them some rights to the market.

One of the examples I think of is quota systems, where if somebody is prepared to invest in a business and manufacture products and put their hard-earned into it, then I think they should get priority—first up—as opposed to someone that is just going to say, 'I'm going to import a product from somewhere and I'll do you a deal'. I do not think that is a good way to go.

Ms RICHARDS: I would be interested to hear your insights into the industries more broadly. Textiles, clothing and footwear, and obviously personal protective equipment, have quickly emerged as essential items in Victoria's response to the pandemic. What do you see as the long-term changes to the industry, further into the broader industry?

Mr CSISZAR: Look, I think it is going to have to revert to the way it was perhaps in the early to mid-80s. When we first started in this business, we started manufacturing all PPE products, not just masks. We had a whole set-up doing cut, make and trim. We were doing gowns, we were doing caps and we were doing overshoes. We were doing anything that you needed of a disposable nature to protect an operator with. We did. But as time went on, as you said, with the textile industries closing down, unfortunately we became very uncompetitive, and slowly anything that was manually manufactured, whether it be sewing or cut, make and trim, was slowly phased out and only machine-made products stayed.

You travel 30 years forward to where we are today, and we have no sewers; we have no-one that can physically take a piece of material or textile and make it into a garment. There are people in Australia now that can make garments, and I know that a lot of them have tried to turn their hand to making protective garments for the medical trade, but there is a fair bit of technology involved in it. It is not just a matter of taking a material; you need very specific materials. They have a technology base where they have functions that they have to do. Some will have to be repellent, some will have to be impervious and some will have to be very flexible. There is going to be a lot of that having to go on, so there is going to be a lot of information that is needed to help build up these companies so they can make the PPE products in addition to what we make.

Ms RICHARDS: Has the pandemic affected your supply chain? I particularly understand perhaps meltdown plastic, but generally, I would like to get that sort of insight.

Mr CSISZAR: Yes, yes, sure. The logistics of particularly the raw material side are most important. A lot of raw material used to be made here over the last 30 years, but they too slowly closed. The last one was Kimberly-Clark. They had a plant in Albury which made basically the non-woven, which is used as a base for all these materials. Once they closed and moved off to Thailand, it basically left us with no raw material manufacturers. We have seven components in our mask, and each component comes from a different country. We get some from the US, we get some from Asia, we get some from the UK and some from Europe. What we need is probably companies here to reinvest in making these sorts of non-wovens.

Now, I do know that in the last couple of months there have been a few companies get involved in it, and we are starting to get some feedback about our products and what they can supply us. For instance, the filter material—that is being looked at by two or three different companies. The filters are the most important part or component of the mask, so if they can make that successfully, then that is what we would like to see. We would like to buy from them and not be reliant on importing the materials, say, from China, for argument's sake. Then we will have a reliable source that we can tap into very quickly, rather than wait on that logistic time from the fact that they manufacture in one place and then have to ship it to this place. So there is that going on at the moment. How successful they will be I do not know, because that is not what we do. But there are people looking at it now.

Ms RICHARDS: What sorts of lead times does the industry need to make sure that you can meet demand for orders? And has that been an issue?

Mr CSISZAR: Well, look, the lead time has been dramatic, and it is an issue. It is vital. What you would really like to know is that if I order today, I could get it in two days time, and I could plan my production accordingly. Given what it is at the moment, you cannot do that. A lead time by sea at the moment would be about 12 weeks, and that is provided that they have got material ready to go. Each step then puts it further back. At the moment, because of the pandemic, all the raw material manufacturers are in back order, and there are three, four, five, six weeks delay there. Then once they make it, there is that three- to four-week shipping time. Everything is banked up at customs at the moment. Sometimes we get a container here and we have got to battle with them to get it out within a fortnight, which usually should take only one or two days. A lead time now for materials could be as much as three to four months, and so I think we have got to work on that really dramatically.

Ms RICHARDS: This might be my final question. I am not sure how we are going for time. This is, I think, something that you will probably be passionate about: what are some of the benefits that you see of manufacturing in Victoria?

Mr CSISZAR: Oh, look, the first and obvious benefit is that we employ people. I think employment is the most important thing, and I think we would much rather see people employed than on JobKeeper or JobSeeker or on what they used to call the dole. That is the most important thing. I think the second thing is that technologically we are very clever here in Victoria. I mean, these machines were built for us. I mean, you could not buy those machines around the world. These are premium, A-grade machines, and it has taken Australian ADF people to draw them up and Australian workers to make them. So I think as far as work ethic goes we are second to none. I think we should promote that and work on that.

Ms RICHARDS: Thank you very much. I think my time is up, and it seemed like just the perfect place to end—on our work ethic—so thank you so much for your insights. Thanks, Chair.

Mr CSISZAR: No, pleasure. Thank for your questions.

The CHAIR: Thank you, and I will pass the call to Mr Richard Riordan, MP, our Deputy Chair.

Mr RIORDAN: Thanks, Chair, for that. Thank you, Mr Csiszar. One of the tasks we have had is hearing lots of difficult stories through this pandemic, so it is in fact good to see a manufacturer and a businessman with a smile on his face. I am sure it is not a smile that you necessarily want to have, but I can understand why it is so. Just a couple of quick things to get some context to your business, if we can: just give us a sense of what the market looked like back before February. The business that you had—where did you see yourself sitting in the marketplace, considering that most of the products you were competing against would have been imported? Where would you have sat, do you think?

Mr CSISZAR: I think from the point of view of quality we probably sat near the top. I think people always respected the Med-Con products and we had a reasonably good reputation in the marketplace. I think we were seen as a bit expensive. We probably only shared about maybe 5 per cent of the market, and the other 95 per cent would have been all imported product. As I said earlier on, it was quite a struggle for us. When we first started making masks back in 1989, we very quickly made some great gains and picked up a lot of business. But as we developed markets, as people went to disposable masks and cloth masks, as people realised they had to wear masks and we started to grow the market, that is when you get all those competitors come into the marketplace and say, 'Oh, well, you've done all the hard work now. What we are going to do is come in and undercut you'—which they did of course, and so our market share has dropped very quickly. But the ones that stuck with us were very good. We have had customers that have been with us since day one and continue to buy our product. But we were resigned to the fact that that is the market share we could get, because of our pricing, and so we never really developed that part of business very much. We developed other parts of our business that ran in synergy with that, and we concentrated more on products that were at a higher level, so things that are high tech in the sterilisation, infection control area. That is a market we are very familiar with.

Mr RIORDAN: Up until this moment, had you had much of a relationship in recent times with Health Purchasing Victoria? Had you had much luck getting your product into their system?

Mr CSISZAR: Yes. The areas that we quoted on—this is called their apparel tender; they have also got one for continence and they have also got one for sterilisation—we actually did get products in each of those tenders. So our relationship with HPV was reasonably solid by way of communication and understanding. But they do not give it to anyone exclusively. There are a number of providers on each tender, and usually the provider then will go out to the hospital and market his wares, if you want. But what happens is then the hospital makes the decision, 'Do I take A, B, C or D?'. In most cases, unfortunately—I know this is going to sound really harsh, but I think prices had become paramount up until now. So if you come in at the fourth-highest price, then chances are you are just not going to get a look-in, and I think that is the way it has basically gone over the years.

Mr RIORDAN: Do you know if that tendering process that HPV do has an allowance for quality over quantity? Is there an allowance that you can work to?

Mr CSISZAR: Yes, there is a preconceived allowance. There is no physical allowance. There is no percentage per se. It is not like they say, 'Well, look, you're an Australian-made product and you'll get X per cent allowance'. What they do is they look at all our data and they say, 'We'd like to support you. We know that your products are good quality', but most of the products we make have to be made to a standard. Once you make it to that standard, then you are all basically in the same boat. They have all made it to the standard, so it is once again up to the end user to choose which of the products they want. I know for a fact that people that have got our masks now that had not been getting them previously, that buy from HPV, are saying—we have received a lot of emails from them—how great our product is and that they did not realise that there was such a good product available in Australia. I think it has taken this to get people to appreciate how good our products are. So I think we might find that over the next few years things will change.

Mr RIORDAN: I found it interesting when you were telling us about raw material supply that, like many manufacturers, like many good Victorian products that are made, you so often have to rely on imports. Clearly border controls, border management, shipping, airlines—everything is in upheaval at the moment.

Mr CSISZAR: Yes.

Mr RIORDAN: Do you foresee problems with raw material supply if, in a best-case scenario, this sort of starts to slow down in a few months? But of course as we have seen in New Zealand, things can happen again. What is your view or what is the planning that you have got in place to manage that?

Mr CSISZAR: Yes, yes. The first thing we did was we obviously had what we call our primary suppliers, and we struggled with a lot of those because they shut down for other than their own domestic use. So we very quickly had to find secondary and third suppliers, which we have done now. We have got a range of suppliers for each of our components that we can source from. What we found was some of the ones are higher priced. That is why they do not tend to be so obvious, and that is probably one of the reasons why we would never have looked at them either, because we also try and keep our pricing down. For instance, a lot of our materials

originated out of Asia; we are now getting materials out of places like the UK and Europe, where we would not have looked before. Their quality is fantastic and their supply is better because they are not being inundated as much as, say, the Asian sector, where they are under a lot of pressure at the moment, because everyone went straight there to try and get more material.

But as I said, I think at the moment there are Australian companies looking at making the raw material, and I think we need to be supporting them as well, because if we can get them up and running, then the only primary product left in the making of the non-wovens is the polypropylene, and that is still made here—we can make polypropylene here.

Mr RIORDAN: When the government announced the compulsory wearing of masks, in the lead-up to that decision was your company notified in advance that this was either going to happen or imminent and to ascertain your ability to produce more or crank up more or be prepared?

Mr CSISZAR: No, no. We were not informed of that. We were as surprised as everyone when it came to that. I did not realise that would be a possibility, but it obviously did come about. But, no, we were not given any advance warning on that, but as I said previously, at the moment we are running 24/7, so we are physically at the bursting point of our production capabilities.

Mr RIORDAN: Right, okay. You alluded to the obvious problem that any manufacturer would have: you have this sort of massive unexpected boom and you crank up. I think you talked about a capacity of about 59 million masks a year—that was your goal. How do you see the sustainability of your business beyond this peak pandemic? Some of that tooling up and so on, can it be retooled for other safety products to help you level out your business in time, or do you think the demand in Australia will continue at quite high levels at which you will be able to—

Mr CSISZAR: I think it is a bit of both. Certainly we cannot retool. The machines are very specific: they will only make a face mask. What we have managed to do is to secure a contract with the commonwealth for ongoing sales of the masks, so regardless of state contracts, they are going to continue to take 10 million masks a year for the next five years, and so that will keep the machines ticking over. What we are trying to get to is the most optimum rate of those machines and to do that we need extra sales. Like, instead of the 10 million we might need 20 million, and that might give us the optimum amount.

Mr RIORDAN: So has the state indicated to you at all—the Victorian state government—that they might lock in a similar sort of contract to help you through this period?

Mr CSISZAR: Yes. There have been no numbers firmed, but we have had some discussions along those lines, and we are pushing them at the moment to give some commitment along those lines. If we could get that commitment, that would be very assisting.

Mr RIORDAN: And is that a discussion you are having with DHHS?

Mr CSISZAR: Yes, we are having that at the moment; that is correct.

Mr RIORDAN: And have they given you some sort of time line to work to or are you just sort of—

Mr CSISZAR: No, and it seems to be a bit up and down. You get these moments like when all of a sudden everyone needs masks, we have a lot of communication, and then it tends to slow down a bit and the communication goes away and we chase them a bit for it. But there is ongoing communication, and I think it is incumbent upon us to keep pushing them through, because we have done that with the other states as well, and our mission is to basically try and get the equivalent of what the government has given us—or the commonwealth—out of each of the states. If we can manage to get it to, say, 20 million masks a year, then that will keep all 10 machines running at reasonable shifts and put us in a position where if this pandemic does start again or we get a whole new one, then we can just go straight to 24. And in actual fact the 59 million masks is only for the six-month period. At full capacity now we would get 140 million a year.

Mr RIORDAN: Excellent. So just on the—

The CHAIR: Sorry to interrupt you there, Deputy Chair, but your time for questions has expired. I will hand the call to Mr David Limbrick, MLC.

Mr LIMBRICK: Thank you, Chair, and thank you, Mr Csiszar, for appearing today and telling us the very interesting story about your company and its recent success, I suppose, in the pandemic. As Mr Riordan stated, it is good to see some happy businesses, which is a good thing.

Mr CSISZAR: It is a bit sad, but yes.

Mr LIMBRICK: Yes, I have heard nothing but sad stories for a while now. I would like to ask a couple of questions. One is about the stockpiling of masks. I know that some products have use-by dates because the adhesives or whatever will deteriorate. How long can your masks be stored for?

Mr CSISZAR: For it to maintain its full efficacy so that it works as it should do to the standard, five years. And the five years is predicated upon the fact that the filter material, which is the key component—as technology has advanced, we have gone from just plain filters to filters that are now electrostatically charged, and it is that electrostatic charge that diminishes over time. So we recommend up to five years. After that the mask will then perform at a lesser rate. It will certainly still be better than putting a headscarf on or some of the stuff that is going around at the moment, but certainly for surgical use, not more than five years.

Mr LIMBRICK: Understood. I did a bit of reading. You did some things in the media talking about the raw materials and you spoke about it today. It is my understanding that the non-woven polypropylene was the biggest problem sourcing. My understanding is that that used to be produced by some other manufacturers, like you stated, and it is a petrochemical, effectively, and there are no petrochemical manufacturers that produce this particular product anymore in Victoria—

Mr CSISZAR: Yes, I understand your question. The actual converters of the petrochemical were people such as Kimberly-Clark. They had what they called a spunbond plant, which was in Albury. They are these huge plants—million-dollar machines—and what they do is they basically take a pallet of petrochemical and melt it and then turn it into a non-woven. That is basically the process. It is a very simple process, just very complex machines. But yes, they were the last one, and as far as I know, I do not know if anyone else is making that yet, but I know that there are people working on it now. They have obviously seen the opportunity to manufacture that type of raw material here. They have had discussions with us about us trialling the product and using it, so we are just waiting on them to come to us with samples. We will run them in our machines, and then we will give them feedback on how useful they are.

Mr LIMBRICK: And presumably it is only going to be feasible for this type of plant to run if they have got multiple customers, right?

Mr CSISZAR: Yes.

Mr LIMBRICK: They probably could not justify it with just yourself. So what other types of manufacturers would this product be useful for?

Mr CSISZAR: Look, non-wovens are used in a lot of other areas. They are used in the car industry. Well, the car industry is not much good now, but they use a lot of non-wovens in the car industry. They use them in your basic textile industries. In the lining of your suit, to give the side of your jacket a bit of bulk, they use a non-woven for that. Non-wovens are used in a lot of industries. They use them in roadbuilding; I know they use them on the edges of roads and things. So there are a lot of uses for them, but I think it is going to mean that some entrepreneurs are going to have to get involved in it and find out where else they can be used. You are right: if they are just reliant on us or any other mask manufacturer, they could turn that machine on and in one day make a year's worth of production and then have 364 days of it sitting around doing nothing.

Mr LIMBRICK: Back to the government making masks mandatory, were you given advance notice of when government was going to do these things? Because initially government said, 'Don't wear masks', right, and then later on they changed their position to, 'You should wear masks', and then they made their position that masks are mandatory. When did you find out about these decisions from government? Was this something that you were informed of or did you find out through the media?

Mr CSISZAR: No. We just found out through the media. We were not informed of that; we were not told directly about that. It was just one of those things that popped up on the media one day and we read it along with everyone else.

Mr LIMBRICK: And so did that create demand shocks for you or are your customers primarily not retail customers, more hospitals and those sorts of workplaces?

Mr CSISZAR: I understand the question, yes. It did create a bit of a shock because we do not generally do retail. As a manufacturer we do bulk and at the moment most of our production is committed to the governments, whether it be commonwealth or state, and it does not leave a lot left over for other businesses. Now, we do have some selected distributors that we supported on the basis that they have been with us for the last 30 years. We give them some of our stock and then they then supply to the retail market. So we did get inundated. As soon as that happened, our phones started to ring off the hook. We actually had to turn them off for a while because we could not get our other work done. But what we have been doing is we have been directing those people to our other distributors and we have been trying to sort of give it out to those people so they can get supply, because people are quite scared and people were quite desperate. That first couple of days after the announcement was quite scary.

Mr LIMBRICK: And so back to the point of this inquiry, looking at the government's response, with the communications and the time line of those communications, is there something that the government could have done better in your opinion that would have helped you with your production capacity and managing your business?

Mr CSISZAR: Yes. Look, I think they could have done it better on the basis that they probably could have talked to us a bit more about it, particularly about the whole process, because one of the things that I have found is that at the moment when you listen to the media there tends to be a lot of experts around—a lot of experts on how these products work, how they should be used—and quite frankly 80 per cent what is being said is garbage. So I think they probably need to be talking more to people like us. You know, we are not experts, but we are experienced and we are authorities on these products. We have been making these products for 30, 40 years. I think we know them better than anyone else. So when times like this come along and they start talking about, 'Oh, look, everyone's going to have to wear a mask', I think they should be including us on that discussion and I think there is probably a lot of valuable information and support that we can give them that they can then pass on to the public and perhaps not just—at the moment it just seems a bit of a scare.

Mr LIMBRICK: Yes, yes, it does seem a bit of a scare.

The CHAIR: I am sorry to cut you off there, Mr Limbrick, but your time for questions has expired.

Thank you very much, Mr Csiszar, for your appearance at our inquiry today and for your valuable evidence. We appreciate you taking the time. The committee will follow up on any questions which were taken on notice in writing, and responses will be required within five working days of the committee's request. The committee will now take a short break and resume after lunch. Thank you very much for your time, Mr Csiszar.

Mr CSISZAR: Thank you very much. Very much appreciated.

The CHAIR: Thank you.

Witness withdrew.