



Packaging Council of Australia

Gavin Williams
Chief Executive Officer

T: 03 9690 1955

F: 03 9690 3514

E: info@pca.org.au

www.pca.org.au

A NEW PACKAGING INDUSTRY ASSOCIATION

REPRESENTING ALL SECTORS



A New Packaging Industry Association

The PCA believes that the way the industry is represented needs to be reassessed. One of the results? A proposed new Association.

The aim of the proposed new Association is to:

- Provide a more effective and co-ordinated industry voice and representation on the key common issues;
- Bring the various material and product packaging groups into one organisation;
- Operate in a way which does not inhibit or restrict their ability to pursue their own sectional and technical issues;
- Provide better services for all and at a reduced cost.

Why Change is Needed

Many of the existing industry organisations covering packaging were formed in the 1970's and 1980's. Since then, the business environment for packaging companies has changed enormously – changes which are yet to be reflected in the way the industry organises itself.

There has been significant consolidation, mergers, takeovers and acquisitions amongst companies – but not yet their associations.

The range of issues confronting companies in the packaging supply chain have become much more complex and challenging – issues that include globalisation, competition from low cost Asian producers, changes in society and consumer attitudes, the increasing role and influence of the retailers and greater regulatory involvement by governments.

These changes and pressures are unlikely to abate. Indeed, they will probably intensify. Over the next decade it would be prudent to plan on the basis that:

- Government regulatory pressure will increase - particularly in areas such as the environment, business "red tape" and food safety;
- Supply chain pressures will further intensify, the aim being to reduce costs, reduce packaging and do more with less;

- Global competitive pressure will increase, particularly from Asia;
- Sustainability and the environment will remain an issue for all companies in the packaging supply chain;
- Health and safety issues will become more important, requiring continuing industry co-operation and transparency.
- The public perception of packaging continues to be poor and needs to be transformed.

The aim is to provide
**a more effective
packaging industry
voice and better
services, all at
reduced costs**

The Objectives

The impetus for the creation of a broader association representing all parts of the packaging chain is fourfold:

- A widespread belief by many companies that there are too many industry associations representing specific sectors and narrow interests and which do not provide value for money nor adequately represent broader company interests;
- The demand by companies for industry bodies to put aside traditional boundaries in the interests of addressing common issues;
- The drive to reduce costs and seek better value for money;
- Provide a more effective packaging business advocacy voice and representation, particularly with governments.

The objective is to establish a single association which will represent all packaging industry sectors – manufacturers, suppliers, users and others. It will cover membership from packaging manufacturers, suppliers, co-packers, brandowners and retailers, as all their supply chains are increasingly linked.

The proposed Association would be a new body. It is not a “takeover” by any one group or Association. It would allow equal representation for all sectors.

The new Association will provide scope for sectoral groups – or chapters – to continue to meet separately under the umbrella of the new Association if that is required to pursue issues such as standards, technical and other details. Whereas some of these groups are now struggling, the aim will be to prosper, develop and grow together. For example, the new Association will assist by providing meeting rooms and secretarial services for their activities. Their costs will be reduced by the provision of these services on a shared basis.

“
the aim will be to prosper,
develop and grow together
”

AEROSOLS

BRAND OWNERS

CARTON & BOARD

CONTRACT PACKAGING

FLEXIBLES

THE NEW PACKAGING INDUSTRY ASSOCIATION

GLASS

LABELS

METALS

RETAILERS

RIGIDS

The New Association - Its Focus

- **Representation** – Speak for the packaging supply chain and lobby with Commonwealth, State and local Governments on packaging issues that require a co-ordinated response from industry. The aim will be:
 - » Focus on regulatory issues in Australia;
 - » Provide advice on the compliance implications for member companies, their staff and their products – the aim being to reduce risk;
 - » Report regularly to members and provide practical advice on how best to respond to these issues and trends;
 - » In the immediate future, focus on the following issues – the carbon tax, imports, food contact packaging, manufacturing and the state of the packaging industry and retailer related issues.
- **Advocacy** – Allied with the government representational aspects, there is a pressing need for the industry to push its case on the wider manufacturing stage and the issues it confronts. Issues such as: business red tape; the impact of regulation on Australian packaging; what do we want from governments; innovation and competitiveness and getting better media coverage. The new Association will be better placed to:
 - » Use its influence and expertise with officials and all levels of government;
 - » Work with all levels of government to get a consistent national approach to packaging issues;
 - » Be proactive – rather than responsive – to changing public perceptions of packaging.
- **Networking** – Conduct events and provide a forum for members to network with others in the packaging supply chain, especially those who most effect the strategic and commercial environment for packaging including brandowners, retailers and key Government Ministers and officials. This will:
 - » Assist members to monitor company attitudes, industry trends and data.
 - » Provide insights for members own strategic planning and the direction of government policy and thinking.
- **Education and Training** – Providing communication to the general public as well as an education and awards program for industry, students at primary, secondary and tertiary educational institutions will all be an important component of the new Associations activities. The aim will be to:
 - » Adopt a proactive media policy, the aim being to be recognised as the authoritative industry spokesman and to get better press coverage for packaging;
 - » Educate and influence teachers and the next generation of consumers through the various Awards program;
 - » Assist companies with training their staff on policy and other matters addressed by the Association.

Be proactive...
and use our influence
and expertise with
government


The Way Forward

The new Association will initially represent the following materials and product sectors (see diagram representation on page 3):

Carton/Board; Glass; Metals; Flexibles; Rigids; Labels; Aerosols; Contract packaging; Brands; Retailers; Packaging equipment suppliers.

Each sector/group would have two members on the Board. The Chair would rotate from sector to sector every two years.

The aim is to undertake the "sounding out" process of prospective members and industry associations by the end of August/early September 2012. If sufficient support exists, an interim Board would be put in place to develop and agree on the legal aspects of the proposed Association, the aim being to have the necessary formalities in place by late 2012 so that the Association can formally commence early in 2013.



The new Association
will **provide scope for
sectors - or chapters -
to meet together and
separately**

Annual Membership Fees

The aim will be to provide these services at a reasonable cost. A suggested annual membership fee structure for companies is set out below. If adopted, the schedule would substantially reduce membership fees for most members of the existing packaging associations.

PACKAGING MANUFACTURERS/SUPPLIER GROUP

The subscription is based on **total turnover in packaging or packaging materials** for all branches throughout Australia.

Manufacturer Subscription Scale		
SCALE	SALES TURNOVER (\$)	TOTAL INCL. GST (\$)
S06	Over 1,000 M	50,000
S05	300 M up to 1,000 M	35,000
S04	100 M up to 300 M	20,000
S03	50 M up to 100 M	10,000
S02	10 M up to 50 M	5,000
S01	Up to 10 M	2,000

Raw Materials Subscription Scale		
SCALE	SALES TURNOVER (\$)	TOTAL INCL. GST (\$)
W02	Over 100 M	20,000
W01	Up to 100 M	10,000

PACKAGING USERS/BRANDOWNERS

The subscription payable is to be calculated from the **total annual sales turnover of packaged goods** by the user company for all branches throughout Australia.

Subscription Scale		
SCALE	SALES TURNOVER (\$)	TOTAL INCL. GST (\$)
U04	Over 300 M	10,000
U03	100 M - 300 M	5,000
U02	20 M - 100 M	2,000
U01	Up to 20 M	1,000

RETAILERS

The subscription for this category is calculated from the company's **total sales turnover of packaged goods** for all branches throughout Australia.

Subscription Scale		
SCALE	SALES TURNOVER (\$)	TOTAL INCL. GST (\$)
R03	Over 1 Billion	10,000
R02	100 M - 1 Billion	5,000
R01	Under 1 Billion	1,500

OTHER - CONSULTANT/DESIGNER GROUP

SCALE	SALES TURNOVER (\$)	TOTAL INCL. GST (\$)
C01	N/A	1,000

OTHER - INDUSTRY ASSOCIATION

SCALE	SALES TURNOVER (\$)	TOTAL INCL. GST (\$)
I01	N/A	2,000

OTHER - PACKAGING MAGAZINES

SCALE	SALES TURNOVER (\$)	TOTAL INCL. GST (\$)
M01	N/A	700

OTHER - GENERAL CATEGORY

SCALE	SALES TURNOVER (\$)	TOTAL INCL. GST (\$)
G01	N/A	1,400

Why You Should Consider This

- Many of the existing packaging industry organisations were formed in the 1970's and 1980's. Since then, the business environment has changed enormously – changes which have not yet been reflected in the way the industry organises itself.
- The proposed Association would be a new body. It is not a "takeover" by any one group or Association. It would allow equal representation for all sectors. The Chair would rotate every two years from sector to sector. The Board would comprise two representatives of all the various sectors.
- The range of issues confronting companies have become more complex and challenging – globalisation, competition from low cost producers, tighter margins, changes in society and consumer attitudes, the increasing role and influence of the retailers and greater regulatory involvement by governments. These are issues which affect all companies. They are seeking better value for money and reducing the number of associations of which they are members. They are withdrawing their support - and their funds.
- Many industry associations are struggling to adequately service their members. Some will not survive. While there has been considerable consolidation amongst companies, there has been little or none amongst their industry associations. Without surgery and reorganisation, many more will wither or die.
- Government regulatory pressures on packaging will not abate. It will intensify. Anti-packaging campaigns will continue. Issues such as litter, sustainability, health and food contact packaging will remain as issues requiring an industry response. These issues are common to all companies in the supply chain.
- The industry no longer operates in an area where its expertise and role is uncontested. Consumer groups and environmental organisations are now much more active and involved than in the 1990's. The industry needs to have a stronger, unified voice in making its case and carrying the day in policy debates.
- The industry needs a focal point under which they can come together and represent themselves on matters of policy and mutual interest. This body will aggregate and co-ordinate industry resources, opinion and influence on the really big issues.
- Rationalisation, properly managed, will deliver better services to members at reduced cost. And it will not preclude specific packaging materials or product groups from meeting together on technical, standards and other issues of particular concern to them.

THE TIMETABLE



- The aim is to reach broad in-principle agreement amongst interested parties on the formation of a new Association by the end of September. An interim Board working group would then be put in place and work would commence on putting together the legal and other aspects of the new Association by the end of 2012.
- The goal is for the new Association to formally commence early in 2013.

In Summary



The Association will represent the diversity of the packaging supply chain.



Funding is provided by membership fees, events and functions.



Costs are reduced through amalgamation and with new members joining.



Cash reserves from the merging associations will be pooled into one account with Board representation from each industry sector determining the investment of those funds into key initiatives. (ie. Carbon tax, Container deposit issues, responses to Government policies etc.).



The Chair of the Board rotates from sector to sector every two years.



Industry sectors are not funded, they provide representatives on the Board (Two year limit per Company).