Creating a more dynamic and resilient economy inquiry

Questionnaire response 35

Name: Australian Publishers Association

Submission date: 6/06/2025

1. Support business investment through corporate tax reform

1. What features of the Australian business environment have encouraged or restrained investment over the past 10 years?

The Australian book publishing industry has encountered a combination of market and regulatory factors that have constrained investment and limited productivity gains across both trade and educational publishing over the past decade.

A. Flat Demand and Rising Costs in Trade Publishing

Despite population growth and rising cultural engagement, demand for trade books has remained relatively flat. Meanwhile, the cost of doing business—particularly for local production—has increased significantly. The domestic printing sector has undergone substantial consolidation, resulting in a near-monopoly in black-and-white offset book printing. This limits competitive pricing and capacity, raises unit costs, and discourages publishers from investing in locally printed formats, particularly for titles with uncertain or modest sales volumes.

B. Market Power of International Digital Platforms

Australian publishers increasingly rely on large international digital bookselling platforms—most notably Amazon—for retail access to readers. These platforms are governed by opaque algorithms that tend to privilege Amazon's commercial partners and promote culturally dominant overseas content. As a result, Australian books face diminished visibility and discoverability on digital storefronts, even within the domestic market. The imbalance in negotiating power, lack of data transparency, and margin pressure imposed by these platforms weakens the capacity of local publishers to invest in author development, marketing, and innovation.

C. Educational Publishing: Government as Competitor, Not Partner

In the schools market, state and federal governments (and arms-length government bodies like Education Services Australia) have increasingly positioned themselves as direct providers of educational content, often commissioning or producing materials that displace rather than complement privately developed resources. While public resources can play a valuable role, the scale and exclusivity of these initiatives have undermined private investment by reducing market opportunities for curriculum-aligned learning materials. This disincentivises publishers from investing in research, local content creation, and adaptive technologies for the classroom.

D. Higher Education Market Disruptions

Recent shifts in university procurement practices, coupled with regulatory reforms under the Higher Education Support Act (HESA), have significantly impacted the publishing sector. University libraries increasingly interpret licence conditions in ways that allow students digital access to learning and scholarly materials without compensation to publishers. As a result, private investment in new Australian content has shrunk to a fraction of its previous level over the past five years. With purchasing responsibility shifting away from students, publishers face declining sales volumes, tighter margins, and a weakening commercial foundation for investment in updated learning resources and digital platforms.

E. Limited Return from Mandatory Library Obligations

Survey responses from the Productivity Commission's Creating a dynamic and resilient economy inquiry are publicly available on the PC's website: **pc.gov.au**. Copyright and the views expressed belong to the submitter(s), not the PC.

Australian publishers are required to provide copies of all published works to national and state libraries under compulsory legal deposit schemes. While this supports cultural preservation, it offers limited return or recognition for publishers and authors. The library sector could assist the publishing and the book sector – and better serve the community – by engaging with these holdings in ways to better tell the story of Australian life and Australia literature – and better promote these works for sale to readers. Moreover, library acquisitions for lending libraries more broadly—especially in public and tertiary sectors—can displace direct consumer sales. Compensation via Public Lending Right (PLR) and Educational Lending Right (ELR) schemes provides only partial remuneration for sales foregone. The cumulative effect is a reduction in sales without adequate industry support for the lost income.

F. Weak Copyright Enforcement Environment

The current regulatory regime provides insufficient enforcement mechanisms to protect publishers and authors from copyright infringement. Piracy—particularly in digital formats—remains widespread and difficult to prosecute. Australia lacks the swift, low-cost remedies needed to deter unlawful copying and unauthorised distribution. This undermines investor confidence in the publishing sector, weakens the commercial case for the creation of original content, and diminishes returns for Australian creators. By contrast, the UK offers more effective enforcement through mechanisms like the low-cost Intellectual Property Enterprise Court, providing greater protection for rights holders and a stronger deterrent to piracy.

G. Emerging Risks for copyright industries around weak global regulation of AI:

The rapid development and deployment of generative AI technologies—often trained on large volumes of copyrighted content without consent or remuneration—pose significant emerging risks to the sustainability of the publishing sector. Weak global regulatory frameworks – or defiance of them – have allowed major technology companies to ingest books, journalism, and other written content at scale, undermining copyright protections and the commercial value of creative works. Without enforceable international norms or domestic guardrails – which Australian should champion and observe – publishers and authors face a future in which their intellectual property may be freely used to train systems that compete with them in the marketplace, further eroding incentives for investment in new Australian content.

Conclusion

Together, these factors present a challenging environment for long-term investment. Australian publishers face flat consumer demand, rising operating costs, reduced market access, unfavourable institutional practices, and inadequate copy protections. Without coordinated policy reforms to address these constraints, the sector's ability to drive cultural and economic value through Australian storytelling and knowledge dissemination will remain compromised.

2. What elements of the corporate tax system encourage and/or discourage investment and risk-taking?

The current corporate tax system provides limited support for investment in the creation of new Australian cultural content in the publishing sector. Unlike the screen and digital games industries—which benefit from well-established federal and state tax offsets—book publishing has no equivalent incentives to reduce the risk of investment in new works. This absence of targeted tax support discourages publishers from taking creative and financial risks, particularly in publishing debut authors, literary works, or culturally significant but economically marginal titles.

A tailored tax offset for the publishing industry could encourage greater investment by reducing the upfront risk associated with developing original content. Such a scheme might apply at the level of a publisher's annual Australian publishing list (rather than individual titles), and support core activities such as commissioning Australian authors, in-house editorial and production expenditure, and local printing. In doing so, it would align publishing with other cultural industries that are already recognised as requiring stimulus to support innovation, diversity, and global competitiveness.

3. Which parts of the corporate tax system do you find the hardest, or most time or cost-intensive to comply with? How could the compliance burden of the business/company tax system be reduced?

No Response

2. Reduce the impact of regulation on business dynamism

1. What areas of regulation do you see as enhancing business dynamism and resilience? What are the reasons for your answer?

Targeted cultural policy regulation—particularly tax offsets and production investment mechanisms—has been highly effective in enhancing dynamism and resilience in Australia's screen and digital games sectors. These tools have enabled creative businesses to manage risk, invest in local talent, and scale up production, leading to growth, innovation, and international competitiveness.

In contrast, the publishing sector lacks similar support, limiting investment in new Australian content—especially culturally significant works with low commercial certainty. Regulatory mechanisms such as tax offsets tied to Australian-authored publishing lists or matched investment funds could encourage publishers to take creative risks and support emerging voices.

Extending proven regulatory models from other creative industries would help publishing businesses innovate and build resilience in the face of rising costs, digital disruption, and platform dominance.

2. How has your regulatory burden changed over time?

No Response

3. What regulations do you find time-consuming, overly complex or otherwise constraining business dynamism and resilience? What are the reasons for your answer?

One area of regulation that imposes administrative burden without delivering commensurate cultural or commercial return is the National edeposit (NED) scheme. While the APA supports the principle of legal deposit as essential to national memory and cultural preservation, the current implementation of NED places compliance obligations on publishers—requiring the deposit of digital publications—without meaningfully leveraging the collected materials for broader public or industry benefit. Despite the vast body of Australian content now housed within NED, its discoverability and utility remain limited. The system functions primarily as a closed repository, with little integration into wider cultural infrastructure or retail discovery pathways. This represents a missed opportunity. With modest investment and cross-sector collaboration, the NED system could contribute to a national narrative around Australian literature, support reader engagement, and enhance the visibility of local books to libraries, educators, researchers, and consumers.

In particular, greater integration with existing metadata platforms such as TitlePage or

AustLit, or partnerships with publishers to enrich title-level data, would unlock the potential of NED as a dynamic tool for cultural discovery. As it stands, the regulation imposes a compliance cost on publishers—particularly small and independent houses—without reciprocal benefits in terms of audience reach or market development.

To support business dynamism and resilience in the publishing sector, regulatory frameworks like NED should evolve beyond static compliance to play an active role in content promotion, discoverability, and sector-wide innovation.

4. Can you share any specific examples of where you think a regulator has done a good or bad job of understanding and reducing regulatory burden on businesses and why?

A positive example that is particular to the book sector is the administration of the Public Lending Right (PLR) and Educational Lending Right (ELR) schemes by the Office for the Arts. These schemes are well-designed, relatively low in administrative burden, and provide a mechanism to recognise the public value of making books freely available in libraries. They benefit readers, enrich library collections, and offer a form of cultural support to authors and publishers whose works are used without direct sale.

The Lending Rights schemes help offset, in part, the market displacement that occurs when books are borrowed rather than purchased, and they provide a modest revenue stream that supports the sustainability of local content creation. The data-gathering methods used are efficient, and the schemes are an example of constructive policy that recognises the public benefit of access while also returning value to rights holders. However, the level of compensation remains inadequate, particularly given the significant extent to which library lending displaces individual sales in both trade and educational markets. Payments to authors and publishers fall well short of the commercial value lost. There is scope to both expand and increase the funding of Lending Rights to more meaningfully support the viability of Australian publishing and writing.