

Townsville Distributor Program

Frequently Asked Questions (FAQ's)

What is happening?

In the Townsville region, there is currently a distribution system for The Townsville Bulletin and a separate one for The Courier-Mail/Sunday Mail/The Australian. This creates obvious inefficiencies. We are therefore creating one distribution system for all these publications and at the same time creating larger territories with the intention being to create more efficient distribution operations.

Why are we doing this?

The current system is highly inefficient. In some instances it sees two different home delivery vehicles follow each other over the same streets in order to deliver to our subscribers and retail customers. This is obviously inefficient, bad for the environment, for customers and for communities. We have also seen several territorial relinquishments resulting in areas no longer being serviced at all.

Customers in Townsville have also raised concern about having to deal with two different distribution agents for delivery of our publications.

This project is intended to create larger, more efficient territories in Townsville that encompasses all News Corp Australia paid newspapers across all days of the week.

When is it happening?

It is envisaged that the entire project will be completed on February 1st 2016.

The rollout of the project will see three distinct phases for services to be provided by the new distributor(s). Current timings for those phases for each newly defined territory are as follows:

Phase 1: 19 October 2015 – approximately 20% of total volumes

Phase 2: 30 November 2015 – increase to approximately 50% of total volumes

Phase 3: 1 February 2016 – increase to 100% of total volumes

The successful distributor(s) will be required to organise sufficient and appropriate infrastructure to cater for this phased approach.

How will the transition process work?

The area covered by this project has been divided into two separate regions.

Queensland Newspapers will be asking for expressions of interest from any party wishing to participate in the tender to seek the rights to distribute our included products to home delivery customers and retailers in one or both newly defined territories. The two territories included in the tender are known as Townsville North and Townsville South and will be defined as part of the RFP pack. Home delivery and retail volume information will be made available as part of the RFP process also. In responses to the tender, we will be requesting a comprehensive plan on how

respondents intend to meet service level requirements. Standard remuneration rates and category one home delivery fees will apply.

Who will be invited to submit an RFP?

As well as all current distributors who provide services in an area covered, in whole or in part, in the newly defined territories, other interested parties will be invited to submit a proposal.

Why are the areas so large?

The intention was to create new territories which would allow efficiencies to be gained, primarily through the more efficient utilisation of labour (the largest contributor to costs of any newspaper distribution business). This is both in the form of delivery staff as well as administration.

Aren't the numbers too big?

Operations in other parts of the country deliver similar quantities and in some cases more than the numbers we are proposing as part of this project in Townsville.

What are the proposed boundaries of the new territories?

A map showing the footprint of the proposed territories can be found in the Expressions of Interest (EOI) and Request For Proposal (RFP). Written boundary descriptions are also included.

Can I submit a proposal to take on both territories?

Yes.

Do you intend to extend this model to the rest of the country?

While News Corp Australia is constantly reviewing its distribution systems and networks, It is not our intention to extend this model beyond Townsville.

Will you just take the cheapest option when awarding the tender?

Remuneration for distribution services in the newly defined territories will be at current fees and commissions (as at 29 June 2015) with category one home delivery fees (\$0.205* per copy per day). Therefore price is not a factor in determining the successful distributor. * rate applicable as at 29 June 2015 but is subject to change.

If I make such a large investment in setting up a large distribution business how can I be sure you won't give me 6 months notice and terminate my agreement?

Queensland Newspapers will offer a minimum term of 5 years to the successful party. This does not limit our right to terminate for cause eg if you fail to pay us, breach the agreement you have with us or if you go into bankruptcy. The term will commence on the first day of phase 1 of the implementation, 19 October 2015

What is News Corp Australia's position on subscriber management in Townsville?

A fundamental aspect of the new distribution model in Townsville is to migrate all home delivery customers to pay us directly. Those customers without access to credit card or direct debit facilities

will be given the option of receiving a monthly invoice from us which they can pay by cash at various outlets across Townsville. This should be of considerable cost benefit to the successful party.

Will you continue to wrap home delivery copies at the Townsville Print Centre?

Part of the RFP document outlines a necessity for the successful agent to undertake their own plastic wrapping offsite, preferably flat rather than rolled.

Will you continue to prepare retailer copies by individual outlet on behalf of the distributor at the Townsville Print Centre?

Preparation of retailer supplies will need to be undertaken by the successful agent.

Will the new distributor(s) collect their papers from the Townsville Print Centre as they do now?

Papers will no longer be collected from the print centre. Instead we will deliver to the agreed delivery points.

Will you assist the appointed distributor with retailer deliveries?

The successful distributor will be expected to deliver to all retailers within the defined territory. If a tender respondent would like us to undertake any aspect of the distribution obligations then this must be stipulated in their RFP submission.

Who is responsible for collating inserts for the Saturday edition of The Courier-Mail?

Collation of the Saturday edition of The Courier-Mail will continue to be performed by the distributor. All retail copies will need to be collated prior to delivery to or display in any retail outlet.

Are the Home Hill Observer, Bowen Independent and Burdekin Advocate and other papers also included in this project?

All News Corp Australia paid newspapers including Home Hill Observer, Bowen Independent and Burdekin Advocate are included. Free newspapers such as The Townsville Sun are not included. There will be a full list of included newspapers in the RFP as well as in the new contract.

What computer system functionality is required?

The RFP calls for the distributor to implement a computer system that can accept data file transfers from our internal subscriber and retailer databases. Due to the scale of the proposed operations further functionality is required. It should be accessible remotely by us, allowing us to have visibility and the ability to download daily runs and historical draw/return figures for all retail outlets being delivered to. Full details on this are made clear in the RFP process.