

16th December, 2014

Dr Richard Chadwick
General Manager
Adjudication Branch
Richard.Chadwick@acccc.gov.au

Dear Dr Chadwick,

The Association of Magazine Publishers of Australia Inc- application for authorisation A91472- interested parties' consultation.

The ANF strongly supports the above Application.

The ANF notes that the Application is for a pilot of a regime to fairly manage the distribution of magazines.

Newsagents and newsagents associations have over many years complained to the issue of the oversupply of magazines by publishers /distributors. The ACCC has always advised that in its view the conduct did not breach the **Competition and Consumer Act 2010**.

At one point the ACCC suggested that a Code of Conduct might be considered to overcome the problem.

The problem for newsagents is that they cannot manage their stock of titles and also that oversupply has major cash flow consequences for newsagents. Newsagents receive more stock than they can sell or even titles that did not sell at all yet they are billed for all titles supplied and eventually get a credit for stock unsold. In the meantime the stock holding costs are borne by the newsagents. Newsagents also bear the cost of returning the oversupplied and unsold stock.

Newsagents are primarily small family businesses which operates on low mark-up products which require high sell through rates and as such cannot readily bear the costs of an oversupply regime.

The ANF has for some time been in discussion with relevant industry players on the issue and this Application is the end result.

It is the aim of the ANF that the proposals in the Code of Conduct which are geared to manage oversupply will also save costs for all in the publication/distribution chain. Some of these savings will be passed onto consumers as newsagents are in competition with the supermarket majors and are likely to use cost savings in ways to attract customers.

The ANF is hopeful that the proposed trial will deliver these desired outcomes.

The ANF notes the timing of the start of the pilot, namely April 2015. Should the timing look like slipping the ANF ask that the ACCC consider granting an interim authorisation so that the proposed timing can be met?

The ANF would be happy to elaborate on this letter.

Yours truly,



Ann Nugent | QLD Chief Executive Officer
Australian Newsagents' Federation Ltd
58-62 Pineapple Street, Zillmere QLD 4034
PO Box 59, Virginia QLD 4014
T: 07 3862 7100 | F: 07 3862 7111 | M: 0488 763 236
E: ann@anf.net.au
W: www.anf.net.au