



MEDIA RELEASE

Fairfax Media's *The Sydney Morning Herald* to lift payments to newsagents by 10 per cent as part of fee overhaul

Friday March 23, 2012: *The Sydney Morning Herald* and *The Sun-Herald* will increase fees paid to newsagents by an average 10 per cent as part of an overhaul of its payments to its home delivery distributors and specialist newsagents.

The increases represent the biggest single injection of funds - \$3.5 million - into the newsagent network in many years.

The increases are contained in a new fee schedule which will replace the former commission structure on April 22. Under the old scheme, newsagents were paid a commission, usually 25 per cent of cover price, irrespective of what channel the papers were sold through.

The existing model has become increasingly unworkable in recent years as publishers have supplemented retail sales with distribution in other sales channels which trade at a discount. Because commissions in those other channels have been pegged to the retail price Fairfax would go backwards if it tried to raise its cover prices.

Publisher and editor-in-chief of Fairfax Metro Media Sydney Publishing, Peter Fray said: "The new scheme represents the best option for both publisher and newsagent to increase earnings from selling newspapers.

We had reached the point under the old scheme where we had no realistic way of increasing cover prices in the future, and that meant we couldn't increase earnings for newsagents either."

Newsagents' commissions for *The Sydney Morning Herald* and *The Sun-Herald* will be replaced by home delivery service fees and retail sales fees, with each new fee being between 9 and 11 per cent higher than payments under the former fee schedule.

The new scheme had its origins in Victoria, where Fairfax worked with the state newsagent body to tackle the same issue which *The Age* newspaper faced three years ago. As a result, Fairfax introduced the home delivery service fee in Victoria in 2008/09.

The fees have worked well and have seen an increase in earnings to newsagents each year since.

Fairfax Media has committed to reviewing its fees each year, regardless of cover price rises.

The new fee schedule will also apply to all major newspaper titles which trade under the Fairfax newsagent contract in NSW and Queensland, including *The Australian Financial Review*, *The Newcastle Herald* and the *Illawarra Mercury*. Those newspapers, however, will only increase their fees at the time of their next cover price rise. (*Illawarra Mercury* will raise its remuneration on weekdays from Monday, March 26).

The higher fees increase Fairfax's lead over its print competitor in terms of remuneration paid to newsagents.

The Sydney Morning Herald will now pay newsagents 40 per cent more on home deliveries and 64 per cent more on retail than the weekday Telegraph. On Saturday it will pay 52 per cent more on home deliveries and 70 per cent more on retail than the Telegraph.

Fairfax is also increasing the home delivery fee newsagents and distributors may charge agent-managed home delivery customers - by 15 per cent on weekdays to 15 cents per issue and 18 per cent on weekends to 20 cents.

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About Fairfax Media

Fairfax Media is Australasia's leading media company with metropolitan, rural and regional publications and websites across Australia and New Zealand.

Fairfax Media publishes the highly respected metropolitan publications *The Sydney Morning Herald* and *The Age* along with, Australia's leading online news websites smh.com.au, theage.com.au, Brisbanetimes.com.au and WAtoday.com.au. Other niche websites include the popular parenting website Essentialbaby.com.au and the youth site TheVine.com.au. The company has a large stable of successful websites in key vertical markets including New Zealand's largest website, TradeMe.co.nz, RSVP.com.au, Stayz.com.au, InvestSmart.com.au, [OMG](http://OMG.com.au), [Australian Property Monitors](http://AustralianPropertyMonitors.com.au), [Commerce Australia](http://CommerceAustralia.com.au), [TenderLink](http://TenderLink.com.au) and the recently acquired [Occupancy](http://Occupancy.com.au). Fairfax Media also has a strong classified advertising business with print and online publications including: [Drive](http://Drive.com.au), [MyCareer](http://MyCareer.com.au), and [Domain](http://Domain.com.au).

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