

Narangba Valley News

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Attn: Hannah Ransom

Adjudication@accc.gov.au

Refer: A 91472 Magazine Publishers Association

Dear Ms Ransom,

I am writing to you tonight with great concern over a proposal by the MPA to put in a trial code of conduct which they propose to impose on me, their customer.

I own a retail newsagency just north of Brisbane and have been a customer of Bauer Network and Gordon and Gotch for four and a half years now. Between the two of them we turn over about \$80,000 worth of magazines at cost per year.

Unfortunately, to turnover this amount we must accept and pay for about \$160,000 worth, then send back the unsalable or unsold stock at our expense to gain credits for the other \$80,000 worth.

In other words our sell through rate is consistently around 50 to 52%. Every year about the same.

Please note that these two companies are distributors not publishers. They distribute on behalf of publishers. They get paid per item distributed not by the number sold. It is in their interests to impose conditions that promote more product being distributed.

This is why we receive so much unsaleable stock already, which we are currently able to send back for credit. This called early returning.

I am concerned that the proposed code of conduct trial will limit my ability to "early return" stock, and I will be forced to keep any new title they wish to send me for a certain time before I return it.

This will further damage my CASH FLOW in the business, and also put a lot of pressure on our display fixturing. In fact, we will need to just store the unwanted stuff out the back until it is time to return them. Of course we have to pay for them.

In effect this is my supplier using me as a bank. They get interest on my money while I wait to return their unwanted stock.

I would ask that you take a good look at the proposal and think about who it benefits.

I would be in favour of a proposal that could benefit both parties.

Your faithfully

Bruce Giddings

Director Narangba Valley News