



done, and with the right consultation, no deterioration will result."

Look in any yellow Pages and you'll see how many hundreds of sign companies there are. To many of the larger firms, even though they are not necessarily direct competition, this proliferation of small players is less than ideal. "The barriers to entry are fairly low," says Chris Salmon at Ark Plastics. "To start a signage business you don't require a great deal of capital – just a basic bench-saw and former."

Mitchell Smith agrees. "The availability of machinery and software is a lot better compared to the old days. People can spend 10 grand and call themselves a sign manufacturer. Whereas in the old days expertise was required.

"They'll chop these signs out of a computer cutting machine and be called sign makers. You stick vinyl into the end of this thing and it cuts the letters out. Then you stick them on a bit of plastic, get a box made somewhere and you've made an illuminated sign. It'll last five minutes but it doesn't matter – there is a five-minute market out there. The fish and chip shop owner doesn't give a stuff."

"The small people who do come and go don't have the expertise, and bastardise the industry – they fall over and give the industry a bad name. It really is to a great extent a cottage industry because of that. People come into the industry, rape and pillage and then leave it. It's left to the long-term players to pick up the pieces and try and polish up the industry's reputation and make sure people do see it as a responsible. It gives us a poor commercial perception; they see it as a real cowboy type of industry – it isn't. We're a very professional and respected company (for example)."

In the distribution sector, David Johnson, national sales and marketing manager at Mulford Plastics, says the competition is getting tougher and the number of players getting fewer. "In the 10 years I've been here I've seen a number of competitors leave the industry."

"Distribution in the plastics industry is becoming a specialist occupation. The warehousing, stockholding and transport systems you need have become such that you can't just open up a small warehouse and employ a casual driver. The level of investment that we put in: the number of saws we have in each branch; the guillotines to do straight conversion; the upgrading of the trucks so we can get the material out in good condition is making it difficult for them."

But, says Johnson, it's not just capital investment that makes the difference between survival and going under.

"It's also an understanding of distributing into those markets

– we tend to be an extremely flexible company and will tailor what we stock, the way we stock and the way we deliver it to the market on an individual basis, without bringing down rigid guidelines on it."

One thing certain to affect the industry and much beyond is inflation – driven by rising oil prices.

"The current situation is very volatile. Oil has a big effect on all resins and escalated raw material prices – anywhere from 30 to 60 per cent," says Salmon.

“ The cost of raw materials will be going up across the board in all types of plastics ”

"This leads to elevated pricing, which we have had no choice but to pass on to the market place – people are going to be paying more for goods and services. We haven't really seen it too much yet because we buy a lot of raw materials offshore in US dollars, and the strength of the Aussie dollar has absorbed a lot of increases. But this year's going to be a big year for price increases all round."

"The cost of raw materials will be going up across the board in all types of plastics," agrees Johnson. "It's also a question of the availability of material. There's a shortage of acrylic monomer and we are at a stage where demand is outstripping supply. Not only will there be increases in cost of goods but there will also be

a shortage of the supply of goods."

"The LCD and flat-screen market has caused a huge demand [for acrylic monomer]," says Ashton at Plastral. A few years ago demand in this sector was 4000 tonnes per annum. Recently that's increased to 18-20 thousand tonnes. The forecast in two to three years is 65,000.

"Because of that, and growth in China as well, output will not meet demand. One of our competitors imported a material from Mitsubishi Japan, and because of the explosion in the LCD market Mitsubishi limited what they exported."

Another effect inflation and raw-material shortage may have is an integration of other materials outside plastic – and a more novel approach.

"I don't see other materials as a threat,"

Illustration of plastics in use - Brisbane Magistrates Court

