



**Australian Paper**

a member of the Nippon Paper Group

## Media release

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### **Australian Paper announces turnaround plan**

Australian Paper today announced that a turnaround of its business is required following a fourth year of consecutive losses. The turnaround plan includes a holistic review of all areas of the business and a restructure of the corporate operations.

“This situation has been driven by tough operating conditions and a flood of imported paper from Asia. We want to see paper production continue in Australia, however, we have now reached a point where without significant improvement to our cost structures, the ongoing competitiveness, and therefore, viability of our operations will be severely tested,” Peter Williams, Australian Paper’s Chief Operating Officer, said today.

Mr Williams said that changes will be required across all areas of the business over the coming months to remain viable. “We need to restructure our operations and work practices to improve efficiency and productivity; work closely with all our suppliers to reduce input costs; and rebuild our market share and performance.”

Mr Williams said that Australian Paper’s parent company, Nippon Paper Industries (NPI) shared the long term vision of continuing to manufacture paper in Australia but a turnaround in financial performance was critical. “The first step involves an organisational restructure of head office to improve efficiency and remove duplication.

“NPI wants to continue investing in Australian Paper and strongly believes we can effectively compete with overseas paper manufacturers, provided we take strong action now to reduce our cost base, rebuild market share for our existing products and capitalise on emerging growth markets such as packaging and recycled office papers.

“There are also a number of external factors that are impacting our operational viability and must be addressed as part of the turnaround plan. These include access to competitive long term pricing for key manufacturing inputs such as gas, certainty of fibre

supply and a strong regulatory response to imports where these products are dumped into the Australian market.

“For the turnaround to be successful, we will require the support and commitment of our employees and their respective unions, the government, suppliers, and other key stakeholders. We will work closely with them to transform the business together with a key need to develop the right platform for long term viability and success,” Mr Williams added.

“We also recognise that the turnaround plan cannot be successful without the full support of our customers. Our business has been founded on long term customer partnerships and the timely supply of high quality Australian made products and our commitment to these principles remains unchanged.”

Australian Paper is the only manufacturer of office, printing and packaging papers in Australia and is one of the largest private employers in Victoria’s Latrobe Valley. The company directly employs 1,250 people and supports nearly 6,000 full time equivalent jobs across its operations.

Earlier this week, Australian Paper announced the closure of manufacturing at their Shoalhaven Mill in NSW during 2015 resulting in the loss of 75 jobs. Despite the best efforts and support of employees to remain competitive, the declining conditions over several years in the specialty and security paper markets made ongoing operations at the site unviable.

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