

Packaging in the time of coronavirus: Australia's way

In recent months, Australia has been ravaged by one disaster after another. Drought, fire, floods, and now a pandemic. And every time, without fail, the packaging industry has risen to the challenge of supporting the greater community and innovating in the face of crisis. Lindy Hughson writes.



WHEN I first researched this article for website publication on 9 April, Australia's states and territories were in various levels of shutdown. We had recorded 6073 cases of Covid-19, and our death toll was 51. As I write this update on 12 May, recorded cases are at 6927 and deaths at 97. Relative to other nations, we are in a good position. For the most part, Australians have responded well to the federal and state governments' social distancing regulations and, in simple terms, we have flattened the curve. There is an air of cautious optimism in our leaders' rhetoric as we start to lift restrictions in a measured fashion. But the message is clear: conquering this pandemic will come at a huge cost, socially and economically, for all of us.

As a packaging journalist, it has been a privilege to report on the positive response made by so many

companies and individuals in our industry in their efforts to not only ensure the safety of their own staff, but also to lend support to their customers and suppliers and pivot their businesses to solve immediate shortages of supply. The pandemic has highlighted the community's basic needs for security of supply, food safety and product protection – and in this the packaging industry has a huge role to play.

INDUSTRY STEPS UP

In compiling this report, *PKN* spoke to a selection of Australian Institute of Packaging members who represent different packaging supply chain sectors about their companies' response to the current crisis.

For Melbourne-based flexible pouch specialist OF Packaging, even before the shutdown was mandated by government, the company moved quickly to implement new processes and technologies throughout its business to ensure minimal impact to the people involved at all levels of its supply chain.

"Our company ethos of collaboration has been influential in the face of adversity. It has allowed us to effectively continue our packaging supply in a time where demand for flexible packaging has had an uptick, especially in the local manufacturing sphere," Joe Foster, managing director of OF Packaging, says.

Foster says the company has been working on multiple packaging

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innovations it is now expediting, including new coatings and materials that could be useful in the current situation, such as a range of anti-microbial, anti-bacterial, and aseptic packaging innovations.

Like other food packaging suppliers, Sealed Air Australia has an important part to play in rising to the challenge of major demand increases for food packaging and protective packaging to keep supermarkets and e-commerce running.

The company's priority was establishing a people protection team and then protecting its Australian manufacturing plants' ability to fulfill unprecedented supply demands. This included screening measures and new ways of working that safeguard the wellbeing of employees and the community.

“We have seen an increase in demand of more than 200 per cent for some lines of meat, seafood, and poultry trays. Having manufacturing plants and an avid production team here in Australia has been critical to a quick response to the surge in demand,” says Alan Adams, Sealed Air's sustainability director, Asia Pacific.

Commenting on a shift in focus around packaging, Adams says: “And what a change in our markets... from pressure to eliminate plastic bags and wrapping fresh produce, to food safety and availability being top of mind for all of us, and Woolworths' CEO Brad Banducci even being asked by ABC reporters if single-use shopping bags will make a comeback!”

Foster has noted a change in sentiment too. “It has been interesting to see the shift in public view from packaging sustainability to product protection, shelf life, and safety. This threat has reminded us the true purpose and importance of packaging, and rightfully so – plastic should not be seen as waste, but a resource,” he says.

“We hope that once this crisis is over, public perception will have changed on issues of sustainability and will no longer perpetuate the unrealistic notion of removing plastic altogether, to instead focusing on improving our waste infrastructure, and working on new innovations that allow us to better collect, recycle and reuse plastic material for packaging applications.”

Weighing in from Western Australia, Zipform Packaging managing director John Bigley says that apart from ensuring all employees are operating safely and healthily, the company's packaging operations have been business as usual.

“We all still have a job to do to drive innovation that delivers better sustainability solutions and there's no reason to halt or slow down initiatives to address the 2025 National Packaging Targets,” Bigley says.

“It is clear that packaging has a huge role to play in terms of maintaining the integrity of food supply at a very challenging time and of course, as we all know, packaging plays a vital role in minimising food waste.”

Bigley believes issues like food safety and food waste will become

increasingly front-of-mind for the consumer so the crisis will undoubtedly raise the profile of the packaging industry positively.

“We will be one of the key industries to emerge with a stronger public awareness of what we deliver and the role of packaging compared to a lot of the previous negative perceptions around packaging and waste.

“The world will never be the same again and as ultimately we look in the rear-view mirror at the crisis, we will be able to look forward to a bright future as a packaging industry. Packaging is not only fit for the present but undoubtedly fit for the future,” Bigley says.

SELF-SUFFICIENCY IN FOCUS

Amid the Covid-19 crisis, as government calls on industry to make products in short supply, manufacturers are turning to Australian packaging companies for help.

Local packaging suppliers are seeing a change in demand from the market as manufacturers who were dependent on overseas supply chains find themselves in a position they would prefer not to be in. So says Aleks Lajovic, managing director of Australian-owned tube and closure manufacturer Impact International.

He tells PKN Impact is prioritising tube production for demand from existing, loyal customers as well as for items that the Australian government views as “essential”, such as hand sanitiser.

“We have tried to offer customers tubes that maximise efficiencies on our production lines and we have tried to reduce the number of change-overs required on each production line,” he says.

“Our staff and our suppliers have been fantastic, with everyone pitching in so that we can manufacture as many tubes for hand sanitiser products as possible. We are running extra shifts across our site as we try and assist as many people as possible.”

Commenting on the reported packaging supply shortages for hand sanitiser (typically supplied in a plastic bottle with pump dispenser) Lajovic says, “When you think of a plastic bottle, there is not one company that

I know of in Australia that covers off the three main areas of manufacturing the bottle: manufacturing; applying the cap or pump head; and decorating the bottle using either direct print or a label.

"Trying to manage these three areas in this current environment is extremely challenging. The pump supplier is probably based overseas, has huge orders, and international freight is far from routine at the moment," he says.

"At Impact, we manufacture the tube, we manufacture the cap, we fit the cap onto the tube, and then we decorate the tube, so all in-house and you get to deal with one company... plus, the tube understands how gravity works, so the product is already sitting at the dispensing orifice, you are not trying to get the product to flow uphill.

"We are also pricing in Australian dollars, so there is no exchange risk when dealing with us," Lajovic says.

As Lajovic observes, many companies are now reconsidering their packaging supply chains, the problem is that everyone is doing it at once. Consequently, the next challenge for Australian packaging manufacturers will be supply of raw materials (especially plastic resin). According to Lajovic, two resin suppliers have moved to allocated supply of certain resins for the next few months.

Sydney-based family company Wellman Packaging supplies rigid plastic packaging across a range of sectors but primarily food, household care, personal care, and pharmaceutical, and therefore has a broad exposure to the types of products

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— Craig Wellman, Wellman Packaging



that have come under heavy demand due to the Covid-19 crisis.

CEO Craig Wellman tells *PKN* that the bottles, closures, and caps the company produces for these sectors – including domestic and commercial cleaning products and hand sanitisers – have seen increased demand.

"The rapid elevation of the crisis and resulting panic buying by consumers together with a significant increase in the general levels of sanitisation throughout the community have driven this," Wellman says.

"I expect this to continue long after the Covid-19 crisis has abated in strict medical terms because this pandemic has changed consumer and social behaviours that most likely will be locked-in as part of the new normal. This will translate into higher demand for products of this kind over coming years when compared to general average demand of say 2019," he says.

Wellman says this is also the case for food, with high volumes on products consumed in the home as a result of social distancing and

work-from-home policies – and of course many restaurants closing or being restricted to take-away only.

"As demand normalises after the panic buying of recent weeks, demand in this sector should also continue at a generally uplifted level until people return to public places like restaurants – and have the money to do so, noting that we are heading for 10-15 per cent unemployment and possibly a deep and protracted economic contraction," he adds.

Commenting on the packaging and product shortages around hand sanitiser, Wellman notes that aside from having put in place "hospital grade" procedures for combating infectious diseases so that the company may continue to supply packaging to other "essential businesses" for their cleaning chemicals and hand sanitisers, Wellman Packaging has also commenced its own production of hand sanitiser internally.

"For us it is a common supply item – we've had dispensers on the walls everywhere for years and something that we have been giving out to our staff and their families since the start of Covid-19. However, now our regular supplier, Johnson & Johnson Medical, is struggling to keep up," he says.

Wellman Packaging is also looking at the production of masks in conjunction with the Victor Chang Research Institute.

"It's game on and we all need to play a part in the control and management of this outbreak – including being respectful of social distancing

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— Aleks Lajovic, Impact International



rules. I very much doubt that this will be the last time we as a community need to rally against a contagion of this kind, so developing the infrastructure and skills to deal with such events will certainly not be a wasted effort.

As Wellman says, if Covid-19 has taught us nothing else it is that excessive reliance on manufacturing from China and other parts of the world – of not being self-sufficient – is no longer an acceptable option, especially for items essential for public safety.

Melbourne-based Caps & Closures continues to experience unprecedented demand for a wide range of closures and dispensing options, as managing director Brendon Holmes tells *PKN*.

Holmes says the company has put measures in place to increase production to meet the nation's essential packaging needs.

"Even with the global supply-chain network in crisis, our experienced staff have done great work in managing the influx of emergency orders, production planning and fulfilment logistics.

"We are attracting new customers who are seeking an Australian manufacturer with credibility and a proven record, to fast-track supply of product to the consumer. We are innovating with existing caps and developing new designs to serve their needs. We have committed additional shifts for production round the clock, with careful planning, to support our customers both locally in Victoria as well as interstate to ensure the quick production of essential commodities by their manufacturers. That way, we can get it out to those who need them quickly," Holmes says.

"Now is the time, as the Industry Minister Karen Andrews and NSW Premier Gladys Berejiklian recently pointed out, to learn from the pandemic experience that has exposed Australia's reliance on overseas supply chains, and support investment in retooling for products that should be manufactured domestically."

Holmes relates that Caps & Closures has seen some "amazing outcomes"



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within its customer base, with local operations from breweries, distilleries, and bottlers converting lines to meet the ever-increasing demands of sanitiser and cleaning products.

One such customer is Urban Alley – a Melbourne-based independent craft brewery located at Docklands, now using its resources and facilities to produce hand sanitiser. Holmes tells *PKN* Caps & Closures was able to put measures in place promptly to adapt to the requirements of Urban Alley and at the same time save an estimated 100 jobs in the supply chain.

"The challenge going forward is to continue to support our new customers and expand our business together, in a highly competitive industry with many international competitors," Holmes says.

Taking into account the views of all interviewees, one of the silver linings from the pandemic will be a more robust manufacturing sector in Australia that could once again become the engine room for innovation, economic growth and job creation. ■

TETRA PAK CALLS-OUT TRENDS

Based on market observations accessed through its global network, global food packaging giant Tetra Pak says the impacts of Covid-19 on its customers and their brands are playing out as follows:

- The emerging new retail channels are becoming more important – online grocery and meal deliveries are seeing huge rises – both in China and globally.
- Back-to-basics trend on consumer expenditure – consumers are spending highest on basic grocery items. Alongside this, there have been significant spikes in hoarding emergency supplies to build what is called a "pandemic pantry".
- Beyond this crisis, as can be compared to post SARS, consumer preferences will navigate further towards quality of source, immunity boost, and nutrition for longevity.