

31 January 2009

Productivity Commission

Re Parallel Importation of Books per  
Issues Paper 26 November 2008

G'day,

I am so glad I bumped into this issue via Dr. Virginia Lowe whose workshop on children's books I attended approximately mid year 2008. I have never taken the opportunity to bitch and moan in public but this affects me, so it 'becomes' my vanity to do so.

Since that workshop, Virginia has been preparing and sending monthly bulletins on the subject of children's books and forwarded this advice the day before submission date when she had also just found out. Virginia explained at her workshop that she needs to conduct them because "if you expect to make money from children's books, forget it!"

I was, as evidenced above, planning to get stuck in to a picture book of my own. It seemed a logical progression given my graphic design career, penchant for writing copious wicked emails to friends and clients and a really, really, really good idea that I was hoping to make some money from post graphic design so I was doing my research and preparing myself for that eventuality. I also attended a workshop at TAFE conducted by a Black Dog Publisher employee. (According to their web site, Black Dog Publisher specializes in beautifully produced illustrated books that represent a fresh, eclectic take on contemporary culture. Are they in for a shock!)

So, it is true to say I am not published (unless one includes copy writing for commercial purposes) but I was planning on it and I was also planning on it being a long shot except for that really, really, really good idea. I have got some other irons in the fire, and some getting ready to go in. Bit of luck, I will make more money than I am slogging over keyboard commands and a mouse, earning debilitating repetitive strains to my arms, shoulders, neck and back. Anyway, I have been looking around for an illustrator and I found a beaut - Word is telling me beaut is a spelling error (WordSE) - in the United States of America (America) of all places. (Hue and Cry, Hue and Cry.) So it is fair to say, if I may borrow from the Man... I have a dream.

Or should that be 'had'?

After having read the Issues Paper and 108 Initial Submissions available on your internet site, I have had a bit of a re think:

*Hey, (American slang for hello)*

*I can see merit in the argument to ditch Parallel Import Restrictions (PIR).*

*As a consumer, I always look for the cheapest possible price of an item I plan to buy. I usually look for the best quality product if quality is a factor in performance and then seek out the keenest price.*

*I LIKE competition.*

*However, given the purpose of this rhetoric is books, I will just cut to the chase. Certainly, lesser quality black ink on a paper stock of lesser quality that has some show through, sporting a thinner, lesser quality cover that might crack a bit under the strain of the reading process is **still** the same story, the same experience, the same level of enjoyment. Right? Well, except maybe the changing of the guard on idiom and spelling; and we're Australians, we've come from convict stock and we **can** strive to lower our expectations on presentation, usability and shelf life (pun not initially intended but I unashamedly like it so it's staying). Besides, Australians have a habit of not paying for quality, at least the cheapskates anyway, and the rest of us who take a bit of pride in our homes and gardens, offspring and personal grooming will get used to it.*

*As for bookstores, well I went into one once. It was heuuuuuge! Upstairs AND a downstairs. Lots of books everywhere and lots and lots of people just standing around reading the books while they were in the store, so I can understand why bookstores want the PIR removed. They reckon if the prices are cheaper, more people will actually **buy** the books and not just read them in the store so they can start making some money at last, add more stairs in their stores and more cheaper books on their shelves.*

*It's a win/win: bookstores make more money and people get cheaper books! That will bolster the economy and make our country richer. Yay! Here's an opportunity for the Productivity Commission to 'COME ON DOWN' and reduce book prices with a stroke of the pen. So what if more money goes overseas. The Americans are doing it tough lately and we should help them. Free economy is the catch cry of the new millennium, so just get over it! They'll in turn end up buying our... our... well you get the idea.*

*As an economy, Australia just doesn't **need** a flourishing publishing industry. Currently there aren't that many book publishers around so we should turn them all out to get a real job to better position our economy. They could, say, work at petrol stations. Petrol prices are going back up/down/up so that's a good thing and they would easily get jobs there. Moreover, the printing industry is even better positioned to source print in other commercial endeavour (WordSE). They employ the biggest workforce so who cares if a few printers lose their jobs. The bookstores can employ them because they'll have more books on the shelves and more people actually buying books now and someone will need to be on the cash register.*

*Also, the process of authors preparing concepts, researching, writing, editing, (illustrating) and touting a literary work goes away. No more free rides for every mongrel involved getting a clip off the top of the selling price while the creators are left ruing their effort because the financial reward is close to non existent or indeed, non existent. They can get real jobs too! So piss orf the PIR. That way all these intellectual types stop writing and that's them sorted.*

*Oh yes. The culcha thing. Isn't it best to just get it over and done with? 'Colour' (WordSE) should be 'color'. Less effort to write, easier to read and easier to teach children. 'Empathise' (WordSE) should be 'empathize', with a Zee (not a Zed). Guys/gals, blokes/sheilaghs (WordSE), America's 'trash' is so endemic now, why do we even need 'rubbish' any more? American trash has got to be of a better quality than Australian rubbish, don't you think? '---hole' (no WordSE), is so petite sounding compared to '----hole' (WordSE) implying mule like characteristics rather than something less, or more colourful, (WordSE) depending on your point of view. 'mother-----' (no WordSE), with it's distasteful incestuous connotation so much more descriptive than 'ya b-----d – you do not have a father. I could go on but you get the idea. And starting sentences with conjunctions and ending them with prepositions will never again be noticed or thought badly of.*

*Furthermore, aren't stories about New York's boroughs and slum lords, Los Angeles' nasty gang wars and their drive-by shootings, American Civil War and War of Independence, Statue of Liberty, cowboys and Indians, peanut butter and jelly, much more relevant to Australia today than sheep stations, Aborigines, Driza-Bone, wattle, Sydney, Bourke, Coober Pedy, thongs, Dreamtime, jackeroos (WordSE) and jillaroos (no WordSE - go figure), Vegemite, Hill's Hoist and et cetera? Why did we even bother with all that crap at the 2000 Olympic ceremonies?*

*Before the book publishing industry was favoured (WordSE) to the point of it's current success, our main source of literature was from the English. I know that because as a child I read those books. Well, the Yanks beat the Poms (terminology used affectionately not disparagingly) in the War of Independence and we should honour (WordSE) that accomplishment with our commitment to market forces and worship at the altar of free trade or in the case of non-reciprocal PIR, differential trade. We're eventually going to become the 51st state of the Union and this will encourage the prospect of that coveted status.*

*Flat out, isn't it just time we got over our own self importance and embraced America completely?*

*Irony aside, my feeling is, those who stand to profit from the changes will decry our home grown costlier literature for obvious reasons and the rest of us will rue the consequences of sacrificing same when Australian literary work has diminished presence in our lives as it surely must follow if PIR are removed.*

It seems to me that this issue is about one thing and one thing only; who is getting the most dollars and who stands to get more or less dollars from the status quo or changes that ensue. This is a symptom of business in the free trade open market economies with it's profit margins, return on investment and dividend criteria and we all know how well THAT has worked of late. Gordon told us that 'greed is good'. Well, it is not... and free trade is not free. American sub prime mortgage practices has snubbed it's collective nose at free trade and proven that restraint is not a dirty word. Had fiscal regulations been in place, the world wide domino effect fall of economies, the bankruptcy and near bankruptcy of small countries, major league companies folding and large industries needing government financial support by the way of the people's own money, may not have happened or at least not to the degree it has.

The newly installed President of the United States of America, Barack Obama in his inauguration speech, if I may quote part thereof, said: "Nor is the question before us whether the market is a force for good or ill. Its power to generate wealth and expand freedom is unmatched, but this crisis has reminded us that without a watchful eye, the market can spin out of control -- and that a nation cannot prosper long when it favors only the prosperous. The success of our economy has always depended not just on the size of our gross domestic product, but on the reach of our prosperity; on our ability to extend opportunity to every willing heart -- not out of charity, but because it is the surest route to our common good".

This statement is a strong case for governments the world over to recognise (WordSE) that sharing wealth is genuinely desirable, that a watchful eye can equate to PIR.

Steve Jones, General Manager Kinokuniya Bookstores of Australia writes in his submission to the Productivity Commission:

PAGE 1 PAR 1

Books Kinokuniya is Australia's largest physical bookstore and is owned by one of the largest bookstore chains in the world. With over 300,000 titles in stock, we are distinguished by our ability to obtain books from all round the world, appealing to Sydney's multicultural demographic. As a retailer, Books Kinokuniya is the largest importer of books in Australia.

PAGE 1 PAR 2

Modifying the restrictions on parallel importing would favour Books Kinokuniya's growth, reduce the cost of books for our customers, and give Australians timely access to international titles, while retaining all the advantages of bricks-and-mortar stores.

PAGE 2 PAR 2

Investigating whether or not a given title falls within the 30-day rule is time-consuming,

PAGE 2 PAR 5

Books Kinokuniya would like the commission to modify the current copyright restrictions, allowing local retailers to grow, and to pass on the benefits of efficiency and savings.

Steve Jones is very proud of his bookstore and rightfully so.

However, I would like to use these extracts to build awareness and I make these comments recognising (WordSE) Steve's disadvantage in not having right of reply and I apologise (WordSE) to him for that and welcome his reply in due course should he feel the need.

Steve writes that Books Kinokuniya is the largest on two fronts and one of the largest on another. It seeks to grow even more, capture more of the market, make more money, presumably to be bigger and make more money. It seeks to do this with regard to itself and other Australian retailers in order to grow and make more money and implies benefits and savings would be passed on, presumably to the consumer... to make **less** money? The irony is, that whilst the Commission may modify PIR, it has no power to impose the passing on of those benefits and savings – assuming they in fact exist – and must rely upon profit driven entities to follow through.

Further, when is being the largest or one of the largest just simply not enough? When is becoming larger so overwhelmingly desirable that the possible/probable collapse of a fledgling Australian industry – writing and publishing – an acceptable by-product? (Commentary ends.)

Fearful of changing trends in consumer spending habits, bookstores are lamenting the digital era's transgression on its traditional territory. As technology continues to change, so will the landscape of viable business. Interesting to note, it will be creators who survive every technological evolution in the longer and broader sense but should this current investigation award a reversal of policy, **our** Australian creators will suffer a swift and brutal short term demise.

Print on Demand/Publish on Demand (POD), ebooks and a new Amazon product, Kindle, a proprietary ebook reader, are worrisome new products and services for the printing industry. Authors and publishers will work successfully through this new technology but book printers will lose a large proportion of sales. Their options are to develop high end POD products or other new or traditional markets. They are victim to the same technology that has decimated the typesetting, photographic film, traditional finished art and pre press trades. Times are a-changin' and they may be forced to move over. **Ouch!**

In terms of growth, it is true to say intellectual property and copyright is THE ONLY area of exclusivity with long term market potential.

My 28 year old nephew who is mobile phone and internet savvy has bought ebooks from Amazon and paid between US\$6.00 and US\$15.00 and said that they can cost up to US\$20.00. He reads them on the new large format iphone. This is the future of broad based consumer reading, especially for current school age children upon becoming productive members of society with discretionary spending abilities.

Further, I can foresee a hierarchy of book formats, with ebooks at entry level and POD becoming a retail option for vanity publishing in all its forms with unit costs driven by market forces. It may become an appendix to other products and services within a store similar to snap shot prints and dry cleaning services at a chemist. Industry based POD may also be used by publishers looking for low run/low investment/high unit cost 'toe in the water' market responses to new works. The conventional form of publishing a book will become the elite end of the market – collectors items perhaps and targeting larger format reference, beautiful, and possibly children's books where the physical book and a child's tactile interaction with it constitutes part of its intrinsic value. Bookstores will suffer accordingly and may morph into quasi art galleries and/or specialist shops such as map or text book stores that currently exist.

A book is an item that has large creative investment by a few (author, publisher, printer) for a repeatable long duration sense experience by a single end user, unless read to a – usually – small audience.

Other forms of creative expression such as movie, theatre, concert or tv have larger creative investments by many for a short sense experience by the end user of which there can be hundreds or thousands. CD's and DVDs (tv aside) can provide first and/or repeat experience albeit at a lesser sensory input level.

Noting these differences is significant but I am not sure why. Perhaps it is because the book remains a valuable investment by the reader in that it retains its intrinsic value of the experience/reward process and that it cannot be rendered obsolete by technological advances once purchased. Perhaps it is that watching a creative work does not demand the same intellectual effort as reading a creative work.

Government policies should not favour (WordSE) one type of funding for cultural pursuits over another, with exception given to the retainment of a desirable cultural expression in danger of being lost. For example, macramé is lost to us and who really cares – whereas the possible loss of Australian content books is critical. Anecdotal evidence suggests government investment in sport far outweighs its investment in creative pursuits – think Australian Grand Prix, AIS, Olympic Games, Commonwealth Games and sporting venue infrastructure such as high end swimming pools and stadiums. Investment in local sporting facilities stand on par with investment in local libraries and with the exception of the odd new museum or renovations and acquisitions to existing museums, art galleries and libraries, comparisons lack par.

Re grants to individuals, an alternative form of investment in Australian literature could be in the form of an institute similar to the Australian Institute of Sports nurtured by and under the auspices of existing talent for published or unpublished, represented or unrepresented fledgling authors with a view to directing them to levels of achievement similar to our sports people. They should not be required to repay this investment except by way of high achievement.

Re Terms of Reference, Context:

**“The Council of Australian Governments has endorsed a new competition reform agenda designed to enhance Australia's longer term growth prospects”.**

In reference to this, and specifically in respect to the publishing industry I would say that Australia has limited longer term growth prospects within markets currently stressed by economic woes. I would say that potential untapped markets are our emerging Asian neighbours (WordSE) India and China. With a view to strengthening these markets, we may foster an understanding of Australian culture via literature, sympathetically adapt versions of our books and enjoin agreements accordingly. With English the international language and it's inevitable growth in usage in non English speaking countries, Australia is ideally suited to exploit these phenomena. There is massive scope for this endeavour (WordSE). This may also foster tourism benefits to Australia.

Re Terms of Reference, Key Considerations point 2:

**“In conducting the study the Commission shall have regard to: the intended objectives of the parallel importation provisions within the overall policy framework of the Government including competition, intellectual property, trade and industry policies”**

I find this to be a tricky little Key Consideration and I would suggest that these four policies having no explanatory notes and such prominence within this submission process pre-empts all submissions and in so doing compromises them.

Re the Issues Paper, it is possible that some of the questions put are outside the purview of the average commentator, therefore investigation into some areas may be of benefit to making informed decisions:

- Varying the 30/90 day timelines with respect to technological advances offering improved lead times on production, and consideration for the time consuming creative processes;
- Removing GST from books entirely to equalise (WordSE) unfair trading terms on Australian bookstores by overseas digital outlets which in turn cannot be obliged to levy an Australian GST;
- In lieu of a grant system, an Australian Writers Institute along exact policy lines as the Australian Institute of Sports, that is, investment by government in individuals with no obligation by the recipient to repay that investment;
- Awarding GST revenue from book sales to authors (especially, even exclusively, children's book authors and illustrators);
- Seeking data on current practices of remainder selling of books not published in Australia, if indeed this occurs;
- Treating with the UK and USA to surrender all PIR in parallel so we can all play together in the same sandpit;
- Intellectual property and copyright being the only area of exclusivity to Australia in the publishing industry and therefore it's inherent value to Australia;
- Probable outcomes on the world wide publication industry, short and long term, by the digital era;

Re Books Kinokuniya

PAGE 2 PAR 2

Investigating whether or not a given title falls within the 30-day rule is time-consuming,:

- An on line national register, accessible at least in part by the consumer, where retailers request intentions and publishers submit intentions to publish, including expected date of publication, actual date of publication on completion with all the relevant time allowances in play and clear boundaries per PIR limited day rules and consequent loss of copyright on failed deadlines;
- Upon PIR removal, a perpetual low-key awareness campaign targeting the Australian public for the benefits of buying Australian published works when they are duplicated in other countries through legal licensing agreements;

- A prominent 'Published in Australia' logo featured on every book spine, front and/or back covers made in Australia;
- Establishing funded agencies in other countries with a view to providing Australian authors with research, development and avenues for creative literary works with a view to commercial agencies following through once PIR in other countries are removed or do not currently exist;
- Post PIR funding for the retention of the superior practice of publishers producing quality educational supplements and text books for teachers and students which in turn assists government in it's education imperatives;
- Research into why the UK and the USA have retained their respective PIR and the establishment of an Australian and New Zealand ongoing lobby to both countries for the removal of their respective PIR.

Some readers may be confused about the contradictions that exist in this list. Simply, I see the seeking of this information purely fact finding, eventually enabling better informed decision making.

My sympathies lie with the retention of PIR and let the cards fall where they may. It seems to be working ok thus far. Everyone involved is making some money although Amazon and emerging ebook technology does not favour (WordSE) booksellers or printers, whilst authors and publishers are better placed to survive and exploit ebooks.

Without PIR, booksellers would be the winners and in control and Australians will be eating peanut butter and jelly sandwiches prepared by redundant writers, publishers and printers.

I hope this submission is of some help.

I have enjoyed the process.

Kind Regards  
R. Becker