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### Printers paying too much in wages - Print21 magazine feature

Wednesday, 21 November 2012

By Print21

Recent government statistics outlining the performance of the printing industry compared with other manufacturing sectors show that printers' labour costs are too high. *Printing Industries'* Hagop Tchamkerterian has the details.

Recently the Australian Bureau of Statistics (ABS) released industry data covering a range of macro indicators. Notwithstanding some of the qualifications made about the limitations of macro or aggregated industry data, the ABS data provides some interesting trends. The period covered by the data between the 2006-07 and 2010-11 financial years was significantly influenced by the GFC.

#### Industry revenue:

With a reported revenue reduction of 3.4 per cent, the printing industry is one of six manufacturing sectors that experienced a decline in revenue. Pulp, paper and converted paper product manufacturing reported an increase of 14.1 per cent. Interestingly sectors that have received government support, such as clothing and footwear, and which continue to receive government support, such as transport equipment manufacturing which includes car manufacturing, experienced a steeper reduction in industry revenue. Total manufacturing industry revenue over the same timeframe increased by a modest 5.2 per cent.

#### Employment growth:

Any industry that is able to provide continued employment will attract attention from various levels of government. Unfortunately only two manufacturing sectors, comprising food products and fabricated metal products, reported increased employment. Employment in the printing industry contracted by 10 per cent during the same period compared to a 12.5 per cent reduction for pulp, paper and converted paper product manufacturing and 6.9 per cent contraction for total manufacturing.



#### Industry value added:

This indicator measures the contribution that each manufacturing sector makes to the Australian economy. The printing industry along with pulp, paper and converted paper product manufacturing continued to make positive contributions. At 2.8 per cent growth, the printing industry growth rate is very modest while the paper sector's growth could be described as displaying the characteristics of a mature industry. Interestingly, total manufacturing's contribution declined over the same period.

#### Industry profit margin before tax:

The printing sector's reported profit margin at 8.3 per cent was higher than the 7.2 per cent reported for total manufacturing as well as the 4.9 per cent reported for pulp, paper and converted paper product manufacturing. At a profit margin of 21.5 per cent, beverages and tobacco product manufacturing reported the highest profit margin amongst the manufacturing sectors.

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## Industry expenses as proportion of industry revenue:

At 91.8 per cent, the printing industry's total expenses as a percentage of total revenue is just below total manufacturing. On the other hand pulp, paper and converted paper product manufacturing exceeded total manufacturing and had one of the highest reported expense profiles at 95.9 per cent of total revenue. There is however, one expense category in which the printing industry reported significant inferior performance compared to both total manufacturing as well as all the other sectors of manufacturing, and that was labour costs.

The ABS data confirms that, of all the manufacturing sectors, the printing industry reported the highest reported wages and salaries and total labour costs component expressed in terms of total industry income/revenue. One possible explanation for this could be that compared to other manufacturing sectors, the printing industry remains less automated and hence more labour intensive.

In conclusion, between 2006-07 and 2010-11, the printing industry experienced some challenging economic conditions. Revenue and employment levels declined and the industry's contribution to the Australian economy grew at very modest levels. Printing profit margins remain modest compared to other sectors and could be significantly improved if the industry better managed its labour costs which are amongst the highest of all manufacturing sectors and significantly higher than the total manufacturing sector average.

For printing operators, the key message from the manufacturing industry benchmarking analysis is the importance of managing labour costs as this expense category is clearly impacting on the bottom line and the overall competitiveness of the print medium.

To read industry gadfly, James Cryer's comments on Tchamkertenian's report, click [here](#).

The industry can't afford to lose talent such as Joan Grace  
[.http://t.co/DuGDpXtwbC](http://t.co/DuGDpXtwbC)

Colin Longbottom heads towards the exit Good man Colin, hope your saddlebags are well loaded for the sunset ride.<http://t.co/d5oamorf2X>

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## 2 Responses to "Printers paying too much in wages - Print21 magazine feature"

1. November 21, 2012 at 5:04 pm, James said:

Again and again we blame the big bad employees for asking for a decent wage for a technically difficult job if done well. I realise this is a much more broad based analysis but I continually hear people in the trade talking about this sort of stuff in relation to print or bindery floor - we don't however take into account change in work load with most companies, expecting people to run 10 colour presses on their own a lot of the time, or assistants to look after 2 presses and all the while running them faster with fewer overs and i don't know about the rest of the printers out there, but the good ones i know earned about \$80,000 per year in the 80s and earn \$80,000 per year now so what has changed apart from our trade being reasonably level with electricians and plumbers in wages 30 years ago and now being a poor third. We all are aware that undercutting in prices and panic selling by companies in trouble have been the root cause. p.s. has anyone out there had a pay rise? we haven't even had a cpi rise in several years .  
SICK OF INAPPROPRIATE BLAME.

2. November 22, 2012 at 3:47 pm, Outrageous fortune said:

Careful industry! If you want to pay peanuts you will get monkeys! Despite the advancements in tech, a printers job is not an easy one. With faster turn arounds, decreasing spend in fundamental consumables like ink, paper and blankets and more pressure and stress then ever before. And now we are trying to blame their wages which haven't gone up for 2 or 3 decades. Then try to tell them it's their fault for the redundancies because they didn't take pay cuts or reduce their hours. If we devalue the career we will end up devaluing print itself. Reprints and mistakes will rise and that does hit profit. And we will end up with idiots running our presses screwing every second job up. I still reckon that a good printer is worth their weight in gold. Screwing your hands on employees is a recipe for disaster.

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