

## **COPYRIGHT RESTRICTIONS ON THE PARALLEL IMPORTATION OF BOOKS**

Black Dog submission to the Productivity Commission.

January 2009

### **Background on Black Dog Books**

Black Dog Books is an independent Australian publisher based in Melbourne. Black Dog began its trade publishing in 2000 and we now publish between 30 and 40 new titles a year. We're a critically recognised, award-winning and commercially successful independent children's publisher. For the past three years we have been short-listed in the ABIA award for independent publisher. Our books have been both short-listed and, regularly, been winners in the Children's Book Council Awards, and in the various state premiers awards as well as winning international awards such as the White Raven Book Award and winning British and German children's choice awards. As well as a successful domestic publishing program, we have an active program to sell rights overseas. We also buy rights for selected titles from overseas publishers that we believe deserve better exposure to Australian readers.

### **Background on the publishing industry — from the perspective of Andrew Kelly and Maryann Ballantyne, as principals of Black Dog (drawing on our experience of the industry in the last 30 or so years)**

Prior to the 1970s, Australian publishing was largely an offshoot of the publishing industries of other countries and subject to the economic and cultural control of mainly British-based multi-nationals. Australia's most successful authors were often published in England and exported back to the Australian market, without the benefit of local sympathetic editorial, and of designs and formats that expressed Australian tastes.

In the last 30 years there have been huge changes in Australian publishing. We now have a thriving, vibrant and sustainable industry that has effectively mapped this new culture, given its context and shown us historically, intellectually and emotionally what it is to be Australian.

Our children can now find themselves in books, rather than in some British or American version of themselves. Our children can now read stories about echidnas rather than hedgehogs.

To open the market would return our industry, substantially, to the state it was prior to the 1970s.

*In our submission we are making the following points about an open market.*

### **An open market is a disincentive to promote and sell book rights overseas, and would hurt our profit margins and reduce the royalties paid to authors and illustrators**

An open market would have a significant impact on our bestselling titles such as *Dragonkeeper*. Our bestsellers are the ones that are most likely to be sold overseas and they are ones for which there would be sufficient incentive for booksellers (including chain booksellers and discount department stores) to actively import to compete with our own local edition. These few very successful titles are the ones on which we depend for the margin that enables us to grow, even to survive.

When we sell our bestsellers to an overseas publisher they are available for purchase from wholesalers in the US or UK, and booksellers would be able to import them if the market was opened. The sale of these editions in Australia compared to the sale of our own edition means a much reduced margin for us and a significantly lower royalty for our authors and illustrators

One of our most successful authors is Carole Wilkinson. We have been particularly successful with the multi-award winning Dragonkeeper trilogy but she is also an award-winning non-fiction author. She has consistently won awards chosen by adults on behalf of children as well as children's choice awards. Without the advances and royalties from overseas, Carole would not have been able to become a full-time writer and sustained her flow of work, which has been vital to her (and our) success.

### **Erosion of the Australian culture**

If booksellers sell the overseas editions of Australian authors in preference to our own there will be a significant erosion of our culture. The overseas editions would come into this country, with foreign spellings and foreign designs, and as the most successful titles lead the way we would be eroding our own graphic tastes and substituting it with the tastes that have evolved in other countries.

At a CBCA conference some years ago an prominent American publisher described how he versioned overseas books for the American market, not just changing the vocabulary but also altering the storylines to make it acceptable to American tastes. In children's books American tastes tend to be much more conservative in terms of the sense of humour and in the openness of the storyline. The Americans have a strong preference for a closed resolved "happy" ending, especially in picture books. This is a matter of what is required in a particular market and is, of course, part of the skill of the local publisher who is purchasing foreign rights, and it only becomes an issue for our market when those books are available or widely available for sale in our market.

If an imported book is being read in preference to the Australian-originated edition there will be an accelerated loss of our language, our sense of humour and of other characteristic national values.

Given the dominance of American television, Australian children's books are the one area where children can find themselves and their language and their sense of humour.

### **Loss of access to quality distribution for independent publishers**

We are dependent on the local branches of large overseas publishers for our distribution, as are most other independent publishers. Prior to the investment by the multi-national publishers in major warehouses, which they then perceive as cost-effective to use to distribute third party clients, local indigenous publishing was dependent entirely on local distributors. Due to the geographical size of the market, the large volume of different titles in book publishing, and limited access to supply-chain management knowledge and skills, these distributors were often economically fragile and sometimes inefficient. These independent distributors would have difficulty delivering promptly and accurately to all sectors of the market and some had business models that were not financially sustainable in the longer run. Now while the warehouses of the large overseas publishers are not the only option for book distribution they do very much dominate the choices available to the independent publisher. For many independent publishers there is a need to consolidate their orders,

usually with a larger publisher, to enable booksellers to easily order from them on a regular basis.

The demands of the large retailers have meant that the bar has been raised in terms of what is required for distribution and order fulfilment within the book industry. All sectors of the market expect a fast turnaround in terms of re-ordering and maintain their stock levels accordingly. The supply chain now demands a highly electronic and mechanized distribution system. To date only the multi-national publishers have been able to make the necessary investment in warehousing and order-fulfilment systems to fully satisfy the demands of the market, especially those of the discount department stores.

We're dependent on the multinational publishers and their ability to invest in distribution infrastructure. An open market would make it difficult for these publishers to invest in warehousing and distribution systems at the current levels and may lead them to downscale their distribution systems and not take on third party clients, such as ourselves. Without access to quality distribution we would have much greater difficulty reaching the market and would be exposed to smaller sales. Our risk on each publishing decision would be multiplied.

### **Disincentive to buy overseas rights**

An open market would be a disincentive to buy rights for overseas titles and release them here under our own imprint., though not an absolute one. The risk is that when a title is successful then booksellers would import a foreign edition in competition to the edition for which we have purchased the rights. We will have invested time and expense in adapting for the Australian market, and in creating the right format for the book for our market and in marketing and promotion. We would then be deprived of the fruits of our investment in building the title, and the imported book would not have been adapted to our market.

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for Black Dog Books