

MANAGING THE DELIVERY OF UNSOLICITED AND UNADDRESSED ADVERTISING MATERIAL

Submission by



Printing Industries Association of Australia

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Introduction

The Printing Industries Association of Australia is the peak representative organization for companies in the printing and graphic communications industries.

The membership of Printing Industries Association of Australia (*Printing Industries*) (which totals more than 2000 companies) includes printers, desktop publishers, graphic designers, pre-press houses, publishers, software and hardware manufacturers and distributors, paper and paper board manufacturers, ink manufacturers, manufacturers and suppliers of printing equipment and consumables, packaging and flexible packaging, paper converting, binding and finishing, communication and media services.

Printing Industries provides a comprehensive range of business assistance services as well as industry representation at all levels of government. A network of offices serving New South Wales, Queensland, Victoria, South Australia, Western Australia, Tasmania the Northern Territory and the Australian Capital Territory supports members.

Background

EPA Paper

Comment has been sought from the EPA on the paper, "Managing the Delivery of Unsolicited and Unaddressed Advertising Material". The EPA had been asked to examine the control of the delivery of unsolicited advertising material to letterboxes where signs indicate that people do not wish to receive such material. The study looks at current practices within the self-regulatory system the distribution has established and legislative practices both in Australia and overseas.

Many members of *Printing Industries* stand to be affected if a legislative approach were to be adopted and it is for that reason principally that the Association takes an interest in this issue. The other issues relevant are of course environmental and privacy concerns. On the former *Printing Industries* encourages its members to take all appropriate measures to minimise waste and has published an environmental management manual for the industry and participated with the EPA in developing "A Guide to Environmental Best Practise in the Printing Industry". On the latter issue of privacy we urge all members to comply with all relevant legislation.

Printing Industries View

Printing Industries supports the view put forward by the Australian Catalogue Association that the industry has taken a responsible position to ensure that infringements both of the Litter Act and to the issues of privacy are effectively minimised. It is the Association's view that a legislative approach would be both

complex and expensive to administer and enforce. Further, it is likely to have a number of unintended consequences.

- **Distributors:** As the Catalogue Association has stated, restrictions to the practices of 'walker' could adversely affect a significant number of citizens, who, more often than not are relatively disadvantaged persons, predominantly pensioners and self funded retirees and students, who rely heavily on this income to supplement their pensions and living allowances. Other groups who would suffer would be those charitable and service organisations (like the Scouts) who may distribute as a fund raising activity.
- **Printers:** If a legislative approach that imposes more restrictions on the distribution of free advertising material is adopted a consequence is likely to be a marked reduction in the volume of printed matter that is produced. This would then impact on the very viability of many printing companies who are currently struggling with weak market conditions and eroding margins. Lost jobs would be a further inevitable consequence. If the industry as a whole is looked at then the ramifications become even more serious. Currently the printing industry employs in excess of 120,000 people. To that number you could probably add a further 100,000 walkers in any one year. All the walkers and many of the others would have their jobs put at risk if restrictions were to be placed on the distribution of unaddressed advertising material.
- **Retailers and Manufacturers:** Research has shown that free advertising material is a most effective method of advertising: it has high readership levels, high recall (as in memory retention) levels, and strong sales conversion levels. If restrictions are imposed the retailers, manufacturers and service organisations and businesses promoting their products or services will suffer a loss of business with a subsequent loss of jobs.
- **Printing Industry Value Chain:** The analysis relating to printers above can be extended to the entire value chain, with a negative impact flowing from printers through pre-press houses to designers and advertising agencies, to ink, paper, equipment and other consumables suppliers.

EPA Paper: Specific Comments

- **Introduction:** The paper prepared by Machinate Consulting Pty Ltd, whilst delivering quite a balanced view of the general issues involved appears to have strayed beyond the brief given to the Government by the Legislative Council. According to the introduction to the discussion paper, the government was asked to examine the control of the delivery of unsolicited advertising material to letterboxes **where signs indicate that people do not wish to receive such material**. The paper focuses on the distribution aspects rather than distribution where signs indicate such material is not wanted.

It is worth highlighting the fact that junk mail was seldom mentioned in the EPA's survey "Who cares about the environment 2000?" or in the focus groups conducted on litter in early 2000. The submission by the Catalogue Association refers to a 1997 Victorian study "The Litter on our streets". It showed that free advertising material made up only 2.1% of the litter stream in the study. It would seem therefore that the calls for restrictions cannot be sustained on environmental grounds.

The discussion paper also makes the claim that 'there is evidence that many people have developed a new, broader understanding of litter as a waste and ethical issue' but the evidence is not cited. Further, as noted above, free advertising material constitutes just over 2% of the litter stream and as such should not be used as justification for restricting the distribution of such material.

- **Current national and international arrangements.** The discussion paper refers to the industry's code of practice (through the Distribution Standards Board (DSB)) but makes no comment on its effectiveness.

Printing Industries supports the view that the industry has already taken the responsible position to ensure that infringements both of the Litter Act and to the issues of privacy are effectively minimised with its code of practice. We reiterate the points made by the Australian Catalogue Association:

- Householders already have a mechanism available to them to reject free advertising material should they wish to do so;
- All councils and EPA's are aware of the DSB's role and channels are in place to encourage communication.
- A toll free complaints Hot Line has been set up and councils, community newspapers and EPA's have regularly advised consumers of this service.
- The incidence of complaints is miniscule--- just 1 in 10 million pieces of free advertising material delivered.
- The percentage of New South Wales householder's letterboxes displaying No Advertising Material stickers when last assessed in 1999 had not grown over the 5% level measured in 1993. **In other words there does not appear to be a strong community desire to restrict the distribution of such material.**

- **A legislative approach to prohibiting the delivery of unsolicited and unaddressed advertising material.** The discussion paper lists parties that would be affected by such legislation but omits many affected groups. For example what about the artists, designers, pre-press houses and printers who have produced the advertising material? What about the service groups who may do deliveries as a fund raising project? The impacts will be felt right back along the value chain.

It is clear that from the four premises on which a regulatory approach could be based only one is realistic: ie any regulatory system should build upon the current industry self regulatory approach. There are simply no grounds for considering any other approach. As the discussion paper correctly points out, depositing advertising material into letterboxes does not in itself cause littering or harm the environment. No justification is given in the discussion paper for the claim that Local Government is the most suitable area of government to administer and regulate any scheme to manage the delivery of unsolicited and unaddressed advertising material.

Conclusion

Printing Industries offers the following concluding comments:

- The 'problem' has not been shown to be of sufficient magnitude to warrant a legislative response. No case has been made that supports a legislative approach and a more appropriate response would be to give greater support to the distribution industry self-regulatory approach. Encouraging alternative advertising strategies would only introduce a market distortion that would still have the negative impacts outlined earlier in this submission.
- It is questionable whether the 'problem' requires government intervention as a case for intervention has not been made. If a case could be sustained then the appropriate approach, as stated above, would be to give greater support to the industry self-regulatory approach in the first instance.
- *Printing Industries* agrees with the comments made in the discussion paper that a legislative approach would be complex and proving an offence may be difficult to prove. If so the effectiveness of such legislation would be reduced.
- As noted earlier, the impacts of a legislative approach would be negative for most stakeholders. Employment opportunities would be jeopardised right up the value chain and would certainly be an added cost to whatever level of government is charged with administering the legislation.
- If at some stage a case for government intervention could be sustained, then a thorough cost benefit analysis should be undertaken before considering actual legislation.