

## **Metro Sydney Distribution Changes Frequently Asked Questions**

### **1. Why is News Corp Australia making this change?**

We are making the change to the distribution model due to increasing relinquishments of distribution territories. Adhoc options to patch up territories are becoming more difficult to source and a “do nothing” approach would lead quickly to further customer disruption.

News Corp Australia conducted widespread consultation with the industry in early 2018 to gather important feedback and information regarding the viability of the distribution network. The responses from the consultation process supported consolidation of territories, allowing for the realisation of the efficiencies that come with larger operations. It also identified that a review of the remuneration model was required.

### **2. When was the RFP (Request for Proposal)?**

As a result of the consultation process, News Corp Australia conducted an end to end review of its distribution system and worked with the industry to develop the solution. News Corp Australia went to market with a Request For Proposal (RFP) in September 2018 that outlined the proposed solution. Existing agents and those with logistics experience were given the opportunity to register and participate in the RFP process.

### **3. What changes are you making?**

In the RFP we proposed that consolidation, full customer visibility through direct billing from News Corp Australia and a new approach to distributor remuneration be considered for the Sydney Metropolitan region.

Following this process we have entered into an agreement with a joint venture operation comprising of two existing distribution agents to service Metro Sydney (excluding Sydney CBD).

Key aspects of the new model

- a. Commencing later this year and phased over several months the new distributor will be responsible for delivering newspapers to our retail agents, bulk drops and home delivery customers in Metro Sydney (excluding the CBD).
- b. All billing of retailers and customers will be undertaken by News Corp Australia.
- c. A different remuneration model has been developed.
- d. Upon transition to the new distributor, home delivery copies will be flat wrapped at our print facility at Chullora.

## **Metro Sydney Distribution Changes Frequently Asked Questions**

### **4. Why only one distributor?**

We have attempted to create a model which can more easily adapt to volume changes and changes in purchasing habits including, if appropriate, to consolidate multiple delivery runs. The intention is to create a more sustainable and adaptable distribution system for our publications. In addition, the appointment of a specialist distributor for the majority of the Sydney region is intended to create a more consistent customer service experience.

This also supports a robust and efficient data transfer operation which should best serve the needs of our customers and improve our ability to action starts, stops and suspensions.

### **5. Why have you excluded Sydney CBD?**

Sydney CBD delivery operations are unique due to access and delivery time window issues. Many customers, particularly corporates within the CBD expect the distribution agent to meet a complex set of customer service demands. We are still considering the best approach for the city.

### **6. When will the changes occur?**

The first transition is planned to happen later this year and the process will continue through to July 2020. We will spend the time prior to transition working with the incumbent distributors to smoothly migrate data and deliveries.

Each affected distribution agent will be given notice regarding termination of their existing distribution agreement (and, where relevant, linked retail agreement) in the coming days.

### **7. Will these changes affect me?**

If you are in the Sydney Metro footprint (excluding the CBD) your distribution agency will be impacted. A pack will be sent to affected distribution agents.

## **Metro Sydney Distribution Changes Frequently Asked Questions**

### **8. What happens next?**

In the coming days, affected agents who hold a distribution agency agreement will be sent a pack of documents that outline the timing of the changes relating to them. This will also include a proposed Contract Fulfilment Payment Deed.

They should also expect to be contacted within the next few days by the Case Manager assigned to them. The Case Manager will:

- a. outline the timing of changes specific to the agent and the next steps to transition home delivery and retail customers over to a direct billing arrangement with News Corp Australia,
- b. answer any questions they may have, and
- c. work with them on the Contract Fulfilment Payment Deed.

### **9. What happens to sub agents?**

**Billing:** For those subagents that are billed by affected agents (and not by News Corp Australia) we will work with the agent and the subagent to move the billing to News Corp Australia over the coming months. This change will not impact the ultimate transition date to the newly appointed distributor.

**Delivery:** Until the change in distributor, distribution agents will continue to deliver to those subagents and receive delivery fee credit.

**Returns:** During the transition period agents will still manage returns for subagents, except those on pay on scan. They will still be responsible for full copy return collection for subagents and be required to enter returns into iServices.

Closer to the change to the new distributor, the subagents will either enter their own returns into iServices or send details to News Corp Australia directly.

**Supply Levels:** We will work with the distribution agents to ensure supply for subagents is maintained through the transition. Prior to transition to the new distributor, supply requests for subagents can still be made through the current options available.

## **Metro Sydney Distribution Changes Frequently Asked Questions**

### **10. What happens to subscribers?**

**Billing:** For those subscribers billed by agents we will migrate that billing to News Corp Australia. Subscribers will be sent an invoice from News Corp Australia with various payment options available. The Case Manager will advise affected distribution agents of timings of this migration.

**Payments:** We will encourage subscribers to move to credit card billing, however those that wish to be sent an account will have that option at this stage. Some retail agents will have the option of taking a payment from subscribers for their News Corp Australia account.

**Delivery:** During the transition period, distribution agents will continue to deliver to subscribers. As part of the transition process we will work with incumbent distribution agents to ensure that we are made aware of any customer specific delivery requirements.

### **11. What happens to retail sales in a newsagent's own store?**

After transition, retailers who have entered into a new retail agreement with us will receive the standard retail commission (currently 12.5% of cover price) for sales in their own store.

### **12. Why will a retail newsagent no longer be receiving fixed distribution fee for sales in their own store?**

Any existing distribution agent that also operates a retail shop currently receives a fixed distribution fee to deliver to retailers within the territory they service on our behalf. That includes deliveries to their own shop. When the new distributors take on responsibility to deliver to all retailers, retailers will therefore no longer receive a distribution fee for copies delivered to their own store.

### **13. What is being done to assist distribution agents to transition to the new model?**

Each agent is assigned a Case Manager to support them in the transition phase.

The new distributor has also established a driver register to provide contracting opportunities for existing drivers – News Corp Australia is not a part of and is not involved in this.

## **Metro Sydney Distribution Changes Frequently Asked Questions**

### **14. What is the Contract Fulfilment Payment Scheme?**

We are offering each outgoing distribution agent a Contract Fulfilment Payment in return for them committing that they will continue to meet all the terms of their distribution agreement until the nominated transition date, including providing relevant data and not exercising their earlier termination right. This will assist us to achieve a smooth changeover to the new model.

If they also currently operate a retail outlet they might also be eligible for a new retail agreement with News Corp Australia.

Each outgoing agent will be required to sign a deed to confirm the arrangement.

### **15. When will distribution agents receive the contract fulfilment payment?**

Payments will be subject to signing and fulfilling the requirements of the contract fulfilment payment deed. The payments will commence after the transition to the new distributor for each territory. For those who hold a new retail agreement, the payment will be applied to their account and processed monthly, ceasing after 18 months. For Distribution-only agents who do not operate a retail outlet the entire payment will be made approximately one month after the territory has been transitioned. Some agents with smaller businesses may also be eligible to receive the payment as a lump sum. Agents need to check with their Case Manager whether they qualify for this option.

### **16. Why should an agent give customer data to you?**

Upon reaching the transition date, we can only deliver to customers that have been made visible to us by the incumbent agents. Distribution agents collected home delivery customer data so that they could deliver our publications to those customers and invoice and process payments accordingly. They did this as our agent and the information is ours. They should provide that data to us, as we request. Failure to do so is a breach of the agency agreement and will put at risk their entitlement to any Contract Fulfilment Payment.

### **17. What about existing delivery staff?**

The incoming distributors are keen to discuss potential opportunities with existing delivery staff. A delivery driver register will be set up shortly to allow existing drivers to be considered for any new roles. Case Managers will provide affected agents with more details on the driver register. Keep in mind that News Corp Australia is not involved in this process.

## **Metro Sydney Distribution Changes Frequently Asked Questions**

### **18. What if an agent decides they don't want to deliver your newspapers anymore?**

If an affected distribution agent decides they don't want to deliver our publications in the territory they currently service they can terminate the contract as per the current agreement by providing the required notice. In this instance they will not qualify for the Contract Fulfilment Payment Scheme.

In some cases we, the agent and the incoming distributor may be capable and willing to agree to an earlier transition date. If this is the case the contract fulfilment payment may still be available.

### **19. Are other publishers included in this change?**

These changes only relate to News Corp Australia publications. Other publishers have been made aware of these plans through the RFP process. Agents with questions for other publishers should contact them directly.

### **20. Will you be rolling this out in other parts of the country?**

Sydney Metro is our current focus due to its complex nature. We would welcome any submissions from existing agents in regional NSW that could alleviate the problems in those areas in the short-term. Areas outside of Sydney Metro may also benefit by adopting certain aspects of the new model for Metro Sydney. Examples may be direct billing of subagents or subscribers and other reductions in the administrative aspects of existing distribution agents' workload.

### **21. How do I find out more?**

Over the coming days a pack will be mailed to all affected agents that will contain information unique to them and their Case Manager will reach out to them by phone or email. The information pack will include:

- timings schedules: when the change will affect them and next steps
- Contract Fulfilment Payment Scheme details, and
- details on a series of upcoming townhall style meetings organised so agents can ensure they fully understand what is happening, when and how it affects them.

In the meantime all questions should be directed to [secondary\\_distribution@news.com.au](mailto:secondary_distribution@news.com.au)