



Paper Force (Oceania) Pty Ltd
Suite 10, 255 Whitehorse Road
Balwyn Victoria 3103
Australia

Telephone 61 3 8809 3333
Facsimile 61 3 8809 3300
ABN 84 109 526 776

Submission to inquiry into Commonwealth procedures - paper procurement

Introduction

Paper Force (Oceania) Pty Ltd is an Australian operated and managed company specialising in printing, communication and packaging paper products. Headquartered in Melbourne and operating in Australia for over two decades, it has an exclusive relationship with Asia Pulp and Paper (APP) and its mills and supplies a range of customers in Australia.

The raw materials used to make our products come from sustainable sources, achieved through the implementation of best practices such as Chain of Custody systems (PEFC), High Conservation Value Forest (HCVF) assessments and protection, and Sustainable Forest Management certification. We also meet all requirements under the Australian Government Anti-Illegal Logging Act.

Public Policy Concerns

A number of Paper Force Oceania customers are suppliers of copy paper to Australian Government Departments. Paper Force has been the subject of regular attacks and

harassment by domestic competitors and the CFMEU. Australia is a nation reliant on trade for economic growth and we argue that trade is inherently a two way process.

Our company has always sought to secure future growth through superior market performance. Unfortunately, our key competitor seeks to rely on union and political campaigns to ensure what would be essentially a subsidised Government market.

Australian Paper, a wholly owned subsidiary of Nippon Paper, last year announced the closure of its Shoalhaven Mill with the loss of 75 jobs. The closure of Shoalhaven has been falsely attributed to competition from imported products and a lack of Government support.

The opening by Australian Paper of a recycling and deinking plant in Maryvale has reinforced the level of union and political threats to our company. Predictably, Australian Paper, with the support of Labor and union representatives, has publicly exerted pressure on the Australian Government to buy Australian made paper products. This is despite the fact that Australian made paper is not specified in Commonwealth Procurement Rules. The key requirement in Commonwealth procurement is recycled grade paper.

Anti Dumping Actions

Our company strongly supports the WTO guidelines and the right of any company to take anti-dumping action.

However, Australian Paper has a regrettable history of initiating of what could be regarded as 'tactical' anti-dumping cases against competitors. Virtually none of the anti-dumping applications lodged by Australian Paper over recent years have been successful.

Impact of Imported Paper Products

Australian Paper and the CFMEU continue to insist that Australian jobs are being lost due to competition from imported paper products. We would caution against blaming imports as the sole reason for the difficulties facing domestic manufacturers. There are clearly issues relating to shortcomings in management of domestic manufacturers, especially in management of major new pulp projects.

Our products offer healthy and fair competition in a market which is easily big enough to support both imported and Australian made goods. In particular, our customers are able to provide cost effective and reliable product to the Australian Government under strict tender conditions.

It is instructive that the primary defence by Australian Paper and the CFMEU to competition from importers is to demand a monopoly supply of Australian made product to Government bodies.

Export Opportunities for Domestic Producers

Australian Paper's parent company, Nippon Paper, has a vast network of international distribution, especially in Japan. Japan is not only one of the world's largest markets for supply of paper but it is also highly priced and consumes significant volumes of value added paper. It seems obvious to us that Australian Paper, with the support of the CFMEU, should have pursued opportunities to establish an export market in Japan, in concert with its parent company.

Such an initiative would have been much more effective in saving the Shoalhaven plant rather than demanding special market access for domestic paper production.

In the same context, any strategy by Australian Paper to base the future viability of its Maryvale plant on Government purchasing will be fatally flawed, as demonstrated by the company's experience with the Shoalhaven plant.

In short, we argue that it is not the role of the Government to subsidise foreign owned companies having difficulties competing in the open market by adopting narrowed procurement processes.

Yours Sincerely

Larry Jackson

Managing Director

Paper Force Oceania Pty Ltd.