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

BIS Shrapnel

BUSINESS RESEARCH AND FORECASTING

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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

By location	*Number*	*% of total*
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
By expenditure		
$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
By application		
Food	113	56.5
Consumer non-durables	20	10.0
Consumer durables	37	18.5
Industrial products	15	7.5
Beverages	15	7.5
By position of respondent		
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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