

Mark Fletcher
Tower Systems

4th June 2015

CC: ANF CEO,

RE: MPA Magazine Trial

Dear Mark,

The ANF board received correspondence from our CEO addressed to him via email on the 31st May 2015.

Whilst we habitually choose to focus on positive impacts for our channel the negative effect you are potentially causing the channel through misleading information requires us to respond.

As a previous Member of the ANF board you will be aware that the purpose, mission and vision of the ANF is for the benefit of the Newsagency industry overall. One of the challenges you no doubt will recall with ease is; that there are many different interpretations of what the ANF should be doing to address issues across the channel and categories within the channel.

In recent years the ANF has worked hard to develop relationships with all Industry stakeholders, this has been solidified through the creation and maintenance of open, transparent and solution focused behaviours that seek to drive strategic and profound discussion on achieving solutions required for our channel. The ANF board is of the view that militaristic or unionist approaches do not have mutual outcomes and therefore have instructed our CEO to proceed on this basis.

The investment into our policy arm focused on building and maintaining relationships for sustainable outcomes over the last 5 years is paying continual dividends; where we used to beg and plead to be heard on behalf of newsagents – our solution focused strategy sees us regularly invited to contribute, design develop and implement workable solutions for our retail and delivery members at local, state and federal levels. Where you say we have failed the Newsagency channel let me specify a few examples of where we are working for the channel.

In recent times The ANF was invited by Federal Small Business Minister The Hon Bruce Billson to participate in a Special Competition Policy Roundtable.

The ANF have been involved with the Treasury in regards to the Competition Policy Review's final recommendations.

The ANF were invited to provide scope for the recruitment and selection of the newly formed Small Business and Family Enterprise Ombudsman (SBFEO).

The ANF has continued working hard to lobby in every State and Territory for changes to strengthen the proposed upfront price thresholds proposed in the Federal Governments Unfair Contract Terms Legislation.

Members have been participating and assisting us in driving sensible discussion around penalty rates and the impact on small business and the economy, we are seeing MP's responding to these letters and arriving in retail and distribution business to discuss the impact with members.

The ANF on behalf of members holds a liaison position with the Reserve Bank of Australia in relation to monetary policy and the effect on our retail and distribution members.

www.anf.net.au

The ANF on behalf of members has a seat in the PAYCOG (Payments Consultation Group) with the RBA in relation to the cost of payments for the industry. Dr Tony Richards Head of Payments Policy has held individual and group discussions with ANF and the results of the member feedback provided to them.

The ANF works very closely with the Australian Institute of Criminology (AIC) working with Dr. Samantha Bricknell, principal research analyst at the AIC to break traditional focus on crime monitoring and forge ahead to prevention by Partnering with the ANF (non academia) to obtain and comprehend real data that affects the retail and distribution newsagents across Australia.

The ANF are working alongside the AIC who have committed funds for research into the characteristics of businesses that make them vulnerable to armed robbery. This will be the first Non Academia Study of its kind.

The ANF long term relationship with the Australian Tax Office (ATO) Deputy Commissioner Steve Vesperman has led to addressing inaccuracies in benchmarking data.

Our recent success acquiring ACCC reauthorisation, compounded by a strategic industry summit where all associations and key industry partners met forging leadership plans that will be designed developed and implemented by all parties in unison.

The list of projects and successes can continue here from Addressing anti-competitive behaviour to new models of best practice in shop fitting guides, we have enjoyed huge success for members with the bulk buy programs. We are developing in line with our insurers and the AIC a best practice minimum security and safety standards to the newsagents own Safework awards finalist winning WHS system.

It's very easy to criticise those who are working towards any change. It is easy to be an armchair critic and call on people not to support the ANF who continue to work on this historic issue with the MPA.

The real courageous position would have been to see how you can support and work with the ANF on this approach rather than once again place negative comments on your blog that Banks, Landlords and potential Newsagency buyers read. It is difficult to comprehend what you feel you gain from this approach.

The ANF board feels there are a number of items to address from your correspondence so we will attempt to categorise these and respond accordingly.

Transparency and Clarity

The opening comments in your email suggest that there has been a lack of clarity from the ANF in relation to the MPA trial.

This is a MPA trial.

In early 2014 the MPA commissioned a review to evaluate the magazine category's performance this was called 'Destination Newsagent'. Results from this review indicated that changes were critical with a major focus on the supply of the product and category management.

Publishers want and need the newsagency channel to remain strong and the MPA set about investigating the best way forward.

Selected newsagents were invited to join a 'Destination Newsagent' pilot study to review and evaluate the category's performance.

The aims of the pilot are to analyse, assess and refine the magazine management principles as recommended by the MPA guidelines as well as test proposed elements of a Code of Conduct for distributors/publishers.

Specifically to:

- Address perceived supply issues by testing sales efficiencies business rules to ensure maximum sales with minimal returns;
- Evaluate the ability to reduce early returns through improved allocations;
- Better use of data by distributor/publishers to make better supply decisions and measure impact on sales;
- Test the correct business rules around stock management such as re-issues;
- Test the effectiveness of more supply control by newsagents; and
- Test the ability for a distributor/publisher to adhere to a framework of accountability and eradicate any weak spots.

“Consultation with Members and harvesting Newsagent Views”

You have made mention of dissatisfaction in relation to member consultation. We are unclear how and or where you draw your conclusions on what constitutes and does not constitute consultation.

In regards to the MPA trial the 20 newsagents that have agreed to work with the MPA have all been consulted thoroughly by the MPA or one of its members. The ANF did not need to as this is an MPA trial.

The ANF do not have an open or close date for consultation and have collected years of data through the CRM which outlines specific issues, required outcomes and solutions achieved over the last 6 years. Our members are welcome to contribute at scheduled consultation points but furthermore at any time they feel they would like to discuss or contribute on any topic relevant to the channel.

Consultation is a word that is loosely thrown around, and often regarded as ticking a box then proceeding down your own path. The ANF definitely are focused on consultation but further more we are focused on collaboration.

Australian Newsagency Blog

The ANF board is of the view that this blog has the potential to be a valued communication tool for the Newsagency network. However in its current format this blog causes significant issues to our channel on multiple fronts. Using the Blog as an opportunity to highlight negative factors and at times manufactured negative factors creates issues for all of the stakeholders in this channel.

The Blog is a public forum; some of the conversations and information outlined in this forum both accurate and inaccurate are tarnishing the opinions of valued people to the channel. If a Bank Lender , Landlord or potential buyer were to read some of the items on this blog, it is possible the outcomes would not be favorable to the newsagent who was dealing with either of the above mentioned parties.

The ANF Board implore you to use this Blog with a more Newsagency advantage centric focus and remove the inflammatory content and approach and make it a closed group forum.

It is due to these factors outlined above that the ANF team do not and are not permitted to participate in the blog and its content.

ANF Chairman

The ANF Board need you to understand that our chairman along with all of our directors make regular contact with Member and non-member newsagents. The ANF Board is not paid for their time, but our costs are covered for any travel, accommodation, meals and replacement staff whilst we are out of our business. We are unsure where your claims of lack of leadership stem from. The ANF Chairman has consistently worked for local state and national newsagents without request for notoriety, nor recompense. The ANF Chairman's' demonstrable leadership is evident in the acknowledgement and treatment in relation to financial matters previous boards have shown utter neglect toward. The ANF Chairman and boards leadership has led to a treatment plan and policy that eradicates any liability without any expense to member funds.

In your note you referred to

“As you saw at the ACCC conference, every newsagent who spoke disagreed with you”

We are unsure which set of minutes you are reading? The minutes that we are referring to are directly from the ACCC site. And we quote word-perfect from the minutes.

“her Newsagency is a pilot participant and had agreed to participate because the publishers were making an effort towards change. Ms. Dixon said she agreed to participate on the basis that she would be able to control the titles and stock. Ms. Dixon said that when she received new magazine stocks she could see on her POS system how many copies of previous issues of the title she had sold. Ms. Dixon said, in relation to titles outside the top 200, she would generally put out a couple of copies of a title so long as she could see there had been more than one sale of the title over the last 6 months or so. In relation to titles in the top 200, she would generally restock at 20% above what her previous sales had been for the title. Ms. Dixon said she agreed early returns are important to newsagents.

In your note you referred to

Denigration of Mr. Fletcher

It is essential we inform you we don't spend any of our time or members money focused on you or your deleterious comments. The ANF team are paid by our members to focus on our member's, their business and their channel's sustainability and continued success.

Public Debate

The ANF board will not endorse entering into a public debate further wasting members funds on any individual or company that seeks to destroy the unity that has been achieved over the last few years. Your public comments that are visible to lenders, landlords and potential purchasers for this channel have the potential to cause damage to this channel.

If you want a debate on the MPA trial why are you not asking the MPA for one?

We are bewildered to understand how any public airing of laundry will benefit either party or more importantly our member newsagents. History educates us that communication with you is not supported by evidence based outcomes.

We maintain all members should be heard and have welcomed many new members onboard during this recent phase who have had an opportunity to understand the current progression and provide welcome feedback on the current ANF projects.

In conclusion, Newsagents for many years have been asking for “someone” to help them deal with the problems around magazine distribution. When the MPA came to the ANF explaining that they were going to tackle this issue, the ANF jumped at the chance to work with them. The ANF saw it as important to be at the table to discuss with the MPA all aspects of the trial to protect newsagents, remembering it's the MPA that owns the trial ... not the ANF. The MPA will be responsible for full reporting and disclosure of trial results via Gotch, the MPA members and the ANF not only at the end of the trial but also throughout it. Once again the ANF will do its utmost to make sure this process is followed and newsagents concerns are tabled and responded to.

The ANF is committed to protecting its members during this process and continues to be open and transparent with them. It is hoped that a successful outcome can be achieved by all parties that will see our industry prosper from this process.

Yours sincerely



Stuart Kilborn
ANF Chairman
On Behalf of the ANF Board of Directors.