



Submission to the Productivity Commission Issues Paper:

**Copyright Restrictions
on the Parallel Importation of Books**

from

The Book Publishers Association of New Zealand

January 2009

Book Publishers Association of New Zealand (BPANZ)

Private Bag 102 902

North Shore

Auckland 0745

New Zealand

19 January 2009

To the Productivity Commission

Re: Parallel Importation of Books

Introduction

The Book Publishers Association of New Zealand (BPANZ) represents over 80 publishers in New Zealand. As an organisation we are opposed to any moves to lift the ban on the parallel importation of books into Australia because such moves would have a serious knock on effect in New Zealand.

The New Zealand Situation

The Copyright Act was amended in 1998 to allow for the importation and public issuance (whether by sale or otherwise) of any legitimately produced work (object) into New Zealand, regardless of its location of production or intended market.

The impact in New Zealand of this legislation has been evident in several areas. Parallel importing is occurring at a variety of levels all over the country. Bookstores are importing regularly, from the US in particular, and although it is impossible to quantify the financial scale of this, the general feeling is that the practice is increasing.

This is especially prevalent in education and technical publishing, particularly in the tertiary area.

Concerns regarding overseas publishers supplying remainders directly to NZ booksellers when there are local agents for these titles have been realised especially in the area of children's publishing. The wide availability of imported remainders has undermined the market for children's books – both locally and internationally published

In addition, there have been several reported instances of local author's being disadvantaged by the re-importation of overseas editions of their works on which they have received reduced royalties or no royalties at all.

The industry has seen a number of large multinational publishers withdraw their distribution infrastructure from NZ resulting in reduced employment within the industry. This is directly as a result of market conditions including the risk of parallel importing as a consequence of the open market.

52% of books sold in New Zealand are locally published (Colmar Brunton survey of New Zealand publishing) with 90% of the volume being published by multinational companies. Weakened sales of international books and reduced investment in the market by multi nationals jeopardises their local publishing activities which account for the majority of sales of NZ published books. The cut back in investment in local distribution systems not only affects the multi nationals but also limits the options of small to medium New Zealand publishers seeking distribution in NZ.

Cheap editions of top authors are becoming more prevalent in the market which directly affects local backlist sales. Our educational publishers invest heavily in trained sales and backup for their tertiary customers and offer instructional resources to support their text books. Parallel importers do not generate demand for books through self funded promotional activity rather they use the demand created by established publishers here. Institutions are now learning about these books from the publishers and then they, or a local bookseller, source the products directly from overseas.

The future digital environment will rely on a stable business environment to encourage investment. Ensuring that Intellectual Property is protected in a digital environment is going to be of premium importance.

There has been no evidence that retail prices have reduced or that the range of books on offer to the consumer has increased. In fact the contrary is true with many retailers actively increasing the selling prices of books above the RRP's whilst others, particularly the chains, are also limiting the range of titles that they offer.

Summary

It is clear that lifting of the ban on parallel importing in New Zealand has had a detrimental effect on publishers and authors. Certain categories, particularly children's and tertiary education have been particularly impacted.

It is also clear that the consumer has not benefitted from lower prices in the shops or an increased range of books on offer.

BPANZ is concerned that if the ban on parallel importing is lifted in Australia, with similar effects to those felt in NZ, the impact on regional publishing will be significant and would cause further collateral damage to the industry in New Zealand.

BPANZ therefore urges the Australian Government to maintain the current provisions under the Copyright Act 1968. The provisions ensure the timely availability of international titles and create an environment into which multinational publishers are prepared to invest.

Yours sincerely,

Anne de Lautour

Association Director

Book Publishers Association of New Zealand