

## Pfitzner, Laura

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**From:** MARK RICHARDSON  
**Sent:** Monday, 11 May 2015 1:30 PM  
**To:** Ransom, Hannah  
**Subject:** MPA's submission to the ACCC

Hello Hannah,

During the video conference and in correspondence the MPA have spoken about transparency and benefits to the public.

However their actions towards Newsagents over many years suggest their actions do not reflect their claims. I have been a Newsagent for over 20 years 3 years ago we decided to open a second store in a new shopping centre built by Woolworth's at Blake's Crossing in the northern suburbs of Adelaide.

We applied and were given direct accounts to Gordon & Gotch and Network Services ( Bauer) ,the contract with Network related to their ACP titles only most of which are in the top 100 magazine sales . The contract with Gotch came with no strings, however the contract with Network was to be reviewed after 6 months and our commission was only 12.5% for that period compared to Gotch's5%

After a period of approximately 6 months we received a phone call from Network, the conversation was along the lines that they were about to go into a meeting to discuss accounts and there was a likely hood that our account would be closed , I was put on the spot and asked if I had anything to say in defence of Network closing our account. We were given no warning and no time to prepare a submission.

Subsequently we received a letter confirming our account had been closed.

I can't recall exactly the sales criteria we were required to meet for our account to remain active but from memory it was around \$2,000.00 per month wholesale in sales of ACP titles, our account with Network had been averaging over \$2,000.00 per month but that was of all titles.

I know of two other stores which also had their accounts closed one was in a small country town where the local retailer now has to drive 20km round trip to collect magazines from another Newsagent as a subagent he receives only 12.5% commission .

When we received notification from Network that our account had been closed I contacted the Small Business Commissioner here in SA ,Professor Frank Zumbo was the then Assistant Small Business Commissioner he negotiated on my behalf to try to have our account reinstated . Professor Zumbo contacted Eugene Varricchio , however Professor Zumbo was unsuccessful in negotiating any compromise and Eugene would not budge from the company line.

My concerns regarding Network's behaviour were :

We were in a new shopping centre in a new subdivision 6 months was not enough time for us to grow our business when you think we are coming from a zero customer base

Network was not concerned as to if or where we could source magazines from

Woolworth's who are the anchor tenant in our centre sell only Networks top titles directly competing against us but not having to carry the full range

Network have since struck a deal with the to supply magazines on a direct basis with The On The Run Group who own a large number of service stations here in SA , we have 2 OTR service stations close to our NEWSAGENCY who compete with us in the magazine market they get direct supply but we cannot. The magazines for the OTR service stations are packaged and supplied by Network for each site as are the Woolworth's magazines. In fact the delivery driver who drops off our Gotch magazines also delivers Woolworth's magazines some 30 meters from our shop including Woolworths Network supplies

Network have no concern for our welfare or that of the public, in this case they have made a rule for all new accounts when clearly you cannot apply the same rule to all stores all over Australia , from country towns small or large to shopping centres new or established

I think the who distribution system of magazines needs to be reviewed , including the trading arrangements which the MPA has with the major supermarkets' and any other large businesses such as the OTR Group here in SA.

The current application by the MPA does not put Newsagents in a position to be competitive,the MPA have not disclosed the fact the have closed many small accounts over the last 3 years .

The MPA's application is purely based on a commercial decision to improve their business model . I can see no benefit to the public in fact I see the public being disadvantaged with accounts being closed giving the consumer less choice.

I believe the only reason the MPA want to eliminate the early return option for Newsagents is because once the early return option is taken away from us the MPA members can the negotiate increased distribution fees and increased advertising revenue by offering the advertisers and other publishers a guaranteed shelf life for their magazine .

Kind Regards

Mark Richardson

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