

# THE PAGE

INDUSTRY NEWSLETTER | 2019 ISSUE 1

04

## **It's getting stinky**

What does the stink bug mean for the industry

06


## **Two Sides**

The latest Myths and Facts are here!

12

## **Interest rates**

What does it really mean?



## The road ahead

Industry experts make their FY20 predictions



# 353

Number of Companies who have changed their messaging thanks to Two Sides anti-greenwashing

# 68%

of Australian consumers prefer printed material

# 58%

the paper recycling rate across New Zealand

# 81%

of Australians read mail

**\$7.5BN AUS  
+ \$2BN NZ**  
Industry value

## THE FACTS OF IT ALL

# 72%

of Kiwis read newspapers

# 69%

of Australians read catalogues

# 70%

The paper recycling rate across Australia

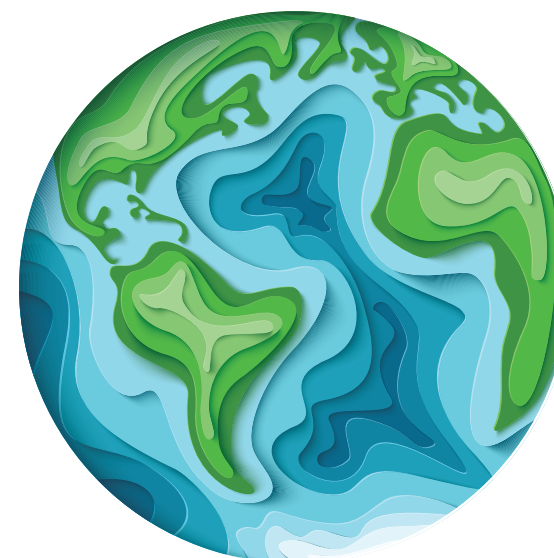
# 67%

of New Zealand consumers prefer printed material

**246,538 (AUS)  
+ 11,560 (NZ)**

Number of employees across ANZ

# Welcome



## A WORLD OF PAPER

The industry has long called for a printed newsletter with updates and insights. You've asked and we've delivered, in partnership with the Australasian Paper Industry Association (APIA) and The Real Media Collective we welcome you to 'The Page'.

This publication will be released twice a year with insights into the industry as well as the world of paper, paper procurement, import trends and more. You will be informed in a way you've not been before and of course no industry newsletter would be worth its salt without contributions from the very industry it is reporting to so please reach out, make contact and get involved.

## WHO IS APIA?

APIA is the paper industry association which holds a strong partnership with The Real Media Collective. The Collective runs the Secretariat for APIA and where appropriate we work together on projects and key initiatives. The Board is an impressive array of companies and senior leaders across the paper industry and includes:

### PRESIDENT - JOHN WALKER

Managing Director,  
SAPPI Fine Trading

### VP/ TREASURER - SIMON DOGGETT

Managing Director,  
Ball&Doggett

### DIRECTOR - MARCUS LINDH

Managing Director,  
UPM

### DIRECTOR - CRAIG BROWN

Chief Executive Officer,  
Ball&Doggett

### BOARD OFFICER - KRISTIAN YOUNG

Managing Director,  
Central National

### BOARD OFFICER - DALE O'NEILL

Managing Director,  
Direct Paper

### BOARD OFFICER - DARREN ALLARD

Managing Director,  
Connect Paper Plus

### BOARD OFFICER - GARY BOWLES

Regional Manager,  
Antalis Pty. Limited

### BOARD OFFICER - PATRICK WEAVER

General Manager,  
Australian Paper

### BOARD OFFICER - JUMI SINKO

Managing Director,  
Metsa Group

### BOARD OFFICER - STEPHEN HOWELL

VP Marketing & Sales,  
Norske Skog

With paper being the largest raw material for the print industry it is critical as an industry we work together and share the industry journey to build successful and stable supply of paper grades for the Australian and New Zealand markets. The APIA Board, outlined above, provide strong commitment to this and working with industry to maintain information channels and opportunities for a strong future for all.

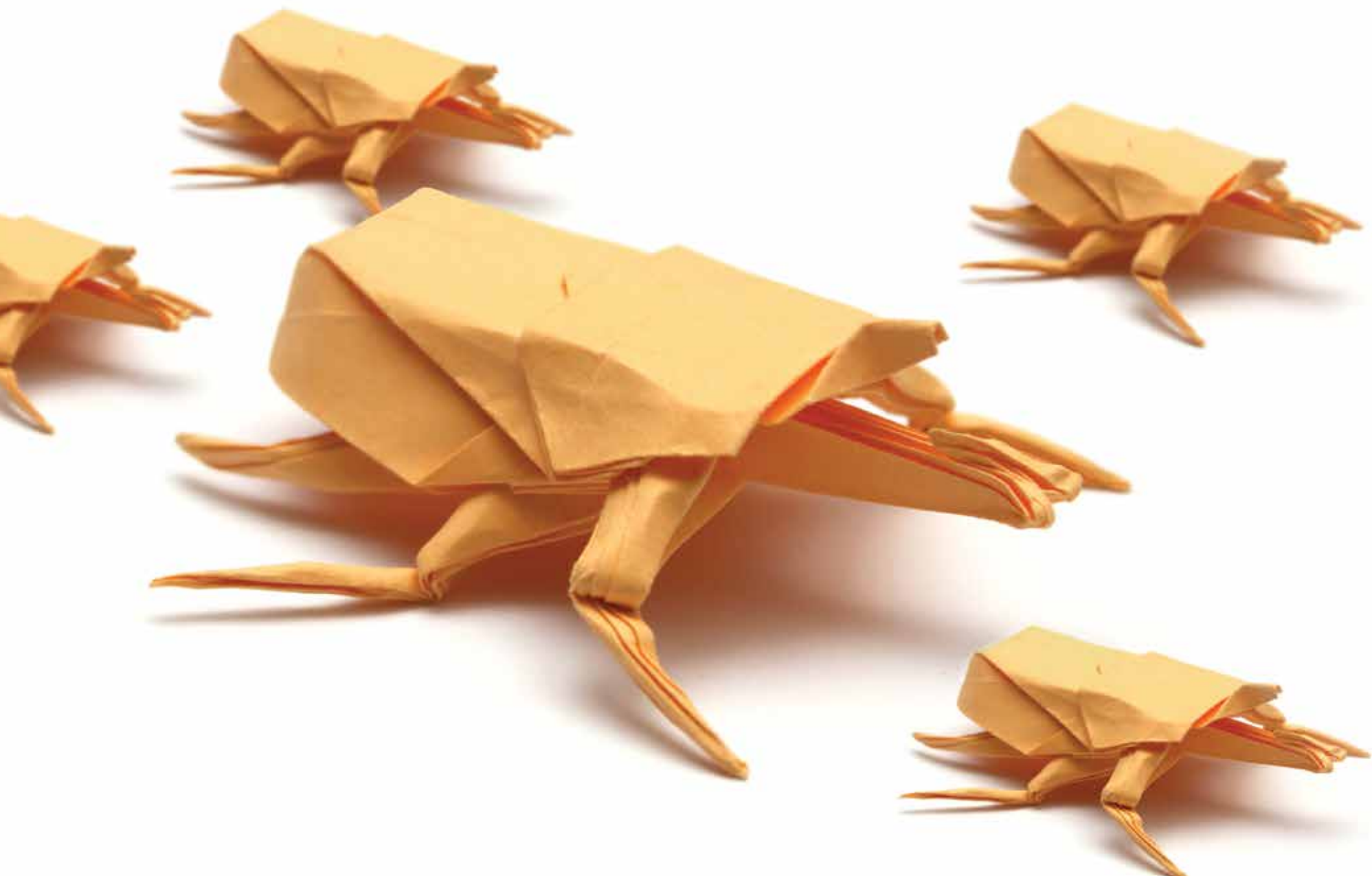
We look forward to bringing this publication to you and working in partnership with APIA and the Collective membership for the betterment of the industry.

Kind Regards,

**Kellie Northwood,**  
Chief Executive Officer  
The Real Media Collective



# Stink Bug



## THE STINKIEST OF THEM ALL - WHAT DOES THE STINK BUG MEAN FOR THE PAPER AND PRINT INDUSTRY

**It's been a little on the quiet, no mainstream media press, just a series of letters and governmental officialdom handed down to the paper importers as controls to protect Australian borders from the 'Stink Bug'. But what is it and what does it mean for the industry, already facing challenges across the paper supply-chain. We decided to dig into the issue and find out more.**

New seasonal control measures to defend Australia against the Brown Marmorated Stink Bug (BMSB) have the potential to cost Australia's pulp, paper and paperboard importers more than AUD\$6.5million over the 2019-20 Stink Bug season.

The current process is creating delays at the wharf and additional costs to an industry already under pressure. Whilst the industry is not challenging the safety precautions in place from the Department of Agriculture, there are concerns that the true cost implications are not being overseen allowing companies to take advantage of the pulp and paper industry.

A major player in Australia's economy, the pulp and paper industry currently faces a number of challenges: landed cost price increase, digital transition, as well as the impact felt from China's crackdown on international recycling. Placing another burden on the industry at this time will be felt acutely and the industry calls on the Government to actively review the current process to ensure minimal disruption.

"This a yet another burden placed on the paper and print industry and the costs, both financially and logistically, are ill-afforded in this current environment. Having to hold shipping containers aside for inspection, possible unpacking, repacking and fumigation will incur additional costs and delays to merchants and printers. The sheer volume of containers that may need to be held, inspected and fumigated is well above the capacity of the wharves, trucking companies, holding yards and fumigation points to handle. So we are closely reviewing all avenues to ensure minimal disruption,"commented John Walker, President, Australasian Paper Industry Association.

"Printers and their customers are managing difficulties with price increases and reviewing of paper ranges in the market, initial feedback indicates this process would see additional costs as well as time delays and we will be calling on Government to provide a workable solution for industry," Walker said.

As a major player of Australia's economy, affordability and sustainability are critical to the pulp and paper industry. With an annual sales income of over \$9 billion from total production over 3 million tonnes, the pulp and paper industry in Australia directly employs 18,000 people and contributes to 60,820 full-time equivalent jobs - more than 30,000 of which are in regional Australia. Locally made paper is an important part of a broader forest products supply chain that is one of Australia's largest manufacturing industries with an annual turnover of approximately \$23 billion.

### KEY STATISTICS

Potential cost to the industry of AUD\$6.5million over 2018-2019 Stink Bug season.	Estimated that more than 130,000 tonnes of pulp, paper and paperboards affected.	The Stink Bug season runs from 1st September 2018 to 30th April 2019 and 1st September 2019 to 30th April 2020.	The pulp and paper industry in Australia directly employs 18,000 people and contributes to 60,820 full-time equivalent jobs - more than 30,000 of which are in regional Australia.
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# Two Sides



## BRAND NEW TWO SIDES FACT SHEET



Two Sides has launched a brand new fact sheet all about paper recovery and recycling. This fact sheet explores the subject of why recycling paper is the most efficient waste management option and explains the process of paper recovery and recycling.

The issue of paper recycling is firmly at the top of the environmental agenda, with all industry sectors keen to become more sustainable and environmentally friendly. And since paper is one of the most recycled of all materials, it plays a central role in our new circular economy. Whether it's packaging, marketing, publishing or any one of the many areas paper is a vital part of, recycling is a top priority for all.

— To download the fact sheet, go to [www.twosides.org.au/fact-sheets](http://www.twosides.org.au/fact-sheets) [www.twosides.co.nz/facts-sheets](http://www.twosides.co.nz/facts-sheets)

**“This latest Two Sides fact sheet offers a practical guide to paper recovery and recycling. Along with the other Two Sides fact sheets, it’s ideal for companies and brands to get the truth about paper and the many benefits it has”**

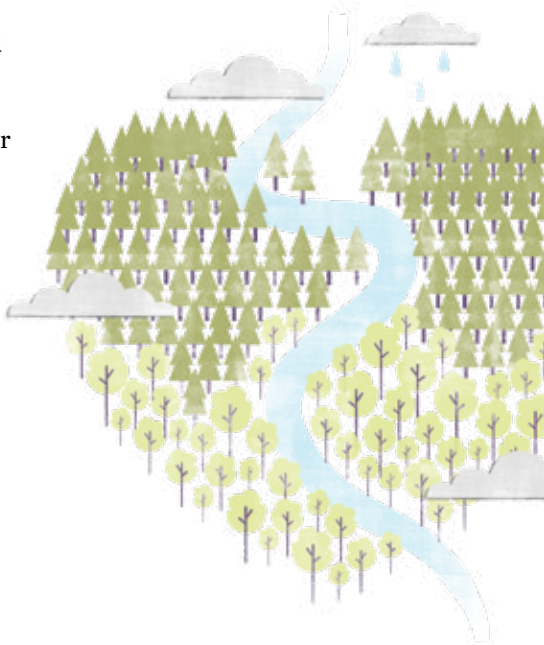
### TOP FIVE FACTS ABOUT PAPER RECYCLING

- 1.** Paper fibres can be recycled up to seven times.
- 2.** Recycling one tonne of paper saves 4m<sup>3</sup> of landfill.
- 3.** The main sources of paper collection are 50% from trade and industry, 40% from households and 10% from offices.
- 4.** Australia and New Zealand recovered more than 3.6 million tonnes of paper and paperboard throughout 2016/17.
- 5.** Paper recycling rates in Australia are amongst the highest in the world, with over 87% of all paper and paperboard being recovered.

## OUR NEWEST MYTHS AND FACTS IS HERE

- › Paper is 100% recyclable and its recyclability is key to the ongoing supply of pulp.
- › Paper recycling rates in Australia are amongst the highest in the world with over 87% of all paper and paperboard consumed being recovered.
- › A total of 1.4 million tons of recycled paper were exported in 2015–16.
- › Australia’s only local newsprint producer recycles 100,000 tons of old newspapers and magazines each year.
- › In 2015–16, 1.7 million tons of recycled paper were used for domestic paper and paperboard production in Australia, contributing to 53% of paper and paperboard produced.
- › In 2014–15 Australia recycled 60% of the 5.3 million tons of paper and cardboard waste generated.
- › Paper is a renewable resource, with the majority of paper produced for the Australian market coming from sustainably forested plantations, certified forests (83%) or ISO14001 or EMAS certified (91%).

Sources: CEPI Sustainability Report, 2018, Australia’s State of the Forests Report, 2018, Two Sides, 2019.



# From cup, to paper.

Extract

There’s a pioneering new paper in town that tackles the global waste problem of disposable coffee cups. In Australia, we use 1,903 cups a minute. That’s over 2,739,726 a day, yet none are recycled. Extract is a solution by design that takes coffee cups destined for landfill and transforms them into beautiful paper that one day, we hope to discontinue.

Ball & Doggett

G F SMITH  
LESS FORWARD

Ball & Doggett – exclusive stockists of Extract in Australia. For samples and mock-ups, contact your local Designline department.

[ballanddoggett.com.au](http://ballanddoggett.com.au) / [extractpapers.com](http://extractpapers.com)



# The Year Ahead

It may be the middle of winter, but for the Australian paper and print industry, plans are well underway for 2020. Projections, forecasts, strategies, investments – companies across the country are hard at work getting themselves into the best position for growth and profit. How they set themselves up in the next few months will determine how successful they are over the next 18.

Now is the perfect time to canvas opinion on the current state of the industry and identify key trends and developments, so we sat down with a number of the leading names across paper and print, and quizzed them on their predictions for the coming year. Their thoughts provide a clear insight into the industry and how companies are coping with the demands of this fascinating sector.

## KEY TRENDS FOR 2020

Across the industry, there are a number of trends that are shaping the way companies will do business in the future. The most interesting is an increasing focus on customer experience. While the industry has always valued the relationship between supplier and customer, that relationship is becoming more technology-driven, with companies investing in online systems that go beyond traditional good service.

“Customer Experience now takes a holistic approach to intuitively fulfilling the customers’ needs before they know they need it,” explains Lachlan Finch, Director of Rawson Print Co. “This can be through highly customised ordering platforms, all the way to helping customers utilise their data in new and different ways with measurable ROI. It’s about being a resource to help their business grow.”

This investment in new technology extends across all areas of the value chain, with companies having to continually invest to remain competitive.

“Input costs such as labour, electricity, freight will continue to increase and place pressure on operating margins,” says Simon Doggett, Managing Director of Ball & Doggett. “All businesses must be rapidly investing in technology solutions to support a more efficient and sustainable operation.”

For paper manufacturers, they are looking very closely at the weights and bulk of their papers, continuing to offer high quality product with lower distribution costs.

**“Customer Experience now takes a holistic approach to intuitively fulfilling the customers’ needs before they know they need it”**

- Lachlan Finch  
Rawson Print Co



LACHLAN FINCH  
Rawson Print CO

SIMON DOGGETT  
Ball & Doggett

JOHN WALKER  
Sappi Trading Australia

KELVIN GAGE  
The Real Media Collective

STEPHEN HOWELL  
Norske Skog Australasia



“From our perspective, a key trend for the year ahead will be light weighting in paper, decreasing grammages, and increasing bulk through thickness and rigidity,” says John Walker, Managing Director of Sappi Trading Australia. “I don’t mean a reduction in quality, rather a more refined paper chemistry. On the manufacturing side we will see ongoing paper machine conversions, mainly to packaging grades.”

## CHANGING ATTITUDES

There’s little doubt that the industry has been challenged by digital over the past decade, with brands, advertisers and marketers seeing cost-effective digital solutions as a quick and easy boardroom win. But the marketing industry is starting to rediscover print media, understanding the unique experience it offers customers and the proven ROI increase it gives campaigns.

marketers on the ROI print delivers. Over the past 10 years we have seen marketing budgets slashed, pushing print and mail out of the marketing mix. There are hundreds of case studies showing those prepared to invest in clever, targeted, multi-channel – including print – marketing reap significantly higher returns.”

Alongside this re-evaluation of the effectiveness of print media, its highly recyclable nature and the fact that paper use has a positive benefit on the environment is encouraging more brands to use it in product packaging and bags.

“The biggest social impact we are seeing is the trend from plastic to paper,” says Simon Doggett. “Plastic and synthetics have important roles to play in some categories, so over time industries will find ways to reduce the environmental impact of these substrates, such as biodegradable or closed loop recycling programmes. However, until these solutions are in place, we will continue to work with our customers to present new and innovative products to meet this changing demand, and fibre products have a great sustainability story to tell.”

## DYNAMIC, RELEVANT AND SUSTAINABLE

In general, there’s a renewed sense of optimism for paper and print, with the market for labels and packaging particularly strong.

“Labels and packaging are growth markets and will continue to grow,” says Lachlan Finch. “This is especially true in shorter run and customised packaging as marketers start to understand the capabilities available in this space and use it to gain customer attention by being dynamic and relevant.”

But like most industries, continued investment, planning, innovation and the consideration of partnerships will be key to any period of sustained growth.

“I see rising input costs as a key threat to delivering a sustainable future for the paper industry,” says Stephen Howell, Vice President Marketing and Sales for Norske Skog Australasia. “Capacity management will be integral to ensuring we deliver acceptable operating margins. All the while we must continue to improve our footprint and efficiencies, and we have invested significantly in Biogas and Bio Chemical developments in synergy with existing paper production, substantially reducing our carbon footprint.”

The future is ours to take, with all eyes on innovation and streamlined solutions to keep the industry a manufacturing leader across the Australian market. 2020 here we come!

“There’s no question we are seeing marketers reconsider their attitude towards print,” says Kelvin Gage, GM - Strategy and Engagement, The Real Media Collective. “Sadly, we have a new breed of graduates who only know e-marketing, so our first challenge is to educate those who have never experienced the benefit of print. Our second is to re-educate

**“Our first challenge is to educate those who have never experienced the benefit of print”**

- Kelvin Gage  
The Real Media Collective



# In Focus: Packaging



## CLEAN AND GREEN

Let's take a look at the beauty and cosmetic world where brands like Lush and L'Oréal are leading the sustainable packaging revolution.

Lush have a strong zero waste ethos and offer 'naked' versions of many of their products including shampoo bars. Based on their shampoo bar sales between 2015-16, nearly 16 million plastic shampoo bottles were never created. Where they do use plastic, it's a plain black pot made from a mixture of recycled plastic.

L'Oréal's worldwide general manager Shane Wolf is experimenting with sustainable products through spearheading the brand "Seed Phytonutrients", a new beauty brand committed to designing products that are

sustainable inside and out. The product's packaging is a compostable bottle made from post-consumer paper, combined with clay. The bottle has two separate pieces of paper that are held together using an interlocking design rather than glue. And inside there is only a very thin recyclable plastic container that holds the liquid, like shampoo and conditioner. The exterior paper serves to strengthen and protect the plastic, which is 60% thinner than a typical plastic bottle.

Wolf told Fast Company, "...if we can prove that sustainability is good for the bottom line, L'Oréal can adopt our sustainable strategies and incorporate them into other brands."

## DRINK IT UP

The beverage industry is also seeing brands like Corona experimenting with a plastic free alternative for its 6 pack rings, which have traditionally been a symbol of harmful plastic waste. The company launched a trial in Mexico with plastic-free rings made from plant-based biodegradable fibres, with a mix of by-product waste and compostable materials.

Corona told Beverage Daily, "The key to reducing plastic waste is to avoid producing plastic entirely. Although most plastic rings are recyclable, the reality is that the majority of all plastic ever created hasn't been recycled, which is the motivation for brands like Corona to pursue solutions that avoid the material entirely."

a2 Milk has also recently announced it will be selling its products in 100% recyclable FSC-certified paper-based cartons. The dairy brand is reducing its use of single-use plastics with the paper-based cartons that use 80% less plastic than bottles and carry the Forest Stewardship Council label.



## LESS IS MORE

Also pursuing the ethos of plastic avoidance where possible is Apple. In 2017, they released their "Paper and Packaging Strategy" which lays out various measures it is taking to lower its packaging's environmental impact.

In this strategy, Apple outlines how its iPhone 7 case reduced packaging compared to the previous iPhone 6 by combining two separate trays into one. Apple also changed the material from petroleum-based plastic to a fibre-based material. The results were an 84% decrease in plastic usage for iPhone 7 packaging next to the iPhone 6s.

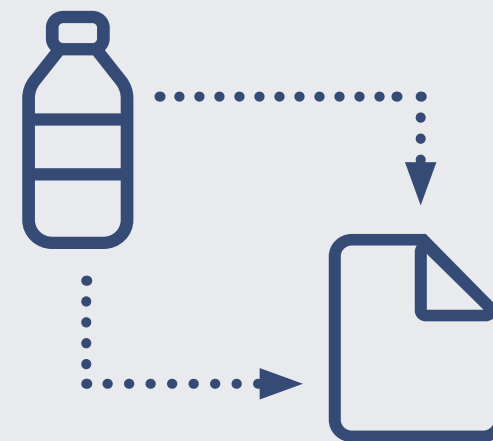
We are even seeing brands like IKEA shift their plastic gift card to fibre-based alternatives. This means that the 12 to 15 million plastic cards that IKEA previously produced each year will now be made of paper.

"We want to reduce the use of petroleum-based plastic

in general and particularly where we do not have control over the product's afterlife," explains Per-Ola Nilsson, who works as Technical Support for paper and print at IKEA Indirect Materials and Services.

"We can't know what the consumer will do with the gift card, so then an organic material like paperboard is better in this case because it damages nature less if it is not recycled properly."

What's clear is that sustainable packaging, once a nice to have, is now becoming table stakes. Smart brands are exploring new packaging alternatives and investing in material science to impress their conscious customers. There is no one-size-fits-all, however brands experimenting with sustainable alternatives like wood and plant fibres, touted for their sustainable credentials, are leading the way in this transition.



## WHY ARE COMPANIES MAKING THE SWITCH FROM PLASTIC TO PAPER?

- Paper is made from a renewable, sustainable resource and is the most recycled product in the world.
- Paper is based on wood, a natural and renewable material.
- In Australia, 65.3% of paper packaging is recycled.<sup>1</sup>
- In NZ 60% of paper packaging is recycled.<sup>2</sup>
- Sustainably managed forests help to reduce CO<sub>2</sub> levels, a tremendous asset when it comes to dealing with climate change. As young trees grow they absorb CO<sub>2</sub> from the atmosphere and paper continues to store carbon throughout its lifetime.

Sources: 1. Australian Packaging Covenant, 2016 2. Packaging Council of New Zealand, 2015



LOWER INTEREST RATES = LOWER AUSTRALIAN DOLLAR  
RETAILERS FEELING THE PINCH



## WHY THE INTEREST RATE CUTS MAY NOT BE GREAT NEWS FOR PAPER AND PRINT

### PRINT ADVERTISING SPEND UNDER PRESSURE

After two well-signalled cuts to Australia’s Cash Rate, to a new record low 1.00%, all the indicators are that Australia will experience a further interest rate cut at some point later in 2019.

While widely expected and welcomed in some quarters, the June and July rate cuts are not great news for the Australian economy, including for the paper and printing sector. Rates don’t plunge to historic lows because the economy is booming, after all.

There are consequences of a falling interest rate. For instance, as the chart shows, when interest rates fall, the Australian dollar has typically gone with it, albeit the relationship is not absolute.

Falling interest rates, followed by capital outflows, lead to lower demand for Australian dollars, forcing their price (the exchange rate) down. The index chart does a good job of displaying this situation.

But currency movements have implications of their own. For instance, export income increases and imports become more expensive when the exchange rate is lower. Interest rates are historically potent tools. Central banks like the RBA don’t pull on the interest rate lever unless they have to.

**WHY DID THE INTEREST RATE GO DOWN?**

One of the main reasons for lowering interest rates is declining consumer spending, which has been pushed lower by household indebtedness and slow wages growth. The hope is that consumption expenditure might be stimulated by lowering interest rates.

That would of course be good news for the local economy.

However, interest rate decreases do not have the potency they once had. To stimulate the economy, other measures are likely to be required, including the now legislated tax cuts that will begin flowing into consumer’s hands.

INTEREST RATE V EXCHANGE RATE



### RETAILERS UNDER PRESSURE – ADVERTISING DOLLARS HARDER TO FIND

Traditional retailers are really feeling the pinch now. High street retail has been contracting for some years, but there is unprecedented pressure on all levels of retail. Part of that is due to the pervasive pressure of e-commerce.

However, that does not account for the entirety of the current retail sales slide. With expenditure on housing slowing, the related ‘home-based’ expenditure is also softer than it has been for the last five years. Homewares, fixtures and fittings are not required in the same quantities as previously. That expenditure will come back, but it hasn’t arrived just yet.

Other sectors of retail, including clothing and household goods, remain under pressure. Time will tell whether the

modest stimulus from interest rates and tax cuts will turn retail sales around.

Until it does, advertising will remain under pressure, with a direct impact on print and the Printing & Communication paper market across the country.

*IndustryEdge is Australia’s independent paper, products and fibre supplies market specialist. Through the monthly Pulp & Paper Edge, extensive data and information services and annual reviews, IndustryEdge keeps the market informed.*

— [www.industryedge.com.au](http://www.industryedge.com.au)

### AUSTRALASIAN PAPER INDUSTRY ASSOCIATION MEMBERS INCLUDE:





# Application



Mini-books inspired by a Dutch phenomenon, a New York newsstand selling nothing but fake news and a refreshing piece of drinks packaging all make the grade in this issue's top print innovations

## 01\_MINI BOOKS GO BIG

Inspired by the Dutch 'flipback' book or 'dwarsligger', multi-million-selling author John Green has released four of his bestselling novels in a radical new miniature format. The format shrinks the full-length novels into books the size of a smartphone, with the reader having to flip the pages up rather than across. While dwarsliggers have been popular in

the Netherlands for years, they're relatively unknown outside the country, but are set to make a dramatic impact on the world of print books. "I haven't seen a new book format that I thought was at all interesting," says Green, the author of The Fault In Our Stars, "but I find this format really usable and super-portable."

## RETAIL UPHEAVAL



## 02\_CHEERS!

This year's Carton of the Year in the hotly contested Carton Excellence Awards combines elegance and invention, forming a clever way of transporting then enjoying the contents. Created by the Belgium-based Van Genechten Packaging, the '6 Mini Moët pack' was launched as the ideal way to share great moments with friends. Taking off the lid

using a tear-strip reveals six mini bottles of Moët champagne with six equally small flutes. Once opened, the box can even be used as an ice bucket, giving a real sense of luxury. "It was that jaw dropping moment when we lifted the lid that stole the show," said the judges.

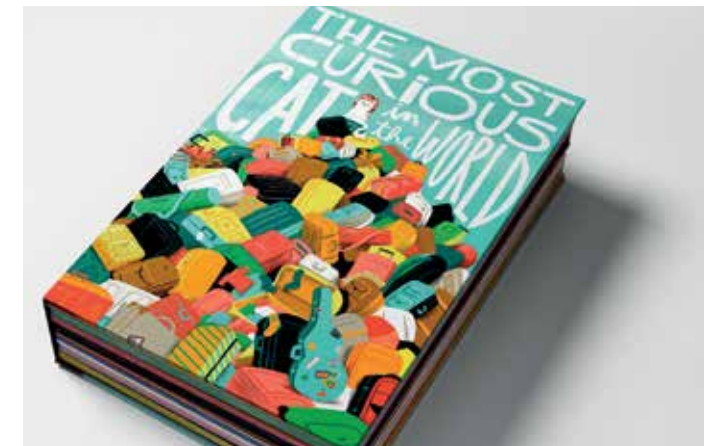


## 03\_FAKE NEWS STAND

To highlight the problem of fake news being spread online, US magazine Columbia Journalism Review took over one of New York's famous newsstands for a day. But instead of its racks filled with titles such as The Wall Street Journal and Time, there were rows of publications such as The Informationalist and The Weekly Journal. What these fictitious titles had in common was that they all contained fake news, with stories and headlines taken from the internet such as 'Texas Now Recognised as Mexican State'. The aim was to bring the public's attention to the dangers of misinformation spread online, with the insides of the publications giving the reader a guide on how to spot misinformation in the media.

## 04\_CURIOSITY THRILLED THE CAT

Cat food brand Whiskas wanted to nurture the love between owners and their feline friends by creating the first picture book especially written for cats. The Most Curious Cat In The World contains 20 brightly coloured illustrations designed to get your cat's attention, each one accompanied with a cat toy they can play with. Inspired by the true story of a cat called Whatif that escaped from its carrier on a flight to London, the book was developed to "awaken a cat's natural curiosity" – and sell a load of cat food.



## 05\_START YOUR ENGINE

Readers of Departures, the magazine for American Express Platinum Card members, were treated to a unique print experience when they were sent an Audi key fob along with their December issue. The fob was designed to work with a special insert in the magazine promoting the launch of the 2019 Audi A8 model, highlighting the car's luxury touches and "next-generation lighting". The reader uses the fob to 'unlock' the advert, which activates a series of tiny lights that mimic the car's tail lights. Loren Angelo, VP of marketing for Audi of America, says the goal was to not only create something eye-catching, but to interactively demonstrate the A8's "lighting design in an entirely new and unique way."





# THE REAL MEDIA COLLECTIVE.

MEMBERSHIP  
STARTS AT  
\$500

**'Real'** representing the physicality and tactility of print.

**'Media'** defining our position amongst the broader media channels marketers invest in.

**'Collective'** as the industry unites to grow.



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