

## Pfitzner, Laura

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**From:** Hamish Cameron <hamish@paperbarks.com.au>  
**Sent:** Thursday, 19 March 2015 9:12 PM  
**To:** Adjudication  
**Cc:** Lisa Taylor; Accounts; Lockie Cameron  
**Subject:** A91472 – magazine publishers of Aust submission

To the ACCC,

RE: A91472 – Magazine Publishers of Australia Submission.

I have been made aware of the proposal in question and have read through the available documentation. As a regional newsagent I have a vested interest in the Magazine industry, I have owned my newsagency for 15 years.

I feel that my concerns about the proposition as described are valid and come from a place of reason and common sense.

Running alongside our newsagency is our bookstore and we also own an Educational Supply outlet. While these are subtly different industries there are many similarities in terms of the product and terms of trade, especially in the book industry.

As a business owner I do agree with many of the changes being put forward, Changing the returns model to Tops (covers) only makes sense, stopping supply of magazines that don't sell after an agreed time makes sense. Restricting Reissues is long overdue, The process for rolling out new titles looks to be a fair call as well. If they enforce the split delivery model I think that would be a strong benefit as well.

For too long the industry has been saddled with a magazine code of conduct that lacks flexibility and a level of control for the newsagent and in doing so restricts the potential growth of the industry. While it is positive to finally see the Magazine Publishers and Distributors look to address this restrictive code, some points need to be addressed in their proposal. Newsagent input has been limited, we were not given any opportunity to be directly involved with this submission. The Australian Newsagent Federation (ANF) may well of been consulted at some stage although they don't represent me or the majority newsagents around the country. A significant portion of newsagents are not members of this largely ineffectual industry body.

My concerns are:

- Maximum shelf life should be limited to 6 months at the absolute most.
- Split deliveries need to be considered for all stock with an on sale life of more than one month to avoid storage issues on a bulk drop, these split deliveries should reflect and not exceed current sales of that particular issue. In effect they should be a replenishment of sold stock rather than a publisher defined quantity that actually further increases stock holding and hence liability on what are the slowest moving titles we sell.
- Minimum Sales efficiency levels are clearly set to oversupply levels. The Environmental impact alone of actually producing around double the level of expected demand defies logic in the 21<sup>st</sup> Century. These targets are irresponsible, they directly contribute to the oversupply problem and only add to the cost of transport, processing and wages expense to the newsagent. Distributors get paid per magazine delivered, it is only in their interest to retain such blatantly overstated supply levels. By way of direct comparison the book industry requires a sell through rate of between 80% and 85% to qualify for Sale or Return terms of Trade with the major suppliers.
- The removal of Early Returns effectively takes away the only mechanism the newsagent has to control stock levels and over supply, if I don't have room for the stock and I can't control supply

levels I need to be able to send the excess back. I shouldn't be financially liable for stock I haven't ordered, removing Early Returns does this.

- Early Returns are the most relevant measure of either short or over supply, it makes sense to me that if supply levels are set at close to optimum there won't be early returns at all. The distributors have access to sales figures on a daily basis through the industry developed supply / return platform XCHANGEIT, they have near on instant data available on any title they supply to us. Our software is set to allow 30% more stock into our store over the previous edition's total sales figure, Early returns are only triggered once we have reached this figure of 130%.
- Early returns are our only mechanism to not accept international and Australian magazines that don't fit our demographic, aren't representative of our business, or are judged to be inappropriate. Basically magazines that I wouldn't order if I had that option.
- An industry increase in the Delayed Billing model over the last few years has removed our ability to Early Return excessive quantities when they arrive, especially as these are generally Long Shelf Life Titles. As we effectively haven't been billed (although by processing the invoice we accept liability) we can't return the excessive stock - this the distributors stance, it's hardly fair. As a result we are forced to either over display the title on the shop floor or dedicate valuable storage space to a title we would never order in the quantity supplied by the distributors.

As independent business's we don't have the buying power or market discipline to dictate terms of trade to Publishers, big business like Coles and Woolworths are not subject to this code and that's again hardly fair, if they want to sell magazines they should be subject to the same conditions as everybody else.

Being a newsagent is a rewarding experience on many fronts, we are small business houses that have an important link to local communities.

I want a retail future and will have one, what part magazines play in that will in probably be decided by the level of control I have over the department and its financial return on space allocated and investment required.

I don't want to be associated with a "dirty industry", one that legally produces (at a minimum) double the product required to meet proven and historic demand.

I don't want to be involved with a supplier or association of suppliers that has excessive financial impact and control over my business for a relatively low potential margin on their product.

The Association behind this proposal already has access to the information they require to get the supply of magazines to reflect individual newsagent sales through Xchangeit, they have had this for years.

If they were serious about fixing this situation they would retain Early Returns and use that as one of the main KPI figures speaking to the result of any trial, they would give newsagents real control over supply timeframes and quantities.

**I provide the security to the bank to have access to the money I need to run my small business - magazine publishers and distributors don't do this for me.**

**Given this fact the level of control they have over my liability is neither fair, warranted or justifiable - nor is the real impact that excessive production has on our Environment every day this continues.**

Thank you for the opportunity to comment.

Regards,

Hamish Cameron



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