



newsXpress Pty Ltd ABN 99 098 073 833
National Support Centre: 3A Lynch Street Hawthorn VIC 3122
PH: 03 9524 8000 FAX: 03 9524 8099
www.newsXpress.com.au

April 1, 2015

Ms H Ransom
Senior Project Officer I Adjudication Branch
Australian Competition & Consumer Commission
23 Marcus Clarke Street
Canberra 2601
BY EMAIL

Dear Ms Ransom

RE: A91472 – magazine publishers of Aust

newsXpress is a newsagency marketing group with 180 licencees operating newsagency businesses under the newsXpress brand.

I write on behalf of newsXpress member businesses.

We have read the submissions already made response to the Draft Determination and do not intend to re-hash many of the fine points made.

newsXpress requests the ACCC hold a conference to discuss the draft determination as invited at paragraph 27 of the Draft Determination.

At the heart of the current magazine distribution model is systematic anti-competitive behavior which shackles newsagents compared to most other retailers of magazines. We have evidence supporting our claim of *systematic anti-competitive behavior*.

This trial does nothing to test process and rule changes which would make newsagents more competitive.

This trial does nothing to enable newsagents to be competitive against Coles and Woolworths and other businesses selling magazines.

The architects of the trial did not prepare the trial based on thorough research of the costs newsagents bear in selling and managing magazines. They did not widely consult with newsagents on what they need to be competitive. They have not laid out the terms of magazine supply to newsagents compared to magazine supply to supermarkets, petrol outlets and supermarkets.

Had a table of comparison of magazine supply terms to newsagents, supermarkets, petrol and convenience stores been included in their submission, the MPA would have demonstrated to the ACCC the uncompetitiveness of the current and proposed newsagent magazine supply model.

The proposed trial does not alter the competitive disadvantages faced by newsagents in the current magazine distribution model.

We would argue that the current magazine distribution model itself fails a public benefit test in that it financially and operationally disadvantages newsagents. It forces them to endure a significantly higher proportion of overhead for magazines they carry compared to their competitors.

While the trial tests a new supply model, the changes are insufficient to give newsagents the ability to be more competitive. The trial leaves in place processes and rules which disadvantage newsagents and newsagency customers.

newsXpress proposes that a pilot program does proceed but that such a pilot program trials the supply of magazines to newsagents on terms more similar to those achieved by retailers competing with newsagents. Our proposal is of a trial covering but not restricted to these terms:

1. Newsagents having control over the magazine titles they receive.
2. Newsagents having control over the volume of titles they receive.
3. Newsagents only needing to return tops (covers) of unsold stock.
4. Magazines to have a no greater than 30 day no-return period during which early returns would not be acceptable.
5. Publishers and distributors to offer financial assistance to justify newsagents carrying titles they may otherwise decline to carry.

In seeking a conference to discuss the draft determination, we would bring a selection of newsXpress members to present data in support of the claim that this trial does not address newsagent specific magazine supply terms which impact on their ability to be competitive.

Sincerely,



Mark Fletcher

Director

E: mark@newsxpress.com.au

M: 0418 321 338