



Submission to the Productivity Commission re The Parallel Importation of Books

The draft recommendations of the Productivity Commission (*Restrictions on the Parallel Importation of Books*, March 2009) present a very real threat to the commercial viability of a small publisher such as Finch Publishing.

In particular, the recommendation to restrict territorial copyright to a period of 12 months from initial publication means that US or UK publishers (to whom we have sold publication rights of our titles in their territories) could export their editions into this market. In actuality, such exports would be exported by wholesalers at very low cost. Consequently, sales of our local editions could possibly be wiped out by such dumping actions.

There is a very unpalatable irony about such a situation. The bestselling books on our list have been originated here, with rights sales subsequently made to foreign publishers. Usually the most lucrative of these licensing deals are to US or UK publishers, returning significant income to our authors (who gain 75% of such proceeds).

Our list relies on continuing backlist sales of a small focused list. Typically, some of our bestselling titles have been in print for over ten years – and still maintain high sales. *Manhood* was first published in 1994 (and will go into its 4th edition next year) while *Raising Boys* (first published in 1997) continues to be our top seller after going into its 3rd edition last September.

If the draft recommendations of the Productivity Commission were to be enacted into law, we would have no incentive to sell US or UK rights to our strongest and most exportable intellectual properties. We would export finished copies of our editions into those markets – a poor substitute for a being published by a US or UK publisher in their domestic markets. The

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figures are significantly different: receipts to our authors from our exports would be one twentieth of those received through a rights sale into those territories.

On the other side, that of the purchase of ANZ rights from a UK or US publisher, under the 12-month territorial copyright rule proposed by the Productivity Commission, there is a distinct disincentive to publish locally. Recently we adapted a strong-selling UK book for publication here. The book (*The Transition Handbook*) deals with a growing worldwide movement to create more sustainable communities to face a future with diminished oil reserves. The issue is one of significant public importance. A local edition of the book was called for here to profile the development of Australian and New Zealand grassroots community groups.

Under the terms of our ANZ licence, the original UK edition could no longer be sold here. This allowed us the ability to invest in providing a more relevant and desirable edition for domestic consumption. In the absence of the protection of our territorial copyright, there would be no incentive for us to make such an investment. The UK edition could be exported into this market at just a little above cost price if need be, as UK domestic sales would ensure adequate receipts for their local publication. The cheap exports could be sold here at a price to significantly undercut a local edition and therefore dominate the shelves of retailers nationally. This would remove any incentive to invest in an adapted edition, even though that is what communities involved in the Transition movement are requesting. The commercial incentive would have been removed and a less relevant publication is the only one available.

In terms of the purpose of publishing – to contribute to the currency of ideas – this represents a retrograde step. I ask that the Productivity Commission decide against altering the protection of territorial copyright in this market.

Yours sincerely

Rex Finch

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