

6 September 2007

FILE No:
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MARS/PRISM:

Mr Gavin Jones
Director
Adjudication Branch
Australian Competition and Consumer Commission (ACCC)
GPO Box 3131
CANBERRA ACT 2601

Dear Mr Jones

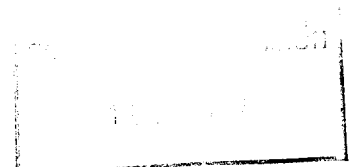
I write with regard to the submission made by the Australasian Association of Convenience Stores (AACS) dated 27 August 2007 in response to the Australian Newsagents Federation (ANF) collective bargaining notification CB00003.

The ANF's application to the ACCC relates to collective negotiation between the ANF's Members and the WAN in relation to terms and conditions of supply between newsagents and the WAN. AACS rightly notes that it is not a party to this relationship. However, AACS submits that the application should be rejected as it is anti-competitive in nature in that it preserves arrangements which the Australian Competition Tribunal has found to be "anachronistic" and "severely anti-competitive" in proceedings brought by AACS in 1994 and 1998.

The AACS needs to recognize that the ACCC is not making an assessment of the validity of the 'system', but rather a determination on whether a group of small, independent operators should be able to band together under the collective bargaining provisions of the *Trade Practices Act of 1974* to negotiate with a company that has significantly more market power.

There is nothing within either the ANF's application or the current system that prevents a publisher from negotiating with other groups. The newsagency industry has been deregulated as a result of action brought by the AACS and 7-Eleven. Convenience stores are free to seek direct supply from publishers, but are often unwilling to accept the full range of terms within the contracts offered. It is the newsagents' willingness to meet these terms, provide a complete service to the customer (including in many cases home delivery which is often run at a loss) and a full product offering for the publisher that distinguishes newsagents from convenience stores. Newsagents provide a destination store for publishers' products, and publishers ascribe a value to this. Publishers elect to supply convenience stores in the main via the newsagency channel and this is a testament to the value of the newsagency channel and not evidence of anti-competition.

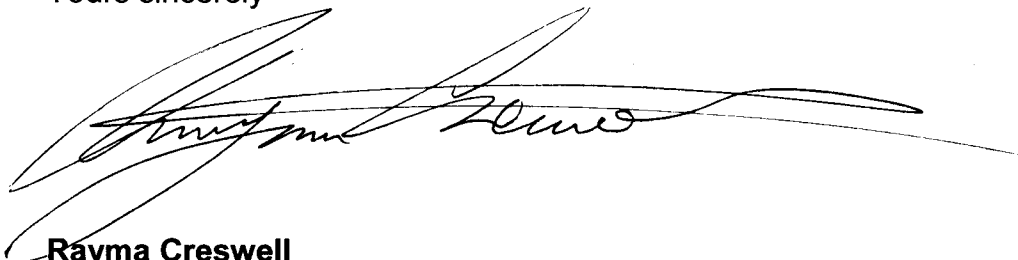
Given that AACS's objection to the ANF's Notification seems based on a misplaced argument against the 'system' the ANF will not address each of the issues raised by the AACS. That said, it must be noted that the ANF takes exception to the AACS' claims that newsagents engage in deliberate practices that harm the profitability of convenience stores. In particular, AACS refers to the stock 'ordering' process, which is entirely out of the control of the



newsagent. AACS would be aware that newsagents receive allocations of product as determined by publishers, and newsagents experience the same issues of late supply and short supply as their sub-agents. Every sale lost via a sub-agent occurs to the financial detriment of the newsagent and is mourned by both parties equally.

Should you have any further enquiries regarding this matter please telephone Don MacAskill, National Policy Manager on telephone (02) 8425 9600.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Rayma Creswell', with a long, sweeping horizontal line extending to the right.

Rayma Creswell
Chief Executive Officer
Australian Newsagents' Federation Limited