

I have the following comments on the Discussion Draft.

1. Competition

While it is correct that competition is most robust on front list titles, in practice price competition is restricted to the small number of high volume sellers (bestsellers), while the majority of front list titles are not discounted at all. In fact, two of the major book chains are known to mark up some of their front list titles by \$2 to \$4 *above* RRP, which undermines their argument about reducing the price of books for Australian consumers.

If the parallel importation provisions are revoked, booksellers will import remaindered overseas editions in bulk, mark them up to full price and make windfall profits at Australian authors' and publishers' expense.

2. Length of Protection

(i) The discussion paper notes (7.17) that 'the bulk of the returns to publishers will come from sales in the months following release' and that, therefore 'it would not excessively diminish current returns ...'

This statement fails to recognise that the engine room of the publishing industry's profitability and sustainability is not the aggregate of all books published, since most books have relatively small sales, but books produced by those authors who have gained a substantial following. For these authors, each new title results in additional sales for their entire backlist, and this is where the majority of the publishing industry's income comes from.

For example, my first book, *A Shadow on the Glass*, was published in February 1998.

- Twelve months later, net sales of its Australian edition were 7,600 copies.
- As at December 31, 2008, net sales of its Australian editions stood at 52,992 copies.

This is not an isolated example; my ten other titles in this genre have followed similar sales trajectories, and the sales of most other Australian authors who have a personal following would also be similar. For such authors, sales in the first twelve months would typically be only 15-50% of a title's lifetime sales. This point is critically important because these authors and titles underpin the publication of books with smaller sales potential, plus the development of new writers. Abolishing the parallel importation rules could, in fact, *significantly* diminish current returns, and significantly

diminish Australian publishers' ability to publish Australian works and develop new writers.

It could also significantly diminish Australia's export income, a point not discussed under 'Costs and Benefits'. Sales of foreign rights to Australian books have enjoyed double digit growth for more than a decade and are now a significant export earner, however it is still the case that the majority of overseas rights are sold *after* a book or author has proven successful in Australia. Take away the potential for that Australian sales success and overseas rights sales are likely to dwindle.

(ii) On page xxiv 'the Commission notes that publishers of Australian-authored works would have the option of extending the effective period of protection from parallel imports by holding back release in foreign markets.'

This will rarely be possible for a number of reasons. Firstly, the overseas publishing rights more often than not reside with the author rather than the publisher. Secondly, once the rights are sold, neither the author nor the Australian publisher has any say in when the book will be published. Thirdly, it is not realistic to refuse an offer for overseas rights when it is made, in the expectation of doing the deal at a later date, since the offer may never be repeated, or the book may become dated, or its topic out of fashion.

3. Conclusion

If the present system is abolished, some books in Australia may be a *little* cheaper, though given the examples I have noted above, of Australian book chains marking many books up to well above RRP, and the practice of bookshops marking up remaindered overseas editions to full price, books are unlikely to be significantly cheaper.

And the cost to Australia? Australian authors will find it much harder to get published, since publishers will be unwilling to risk the large financial outlay and time required to develop and publish new authors, when the market for their books can be undercut by any bookseller willing to import large quantities of that author's books from overseas. In uncertain economic times, industry requires certainty before it is willing to invest, and who would invest in Australian publishing when its market can be destroyed at the stroke of a pen?

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