

Productivity Commission Submission

Parallel Importation of Books

I make this submission following the release of the Commission's Discussion Draft.

Despite the best endeavours of the Commission and those in favour of parallel importation of books, no evidence has been found to demonstrate unequivocally that such a change would make books cheaper, that is, no significant public benefit has been able to be demonstrated.

Price differences vary from book to book, edition to edition and time to time, and with exchange rates, and variations in taxes and freight costs. The Commission understands this, and quite reasonably points out the challenges it presents when attempting to make comparisons. Some books are currently cheaper in Australia, some probably aren't. In some instances in the media, proponents of change have compared the full Australian RRP including tax (despite far lower prices often being available) with the most discounted editions they could find online, not including tax and freight. In a number of cases, they have referred to books already legally allowed to be freely imported in parallel. Surely, if major retailers had book prices foremost among their concerns and they genuinely believed parallel importing would let them reduce book prices, they should be doing it with these books.

Conversely, while there is no good evidence to support the notion that parallel importation would make books cheaper overall, it is clear that allowing parallel imports, even in the modified way proposed in the Discussion Draft, would be an impediment to publishing in Australia. I could go on, but I have already. The 4000 words I sent in December still apply.

In short, the change proposed would create no jobs, and it would cost jobs in writing, publishing (including editorial, design and other jobs) and printing. It would see editions of Australian books that had been customised for other markets – and in some cases significantly culturally re-edited – sold as if they were the same as local editions, though the reading experience would be altered. In the case of remaindered

international editions, the price would probably be low enough to undercut local editions, but the books would not be ‘better value’ due to the alteration of the reading experience. In some cases book names change for other markets (for example, my *World of Chickens* became *Two To Go* in the US). It’s inevitable that people would buy, or more even more commonly be bought, books they had already read. This kind of confusion is not in the interests of consumers.

The Commission notes that ‘remaindered editions will typically only be available during the later stages of the book’s commercial life’, but it fails to take into account the common occurrence of books having different lifespans in their home and export markets. Often, an Australian book achieves US and UK publications after success in Australia. It is then typical for it not to succeed in at least one of those two international markets. Because success gives a book a longer commercial life, it is then likely that there would be surplus stock in the US and/or UK, while the book still has a thriving market at home. That has been the case with several books of mine, and I’m far from alone. My novel *48 Shades of Brown* is one example. It was published in 1999 in Australia, has sold tens of thousands of copies and continues to sell. It was published in the US in 2004 and the UK in 2005. Its performance in the US was reasonable, but its sales in both markets tapered off some time ago. It has sold more than ten thousand copies in Australia since that time.

A number of my books have sold at least tens of thousands of copies each in Australia. In none of those cases has the bulk of sales occurred in the book’s first year.

The suggestion that Australian authors or publishers safeguard local editions by delaying selling international rights for as long as possible is impractical and unreasonable. The intellectual property created by Australian authors is an important export earner for the authors, their Australian publishers and the country. It’s something we should celebrate and value, not something we should attempt to hinder.

This enquiry was driven by the question of whether or not parallel importation would make book prices cheaper and, if so, what the other costs might be. After all its work, the Commission, understanding the inherent complexity of price comparison and searching high and low for ways of comparing book prices, has said that measuring the

magnitude of any actual price effects related to territorial copyright is 'problematic' and it has therefore 'not put a figure on them'.

What are we relying on then, if it's not figures? Soothsayers? Tea leaves? A feeling someone had? This is an enquiry about prices (ie, figures). If price differences are substantial and meaningful, there should be figures. A scan of other people's qualitative studies is not enough and it has not, in any case, given unequivocal results. How is it reasonable for the Commission to suggest major changes when no one has yet been able to 'put a figure on' the price differences in question?

If good data existed demonstrating a clear price benefit associated with parallel importation, it would need to be carefully weighed against possible detriments. If there is no good data to demonstrate clearly the benefit of change – as is currently the case - the change should simply not be made.

Thank you for the opportunity to make this submission.

Yours sincerely,

Nick Earls