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Friday 23rd January 2008

Janice Williams

Universal Magazines

Private Bag 154

North Ryde NSW 2113

Dr Richard Chadwick
 General Manager
 Adjudication
 ACCC
 GPO Box 3131
 Canberra City ACT 2601

Re: CONFIDENTIAL COMMUNICATION on Application for Authorisation for Collective Bargaining by Queensland Newsagents Federation (QNF)

Universal Magazines is a specialist publisher and has been targeted in this application.

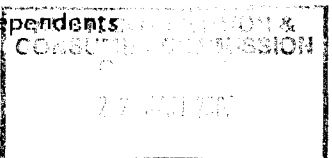
We have spoken with the three parties making the application (QNF, NANA and VANA) and believe we have agreement from them that we should be removed from the application. This will be confirmed to us after the Australia Day Long Weekend on 27th January.

If this confirmation is made, we make no objection to the application.

If this confirmation is not made, we would like to place the objection below and must do so today as a deadline has been imposed.

Universal Magazines should not be a target in this application for the following reasons:

- 1) We are a small independent publisher, and as such do not have any of the contracts with newsagents referred to in the application. (All the other targets in the application do have contracts with newsagents).
- 2) Our company does not own a Magazine Distribution Company. (All the other targets in the application own or are Magazine Distribution Companies).
- 3) Because we are small we use one of the three Magazine Distribution Companies to reach newsagents. It makes no sense to bargain on fundamental terms of trade with Universal, because Universal would then have to try to change those fundamentals in the contracts between Magazine Distribution Company and Newsagent.
- 4) Universal is a minnow compared to the other companies targeted. 80% of magazines in Australia are produced by the big 3 corporate publishers (ACP, Pacific, and News Ltd), and 20% of magazines are produced by small independent publishers. Of these small independent publishers



Express, Lovett's, Woolsley are all larger than Universal. We estimate that we publish 2-3% of the magazines in Australia.

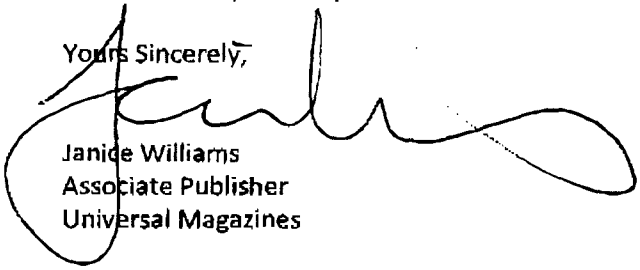
- 5) We publish only specialist magazines, whereas all the other publishers that have been targeted publish mostly mass magazines.

The targeting of Universal is problematic because Newsagents (who stock on average 1000-1500 magazines), Supermarkets (who stock on average 20-100 magazines) and Convenience stores (who stock on average 12-50 magazines) compete for mass magazines produced by the big three corporate publishers, but do not compete for specialist magazines produced by independent publishers. Specialist magazines generally have only one channel for distribution – newsstand.

As a small publisher we can alter minor terms of trade with the approval of our Magazine Distribution Company, but are not at liberty to influence the fundamentals of the contracts between Magazine Distribution Companies and the retailers. Therefore if a group of newsagents bargained collectively with us to change those fundamentals, there is little we could do to strike terms.

I am on the board of Publishers Australia; the body that represents specialist publishers in Australia and am available for contact should you require more information about how the magazine industry functions for specialist publishers.

Yours Sincerely,



Janice Williams
Associate Publisher
Universal Magazines