

Response to the Draft Submission by the Productivity Commission – Copyright Restrictions on the Parallel Importation of Books

Harlequin Enterprises (Australia) Pty Ltd

Overview

This submission is an extension of our earlier submission, in response to the Productivity Commission Discussion Draft released last month.

Harlequin Enterprises (Australia) Pty Ltd is concerned over the draft proposal by the Productivity Commission, particularly the central proposition of lifting the Parallel Importation restrictions after 12 months.

Unfortunately we believe that lifting the restrictions after 12 months does not in any way alter the negative outcomes for the industry and for Harlequin that we outlined in our original submission. We therefore urge the Productivity Commission to again consider keeping the current legislation in place.

Existing Concerns

The key concerns outlined in our original submission remain pertinent.

Some of these issues include:

- The cultural implications of the guaranteed decrease in the amount of Australian content Harlequin and other publishers commission and publish;
- The significant effect on related industries, particularly printing, distribution, design and independent book sellers (a full financial analysis from Harlequin's perspective is provided in Annexure A of original submission)
- No proven benefit or positive impact on the pricing of trade books in Australia

Our local non-fiction programme is only in its infancy and we would not be able to sustain the infrastructure necessary to continue to grow this segment of the business. This would also affect external suppliers including graphic designers, proof readers, editors and, of course, printers.

We can further confirm that the outcome for Harlequin of the lifting of restrictions after 12 months would result in the decision to completely abandon the commissioning of Australian based non-fiction.

Additionally we believe that the concerning outcome of significant job losses, both within Harlequin and related industries, (refer Annexure A of original submission for concise details) has now been exacerbated, since the original submission in January, by the further decline of Australian economic conditions.

Additional Concerns

There are also additional concerns raised by the draft proposal.

Whilst there are a number of areas of concern the key area we would highlight is in the understanding of the product lifecycle of the book.

We believe that a more complete understanding of the product lifecycle of a book and the implications for the Australian publisher and printer need to be more fully investigated by the Productivity Commission.

As an example we examined sales of our top eight best selling fiction authors, and found that just 24.6% of sales occurred in the first 12 months of publication. This indicates that an authors profile and sales are built over a much longer time frame than 12 months.

Therefore a lifting of restrictions after 12 months completely changes the outlook for the publisher in terms of every aspect of book production, particularly investment in marketing, sales and print volumes.

We continue to assert that the combination of reduced print volumes resulting from the potential direct importation of books after 12 months and reduced ability to commission local authors would have a negative impact on the printing industry.

The decrease in volume could result in closure of one of the two major printers. This would obviously not only result in significant job losses but also cause the creation of a monopoly in high volume paperback book printing.

Summary

We believe that the draft proposal recommendations will debilitate a healthy and growing industry. This is without any quantifiable gain for any party, including the consumer, but with considerable losses – not only of a cultural nature but job losses in printing, design, editing and related functions.

We strongly support maintenance of the current legislation.

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