



Paper and Board Packaging in Australia

35th Edition, 2009 – 2010

“The global financial crisis has not hit Australia generally, or the Paper and Board Packaging industry specifically, as hard as has been the case in most other countries. Whilst destocking, particularly in the last quarter of the last financial year did hit the industry, the worst affects of the GFC should be behind us, and the Paper and Board Packaging industry should enjoy a slow recovery throughout this financial year, and particularly in the 2010/11 financial year.”



EXTRACT TO INDICATE THE GENERAL NATURE OF THE REPORT

PACKAGING

Contents

1.	INTRODUCTION	1
2.	EXECUTIVE SUMMARY.....	5
	2.1 Industry overview.....	7
	2.2 Corrugated containers.....	13
	2.3 Folding cartons.....	16
	2.4 Prospects for paper and board packaging	18
3.	INDUSTRY OVERVIEW.....	19
	3.1 Paper and board market.....	21
	3.2 Waste paper market	25
	3.3 Packaging market.....	29
	3.4 Recent paper industry developments.....	35
	3.5 Supplier overview	38
4.	CORRUGATED CONTAINERS	45
	4.1 Overview.....	47
	4.2 Corrugated container imports and exports.....	51
	4.3 Corrugating materials - Kraft linerboard, multiply liner and corrugating medium.....	53
	4.4 Recent developments.....	59
	4.5 End-use demand	64
	4.6 Competitive insight and supplier overview	79
	4.7 End-user survey	89
5.	FOLDING CARTONS.....	129
	5.1 Overview.....	131
	5.2 Imports and exports.....	134
	5.3 Recent developments in Australia.....	137
	5.4 End-use demand	141
	5.5 Competitive insight and supplier overview	160
	5.6 End-user survey	170
6.	OUTLOOK TO 2009.....	207
	6.1 Economic forecasts	209
	6.2 Population forecasts	210
	6.3 Prospects for paper and board packaging	212
	APPENDIX 1: QUESTIONNAIRE.....	A-1
	APPENDIX 2: LIST OF SUPPLIERS.....	A-21
	APPENDIX 3: LIST OF PARTICIPANTS	A-25
	APPENDIX 4: PAPER AND BOARD IMPORTS AND EXPORTS	A-29

List of Tables

Table 2.1:	Consumption of paper and board in Australia, 2006/07 to 2008/09 (Kt)	9
Table 2.2:	Australian paper and board consumption 2000 to 2009 (Kg/head/year)	10
Table 2.3:	Australian fibre furnish by virgin pulp and wastepaper, 1995/96 to 2007/08 (Kt)	10
Table 2.4:	Australian packaging market by material and packaging type, year ended June 2004 to 2010 (\$ million)	11
Table 2.5:	Australian Paper and board packaging market, 2004 to 2010 (\$ million).....	12
Table 2.6:	Corrugated containers market, 2002/03 to 2009/10 (\$ million)	13
Table 2.7:	Corrugated containers market, 2002/03 to 2008/09 (Kt)	13
Table 2.8:	Apparent consumption of corrugating materials, by type 1997/98 to 2008/09 (Kt)	14
Table 2.9:	Folding carton market, 2002/03 to 2009/10 (\$ million)	16
Table 2.10:	Folding carton market, 2002/03 to 2009/10 (Kt)	16
Table 2.11:	Local paper and board packaging market by value, 2004 to 2010 (\$ million)	18
Table 2.12:	Local paper and board packaging market by volume, 2004 to 2010 (Kt).....	18
Table 3.1:	Consumption of paper and board in Australia, 2005/06 to 2008/09 (Kt)	21
Table 3.2:	Consumption of packaging and industrial grades, 2005 to 2009 (Kt).....	22
Table 3.3:	Consumption of paper and board in Australia, 1995 to 2009 (Kt)	22
Table 3.4:	Paper and board consumption by main grades, 1995 to 2009 (%)	23
Table 3.5:	Australian paper and board consumption 2000 to 2009 (Kg/head/year).....	24
Table 3.6:	Global waste paper markets – production and import (Mt).....	25
Table 3.7:	Australian waste paper exports, by country of destination, 2004-2009 (Kt)	26
Table 3.8:	Australian waste paper imports, by country of origin, 2004 to 2009 (Kt).....	27
Table 3.9:	Waste paper prices, 1997/98 to 2008/09.....	27
Table 3.10:	Australian fibre furnish, consumption of virgin pulp main grade & utilisation of wastepaper, 1995/96 to 2007/08 (Kt)	28
Table 3.11:	Australian packaging market by material and packaging type, year ended June 2004 to 2010 (\$ million)	29
Table 3.12:	Australian packaging market – value growth rates, 2004 to 2010 (percentage change)	30
Table 3.13:	Australian packaging market share by packaging type (%), 2004 to 2010	31
Table 3.14:	Australian packaging market and GDP, 1979/80 to 2009/10 (selected years).....	31
Table 3.15:	Australian Paper and board packaging market, 2004 to 2010 (\$ million).....	32
Table 3.16:	Paper and board packaging, value growth rates (%), 2004 to 2010	33
Table 3.17:	Paper and board packaging, 2004 to 2010, proportions by packaging type (%).....	33
Table 3.18:	Australian paper and board packaging market versus GDP, selected years 1959/60 to 2009/10 (\$ million)	34
Table 3.19:	Global paper and board production, year ended December 2003-2008 (Mt).....	35
Table 3.20:	Amcor's Australian mill locations and capacities, 2008/09	38
Table 3.21:	Amcor's financial segmental analysis, 2008 and 2009 (\$ million)	38
Table 3.22:	Amcor Australasia's financial segmental analysis, six months ended December 2006-2008 (\$ million).....	39
Table 3.23:	Amcor Fibre Packaging locations in Australia	39
Table 3.24:	Carter Holt Harvey: Mill locations and capacities, 2008/09	40
Table 3.25:	Visy Industries: Pulp, paper and board mill locations and capacities, 2008/09.....	41
Table 3.26:	Australian Paper mill locations, 2008.....	42
Table 3.27:	PaperlinX financial statement, 2005-2009 (\$ million)	42
Table 4.1:	Corrugated containers market, 2002/03 to 2009/10 (\$ million)	47

Table 4.2:	Corrugated containers market, 2002/03 to 2008/09 (Kt)	47
Table 4.3:	Apparent consumption of corrugating materials, by type 1997/98 to 2008/09 (Kt)	48
Table 4.4:	Apparent consumption of corrugating materials, production, imports and exports, 1997/98 to 2008/09 (Kt)	49
Table 4.5:	Demand for corrugating materials versus manufacturing gross product, 2000 to 2009	50
Table 4.6:	Corrugated containers, imports, 2004–2009 (tonnes)	51
Table 4.7:	Corrugated containers, imports by country of origin, 2004–2009 (tonnes).....	51
Table 4.8:	Corrugated containers, imports by country of origin, 2004–2009 (Average price/kg)	52
Table 4.9:	Corrugated containers, imports by state, 2004–2009 (tonnes)	52
Table 4.10:	Corrugated containers, exports by country of destination, 2004–2009 (tonnes).....	52
Table 4.11:	Apparent consumption of kraft linerboard, 1996/97 to 2008/09 (Kt).....	53
Table 4.12:	Kraft linerboard imports, by tariff code, 2005–2009 (tonnes)	54
Table 4.13:	Kraft linerboard exports, by tariff code 2005–2009 (tonnes)	54
Table 4.14:	Apparent consumption of multiply liner, 1996/97 to 2008/09 (Kt).....	55
Table 4.15:	Multiply liner exports, by tariff code, 2005–2009 (tonnes).....	55
Table 4.16:	Multiply liner imports, by tariff code, 2005–2009 (tonnes)	56
Table 4.17:	Apparent consumption of corrugating medium, 1996/97 to 2008/09 (Kt).....	57
Table 4.18:	Corrugating medium imports, by tariff code, 2005–2009 (tonnes)	57
Table 4.19:	Corrugating medium exports, by tariff code, 2005–2009 (tonnes)	58
Table 4.20:	Corrugated container production/shipments millions of square metres, 2005–2008	59
Table 4.21:	Corrugated container materials demand, by major end-use application, 2004/05 to 2009/10 (Kt)	64
Table 4.22:	Exports of food and beverages, 2004/05 to 2007/08 (\$ million)	65
Table 4.23:	Selected imports of highly processed food & beverages (\$ million).....	65
Table 4.24:	Australian fruit production, 2004/05 to 2007/08 (tonnes).....	66
Table 4.23:	Australian vegetable production, 2004/05 to 2007/08 (tonnes)	67
Table 4.25:	Australian fruit and vegetable exports, 2007–2009 (tonnes).....	68
Table 4.26:	Selected fruit and vegetable production by state, 2008 (tonnes)	69
Table 4.27:	Meat production and exports by type (Kt).....	70
Table 4.28:	Processed meat exports, 2003/04 to 2007/08 (\$ millions)	70
Table 4.29:	Local Production of ham, bacon & smallgoods (Kt), 2004–2009	71
Table 4.30:	Production of selected dairy products, 2003/04 to 2007/08 (tonnes)	71
Table 4.31:	Production of cheese by state, 2003/04 to 2007/08 (Kt).....	72
Table 4.32:	Exports of selected dairy products (tonnes)	72
Table 4.33:	Australian carbonated beverages production (million litres), 2000–2008.....	73
Table 4.34:	Australian carbonated beverages production by pack material (million litres).....	73
Table 4.35:	Supermarket non-carbonated cold beverage sales, 2005 and 2008 (millions of litres).....	74
Table 4.36:	Domestic sales of Australian table wines by container type	75
Table 4.37:	Wine exports, 1999/00 to 2009/10 (Million litres).....	75
Table 4.38:	Beverage wine production by state, 2001/02 to 2007/08 (Million litres)	76
Table 4.39:	Domestic sales of Australian table wine by container type (%)	76
Table 4.40:	Beer production, 1998/99 to 2008/09 (Million litres)	77
Table 4.41:	Beer production, by packaging type 1998/99 to 2007/08 (%).....	77
Table 4.42:	Industry value added (\$ millions)	78
Table 4.43:	Corrugated container suppliers' market share, 2008/09 (\$ millions)	79
Table 4.44:	Corrugated container suppliers' material converted, by state, 2008/09 (Kt)	80

Table 4.45: Corrugated container suppliers' material converted, by state, 2008/09 (%).....	80
Table 4.46: Corrugated container suppliers' share, by state, 2008/09 (%)	80
Table 4.47: Amcor corrugated box plants in Australia	81
Table 4.48: Visy Industries key production and recovery data 2006-2008	83
Table 4.50: Carter Holt Harvey packaging locations in Australia.....	84
Table 4.51: Structure of end-user sample.....	89
Table 4.52: Details of the end-user sample by application (percentage of total sample).....	90
Table 4.53: Number of suppliers (percentage of end-users by size).....	91
Table 4.54: Positioning of key suppliers (number and percentage of end-users)	91
Table 4.55: Client mix by expenditure on corrugate containers, 2007-2009	92
Table 4.56: Client mix by expenditure on corrugate containers, 2009 (% of end-users).....	92
Table 4.57: Client mix by industry (% of end-users)	93
Table 4.58: Importance of factors in the selection of corrugated container suppliers, by state (100 = extremely important)	94
Table 4.59: Importance of factors in the selection of corrugated container suppliers, by expenditure size (100 = extremely important).....	95
Table 4.60: Importance of factors in the selection of corrugated containers suppliers, by application (100 = extremely important).....	96
Table 4.61: Importance of having a range of packaging requirements from one supplier (100 = extremely important).....	97
Table 4.62: Number of ratings received by major corrugated container converters.....	98
Table 4.63: Summary of ratings for corrugated container converters (100 = excellent).....	98
Table 4.64: Rating of supplier C1, by state (100 = excellent).....	103
Table 4.65: Rating of supplier C2, by state (100 = excellent).....	104
Table 4.66: Rating of supplier C3, by state (100 = excellent).....	105
Table 4.67: Major suppliers' performance rating on selected factors, 2005-2009 (100 = excellent)....	106
Table 4.68: Percentage of end-users reporting problems	107
Table 4.69: Types of problems experienced, by supplier (% of end-users)	107
Table 4.70: Have contract with major supplier (% of end-users).....	108
Table 4.71: Have contract with main supplier (% of end-users)	109
Table 4.72: Duration of contract by expenditure (% of end-users)	109
Table 4.73: Duration of contract by supplier (% of end-users)	110
Table 4.74: Years as a supplier (% of end-users).....	111
Table 4.75: Potential change in corrugated supplier in the next 2 years (percentage of end-users).....	111
Table 4.76: Potential change in corrugated supplier by major supplier, (percentage of end-users who consider changing).....	112
Table 4.77: Strength mentions by end-users (% of end-users)	113
Table 4.78: Strengths of corrugated suppliers (% of end-users)	113
Table 4.79: Strengths by application – Food (percentage of end-users).....	114
Table 4.80: Strengths by expenditure, large expenditure/\$1 million or more (percentage of end-users).....	114
Table 4.81: Weaknesses mentioned by end-users (% of end-users).....	115
Table 4.82: Weaknesses of corrugated suppliers (% of end-users).....	115
Table 4.83: Weaknesses by application – Food (percentage of end-users)	116
Table 4.84: Weaknesses by expenditure, large expenditure/\$1 million or more (percentage of end-users).....	116

Table 4.85: Recommending a supplier (percentage of end-users).....	117
Table 4.86: Likelihood to recommend a supplier (10 = extremely likely).....	117
Table 4.87: Net Promoter Scores (percentage of end-users).....	118
Table 4.88: Environmental influences on buying decisions (percentage of respondents)	119
Table 4.89: Changes made as a result of environmental concerns, (percentage of end-users).....	120
Table 4.90: Motivation for changes made (percentage of end-users)	120
Table 4.91: Plans to replace paper and board packaging with a plastic substitute (percentage of end-users).....	121
Table 4.92: Plans to replace plastics packaging with paper and board packaging (percentage of end-users).....	122
Table 4.93: Impact of Covenant on packaging, by state (percentage of end-users).....	123
Table 4.94: Impact of Covenant on packaging, by application (percentage of end-users)	123
Table 4.95: Impact of Covenant on packaging, by size (percentage of end-users)	124
Table 4.96: Corrugated container prices are internationally competitive (percentage of end-users) ...	125
Table 4.97: Concerns about cartels and industry rationalisation in the corrugating industry	126
Table 4.98: Impact from retail supply chain initiatives, by sector (% of end-users).....	127
Table 4.99: Impact from retail supply chain initiatives, by expenditure (% of end-users).....	127
Table 4.100: Impact from retail supply chain initiatives, by state (% of end-users).....	127
Table 5.1: Folding carton market, 2002/03 to 2009/10 (\$ million)	131
Table 5.2: Folding carton market, 2002/03 to 2009/10 (Kt)	132
Table 5.3: Apparent consumption of cartonboard, 1997/98 to 2008/09 (Kt).....	132
Table 5.4: Folding carton consumption versus retail sales in Australia 2002/03 to 2008/09.....	133
Table 5.5: Imports of folding cartons and boxes, 2004-2009.....	134
Table 5.6: Imports of folding cartons, by country of origin, 2004-2009 (tonnes)	134
Table 5.7: Imports of cartonboard, by tariff code, year ended June 2005-2009 (tonnes)	135
Table 5.8: Imports of coated cartonboard by end use, 2005-2009 (tonnes).....	135
Table 5.9: Exports of folding cartons and boxes, 2004-2009	136
Table 5.10: Exports of folding cartons, by country of destination, 2004-2009 (tonnes).....	136
Table 5.11: Exports of cartonboard, by tariff code, 2005-2009 (tonnes)	136
Table 5.12: Coated cartonboard prices 2004/05 to 2008/09 (\$A/tonne)	140
Table 5.13: Demand for folding cartons by end use application, 2004/05 to 2009/10 (Kt).....	141
Table 5.14: Supermarket retail sales volumes of selected folding carton products, 2003-2008	143
Table 5.15: Supermarkets channel demand for breakfast cereals, 2005-2008.....	143
Table 5.16: Supermarkets demand for bakery and confectionery products, 2005-2008.....	144
Table 5.17: Local consumption of confectionery products, \$ million, 2003-2008	145
Table 5.18: Supermarkets channel demand for confectionery products, 2005-2008	145
Table 5.19: Demand for tea in supermarkets, 2005-2008	146
Table 5.20: Supermarkets demand for frozen foods by volume and value, 2005-2008.....	147
Table 5.21: Multipacks by end-use market, 2008/09	148
Table 5.22: Australian carbonated beverages production by pack material (million litres).....	149
Table 5.23: Beer production, 1998/99 to 2008/09 ^e (Million litres).....	150
Table 5.24: Beer production, by packaging type 1998/99 to 2007/08 (%).....	150
Table 5.25: Major canned beer that use bundle shrink.....	151
Table 5.26: Domestic sales of Australian table wines by container type	152
Table 5.27: Wine exports, 1999/00 to 2009/10 (Million litres).....	152
Table 5.28: Domestic sales of Australian table wine by container type (%)	153

Table 5.29: Australian pharmaceutical market, 2005-2008	154
Table 5.30: Sales of pharmaceutical products in supermarkets, 2005-2008.....	154
Table 5.31: Exports of pharmaceutical products, 2004 to 2008 (\$million).....	155
Table 5.32: Sales of cigarettes in supermarkets, 2005-2008	156
Table 5.33: Cartonboard used in cigarette packaging, 2001 to 2008 (Kt)	156
Table 5.34: Number of fast food outlets, 2005 and 2008.....	157
Table 5.35: Number of major chain outlets, 2001 to 2008.....	157
Table 5.36: Number of meals served (million), 2005 and 2008	158
Table 5.37: Supermarket retail sales volumes of selected folding carton products, 2003-2008	159
Table 5.38: Market share of folding carton suppliers, 2008/09 (\$ millions)	160
Table 5.39: Market share of folding carton suppliers, by state, 2007/08 (\$ millions).....	160
Table 5.40: Amcor Cartons locations in Australia	162
Table 5.41: Carter Holt Harvey Packaging Locations in Australia	163
Table 5.42: Colorpak financial statement, 2005/06 to 2008/09 (\$ million).....	164
Table 5.43: Structure of end-user sample.....	170
Table 5.44: Details of the end-user sample by application	171
Table 5.45: Number of suppliers (percentage of end-users by expenditure)	172
Table 5.46: Sole supplier relationship leading to an overall improvement in service performance (percentage of end-users).....	172
Table 5.47: Client mix by expenditure on folding cartons, 2007-2009.....	173
Table 5.48: Client mix by expenditure (percentage of end-users).....	173
Table 5.49: Client mix by industry (percentage of end-users)	173
Table 5.50: Positioning of key suppliers (number and percentage of end-users)	174
Table 5.51: Years as a supplier (percentage of end-users).....	174
Table 5.52: Importance of factors in selection of folding carton supplier, by state (100 = extremely important).....	175
Table 5.53: Importance of factors in the selection of folding cartons supplier, by expenditure (100 = extremely important).....	177
Table 5.54: Importance of factors in the selection of folding carton supplier, by industry of end-user (100 = extremely important).....	178
Table 5.55: Number of supplier ratings by state	179
Table 5.56: Summary of ratings of folding carton suppliers (100 = excellent).....	180
Table 5.57: Major suppliers' performance rating on selected factors, 2000-2009.....	185
Table 5.58: Percentage of end-users reporting problems	187
Table 5.59: Types of problems experienced, by supplier (% of end-users)	187
Table 5.60: Have contract with major supplier by expenditure (% of end-users)	188
Table 5.61: Have contract with major supplier (percentage of end-users)	189
Table 5.62: Duration of contract (percentage of end-users).....	189
Table 5.63: Duration of contract by supplier (percentage of end-users)	190
Table 5.64: Recommending a supplier (% of end-users)	191
Table 5.65: Likelihood to recommend a supplier (10 = extremely likely).....	191
Table 5.66: Net Promoter Scores (percentage of end-users).....	192
Table 5.67: Strengths mentions by end-users (percentage of end-users)	193
Table 5.68: Strength factors by end-users (percentage of end-users)	193
Table 5.69: Weaknesses mentioned by end-users (percentage of end-users).....	194
Table 5.70: Weaknesses mentioned (percentage of end-users).....	194

Table 5.71: Concerned about low level of supplier profitability (percentage of end-users).....	195
Table 5.72: Concerns regarding industry rationalisation (percentage of end-users).....	196
Table 5.73: Environment and choice of packaging (percentage of end-users).....	197
Table 5.74: Changes made as a result of environmental concerns (% of end-users).....	198
Table 5.75: Motivation for changes made (% of end-users).....	198
Table 5.76: Importance of buying from a single supplier	199
Table 5.77: Importance of having multiple plants and additional products (100 = extremely important).....	200
Table 5.78: Planning to replace paper and board packaging with plastic packaging (percentage of end-users).....	201
Table 5.79: Plans to replace plastics packaging with paper and board packaging (percentage of folding carton end-users).....	202
Table 5.80: Motivation to replace plastic plastics with paper and board packaging	202
Table 5.81: Impact of Covenant on packaging, by state (percentage of end-users).....	203
Table 5.82: Impact of Covenant on packaging, by application (percentage of end-users)	203
Table 5.83: Impact of Covenant on packaging, by expenditure (percentage of end-users).....	204
Table 5.84: Expectation of impact on business or problems from supply chain initiatives and requirements, by expenditure (% of end-users).....	205
Table 5.85: Expectation of impact on business or problems from retail supply chain initiatives and requirements, by application (% of end-users)	205
Table 6.1: Australia: key economic indicators 2005 to 2011	209
Table 6.2: Australian population forecasts by state, 1995 to 2024 ('000).....	211
Table 6.3: Local paper and board packaging market by value, 2004 to 2010 (\$ million)	212
Table 6.4: Local paper and board packaging market by volume, 2004 to 2010 (Kt).....	212

List of Charts

Chart 2.1:	Corrugated containers – suppliers’ market share, 2008/09	15
Chart 2.2:	Market share of folding carton suppliers, 2008/09 (percentage of total)	17
Chart 3.1:	Share of paper grades to total market (Kt)	23
Chart 3.2:	Australian paper and board consumption 2000 to 2009 (Kg/head/year)	24
Chart 3.3:	Australian packaging market, 2004 to 2010 (\$ million)	29
Chart 3.4:	Australian packaging market, 2008 and 2010 (percentage of total)	31
Chart 3.5:	Paper and board packaging 2008 and 2010 (percentage of total)	33
Chart 4.1:	Apparent consumption of corrugating materials by type, 2008/09	48
Chart 4.2:	Apparent consumption of corrugating materials, 1997/98 to 2008/09 (Kt)	49
Chart 4.3:	Market share of corrugated containers, by end-use application, 2008/09	64
Chart 4.4:	Corrugated containers – suppliers’ market share, 2008/09	79
Chart 4.5:	Number of suppliers used, 2009 (percentage of end-users)	91
Chart 4.6:	Overall average score – corrugated container converters (100 = excellent)	99
Chart 4.7:	Have contract with supplier (% of end-users)	108
Chart 4.8:	Duration of contract (% of end-users)	109
Chart 5.1:	Demand for folding cartons by end use application, 2008/09 (percentage of total)	142
Chart 5.2:	Market share of folding carton suppliers, 2008/09 (percentage of total)	161
Chart 5.3:	Colorpak’s revenue by segment, 2009 and 2007	164
Chart 5.4:	Overall top nine factors – folding cartons (100 = extremely important)	176
Chart 5.5:	Folding carton suppliers’ performance ratings (100 = excellent)	181
Chart 5.6:	Trends in performance by selected criteria	186
Chart 5.7:	Have contract with major supplier (percentage of end-users)	188
Chart 5.8:	Duration of contract 2009 (percentage of end-users)	190

1 INTRODUCTION

Report outline

This 35th edition of our study on the Australian paper and board packaging market identifies the current trends and issues shaping the market and provides a comprehensive assessment of the industry. Suppliers' performance is assessed and benchmarked to provide continuity in the evaluation of suppliers with previous BIS Shrapnel reports.

Following the introduction and executive summary chapters, Chapter Three provides an overview of the paper and board market in Australia, the total packaging market, and the paper and board packaging segment. It also highlights recent market developments, key industry competitors and emerging trends in the market.

Chapters Four and Five cover the corrugated containers' and folding cartons' packaging segments. Recent market trends, imports, exports, end-use markets, and a competitor analysis are provided. Our end-user survey of both markets covers pertinent strategic and marketing issues affecting the current market.

The final chapter of this report (Chapter Six) provides a summary of the economic outlook for Australia for the 2009/10 fiscal year together with an overview of the prospects for paper and board packaging.

The Appendix section includes:

- Appendix 1– Survey questionnaire
- Appendix 2 – List of suppliers
- Appendix 3 – List of participants
- Appendix 4 – Paper and board imports and exports.

As with previous editions of our survey, a brief summary of the relevant issues has been sent to interested respondents in appreciation of their co-operation.

Notes on apparent consumption, trade data and market sizing

This edition of Paper and Board Packaging includes detailed information on apparent consumption by material type, and imports and exports by detailed tariff codes. There are several problems associated with the compilation and interpretation of this data, which should be used as a general guide only to trends in the market place.

Apparent consumption is calculated using local production, imports and exports, but does not take into account unsold stock which can be considerable, especially in times of rising imports. For this reason the apparent consumption tables may differ when compared to our market estimates. We have based our apparent consumption tables on data published in the IndustryEdge Paper and Board Strategic Yearbook. Due to the revisions in import and export codes we have adjusted some of these tables in conjunction with IndustryEdge.

Official trade data is not always reliable, with incorrect tonnages recorded and items misclassified. Also an individual item can be imported in under multiple codes. For example, Korean greyback cartonboard comes in under five different codes. Also for coated cartonboard, the end use market usage cannot be exactly defined, as not all products are used for packaging.

Occasionally there are problems with volume data and some tonnages have been estimated based on value data which is usually more reliable, however we cannot vouch for the accuracy of this data.

In estimating the corrugated containers and folding cartons markets, we have taken into account another sector, the litho-laminating market which comprises elements of the above two markets. We are including the coated cartonboard used in this market as part of the folding cartons market, and the single faced corrugated board as part of the corrugated containers market. Coated cartonboard accounts for the greater proportion of litho-laminating value. Both Amcor and Carter Holt Harvey include litho-laminating in their folding carton divisions, and for these companies total litho-laminating turnover is included. Visy Glama, derives a large proportion of its turnover from litho-laminating, and several folding carton suppliers also include litho-laminating in their turnover. In sizing the corrugated container and folding carton markets we have taken into account these turnover figures from several sources.

Survey sample

The findings of this report are based on a survey of 280 interviews with 200 end-users (companies) of paperboard packaging Australia-wide. Details of the sample are shown in the following table.

Survey sample by end-user, 2009

<i>By location</i>	<i>Number</i>	<i>% of total</i>
New South Wales	70	35.0
Victoria	67	33.5
Queensland	31	15.5
South Australia	16	8.0
Western Australia	10	5.0
Tasmania	6	3.0
<i>By expenditure</i>		
\$250,000 or less	67	33.5
\$251,000 to \$500,000	37	18.5
\$501,000 to \$1 million	29	14.5
More than \$1 million	67	33.5
<i>By application</i>		
Food	113	56.5
Consumer non-durables	20	10.0
Consumer durables	37	18.5
Industrial products	15	7.5
Beverages	15	7.5
<i>By position of respondent</i>		
Owner/managing director/general manager	41	20.5
Purchasing manager/officer	94	47.0
Product/marketing/sales manager	30	15.0
Plant manager	8	4.0
Production/planning manager	4	2.0
Packaging engineer/manager	8	4.0
Materials handling engineer/manager	5	2.5
Other position	10	5.0
Total	200 ⁽¹⁾	100.0

Note (1): The sample size of 200 above excludes 17 respondents who had completed the rating questions only. These respondents did not answer other questions in the survey.

Note (2): Of the 200 companies interviewed, 80 (40%) of them reported that they use both corrugated containers and folding cartons in their product packaging.



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