

Dear Commissioners,

My comments relate to 5 parts of the draft report:

1. “ measuring the magnitude of any actual price effects caused by Australia’s PIRs is problematic.”

The main argument for changing the regulations has to do with the price of books to the consumer. Since there’s no certainty that book prices will be lower without the current regulations, and there’s a mass of evidence that altering them will damage a valuable Australian industry, it seems extraordinary to be considering changing legislation until there is certainty about the effect on book prices.

2. “The Commission proposes that the restrictions on parallel imports should apply for only 12 months from the date of first publication of a book in Australia...”

From my experience as an author, sales of a book very often peak *after* the initial year of publication, especially in these situations, all quite common:

a) Many books are “long slow fuse” sellers which over time become classics.

These books typically have modest sales in their first twelve months but over a period of years reap substantial sales. My first novel, *Lilian’s Story* (published in 1985), falls into this category – being the first novel of an unknown author, its initial sales were unremarkable. However, it has become a book of steady appeal - now, over twenty years later, it’s still consistently selling well, every year. Many other examples could be cited of books performing relatively poorly in their first twelve months and whose sales remain steady or even increase, often dramatically, over time, rather than decreasing (A.B Facey’s classic *A Fortunate Life*, now on every school reading list, would be one).

b) Backlist can be a writer's main source of income.

I now have a backlist of twelve books, all still in print and all therefore all bringing me income. I don't write as a hobby – it's been my profession for over twenty years, and accumulated royalties from backlist has for many years been a substantial part of my income.

Of those twelve books, eight have been published in the UK and US. Under the 12-month proposal, those eight books could (and probably would) be supplied to the Australian market by the foreign publishers, and my income from them would therefore be halved (because I'd be earning "export royalty" on them, half the rate of domestic royalty). It is, of course, the books published overseas that are the ones that sell best – that's why the overseas publishers are interested. So the effect of the 12-month proposal would be roughly to halve my backlist income every year. Given the modest size of that income in any case, halving it would make an already marginal profession impossible.

c) External events frequently produce a delayed spike in sales.

A book published at the beginning of the eligibility period of a prize may be nearly 12 months old by the time the prize is announced. Prizes can make a spectacular difference to sales and this spike in sales will frequently take place after the 12-month period.

With overseas prizes the situation is amplified: overseas publication is usually after Australian publication, so the prize is even more likely to be awarded after the 12 month period. The spike in sales (including domestic sales) from an overseas prize is much greater than from an Australian prize.

Add to this the fact that even to be shortlisted for a major prize is enough to dramatically increase sales (for the really big prizes, even being long-listed is enough). This means that the number of authors to whom this applies is many more than just the winners.

My novel *The Idea of Perfection* was published here in 2000 and made lacklustre sales in its first year. Just over a year later, in 2001, it won the high-profile Orange Prize in the UK and sales, both domestic and international, skyrocketed. For each of the following several years, domestic sales exceeded what they had been in the first twelve months of publication.

The Secret River was published in June 2005. In May 2006 – 11 months later - it won the Commonwealth Prize and was shortlisted for the Miles Franklin

Prize. Sales soared, but by the 12-month rule I would have had only one month to enjoy full royalties on all those additional sales.

The book was published in the UK in February 2006 and in October 2006 it was short-listed for the Booker, resulting in another dramatic spike in domestic sales.

All up, sales in the second year were five times what they had been in the first.

Prizes are one example of a spike in sales being driven by external events but of course there are many others, such as a film adaptation or some newsworthy event such as scandal. In other words, these delayed sales surges aren't exceptional occurrences.

d) Word-of-mouth is good for sales but has a delayed effect.

The Secret River's sales were high in its first year but remained steadily very high over the first several years of publication. This was partly as a result of continuing long-term promotion by the author – countless appearances at festivals, bookshops, libraries, for reading groups and in schools as well as many articles written and interviews given for periodicals and newsletters. Only now, four years after publication, are sales declining, and that decline is slow and gradual. The hard work done in that first twelve months bore fruit at the time, but it was rewarded even more in the years following, as the necessarily delayed effect of “word-of-mouth” among readers took hold.

e) Curriculum reading lists take time to change.

School and university reading lists always operate with a delay of at least a year, for obvious reasons. Yet if a book is on a school reading list it can hugely increase sales for the period it stays on the list – usually several years. Twelve months is not sufficient buffer to allow the producers of the book to benefit fully from its success.

f) Reading groups buy paperbacks, seldom hardbacks.

Reading groups appear to be one of the most important sources of readers (particularly of “literary” fiction). Book groups nearly always wait for the paperback of a book for reasons of economy and there is a surge of sales as a result. But paperback publication is always later than hardback publication – in the case of most of my books, by around a year. Again, a twelve-month period is not long enough to protect author or publisher from the negative effects of parallel importation.

g) It's often books of most substantial value to the community that have their greatest sales after the first year.

It would often be exactly the books with the greatest “cultural” value to the community that would suffer most under this proposed change. It's a truism that art can't be best judged when it first appears, but only in retrospect (think of *Moby Dick*, a dismal failure on first publication). Books of ephemeral appeal may make most of their money in the first year, but the value of more thoughtful or more substantial books may take some time to be recognised. No one would expect *Confessions of a Shopaholic* to go on selling ten years later, but *Voss* is now part of our literary landscape. Twelve months is nowhere near long enough to protect the producers of such important books – thereby enabling them to write another.

h) This proposal would discriminate against certain kinds of writing.

Books that wouldn't be affected by the 12-month proposal (or other changes to the current PRIs) are of two kinds: books with no overseas publication (because they're of either local or limited interest in the eyes of foreign publishers), and books of short-lived appeal.

The books that *will* be affected are by definition those which are reaching an international market. These are the books that are likely to have more readers, over a longer period of time than the kinds of books I've referred to above. Under the 12-month proposal, as soon as a book reaches beyond a limited local audience, or has a life beyond a one-week wonder, its author will be penalised. As soon as a book is successful in having been sold to an overseas publisher, its author (and its publisher) will be forced to pay for that success – not metaphorically but literally. The author's income from the book will be more-or-less halved, and the publisher's return will be virtually zero.

It's a rich and healthy culture that has books of purely local appeal, books that will be read by only a few people, and books that will be forgotten as soon as they've been read. But we also need books that can speak to the world and speak to more than one generation. To skew a system so that, in effect, it penalises international and long-term success, makes no sense either morally or economically.

The damage will not just be to the individual author's income. More seriously, it will damage the publishing industry without which the author cannot reach his or her full potential. Why would a publisher invest in nurturing authors and their books to the point where the world becomes

interested, only to have the reward for that investment removed after twelve months?

i) This proposal would discriminate against success in one category of export business.

Every writer is a small business, and like every other small business we want to be given the chance to find an international market. When I fill in my BAS form there is often an entry for “export sales” and, of course, I pay Australian tax on those sales. Authors’ overseas sales add their mite to Australia’s export income. If publishers are penalised for finding overseas publishers for their authors, and authors are penalised for publishing overseas, less effort is going to go into finding those overseas markets.

It seems a kind of madness on the one hand to be urging the world to buy Australian products through AusTrade and other arms of government - spruiking Australian meat and wine and so on to overseas nations - and on the other to be undermining both the income and the support infrastructure (i.e. the publishing industry) of one kind of highly successful exporter.

In all these instances, 12 months is not enough time for the investment of writer and publisher to be properly recouped. 5 years or even 10 or 15 years wouldn’t be enough, either. It’s not the length of time, but the principle that’s wrong: as for any other investment, while a book continues to reward the initial outlay of time and money by its producers, it should bring them the full dividend.

3. “The cultural externalities that the restrictions support do not appear to be large...”

The price effect of the current regulations is “problematic” to ascertain, yet this discussion draft is going forward on the basis that it is large enough to matter. At the same time, another area that can’t be quantified – the importance of the ‘cultural externalities’ - is being judged “not large” enough to matter. One kind of uncertainty is being given the benefit of the doubt, the other is not.

In rejecting the proposals of the Commission, I’ve emphasised the quantifiable aspects of the issue – loss of income etc - because those are primarily the parameters of the Commission’s investigation. Those

parameters are about money, so I've tried to argue on those same grounds. But the most important aspect of this debate is the one that can't be quantified: that is, the "cultural externalities".

To say that "they do not appear to be large" is to throw away two hundred years of Australia painfully making an identity for itself. That identity is a structure composed incrementally of thousands of elements that are individually "not large". It includes every theatre of war, every sports field, every innovative idea and every work of art that has been born in Australia and become part of our sense of ourselves. Once they're part of our distinctive cultural identity, it's easy to take "cultural externalities" for granted and to forget that they were made, slowly, piece by piece.

A living culture needs a constant supply of new kinds of 'cultural externalities' - of which writing is one. If it doesn't have that, it will fossilise, or be taken over by a more robust culture. If in fact Australian book-buyers do pay a small premium for a vigorous local publishing industry (and, of course, that is uncertain), this is akin to many other kinds of premiums we're willing to pay as a community for the sake of our national identity. Taxpayer-underwritten subsidies to the film industry, to sport and in the upkeep of overseas theatres of war are analogous to the debatable premium that Australian readers pay for their books.

The tragedy is that, no matter how important they are, cultural externalities can't be quantified in a way that will have any traction in a debate about economics.

4. "...there already exist government funding programs directed at [cultural externalities]."

These (as listed on page 3.11 of the draft) are:

- Australia Council grants.

As a writer who has been a member of the Literature Board, I can state as fact that there is never enough money to support even writers of indisputable merit. Every year in the "established writer" category, celebrated writers who are revered in the culture have to miss out because the pool of money is not sufficient. In the "emerging writers" category the situation is no less than heartbreaking.

The money available, and the conditions on which it is given, vary from government to government and from year to year. Government grants are essential, but they are unreliable and can therefore only ever be supplementary to supporting an industry.

The grants themselves are not large – adequate for a person without dependents only – so some categories of writer (i.e. those with dependents) aren't adequately assisted by them.

A successful applicant isn't permitted to apply for another grant immediately. The exact mechanism for sharing the limited pool of money varies from time to time, but a grant is only a brief reprieve from the need to make a living. It's certainly not the basis of a career.

A market economy, supplemented by some limited government support (i.e. book programs as well as the PIRs) has worked brilliantly over the last several decades to produce a healthy industry. Book sales are extremely good and the producers of the books are applying entrepreneurial vigour to their businesses. Government-run funding can't substitute for private enterprise in most areas – after all, that's the philosophical basis of our whole economy.

- Books Alive

Books Alive promotes booksales and primarily assists booksellers. It doesn't promote *Australian* books, and in fact Australian books are often poorly represented on its lists. My experience of being one of the "Top 50 Reads" is that it made no difference to sales. The promotions that the programme offers are for the most part activities I'm already doing. Books Alive may help booksellers – it doesn't help Australian writers.

- Literary Prizes

Julian Barnes described literary prizes as "posh Bingo" and he's right. Bingo isn't the basis for a life-long profession.

The amounts on page 3.11 of the draft sound munificent until you realise how many excellent books are competing for them.

My own experience is that, in twenty-five years of writing and twelve published books, I've won three Australian prizes: two state government prizes (Victoria and NSW) and one private-sector prize (the Vogel/Australian).

It can be a long time between drinks!

- PLR and ELR

These are not government handouts, but are compensation for the lost sales that result from our books being in libraries, available to the public at no cost – not a situation that applies to other products. In that sense PLR and ELR are in a different category from other government book programs.

Writers can only earn ELR and PLR if they've already written their books. For emerging writers (those most at risk from publisher contraction as a result of changes to PIRs), these funds are obviously not going to help.

Even in the best year, combined PLR and ELR are small amounts for most of us, as Box 3.3 acknowledges – less than \$1,000 for 85% of writers. While extremely helpful, PLR and ELR on their own don't make the difference between being able to take time out of paid work to write the next book, and not being able to.

5 “the new arrangements should be reviewed after five years ...”

Such a review would, I assume, look at two main things: the effect of the changed regulations on book prices, and the effect on the writing and publishing industry.

Since there's no hard data on how current book prices are affected by the regulations, a review after 5 years will have no baseline from which to measure any change. How would a review be meaningful in the absence of such information?

The damage to the Australian publishing industry will be gradual and incremental, over a period of years. At the end of five years the change may not be sufficiently great to measure in any precise way. In my own case, for instance, I expect my next book won't be finished much before then – my books usually take 3 or 4 years to research, write and edit – and not until then will I have any sense of how the changed landscape will affect me.

The damage will be as much things that *don't* happen as things that will – young writers who don't write, writers whose books appear in Australia but not overseas, established authors who for financial reasons have to become full-time teachers of writing rather than writers, publishers who decide not to publish, publishers who no longer make the effort to sell Australian books into foreign markets. No review can quantify things that have failed to happen.

Like other catastrophic changes, change in the Australian publishing industry will be all the more dangerous because it will be stealthy. As the draft acknowledges, once the damage has been done, it could take a very long time to reverse. Even if reversed, it would leave a gap in our literary culture - a period of impoverishment – which could never be restored.

Thank you for your attention.

Sincerely

Kate Grenville