



2020/21 INDUSTRY INSIGHTS REPORT

The Real Media Collective



BEYOND 2020 - THE FUTURE OF THE INDUSTRY THROUGH A PERIOD OF RECOVERY

The Real Media Collective (TRMC), the industry association representing the interests of companies across the paper, print, publishing/media, mail and related distribution sectors across Australia and New Zealand, has over 627 financial member companies and represents \$15.88BN of the \$18.9BN industry¹.

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A black and white portrait of Kellie Northwood, a woman with short blonde hair, smiling. She is wearing a dark blazer. The background is a light grey.

EXECUTIVE SUMMARY KELLIE NORTHWOOD

CHIEF EXECUTIVE OFFICER

The COVID-19 pandemic throughout the 2020/21 year has impacted the entire economy, and none more so than the manufacturing and media sectors which TRMC membership represents.

*The Real Media Collective June + October 2020 Industry Insights Survey*² – covering the paper, print, mail and publishing sectors, reported in Australia over 90% of businesses had been significantly impacted with an average downturn of 55% and 72% having exposure to debtor related issues.

New Zealand in a harder, albeit shorter lockdown window initially, reported an average 37.2% downturn with 70% of companies reducing their hours and 16.7% of the industry's workforce being made redundant³.

In Australia, JobKeeper has been widely recognised as a key government support to keep businesses operating across the sector with 77% of the industry reporting the reliance upon the scheme from the March to June period and 85% calling for the scheme to be extended which it was in the July government announcements⁴.

New Zealand businesses reported a similar position with 93% and 62% taking up the Wage Subsidy and Wage Subsidy Extension, respectively, support from government. Additionally, 46% report taking up Small Business Loans and 63% Rent Relief⁵.

The industry vehemently outlined to governments across both Australia and New Zealand, that the manufacturing sectors of the industry will require consideration of an extended period of recovery given the nature of the supply chain model they operate within.

In short, the industry's turnaround is reliant upon the turnaround of other significantly impacted sectors, namely retail and tourism, and this will contribute to a longer recovery time than will be experienced by other industries. Secondly, the industry concedes, given the industry's low margin to output ratio, it will take longer to recover when compared against high-margin industries.

The Real Media Collective's position from the 25th March 2020 when they released 'A Guide to Economic Stimulus' through to the present day has been that this is a fluid situation with economical, logistical and emotional pressures across the trans-Tasman footprint of each and every individual and company the association represents. The Real Media Collective Board, Executive Committee and Partners immediately agreed to work together and share all resources, tools and knowledge to not only immediate members but also to the broader industry.

This report collates the impact and the recovery across the COVID-19 pandemic, the updates to follow in the quarter of March and June 2021 will review the industry's recovery and future opportunities.

A handwritten signature in white ink on a blue background.

Kellie Northwood
Chief Executive Officer
The Real Media Collective

RECESSION PROOFING- THE INDUSTRY'S RETAIL OPPORTUNITY



The catalogue, print media & letterbox channels have much to celebrate.

The catalogue, print media and letterbox channels have much to celebrate in its proven track record, from post-GFC recovery to media stability over the past seven (7) years. In an era with significant media disruption, Roy Morgan reports catalogues as the only media showing growth. The Standard Media Index report also highlights catalogues sitting in the top three channels for adspend growth – Digital (11.6%), Outdoor (10.8%) and Catalogues (10.0%)⁶.

There is little known territory when navigating the industry through recovery from a COVID-19 period, however the most common period could be aligned with the post-GFC era when the retail and general brand marketing sectors needed a sharp bounce back to generate lagging sales activity.

Whilst initial post-lockdown periods saw a spike of in-store foot-traffic, with double-digit unemployment, recession and government economic stimulus packages being switched off in the third quarter, there is strong expectation sales activation will be key to marketing revenue strategies.

Post-GFC analysis of media investment realised 8.64% increase within four weeks for catalogue volumes and remained at those high-volume levels for over a decade⁷.

Interestingly, catalogues were not the only print sector to increase post-GFC. Magazine investment also increased according to the Nielsen AQX January 2009 to December 2010 data reporting a YoY increase for Oct 10 vs. Oct 09 achieving a +36% and MoM Oct 09 was up 8.83% vs. Sept 09 MoM and Nov 09 was up 43.91% vs. Oct 09 MoM. Stability is key for brand recall, frequency and engagement⁸.

Independent reports from Boston Consulting Group, 'The Playbook for Smart Retailing'⁹, and McKinsey and Company, 'Reimagining marketing in the new normal'¹⁰, outline the future expectation of retailing and highlight digital border expansion and migration, however this should not be reflected to media channels, rather this retail digitalisation will sit firmly across e-commerce and sales experience platforms as physical store retailers re-evaluate store presence with digital presence in a changing buyer demographic.

The immediate reaction from retail CMOs, could be seen as the theoretical application of digital expansion sales marketing theory to their media investment as some have looked to 'switching off' print channels and replicate the same return across digital. Major retailers have explored these models with industry members, TRMC and others have made public announcements. These positions have been well responded to and contained.

However, the industry should hold steadfast with research data that supports the efficacy of printed compared to online, its environmental credentials and its social conscious levers. The reporting of digital media results is commonly 'percentage increases', and these can be large numbers when starting from a low base.

AUSTRALIA

- > The strength of established media channels, including print, is in the readership data. Of the 13.4 million Australians who have read a hard copy or online catalogue in the last four weeks, 86% have exclusively read a printed catalogue whereas only 3% an online catalogue¹¹.
- > Australians spend time reading print with the top three retail sectors realising an average of 7.24 minutes reading catalogues. A higher dwell time than any other advertising channel, additionally 7.5 million Australians read their catalogues from cover to cover¹².
- > 75.7% of catalogue readers keep a catalogue for future reference and 72.8% of catalogue readers view them as a helpful shopping tool or stress-free way to browse (62.7%)¹³.
- > 51% of Australians have exclusively read a hardcopy catalogue in the last four (4) weeks whereas only 2% have exclusively read an online catalogue.¹⁴
- > 9% of Australians have read both hardcopy and an online catalogue in the last four (4) weeks.¹⁵

RECESSION PROOFING- THE INDUSTRY'S RETAIL OPPORTUNITY



Low cost of entry remains a key strength of the print catalogue & letterbox marketing channels.

AUSTRALIA

- > Australians 14+ who read hardcopy or online catalogues in the last 4 weeks read for the following reasons:
 - > 73% believe catalogues are a helpful shopping tool
 - > 63% believe catalogues are a stress-free way to browse or window shop
 - > 60% read catalogues to save money.¹⁶

NEW ZEALAND

- > New Zealand readership throughout COVID remained consistent despite significant non-delivery periods. 2.07 million Kiwis have read a catalogue over the previous four (4) weeks. Of these, 54% go to the store's website and 49% compare prices from different stores.¹⁷
- > 52% of New Zealanders 14+ (2.07 million) report receiving any catalogue in the last 7 days
- > 15% of New Zealanders 14+ received a clothing store catalogue in the last 7 days.
- > Of these who have received a clothing store catalogue, 78% have read or looked into said catalogue.
- > 20% of New Zealanders 14+ have received a hardware store catalogue in the last 7 days.
- > Of these who received a hardware store catalogue, 79% have read or looked into said catalogue.
- > 16% of New Zealanders 14+ have received a furniture/electrical store catalogue in the last 7 days.
- > Of these who have received a furniture or electrical store catalogue, 75% have read or looked into said catalogue.
- > 40% of New Zealanders 14+ have received a supermarket catalogue in the last 7 days. Of these who have received a supermarket catalogue, 79% have read or looked into said catalogue.

CONCLUSION

With readership, usefulness and engagement all being key attributes, the importance of consumer trust in print media should not be overlooked. In the midst of the COVID pandemic the Roy Morgan Trust Index included within the top 5 most trusted brands, retailers most trusted use strong catalogue marketing and magazine advertising to reach their customers – Bunnings, Woolworths and ALDI. Qantas and NRMA, the other most trusted brands, also use the letterbox to communicate via loyalty and frequent flyer magazines¹⁸.

New Zealand's 'Trusted Brands 2020' report Whittakers, Mitre 10 and Resene - all users of strong print collateral across in-store, brochureware and print media advertising.

Low cost of entry remains a key strength of the print catalogue and letterbox marketing channels, however in common with post-GFC behaviours, the COVID period is seeing a more streamlined production process. With digital workflow solutions now seeing a re-emergence of imagery and styling being pre-prepared (stock photo libraries supplied with product from wholesalers), reduced photography and studio expenses, graphic and design requirements lessened with software templating tools and stabilised paper, energy and labour pricing, the cost of catalogue production will remain affordable for all marketing budgets aiming for high readership, reach and opportunity to offer the entire product range.

PAPER SECTOR FOCUSED ON THE CHALLENGE AHEAD

The previous twelve months reports a 34% decrease, ~160,000 tons and a stall of all graphic paper grades.

The total Australian market of Fine paper imports and locally produced grades reduced by 159,258 tons between 2013 and 2019 as an average across all grades, however most notably

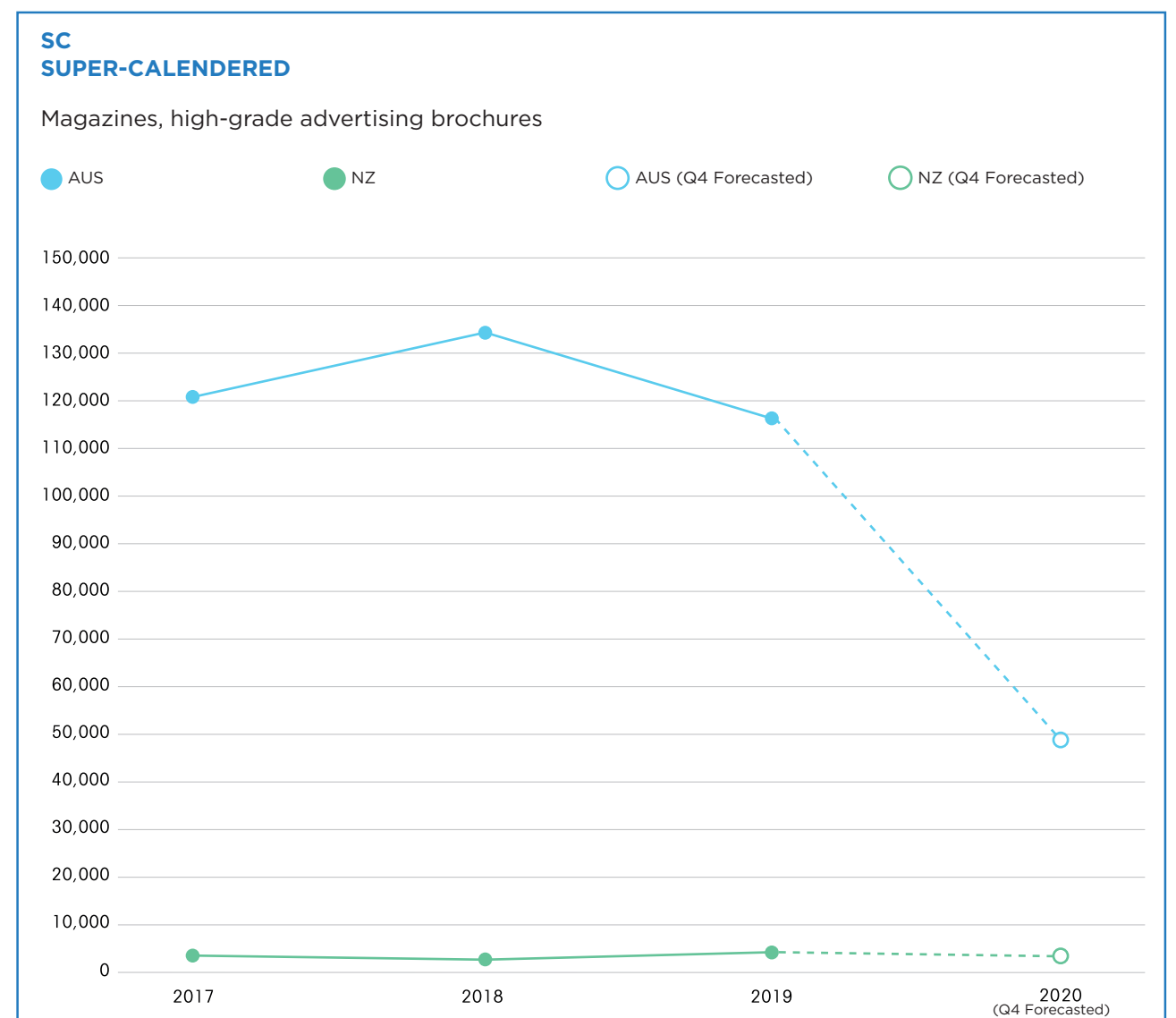
from the previous twelve (12) months there has been a decrease of approximately 160,000 tons and throughout COVID-19 a stall of all graphic paper grades.

New Zealand has remained relatively stable across light-weight coated (LWC), super-calendered (SC) and wood-free coated reels, however wood-free coated sheets appear to have had the highest volume decline.

Throughout the COVID-19 pandemic it was determined that many print groups utilised 'house' or 'floor' stock within their factories to reduce inventory levels as future operational certainties were challenged. This saw printers engage directly with customers to manage paper ranges and grades to best suit the need, however further utilise existing stock-holdings. This, coupled with low-volumes from lockdown and economic stagnation, have been the two significant drivers of paper volume reductions.

Due to wharf and custom issues, many paper shipments were placed in a holding pattern which had an impact for a period of time due to delays in releasing shipments. Whilst this is expected to ease in the second quarter of the FY21 year, this added to supply chain concerns across the industry.

Future projections allude to a recovery across the paper sector, however this appears to be a slow forecast and March 2021 figures will be the strongest indicator of 2022 and beyond for the sector.



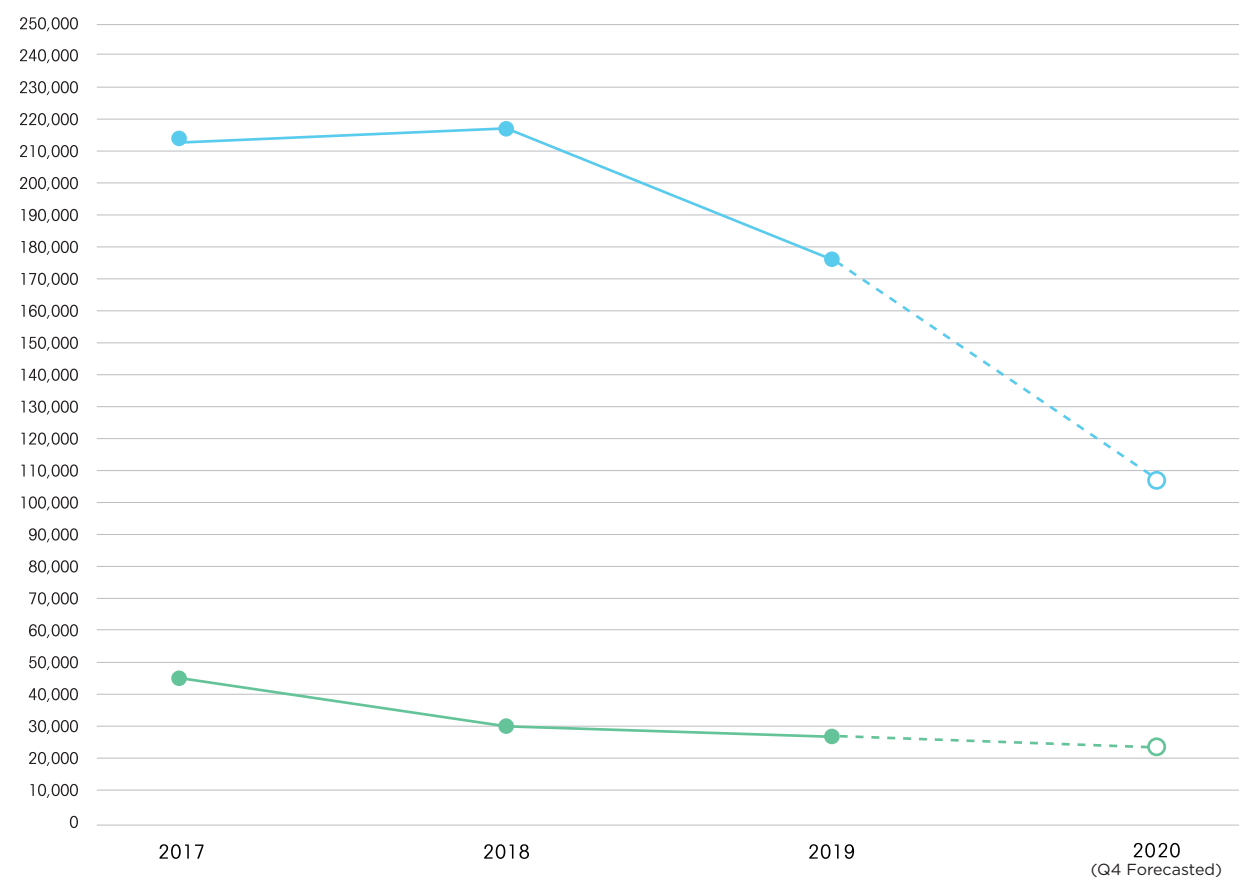
PAPER SECTOR FOCUSED ON THE CHALLENGE AHEAD



LWC LIGHT-WEIGHT COATED

Catalogues and high volume publications

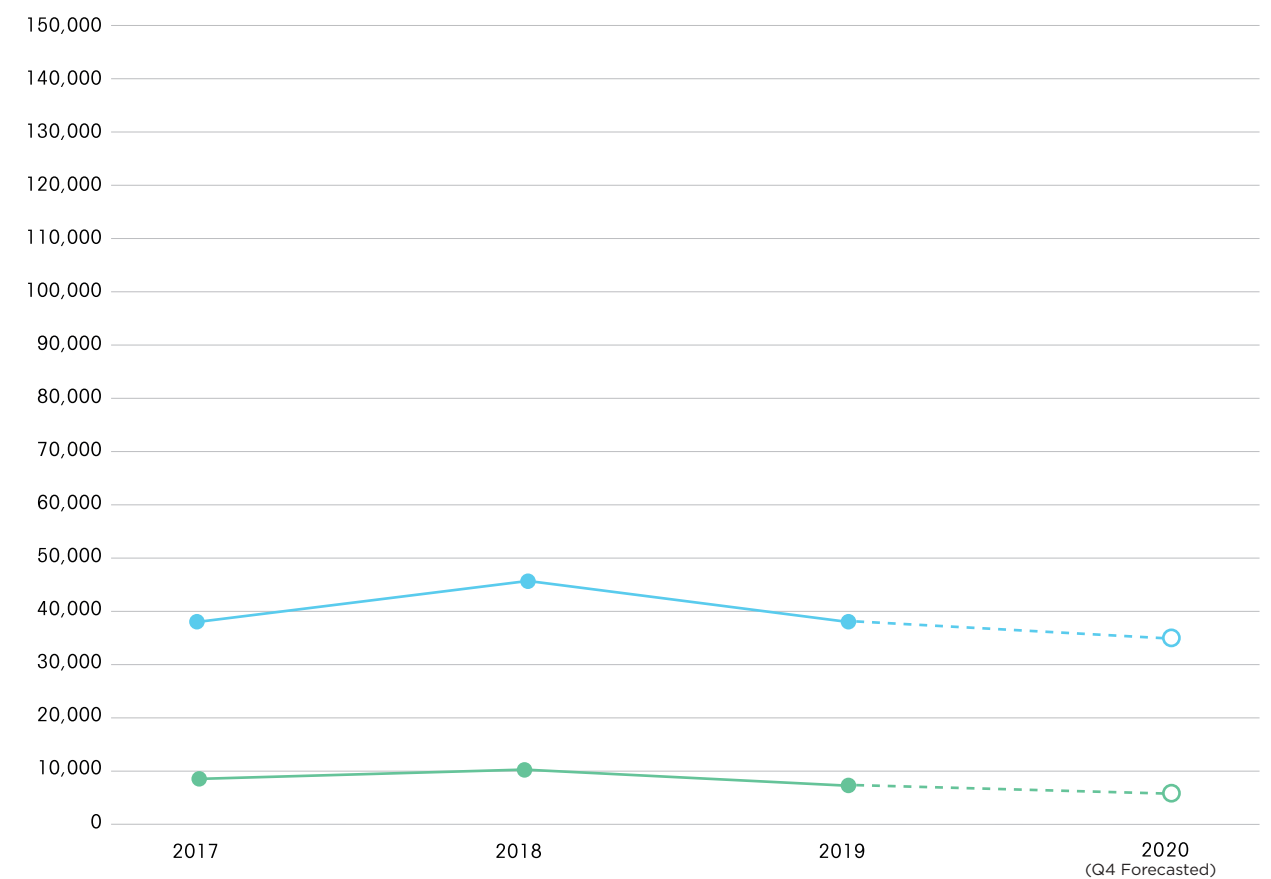
● AUS ● NZ ○ AUS (Q4 Forecasted) ○ NZ (Q4 Forecasted)



MWC MEDIUM-WEIGHT COATED

Magazines, journals – lighter weight and quality than SC

● AUS ● NZ ○ AUS (Q4 Forecasted) ○ NZ (Q4 Forecasted)

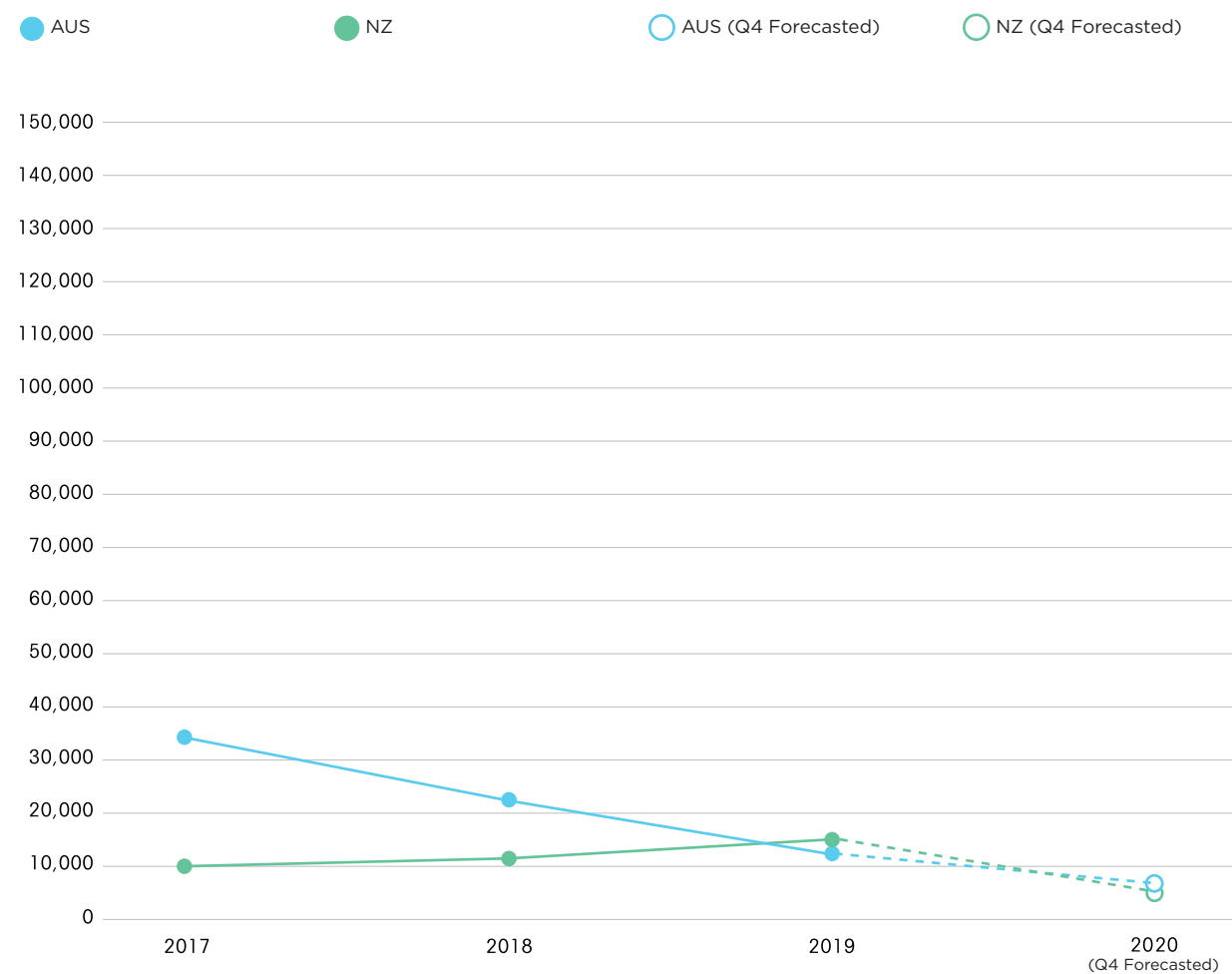


PAPER SECTOR FOCUSED ON THE CHALLENGE AHEAD



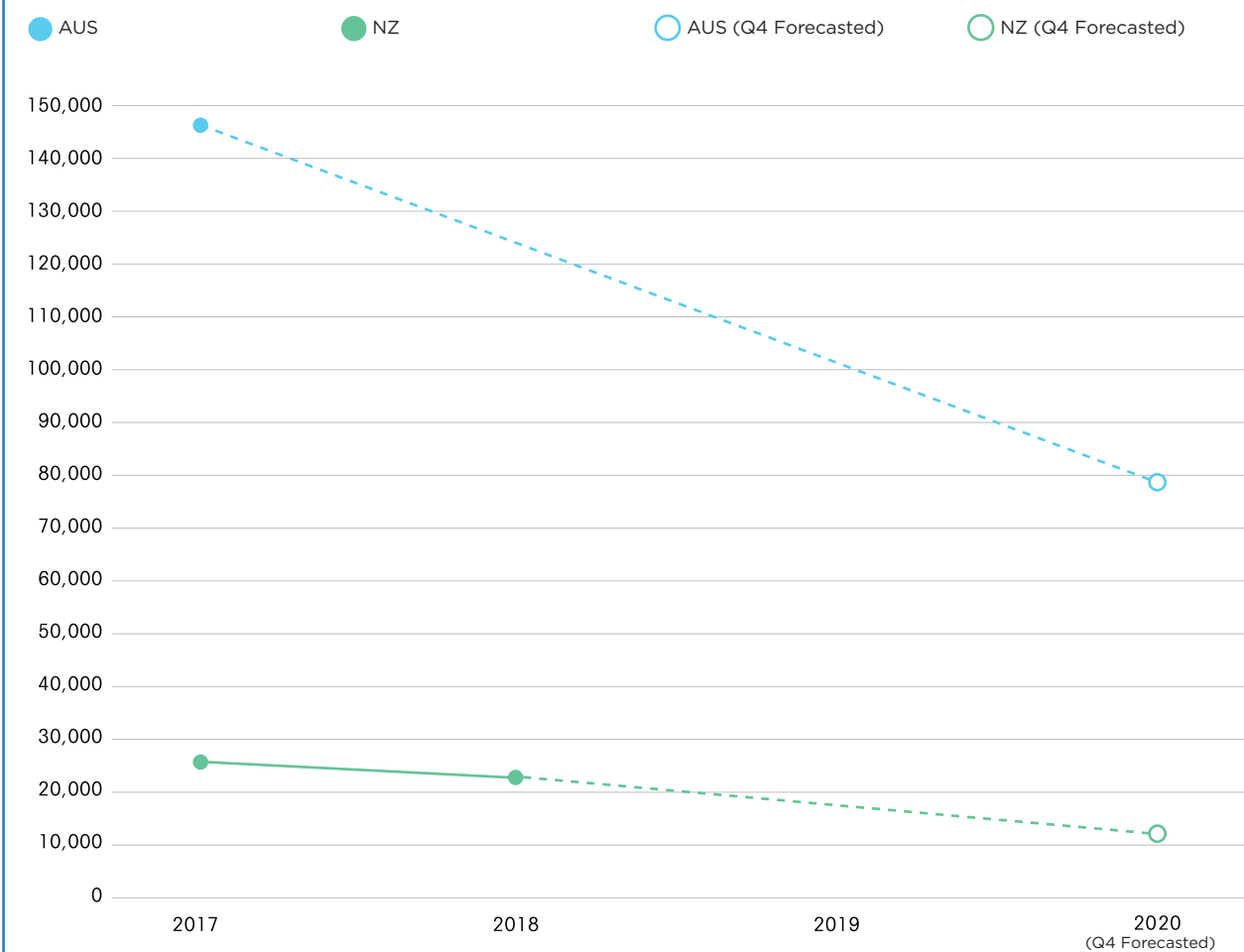
WFC - REELS WOOD-FREE COATED REEL

Books, notebooks, stationery printed high-volume using reel system



WFC - SHEETS WOOD-FREE COATED SHEET

Books, notebooks, stationery printed low-volume sheet-fed system



SUPPLY CHAIN CHALLENGES IN YEAR AHEAD



Supply delays into Australia and New Zealand are creating concerns across the industry with paper, ink and consumables in short supply.

AIR FREIGHT IN A COVID19 CLIMATE

Global air cargo capacity was down 75% in early April*, a result of widespread passenger flight cancellations.

- > As of July, capacity was still 23% lower than the same period last year.
- > Over 80% of cargo arriving into Australia is via passenger aircraft.
- > Air Freight rates are still rising due to capacity availability and contributed by ocean freight downturn in capacity and increase in e-Commerce.
- > Air Freight rates currently honored by carriers for only 48 hours.
- > Order and Freight forecasting will now be required well in advance.
- > No stabilization on rates & capacity until International borders are open.

OCEAN FREIGHT IN A COVID19 CLIMATE

- > 2020 Peak season arrived earlier than anticipated.
- > Demand outweigh supply by 10% and forecasted to continue until after Chinese New Year.
- > Rates have been the highest since 2009 (average USD \$1,600 per TEU)
- > Port congestion surcharges are coming into effect.
- > Operators utilised smaller vessels which resulted in capacity being reduced by approx. 12,000 TEU per week into Australia.
- > 12% of global capacity is sitting idle (equates to 2.7 Million TEU).
- > This resulted in equipment shortages in Asia Pacific as vessels could not accommodate empty repositioning.
- > Empty container releases at origin for loading have been reduced from 15 to 8 days.
- > Asia currently experiencing shortages in pallets.
- > Bad weather and industrial action in Australia resulted in schedule integrity. This resulted in carriers omitting ports of call in Australia, increasing cost to importers, due to lines offloading at other Australian Ports and increased blank sailings.

PORT CONGESTION AND EMPTY CONTAINER PARKS

SYDNEY, AUSTRALIA

Sydney delays continue with berthing 7-10 days after ETA.

- > Impacts other ports and berthing windows.
- > Vessel exchanges are limited by the terminals to turnaround vessels quicker.
- > Ongoing port omissions of all ports around Australia Coast, including A3 omitting MEL 3 times in 7 weeks.
- > Impacts evacuation of empty containers.
- > Sydney incurred additional USD 300 / TEU due to Port Congestion Surcharges.

AUCKLAND, NEW ZEALAND

Auckland delays continues with delays up to 15 days.

- > Vessels being diverted to Tauranga and North Port with Force Majeure being called.
- > Ports being omitted and schedule rotations changing, impacting cut off and sailing dates.

SUPPLY CHAIN CHALLENGES IN YEAR AHEAD



WHAT DOES THE FUTURE HOLD?

Space/Capacity:

- > Challenges to continue through to Chinese New Year (12 Feb 2021).
- > 4000 TEU per week extra capacity ex China will be introduced in August 2021.
- > South East Asia / South Asia / M.E. capacity crunch to continue as imports from India, Thailand, Vietnam & Middle East increase.

Equipment:

- > Challenges to continue for next 8-10 weeks for 40'HC and Reefer.
- > Equipment imbalance surcharges appearing.
- > Expect a reefer equipment shortage globally (Unknown if Shipping Lines will build new reefers to support the growth anticipated).
- > Note: Pharma and Vaccines to use 60,000 reefers for movement and cold storage.

Rates:

- > As of 1st March 2021 - Rates to reduce to USD 1500 / TEU ex China (USD 2500 / TEU now).
- > July / August 2021 - Rates to peak at USD 2000 / TEU.
- > Shipping Lines to introduce cancellation fees and no show fees.

General:

- > Australian Port Charges increasing from 1st January, B/L Fees increasing from 1st January.
- > Free time extensions to be tightened due to equipment shortages and daily detention rate to increase.
- > Window to book vessels is reducing.
- > Uncertainty around MUA & Patricks negotiations.
- > Shipping Lines delayed 2021 negotiations from January to March.
- > LCL and AIR/SEA will be good viable options.

HINTS & TIPS

- > Revisit your lead times and speak with your logistics provider about current shipping climate.
- > Confirm your purchasing terms. Are they in line with the latest Incoterms 2020?
- > Are you insured? Carriers and logistics providers operate under general trading terms and conditions and cost recovery is limited for loss, pillages or damage.
- > Do you distribute your product nationally? Is your organisation up to date with the latest Chain Of Responsibility Requirements (CoR).

WITH THANKS

With thanks to Agility for the content and expertise outlined above. Agility is one of the world's top freight forwarding and contract logistics providers, a leader and investor in technology to enhance supply chain efficiency, and a pioneer in emerging markets.

For more information go to: www.agility.com.au



AUSTRALIA POST AND GOVERNMENT



Industry survey reports significant impact of Australia Post temporary service provisions.

Throughout the COVID-19 period TRMC and Australia Post have worked closely together to develop relaxations across two main business mail sectors – *Print Post* and *Charity Mail*. Charity Mail relaxations were issued twice and with some success.

Further to the relaxations Australia Post, due to COVID-19 restrictions, increased parcel volumes and State by State variances sought a temporary service provision relaxation with the federal government. Given the temporary nature of the request and the pandemic impacting all businesses, in July 2020 TRMC supported, via submission to the Senate Inquiry, the proposed arrangements from Australia Post and support the Senate and Federal Government's commitment to continually review the provision's impact on industry.

In October 2020, TRMC and APIA received a request from the Minister for Communications, Cyber Safety and the Arts, the Hon. Paul Fletcher MP. We were requested to prepare industry insights into the Australia Post temporary service provisions in place. A two-minute survey was established with three short questions. Our survey limit independent businesses was reached within 48 hours.

General feedback from those surveyed was sought to expand on the survey metrics to build a deeper insight from the broader membership to develop the 'story' behind the numbers.

Since the original submission, TRMC members have highlighted concerns in relation to the temporary service provisions and how these are impacting a struggling manufacturing sector, as they work through a COVID-19 recovery period.

As a large manufacturing employer, the industry has raised concerns with the ongoing temporary service provisions and the approach from Australia Post to the reporting and protection of the letters business.

A survey across industry indicated that 85% of industry have been negatively impacted by the temporary service provisions with only 15% reporting no impact.

12% support the temporary provisions running until 30 June 2021, if it assists Australia Post, and 27% until the 30 June date as temporary measure only. 39% report they do not support the extension of the temporary services.

Additional comments reveal high levels of frustration and a feeling of abandonment from Australia Post to industry, with many still of the belief that Australia Post is no longer prioritising the letters business.

TRMC provided a full and transparent overview of the survey findings to the Minister and called on federal government to implement an independent body to review the cross-subsidisation of the letters business to the other business sectors of Australia Post.

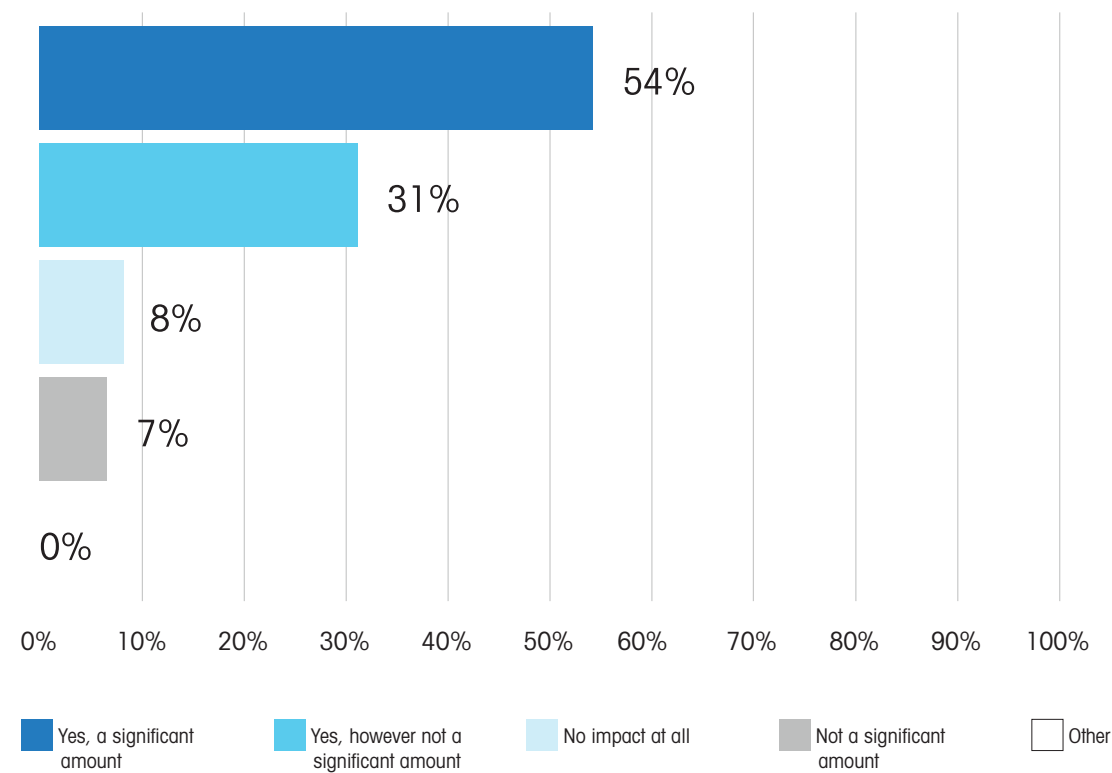
TRMC outlined this project would be critical in providing an unbiased and highly important analysis of the beneficial economic and societal role the letters business serves across the other Australia Post sectors. For example, a reduced fee for AGL to post an energy bill which then is paid within an Australia Post Retail site, collecting a Bank@Post transaction, achieving foot-traffic or more purchase into a franchise or retail outlet all have a direct correlation to the original letter distributed. A catalogue distributed via mail order, such as EZI-BUY, directly correlates to the Australia Post Parcels business. Magazines issued with online retail advertising or other incentives links to further parcels business, and so the examples continue.

Ongoing collaboration and discussion with Australia Post and members will continue to build a strong solution for all.

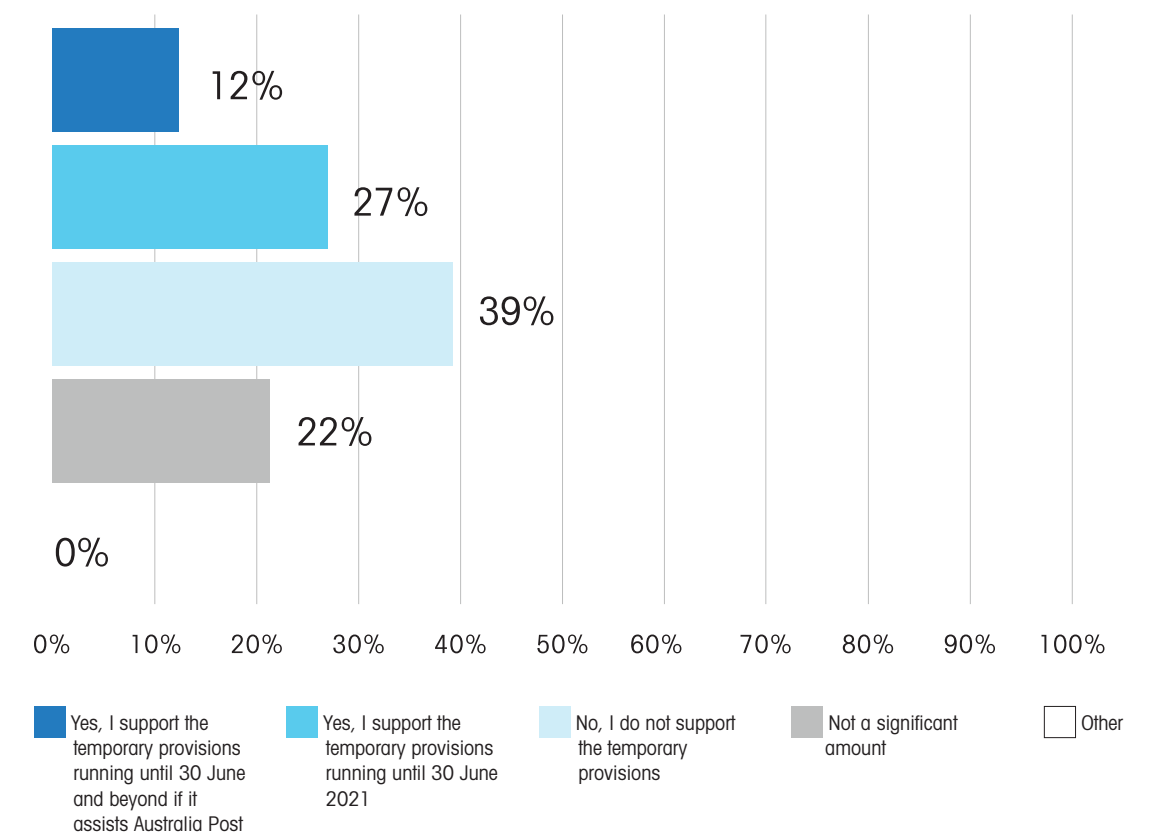
AUSTRALIA POST AND GOVERNMENT



Q1 Due to the COVID-19 pandemic, Australia Post sought and were approved temporary provisions to the Australian Postal Corporation (Performance Standards) Regulations 2019. These included: - suspension of their priority letters service - deliver regular intrastate letters up to five days after the day of posting, - adjust its delivery frequency in metropolitan areas to every second business day, and have greater freedom in managing post offices should there be workforce impacts from COVID-19, however Australia Post will take all reasonable steps to keep outlets open. Have these temporary provisions negatively impacted your business?



Q2. Given COVID-19 impacts, do you support these temporary provisions that assist Australia Post manage the logistics of the letters business? And in doing so, support these temporary provisions to remain in place until 30 June 2021?



BUY AUSTRALIAN



From the COVID-19 pandemic there has been repeated calls from trade unions and industry bodies to government to produce all government print work in Australia. TRMC have supported the sentiment, however has been working in the background to develop a solution that could assist government to implement new procurement guidelines.

All data was reviewed and analysed statements from various stakeholders, however TRMC could not find the numbers to marry with the government data that we were reviewing.

Ibisworld reports \$340M of print work is off-shored annually, however when TRMC broke this figure down through Industry Insights surveying, TRMC determined this was a combination of publishing, noting cook-books making up a large majority of off-shore book publishing. Signage, including a double-digit percentage of fabric flags and when reviewing government work the closest TRMC could determine was being produced off-shore was in the vicinity of \$50-80m per annum. Still, a large enough number to call on government support to maintain local manufacture.

**\$340M
of print
work
is off-
shored
annually.**

-Ibisworld, 2019

TRMC then reviewed government guidelines which highlight priority for Australian companies, environmental and ethical procurement. However, when exploring the large government print contracts, it was determined that the majority sit within print management contractual agreements.

Government departments prefer to share the government print work across many organisations, and thus the print management modelling is more common than direct print company contracts.

Print management groups also offer single supply management and standardised reporting which aligns with government procurement policies. However, once the print manager is selected, it has been determined that the government procurement departments may not be specifying or rating higher for the products to be produced in Australia, rather, the contract KPIs lean more closely to cost reduction targets.

As an industry TRMC argues that the estimated cost is not the only measure to which government should be assessing. Freight, environment, modern anti-slavery legislation and related responsibilities, ethical business practices and more have an economic cost and social impact on Australia. Governments, at all levels, should include these factors into their entire procurement formulas and ultimate reporting regardless of whether adopting a print management or direct commercial print model.

To gain greater insight, provide information and lead the industry discussions, TRMC initiated an awareness communication piece which included fact sheets supporting the environmental, social inclusion and ethical conduct of our industry sectors across all levels of government, federal, state and local, highlighting the concerns of industry, the impact to Australian jobs, the environment and ethical sourcing.

In addition to government engagement, TRMC joined the Australian Made campaign as a Campaign Associate, supporting the principles and approach of the Australian Made organisation.

Australian Made Campaign Associates are membership organisations, industry groups and other cooperatives that provide support and leadership to Australia's growers and manufacturers. Campaign Associates leverage their relationship with the Australian Made, Australian Grown logo to strengthen ties with their membership and local industry, and improve access to country-of-origin branding resources.



CHARLES
WATSON

IR, POLICY AND GOVERNANCE OBJECTIVES AND STRATEGIES 2021 - AUSTRALIA ONLY

BACKGROUND

This year has enhanced the reputation of TRMC as 'the' industry body as a result of our response to COVID and the resources and offerings to members along with representations to government and tribunals across a wider scope of issues. The aim for 2021 is to build on that momentum and manage upcoming/additional issues as outlined below, and as guided by and aligned with TRMC purpose and mission.

FAIR WORK ACT

- > Proposed changes to Act and system.
- > Draft legislation expected before end of year, however federal parliament concludes 10 December 2020.
- > Expected vigorous debate by all parties throughout first half of 2021.
- > TRMC - Take the lead on behalf of the industry and provide feedback and representation to federal government on proposed amendments.

TRMC INDUSTRIAL

- > Next steps dependent upon discussions with PVCA and outcomes.
- > Options/direction moving forward.

PRODUCT STEWARDSHIP/WASTE MANAGEMENT/COAG WASTE EXPORT BAN

- > Industry managed stewardship arrangement.
- > Develop relationships and options.
- > Ongoing throughout 2021.

CYBERSECURITY

- > Create industry guidelines/management plan for industry.
- > Completion within first half 2021.

ENHANCED IR SERVICES

- > Creation of further tools, resources and education for members throughout 2021.

ADDITIONAL

- > Build upon relevant relationships with government and other sectors to create value and opportunities for industry.
- > Continue to enhance the reputation of TRMC through as yet unrealised opportunities in 2021.

INSIGHTS IR/HR/WORKPLACE RELATIONS INTO 2021

Given the business, personal and societal experiences of 2020 TRMC recommends that members start considering and preparing for 2021 by focussing on a range of issues and dates.

Similar to this year, 2021 will continue to be a dovetailing of governance, compliance, risk management, people management/ workplace culture and both short to longer term business planning and forecasting. Additionally, every business will continue to need to prioritise a higher degree of agility and flexibility in their approaches.

IR, POLICY AND GOVERNANCE OBJECTIVES AND STRATEGIES 2021



Extended for eligible businesses & employees until 28 March 2021.

JOBKEEPER

The federal governments wage subsidy scheme was extended for eligible businesses and employees until 28 March 2021. However, the extension came with altered entitlement requirements and decreased payment amounts based on hours of work.

For the second extension period, employers must show that actual GST turnover in the quarter ending December 2020 has declined by the specified amount compared to the same period in 2019.

The current test altered from the original eligibility test because it is specific to the relevant quarters. It also operates on actual GST turnover rather than projected sales.

The specified required decline in turnover remains the same:

- > 50% for businesses and NFPs with an aggregated turnover of more than \$1 billion;
- > 30% for businesses and NFPs with an aggregated turnover of \$1 billion or less

Employees who worked 80 hours or more during the two pay periods prior to 1 March 2020 or 1 July 2020 earn the new tier 1 rate. Employees who worked less than 80 hours during the same period begin earning the tier 2 rate.

From 28 September 2020 to 3 January 2021 the rates of the JobKeeper payment in this extension period decreased:

- > Tier 1: \$1,200 per fortnight
- > Tier 2: \$750 per fortnight

From 4 January 2021 to 28 March 2021 (scheme end date) the rates of JobKeeper payment in that extension will further decrease:

- > Tier 1: \$1,000 per fortnight
- > Tier 2: \$650 per fortnight

INDUSTRIAL AWARDS

This year has seen significant, but temporary, variations across most industrial Awards. Terms including unpaid pandemic leave, annual leave at half pay, agreeing to temporarily reduce or alter hours of work were interleaved into most Awards. These variations were the Fair Work Commission response to the effects of COVID-19 on workplaces with the intention of providing employers and employees with a range of workplace flexibilities to address regulatory gaps in the Fair Work Act.

Although these provisions were to sunset in June this year, the Commission agreed with TRMC and others that such terms should be extended. Although general conditions were easing, the direct economic and social impacts continuing to be felt throughout the second half of the year. As a result, most temporary flexibility provisions have been extended to March 2021.

Moving into next year, and as those Award terms sunset, members who currently utilise these provisions will need to consider available options. These may include entering into Individual Flexibility Agreements or altering terms of pre-existing Enterprise Agreements.

FAIR WORK ACT AND LEGISLATIVE SYSTEM

Since June 2020, the Attorney-General and Minister for Industrial Relations, Christian Porter, has led the IR reform working group process bringing together employers, industry groups, employee representatives and government to chart a practical reform agenda for the legislation and system. Those working groups have explored and considered five issues via a roundtable process - Award simplification, Casual employment, Enterprise Agreements, compliance, and Greenfields Agreements.

The working groups concluded in September 2020 with no formal outcomes as at time of writing, and it is understood that no real consensus was reached in the process. Nonetheless, and given the language of the PM about the current state of industrial relations, amendments will be proposed. The Federal Attorney General has confirmed a working draft of possible/proposed reforms and amendments to the Fair Work Act is expected in parliament early in the new year, and may be released for comment before the end of the year.

At the time of writing there has been no further suggestion from federal government that the scheme will be extended further. If at the conclusion of the JobKeeper scheme trading conditions have not improved sufficiently for members to bring all employees back when the subsidy scheme ends, consideration as to labour requirements and alternative options such as possible redundancies and agreed permanent/fixed term contractual alterations and amendments may be required.

IR, POLICY AND GOVERNANCE OBJECTIVES AND STRATEGIES 2021



GOVERNANCE

In 2021, Boards will likely be focused and need clear oversight on a sustainable recovery, climate change issues, human capital management, and cybersecurity.

Specifically, in relation to cybersecurity, there has been an acceleration by government and private clients to require a service or product provider to be able to demonstrate its approach to managing cybersecurity risks and breaches. TRMC recommends all business sizes consider and regularly review their approach to managing this issue.

This year COVID can be seen to have accelerated digital transformation by between 5 to 10 years. This trend is likely to continue as businesses realise what is now possible with digital and look to tighten expenditure. Given that technology moves faster than regulation, TRMC recommends that members take a critical and responsible approach to the implementation of any new technology within the business. This apparent digital transformation needs to be balanced against any possible detrimental effects from client shifts in production requirements.

WORKING FROM HOME

Although our industry is primarily based around production facilities, members have management, administration and sales employees currently working from home or in combination with on-site work. Moving into 2021 members will need to revisit the current status quo and determine the appropriate flexibilities for both the business and the employee. Will those employees who have worked from home return to on-site work? If not, what contractual terms need to be reconsidered and re-negotiated?

Members will need to consider the timing and any individual and whole of workforce health and safety issues resulting from any direction to return to on-site work. Given those WFH employee have by now gotten used to the current status quo, members who direct WFH employees back to performing work on-site may face resistance and need to consider the approach to resolving related issues.

For those employees who will continue to work remotely from home, members will need to reconsider how productivity is determined on an ongoing basis (likely a progress and outcome related approach) and ensuring employee wellbeing.

POSSIBLE COVID VACCINE

If a successful vaccine is developed over the coming months it will pose various questions for employers as to whether they encourage vaccination or attempt to mandate its use.

Public immunisation programs reduce mortality and morbidity in vaccine-preventable diseases, and are considered to be safe by governments, health advocates and practitioners. However, there is strong opposition to their implementation from certain lobby groups, resulting in a complex interaction between regulatory bodies, parents, lobbyists and health practitioners.

Although there will be strong community support for immunisation, legal issues will arise. Various state and federal legislation (such as the NSW Public Health Act) already mandate certain vaccinations, particularly for children and medical related employees.

By contrast, workplaces are not necessarily covered by the same public laws and employers may need to consider implementing contractual obligations and company policy on the issue. Conversely, and for those who fly domestically and internationally as part of their duties, airlines are considering the implementation of the requirement to evidence proof of vaccination before flying and various countries are likely to require evidence of immunisation as a condition of entry.

WHS - COMMUNICATION CONTINUES TO BE KING

Higher levels of workplace health and safety will remain an ongoing challenge for members in 2021. This will range from the traditional workplace safety issues to heightened consideration of employee well-being as we all emerge from a difficult year.

Businesses across all industries that made changes to support and protect employees this year will have earned high levels of trust. Such trust will be a valuable commodity and help ensure success moving into 2021. Open, ongoing and regular communication with employees will remain critical throughout 2021.

Although restrictions and cases of COVID are decreasing across Australia, the requirement to have a workplace COVID Safe Plan in place, and regularly reviewed, will continue to be a standard business requirement for 2021.

IR, POLICY AND GOVERNANCE OBJECTIVES AND STRATEGIES 2021



**Human
resource
related
technology
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RELIANCE ON TECHNOLOGY AND UNDERPAYMENTS

Human resource related technology is now an essential part of every business. Payroll, record keeping and related employee processes are mostly undertaken via an automated process. Even with such widespread technology in place, the human factor in ensuring the appropriate rates of pay are paid to employees has not disappeared.

Over the last few years there has been a number of corporate entities, of various sizes, that have discovered significant underpayment of employees. The FWO has announced that it would be focusing on large corporate underpayments as part of its priorities for 2020-2021. This direction means that we are likely to see an increase in the use of FWO enforcement and compliance powers. TRMC recommends members periodically review and compare payrates and related Award conditions and payments within payroll systems to ensure ongoing compliance.

LIST OF TEMPLATES AND OTHER RESOURCES CREATED FOR MEMBERS

1. Amended terms of employment - template
2. Casual conversion notification letter - template
3. Commencement of Consultation letter - template
4. Commercial Property Insights - report and planning guide
5. Confidentiality and Non-Disclosure policy - template
6. Confirmation of stand down letter - template
7. Confirmation of warning letter - template
8. Conflict of Interest Policy - template
9. COVID-19 WHS workplace practices - guide
10. Family and Domestic Violence policy - template
11. Federal Budget Report - guide
12. Invitation to show cause meeting letter - template
13. Interim letter for Victorian On-site work access - template
14. JobKeeper enabling direction letter - template
15. JobKeeper enabling stand down direction letter - template
16. Individual Flexibility Agreement (IFA) - template
17. Performance/Conduct management - planning guide
18. Performance Management Record
19. Social Media Policy - template
20. Sexual Harassment Policy - template
21. Work from Home Assessment Checklist
22. Work from Home Policy - template
23. Workplace Bullying Policy - template

ENVIRONMENTAL CREDENTIALS



The best way to act as an environmentally responsible company is to ensure your paper suppliers are sourcing their raw material in a local, responsible and sustainable manner.

CONTRARY TO POPULAR THINKING, GOING PAPERLESS OR USING LESS PAPER DOES NOT SAVE TREES.

- > The total weight of paper and paperboard production in Australia increased by 2%, from 3.16 million tonnes to 3.22 million tonnes.¹⁹
 - + The Paper production also provides a jobs rich environment, with the use of renewable energy providing opportunity already seen in a wide range of Asian paper mills.
- > Most of Australia's wood (83.4%) is harvested from planted forests.²⁰
 - + Paper production and consumption helps prevent these private forests from being sold and lost to non-forest use eg. agriculture or infrastructure development.
- > 10.6 million hectares of native and planted forests certified in Australia. This consists of 10.1 million hectares certified under the Australian Forest Certification Scheme (AFCS) and 900,000 hectares under the Forest Stewardship Council (FSC). This totals to include about 400,000 hectares of forests certified under both schemes.²⁰
- > More than half of all fibre used in Australia to make paper now comes from recycled material. Australia is one of the leading countries in the use of recovered paper for paper production²⁰ whereas only 12% of plastics are recycle.²¹

- > The proportion of waste paper recycled increased from 28% in 1990 to 85% in 2016, while the proportion of paper disposed in landfill has declined since the mid-2000s²²
- > The benefits of preserving and generating forest land over using land for infrastructure or agriculture include:
 - + Prevention of soil erosion
 - + Improved water quality – fighting salinity
 - + Providing habitat for native birds and wildlife
 - + Reducing the use of fertiliser and chemicals
- > A total stock of 21,949 million tonnes of carbon was stored in Australia's forests at the end of June 2016.
- > New Zealand's net stocked planted production forest covers an estimated 1.71 million hectares.²³
- > New Zealand has a total of 10.1 million hectares of forests, covering 38% of the land area, forest's have increased by 27%.²³
- > Harvesting trees from native forests in Australia is NOT for the pulp and paper industry but for the timber industry to build homes, commercial buildings and general consumption products.²⁴

Two Sides encourages responsible paper consumption. Double-sided printing in the office and separate collection schemes will reduce costs and improve sustainability.

As you have read, there are *Two Sides* to paper and you should now feel confident about using it. Paper is made from renewable resources, recyclable and produced by an environmentally-conscious industry whose future depends on planting more trees than it consumes and which is progressively improving standards in the whole supply chain.

SOCIAL INCLUSION



Our most vulnerable citizens are those being left behind in the digital divide across Australia and New Zealand.

- > People aged 65+ are Australia's least digitally included age group. The ADII score for this age is **19.5 points lower** than the most digitally included age group (people aged 25-34 years).²⁵
- > Those on a disability pension and living with a disability are **9.9 points lower** than the national average.²⁵
- > Australians with low levels of income, education, and employment are significantly less digitally included. Australians in Q5 low-income households have a **30.5 points lower** score than those in Q1 high-income households.²⁵
- > InternetNZ reports, 'low levels of social connectedness are related to poor health outcomes, and higher mortality risks, together with significant reduction in quality of life'.
- > Indigenous Australians living in urban and regional areas have low digital inclusion (55.1, or **6.8 points lower** than the national average).²⁵
- > There are substantial differences between Australians living in rural and urban areas with digital inclusion being 8.1 points higher in capital cities (63.8) than in country areas (55.7).²⁵
- > The World Internet Project survey reveals the 'poor, elderly, Maori and Pacific people, and those in small towns have less access to the internet, and make less use of core internet services' than any other peoples across the population.
- > ACCC Scamwatch January 2020 figures report Mail/Letterbox fraud costing Australians \$108,683 compared to a staggering \$4,284,669 across Digital channels – in a period of fear and misleading messages being communicated to Australians the Letterbox is a channel of strength and trust.²⁶
- > We are a highly sought-after media channel and reach more Australians than any other. Letterbox - addressed and unaddressed reaches 20.1M Australians daily. Magazines delivered direct to Subscribers reach 6.3M Australians and that's before secondary reading and sharing in the home (TRMC, 2020). [Aus.gov.au/whatsapp](https://www.aus.gov.au/whatsapp), whilst a good digital initiative, only has 482,000 Australian registrations at the time of writing this piece.²⁷
- > The Digital Inclusion Action Plan 2020-2021 released by the New Zealand Government states that that one in five people in New Zealand lack at least one of the four elements needed to be digitally included – motivation, access, skills or trust.²⁸
- > Established media channels have stronger readership, higher trust (in a time where well-sourced and credible information is paramount) and wider reach than other digital channels.





CRITICAL FOCUS FOR THE ASSOCIATION TO LEAD INTO 2021 AND BEYOND

TRMC has demonstrated strong leadership throughout the COVID-19 chapter and continues to hold the industry voice with a diverse membership that represents all of industry. 71% of our members are small to medium sized commercial printers and to ensure we represent all of industry across industrial relations, awards reviews and more, we also hold membership rights of the largest print employer groups in the region. Suppliers also make up 30% of our membership providing one industry collective. One voice.

Whilst the industry has endured difficulty, the opportunity to 'right-size' and strengthen businesses for the future recovery and beyond is something all members are actively working towards with supplier investment and support. Paper pricing which hindered projected growth opportunities for many businesses across the industry throughout the previous twenty-four (24) months have stabilised and indication is this will continue in the year ahead.

However, the industry must invest in amplifying the key strengths to ensure marketing investment is maintained. Research outlining efficacy, environmental messaging highlighting the recyclability, carbon-neutrality and re-useability as well as the sustainability of employment and social conscious campaigning (access for all), will form key initiatives to driving successful outcomes for members.

KEY TAKEOUTS / ADDITIONAL NOTES



TRMC INDUSTRY INSIGHTS SURVEY JUNE 2020

- > 90.48% of businesses have experienced considerably negative effects as a result of COVID-19.
- > Survey respondents have experienced between a 20 – 90% downturn in work, with an average downturn of 55.28%.
- > 71.66% have already had exposure to debtor related issues.
- > 87.72% have sought and are receiving assistance under the JobKeeper scheme.
- > 78.43% of those businesses having 100% of their employees covered under the JobKeeper scheme.
- > 76.78% believe the JobKeeper scheme will assist in keeping workers in employment for the longer term.
- > 85.01% believe there is a need for ongoing business assistance to ensure future viability.

EFFICACY – READERSHIP, USEFULNESS, SOUGHT AFTER MEDIUM PROMPTS BEHAVIOUR

- > Supermarkets are one of the strongest performers, with 86% of Australians who have read a printed catalogue are reading supermarket catalogues and 8.6 million people say catalogues are the media most useful when purchasing groceries.
- > 83% of those who have read a Supermarket catalogue have bought something they saw in the catalogue. More specifically, 74.1% of these people have made a planned purchase, so gone into the store just to purchase that item.

INDUSTRY LANDSCAPE – IBISWORLD, 2019

- > The paper, print, publishing, mail and distribution sectors employ 258,000 Australians across 17,756 businesses, over 70% are small businesses.

SOCIAL CONSCIOUSNESS - ACCESS FOR THE MOST VULNERABLE CITIZENS ACROSS AUSTRALIA – CATALOGUE AND LETTERBOX MARKETING ARE MEDIA FOR ALL

- > Over 2.5M Australians do not have internet connectivity in their homes (ABS, 2018) and more than four million Australians access the internet solely through a mobile connection. In 2019, mobile-only users have an Australian Digital Index Inclusion (ADII) score of **43.7, some 18.2 points lower than the national average** (61.9).²⁹
- > ACCC Scamwatch January 2020 figures report Mail/Letterbox fraud costing Australians \$108,683 compared to a staggering \$4,284,669 across Digital channels – in a period of fear and misleading messages being communicated to Australians the Letterbox is a channel of strength and trust.³⁰
- > ACCC Scamwatch has received over 3600 scam reports mentioning the coronavirus with over \$2,382,000 in reported losses since the outbreak of COVID-19 (coronavirus). Common scams include phishing for personal information, online shopping, and superannuation scams.

ENVIRONMENT

- > According to Climate Care, 'The carbon footprint of the internet', every 60 seconds browsing an online catalogue emits 12g of CO₂, this compared to looking at a printed catalogue or leaflet for a day and only emitting 0.5g of CO₂. Once produced a catalogue emits no CO₂.
- > Printed material are produced from paper that is grown from sustainably sourced FSC & PEFC forestry practices. That is, Tree Farms that are planted, cropped and replanted. There are no savings of trees when using less paper, in fact if you removed paper supply and closed the industry, then these businesses would close these Trees Farms, with land sold for agriculture or urban development, which are the highest causes of deforestation across the world.
- > Australia has a very high record in recycling paper household products, at 87%. E-waste sits at 9.6% in Australia, it is not even comparable.
- > Australia has two million hectares of working forests and this number is growing. That equates to over 1,000,000 MCG's in land area covered (Two Sides, 2020). And we know our local catalogue paper mill in Tasmania, just outside of Hobart, uses 100% renewable hydroelectric power and the CO₂ emissions for paper production have reduced by 90kg per tonne of paper produced since 2014.

NEW ZEALAND

- > New Zealand's net stocked planted production forest covers an estimated 1.71 million hectares.
- > New Zealand has a total of 10.0 million hectares of forests, covering 38% of the land area, forest's have increased by 27% in recent years.
- > The New Zealand plantation forest and wood products industry is based on wholly renewable resources, producing 100% of its products from plantation forests and recycled waste fibre.

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