

Proposed Changes to the Restrictions on the Parallel Importation of Books

Background

The following personal information is included to provide a background to my submission.

- ◆ I have been involved in the book industry for the past 35 years since I purchased an independent bookshop in Wollongong in 1972.
- ◆ President of NSW branch of the Australian Booksellers Association (ABA) in the seventies and President of ABA in the eighties.
- ◆ Represented the ABA in discussions and hearings into proposed changes of the Copyright Act 1968.
- ◆ Left bookselling in 1989 because of mobility problems.
- ◆ Wrote and tutored the ABA's training programme.
- ◆ 1989 established Book Industry Training, to provide support for booksellers and those wishing to enter the industry.
- ◆ Currently book reviewer for the Illawarra Mercury in Wollongong.
- ◆ Received two major industry awards, The Lady Cutler Award for Distinguished Service to Children's Literature and the Lloyd O'Neill Award for Services to the Australian Book Industry.

THE AUSTRALIN RETAIL BOOK INDUSTRY

The Australian retail book industry is divided into two segments, chain stores and independent stores. Readers are aware that most chain stores depend on mass market titles in large quantities, frequently discounted, while independent stores offer a wider range of titles with less depth and it is widely agreed that service and knowledge are important to their success.

Effects of the Copyright Act 1991

Despite serious concerns about the proposed changes the Australian Publishers' Association now agree that the industry is more stable and more efficient. Customers can obtain specific books, if necessarily imported from the country of origin, while publishers with rights to publish overseas titles must have them in bookshops within 30 days of the country of publication.

Impact of Proposed Changes to the Copyright Act

Currently most Australian publishers publish Australian authors and Australian editions from overseas authors and acquire rights to distribute both British and American editions in Australia.

They are responsible for:

- ◆ Printing these titles, distributing them or arranging distribution via a third party
- ◆ Promoting these titles to booksellers via a team of representatives who visit bookshops regularly with some remote booksellers contacted by 'phone
- ◆ Marketing these titles via media contacts such as book reviewers, sponsoring visits by local and overseas authors for writers' festivals or individual tours to smaller regional events.

Under the proposed changes to the Copyright Act 1991 it is possible that Australian publishers would curtail their marketing activities if large quantities of the titles they are promoting are imported by individual booksellers resulting in a cut in profit.

Other results could include:

Sale or Return

For nearly forty years Australian publishers have negotiated with their bookseller customers a system of 'sale or return'. In recent years this has been curtailed to new titles only allowing return of unsold books after 3 to 6 months of publication for credit with booksellers paying return freight. However this has resulted in a wide range of titles stocked by booksellers, particularly independent booksellers, not just bestsellers contributing to a diverse culture.

Publishers would be reluctant to continue this practice if booksellers could purchase titles overseas that would not be traded under the 'sale or return' rights.

Marketing

As a book reviewer I appreciate the support provided by Australian publishers/ distributors as I receive an average of 30+ books each week from which I select titles to review according to the interests of my local community.

As events organiser for The Friends of Wollongong City Library I appreciate the support of Australian publishers who provide guest speakers to speak to local readers usually at no charge.

Why should Australian publishers support such events if the authors' titles can be purchased from country of origin, hence making no profit for the Australian agent?

Regional communities would be culturally deprived if such events were not available.

Nett Invoicing

The majority of retailers in other industries operate on cost basis from their suppliers allowing them to set the retail price depending on operating costs. In the Australian book industry publishers invoice books to retailers on the basis of a discount from the Australia Recommended Price (ARP). Booksellers are in the invidious position of having their suppliers dictating their profit levels.

Abandoning this practice would allow booksellers to determine their own prices depending on their operating costs. The ARP could still be printed on books as some retailers are concerned about the added responsibility of labelling all books and removing labels before returning for credit. Removing nett invoicing would make it easier for booksellers to set their own prices and possibly lower prices would result.

Supplier Discounts

Supplier discount varies depending on quantity of a title ordered, on turnover or on individual agreements. Large chains receive an average of 50% to 60% and this discount is enjoyed by chain franchisees. Campus bookstores operate on negotiated discounts influenced by the large quantities of recommended text books and this can also affect general titles.

Independent bookstores operate on a discount that can vary from approximately 25% to 45% depending on turnover and quantities of individual titles ordered. Independent stores that are members of Leading Edge, a marketing and purchasing cooperative, can increase their discount for individual titles and general purchases depending on agreement.

If chain stores receive more favourable terms why doesn't this influence their prices?

The suggestion that alterations to the Copyright Act will affect prices may not be guaranteed judging by current pricing in the Australian market.

Pricing

Since the early seventies Australian publishers have used an Australian Retail Price (ARP) as an indication of approximate price, with many books having the ARP printed on the back cover.

There has been no reason for booksellers to abide by the ARP set by publishers yet there is little variation in the price that a book is offered for sale even if larger discounts are available.

Campus bookshops, some chain book stores and some independent bookshops operate 'loyalty' systems for regular customers usually

offering 10% discounts on purchases so this affects the arguments on pricing.

Conclusion

When receiving the Indies Award presented by independent booksellers high profile author Tim Winton commented:

Everywhere else in the English-speaking world, bookselling has become the province of chains, of massive centralisation, of venality and a steady loss of competence on the shop floor. The power of buyers has fallen into the hands of too few individuals, and diversity of stock has diminished. It's not uncommon for a customer in a chain shop to be served by staff who have no expertise and little interest in the books they are selling. With seventy percent of bookshops still in independent hands, Australians have something to treasure and to celebrate. Thank God we still have booksellers passionately committed to our shared reading culture. This is something we must not give up. For nearly thirty years I've made a living from writing fiction in this country with the steady support of independent bookshops. This year I've been lucky enough to have a novel reach the top of the bestseller lists, a literary novel at number one! Hand-sold all the way there by people who take books personally.

Taking the above issues into consideration there appears little evidence that the proposed changes to the Copyright Act 1991 would lead to a decrease in the retail price of books. It could also lead to a decimation of the Australian market and a negative impact on our culture.