

# Transformation, disruption, and Covid in the Waste and Recycling sector

*Peter Payne, IRC Australia (The Insight Group) | Nov 23, 2020*

**The article contains insights on leadership in a period of cultural transformation, strategic challenge and disruption, Covid-19, and achieving Work-Life balance.**

***As the first in a series of conversations with client CEOs, Peter Payne (IRC Australia, The Insight Group) met with Chris Campbell, Chief Executive of Citywide Services appointed in 2015 following a 25-year career in resources.***

*A Chemistry graduate from New Zealand, Chris worked at QNI Ltd in London and Brisbane, and after the acquisition by Billiton plc in 1996, became Marketing Director Nickel in The Hague. Later with BHP, Chris led the integration of WMC in 2005 and was involved in the proposed merger with Rio Tinto (2008-10) working out of London and Perth; and in 2012 became BHP Billiton's Group Head of Public Affairs based in Melbourne. Since 2015, he has been CEO at Citywide Service Solutions, a subsidiary of the City of Melbourne with a turnover of \$250m in FY20.*



***Chris, a lot has happened since you started at Citywide. Can you talk about what you found, key changes and future challenges?***

**CC** - Time flies! It was clear from the start that despite challenges and need for a 're-set', Citywide had a solid foundation. My approach adapted frameworks I had learnt during previous change management initiatives. I was also fortunate to have a network willing to share tips about becoming a new CEO.

Having asked my new leadership team to summarise on a page, their 'frank and fearless' views of what worked and what needed to change, I spent a couple of months engaging across the company, before presenting the Board with my 6-point plan focused on people, culture and driving productivity to enable a platform for growth. In brief: - a focus on safety and culture; tightening the vision and restating the values in simple words that resonated; improving business planning processes; changing from a product to customer focus operating model to drive accountability; and settling the right structure with the right people.

One outcome was that most of the executive group left within 2 years – unfortunate but not uncommon in such a process. The upside – we gained some fantastic people who were aligned with our vision, with great experience and strong personal values, who wanted to be part of building the new culture.

My network kept testing me. Prior to starting as CEO, I was asked to articulate the essence of my focus for Citywide's journey. When I responded initially on a page, I was pushed to do so on half a page, and then finally a paragraph. This assisted as I soon realised, I could summarise the core components in just three words: – *Culture; Productivity; Growth.*

In that early period, I saw my job as engaging colleagues to embrace and then deliver change. We created the *Culture Champs* forum, a cross-section of the organisation – from Pete who had driven waste trucks for 20 years; to Lisa who ran our Municipal council contracts; to Sam, a passionate arborist – all recognised by peers as key influencers with strong values prepared to tell it like it is. When you say '*...I need your help...I don't have all the answers*' to such a group, be prepared for confronting but powerful feedback. Interestingly, it is still going – now focussed on Citywide post COVID.



Looking ahead, we continue to focus on our Municipal and Government business whilst seeking opportunities in energy, utilities, and major maintenance sectors. And we are undertaking a significant digital transformation, including the use of AI, to improve insights and productivity.

Part of my challenge is assisting emerging leaders within Citywide, all with different skill sets to mine, address our transformation, what needs to be done differently, and where to allocate resources. For example, what does the Supervisor of tomorrow look like, what skills will they need and what will be their measures of success, and changes in a post COVID environment?

***Given the City of Melbourne is your shareholder, do performance measures vary from the private sector?***

**CC** – A good question – some background may help. In 1995, around the time of the introduction of Compulsory Competitive Tendering in Victoria, the City decided to ‘corporatise’ Citywide under an independent Board to drive the company and Executive, the same way as any commercial organisation. That remains the case, with a Board chaired by John Brumby, the former Premier of Victoria – I am as accountable as any commercial CEO. However, there are subtle differences:

- A heightened awareness of reputational issues due to the elected nature of the Council. We are conscious of the reality that what Citywide does well or badly reflects on the City.
- Consistent with the doctrine that Governments are not taxed, and aligned with the principle of competitive neutrality, our corporation and payroll taxes are paid as tax equivalents to the City. Added to dividends, this makes up the total cash flow they receive from us.

***Can you talk to some of the emerging ‘disrupters’ Citywide and the sector face?***

**CC** – For Citywide, a key disruption has been systems and digital transformation and arising from that, the impact on the ‘way we work’, particularly as innovation and new technology have been turbocharged by the COVID crisis.

In terms of the sector more broadly, a key one is Sustainability, be it renewable energy, access to water, or waste and recycling. There is an increasing expectation from the community that it be addressed and yet, there is a limited willingness to pay any type of premium, meaning the sector must look to productivity and innovation to deliver against aspirations.

***Thinking global trends such as the circular economy and recycling, is there a ‘best practice’? And what can you tell us about China’s decision to cease taking co-mingled waste?***

**CC** – Interesting. The discussion around Smart Cities is becoming increasingly global, with many opportunities arising from big data and continuous innovation. During a 2-week overseas trip with one of my Directors last year, two themes emerged – first, it was clear that technological solutions already exist for essentially all of the challenges we face; second, ‘one shoe doesn’t fit all’. The key is to know what you are looking for, and how to adapt.



For example – for *recycling* and *waste to energy*, Amsterdam and London are well ahead; for *innovative systems*, head to somewhere like Silicon Valley; for *arboriculture*, consider New Zealand.

While there is a lot to learn from cities like Berlin, Barcelona, Hong Kong etc., from a density perspective, global cities also look to Melbourne for answers given our success as one of the world’s most liveable cities.

In terms of China ceasing to accept Australia’s waste, it is a topical subject. Remember that China has urbanised more than a billion people over the last 20 years, with growth driven by low-cost labour and more recently, a consumer-lead economy. Early on, entrepreneurs saw the opportunity to address costly ‘recycling’ in Australia to offer Councils to move from paying \$60 a tonne for recycling, to being paid \$60 per tonne for

co-mingled waste sent to Asia for hand sorting. The economics of a \$120 turnaround were compelling and much of the Australian recycling industry stopped, essentially overnight.

However, China flagged it would not last - so no-one should have been surprised. As a result, the local industry is now being re-established, although certain factors slow this response: - insufficient economic motivation; lack of economic security; and uncertainty as to the 'rules of the game'.

Policy leadership has been vital in turning the corner. In early 2019, the Federal government decision to ban export of recyclable material within 2 years is creating new local manufacturing and encouraging packaging responsibility; at State level, deposit schemes and increasing landfill levies are driving improved behaviours.

***What do you see as key challenges facing urban Australia in ensuring sustainable, liveable cities in a post-Covid-19 environment?***

**CC** - Population growth has been key in keeping Australia from recession since 1991 and, together with climate change and energy use, has had a significant impact in the urban centres where we operate. This is changing.

Recently, as part of Australia's National COVID-19 Co-ordination Commission, I chaired a Utilities Working Group focused on Utilities and Water. Three horizons were considered: -

*1. Respond to the crisis; 2. Recovery post isolation; and 3. Reform with the productivity essential to mitigate Australia's huge debt.*

The collective view was that there is a significant opportunity to drive change in a post COVID world, essential if sovereign debt is ever to be repaid.

Similarly, Citywide is changing to reflect new restrictions and to improve operations. Two examples: - First, work flexibility is not going away – one of my team found he is saving 12 hours of transit time weekly and improved his work-life balance and effectiveness; and second, we are looking at mental health impacts where the cost to a company can be 2-3 times higher than a physical injury.

***People are always interested in how business leaders ensure balance in their lives. You are married with 3 children - how do you?***

**CC** – I believe in the adage "... A life without challenge is not much of a life...", although it is not easy as a couple of examples demonstrate: - in my mid 20's leading a global

marketing team in London was hard on our young family; and in 2012, working for BHP in Perth, I was offered the role as Head of Group Public Affairs based in Melbourne – coinciding with my son going through Year 12.

In both cases, agreeing on some flexibility with the company enabled weekends with the family, which helped enormously. Children are more portable when young, but you must be transparent with your employer about what is important for you. If you do not, you make the problem yours alone and inevitably the family suffers – and that is not good.

Of course, a supportive partner is fundamental to enjoying what you do and, in that regard, a senior executive unable to find work-life balance, in my view does not understand that they can and should make choices. It is in everyone's interests. My bottom line – have a plan to get the balance right – if you cannot, then perhaps you are in the wrong job.

***Thanks Chris.***