

As the author of 76 AUSTRALIAN children's books, I have compiled the following points in response to the Productivity Commission's Interim Report. I am one hundred percent opposed to the abolition of the current parallel import restrictions for the following reasons and many more:

### Conclusion

I'm starting with my conclusion because it is ultimately the most important point.

Why do we, in Australia, have parallel import restrictions and Australian copyright protection? Why do these things exist in the first place, for us to even debate? Did a group of morons wake up one day and decide to do the worst possible thing they could think of in terms of Australian publishing and books? No, of course not!

Parallel import restriction and Australian copyright protection came into play because they were determined to be the best thing for our country.

And they have worked. The Australian publishing industry is doing well and is competitive. There is no evidence to suggest otherwise.

So why are we even considering the abolition of government policies that were established for the betterment of our great country and our economy?

### The Question of Cheaper Books

This push by the Coalition for Cheaper Books is not about providing cheaper books to the public. Companies don't invest time and money – a lot of money – to provide cheaper products to consumers and make no personal gain themselves. Are we supposed to believe that these big companies with their even bigger profits are self-sacrificing when it comes to books?

Companies only invest money to make money. That is simple high school economics. Clearly Dymocks and pals want to make larger profits. How are they going to do that when booksellers already get the largest chunk of the pie by a long shot? There's only one place for booksellers to make more money and that is to take from writers. We only get 5% to 10% (if we're lucky) and Dymocks want that part of the pie too? Of course it's never occurred to them that without writers they would have no books to sell – no pie at all. But one can assume that doesn't bother them because they are asking the government to allow them to purchase their stock from OVERSEAS!

This investment in time and money is meant to give Dymocks and co large financial returns. That's the way of the business world. You invest money to make money. You don't invest money to give all the benefits to customers. That would mean a loss to Dymocks and co. Spend money campaigning to remove import restrictions and not make that money back in return and then some. Who are they trying to kid?

A friend of mine told me that her children's book retails for \$5 more than the recommended retail price in Dymocks. Therefore Dymocks are already profiting from children's books. They have the ability to reduce prices now but they don't. Why not? Because they're only interested in their bottom line and not providing cheaper books to the public. And of course, if they over-inflate prices now, then later, after the parallel import restrictions are removed, they can reduce the price of this book by \$5 – to what it should be now – and say that they've reduced prices because of the open book market. This is obviously blatantly false and a misuse of power.

The Productivity Commission's own report can't even confirm or even maintain this argument of cheaper books. When freight and the Australian dollar are taken into consideration, there is absolutely no proof that the removal of parallel import restrictions will provide the public with cheaper books. In fact, the report seems to confirm that the only way abolition of parallel import restrictions will put downward pressure on book prices in Australia is by turning Australia into a dumping ground.

When GST came in, many retailers didn't pass on the price reduction caused by the removal of sales tax etc. So there is nothing to ensure that book chains will pass on any savings. Removing parallel import restrictions in New Zealand has decimated the local publishing industry, but evidence suggests that the reduced cost to booksellers has not been passed on.

There is absolutely no evidence that books will be cheaper if parallel import restrictions are changed to suit the Coalition For Cheaper Books. In fact, one can be pretty certain that this tactic is meant to improve some booksellers' bottom lines.

#### Contradicting the Wisdom of Other Larger Markets

Australia's major competing markets, such as the UK, USA and Canada, jealously guard their territorial sovereignty. Authors there retain copyright for their life and 50 to 70 years afterward.

Are these other, major markets so wrong that we, in Australia, have to take the opposite stance to our trading partners? I don't think so!

The UK, USA and Canada view territorial copyright as integral to their publishing industries and as a moral unquestionable right to their artists. Yet, in Australia, we are on the verge of deciding to abandon the wisdom of these nations and take an unproven, unknown, contrary path.

This is something that the Coalition For Cheaper Books has failed to make clear to the Australian public and the Productivity Commission – that the Coalition is asking Australia to abandon internationally held policies, those which are integral to the UK, USA and Canada and are the basis of international copyright. If this information was revealed and the public could make a judgement based on the complete facts, I believe that the majority would prefer to

stick with the UK, USA and Canada because it doesn't make sense to ignore the wisdom of these nations and throw ourselves to unknown wolves.

The US Patent and Trademark Office's "Copyright Refresher" states:

"There is no such thing as 'international copyright' that will automatically protect an author's works in countries around the world. Instead, copyright protection is 'territorial' in nature, which means that copyright protection depends on the national laws where protection is sought. However, most countries are members of the Berne Convention on the Protection of Literary and Artistic Works and/or the Universal Copyright Protection, the two leading international copyright agreements, which provide important protections for foreign authors.

Under these treaties, a qualifying foreign work generally must receive the same protection as a local work. This bedrock principle of international copyright law is called 'national treatment.' International copyright agreements also set forth certain 'minimum standards' of copyright protection. For example, the duration of copyright generally lasts for a minimum period of life of the author plus 50 years."

Given the above, under the Productivity's Commission Interim Report, it is likely that Australian authors will have no copyright protection at all after 12 months. Such changes to our existing restrictions would allow anyone in the world to publish and sell a writer's book or books and the writer could do nothing to stop this and would never receive a cent in remuneration.

Would anyone else – a plumber, banker, politician, and so on – complete their work if they knew that they may never see a cent in payment? No way! Why are artists and publishers meant to work for no reward then?

The Productivity Commission is putting the whole industry at risk and in imminent peril, showing an absolute contempt for Australian artists, the industry in general and, as a consequence, the Australian public as a whole.

We are happy to follow the lead of the US and the UK in fighting terrorism and declaring war. Yet, we apparently believe these same countries are completely wrong when it comes to copyright protection and are prepared to act in complete contradiction. Can these countries be so right with their ideas on terrorism and war but so out of touch when it comes to copyright protection?

### Basic Economics

High school economics taught me about imports and exports, surpluses and deficits. I then went on to study Economics at university. Now, I find this push by the Productivity Commission, Australian Government and the Coalition For Cheaper Books in contradiction to everything I learned.

For years, the Australian Government has been encouraging Australian businesses to export because it is good for the economy and creates healthy economic conditions for our country.

In a nutshell, our economy does better if we reduce imports and increase exports. Yet, in spite of the Government's push for Australian businesses to invest in exporting to overseas countries and the basic principles of economics, the Australian Government is considering killing an Australian industry, reducing Australian export of books and intellectual rights, and encouraging a mass importing of *our own* products from overseas.

The importing of books from overseas will not stimulate the economy. It will have the opposite effect as large sums of Australian dollars leave our shores and add to the profits of US, UK or other countries. Why would we want to financially support overseas markets at the detriment of our own?

Money leaves Australian shores to make overseas countries richer. Money is going out, not in. Disposable income within Australia is reduced. Think of all the jobs that will be lost when much of our publishing business is taken off-shore. The Australian and State Governments are prepared to spend millions to prop up failing motor vehicle manufacturers because they know that thousands of jobs will be lost if this industry fails and not just jobs in the motor vehicle manufacturer. The devastation is wide-spread. It seems strange that the Government would act this way for the motor vehicle industry but when it comes to the book industry, the Government is taking the exact opposite position and in contradiction to basic economics. Why? Yes, we all need cars but we all need books too. Literacy and the arts are the back-bone of any society.

At the same time as we have the Australian Government considering the abolition of parallel import restrictions, we see all state Premiers and the Prime Minister citing, encouraging and basically jumping on the bandwagon of literacy. Again, can they not see the contradiction here? It's all well and good to create Premiers' Reading Lists and other campaigns to improve literacy and promote reading amongst school students. But what are these children going to read if the parallel import restrictions are abolished? American books? Foreign classics? This seems to be another example of the government giving with one hand and taking with the other.

The Productivity Commission Interim Report goes against the Government's policies in support and encouragement of Australia as a trading nation. We were once a dumping ground for convicts. Are we returning to these roots to become a dumping ground for cheap and/or pirate imports?

Again, removing parallel import restrictions in New Zealand has decimated the local publishing industry but evidence suggests that the reduced cost to booksellers has not been passed on.

In the first round of submissions to the Productivity Commission, approximately 65 per cent of booksellers (based on market share) spoke out against the changes to parallel import restrictions. Unfortunately, these industry stake-holders were ignored.

Another point here is that writers are often writers because they love books and reading. Therefore writers buy books. Reducing the income of writers will reduce purchasing power and spending.

And, of course, we can add to basic economics basic commonsense – if it ain't broke, there's no need to fix it!

### Australian Publishers

Abolishing territorial copyright, or limiting it to a 12 month period, would have three major financial impacts on Australian publishers:

- Australian publishers actively seek international sales or partnerships with international publishers to reduce their costs and improve their profitability. Therefore we would see an undermining of publishers' ability to use revenue from overseas books to which they hold Australian rights to cover their common costs. Reducing profits from overseas books reduces overall profitability.
- There would be an increase in risk to Australian publishers. Publishing is a gamble, where publishers cannot be sure in advance how well any one book will sell. The successes help pay for or cover the costs of the failures. Without the rights to publish successful international authors, publishers will have to reduce the risk in other ways – dropping unknown local authors or specialist titles. Therefore opportunities for Australian authors would be reduced. New talent would likely remain undiscovered. And Australian material for the Australian public would largely be replaced by foreign imports.
- The investment in Australian publishing and infrastructure would also be reduced by the lack of security publishers would face with a limited 12 month copyright period. When revenue is lower, investment must be lower too. When security is limited to 12 months, investment is lower or non-existent. Publishers' willingness to invest when faced with greater risks and reduced security – no or limited copyright protection – would have a dramatic and devastating effect on an industry that is doing well for all concerned, including Australian readers, under present conditions. Let's face it, investment needs some degree of certainty, in that publishers actually have to have the rights to books. No one can expect them to invest if 12 months later they have no security – rights.

### Backlists and Awards

More often than not, it takes a while for a book or author to 'take off'. Even bestsellers don't usually happen overnight.

Remove the stability provided by the current arrangements and publishers' ability to service retailers and the public will suffer.

Authors are more practical than the Productivity Commission Interim Report suggests. Authors are unlikely to write a book with the idea of overnight success as a goal. No, we are more practical and think in terms of longer, ongoing success. Now, we're being penalised for our ambition and desire to create something that can have a longer shelf-life in our own country.

Awards, such as those of the Children's Book Council of Australia or Premier Awards, happen long after a book is first published. The announcement of the CBCA awards usually happens after a book has been in print for 12 months. The Productivity Commission's Interim Report is thereby suggesting that local authors and local publishers shouldn't be allowed to recoup and enjoy the rewards of an award-winning book, that these rewards should be opened up to the overseas market. This suggestion doesn't make sense.

Authors and publishers who initially invested in a book that goes on to win an award and becomes an important aspect of a backlist should not be penalised by the limited 12 month copyright protection. Is the industry going to be punished for its success?

Backlists are an important part of publishers' revenue. Without backlists to provide necessary revenue, how are publishers expected to survive?

Educational and children's books require life-cycles of many years and both involve investment in teaching aids, which could not be recouped in a 12 month period. For example, most of my children's books are sold into the educational market. And most of these books are still selling 9 years after first publication. If copyright protection was limited to 12 months, it is hard to imagine these books still having an Australian life 9 years later. If we take this thought a step further, it is only the 9 year cycle that makes the writing of these books a worthwhile experience. If limited to 12 months and the few hundred dollars I might make from a book in that period, then I would have to seriously re-think writing a book. The hours that go into creating an original draft, then the many subsequent drafts, wouldn't make this a viable option. Despite the 'joy of self-expression' cited by the Productivity Commission, a writer still needs to live, eat, pay bills, and earn a few hundred dollars before the death of a book – or at least the writer's Australian royalties on a book – would force many writers into day jobs instead of writing careers.

Back lists and ongoing, long-term sales are vital for writers to survive.

#### Australian Market and Children's Books

Children's books would be hard-hit by a 12-month limit to Australian copyright. These books often involve lengthy development, including both author and illustrator, and expensive colour printing. Therefore a long shelf life is needed to recoup this investment.

Many children's books, such as *Possum Magic*, were released decades ago and still remain popular today. Yet, under the Productivity Commission's recommendations, all that investment would be worthless because anyone could print pirate editions and sell them into Australia. The incentive for the author, illustrator and publisher to produce these Australian books, only to see them 'stolen' by anyone 12 months later, would be greatly, if not completely, diminished.

Much is spent on the music and film industry, and in their policing and conviction, to prevent piracy. Now, the Productivity Commission is suggesting we open up the book market to similar problems. Who will spend this money on stopping piracy? The author? The illustrator? The publisher? Or will it become another burden of the Australian Government?

And what about our Australian identity? At present, when our Australian books are published in the US they are rewritten to suit the US market. Australian words, names, places, settings, even entire plots need to be restructured for the US. If these books are then imported into Australia, we'll find ourselves inundated with more American than Australian. 'Mum' will become 'mom'. 'Tap' will become 'faucet'. I could go on here but the point is that the Government is apparently actively encouraging Australian books for Australian children on the one hand then, on the other, creating an environment where investment in Australian books would be greatly reduced.

The Productivity Commission is suggesting we open up our market to overseas books by removing or limiting Australian copyright. Therefore they are suggesting we remove or limit our Australian culture.

No one in the UK or USA is going to write a book that is essentially Australian for an Australian audience. If not our own industry, then who will produce these books?

Many independent booksellers are against the move because in spite of the fact it has the potential to increase their income, they are worried about the quality of books that will flood the market, the possible decline in the depiction of Australian culture, and the decimation to the publishing industry.

### Artists' Income

Publishing is already an unfair playing field. The writer, without which there would be no book, receives the smallest portion of the income "pie". Writers of adult fiction can hope for a 10% cut of their own book, whereas writers of children's books are lucky if they receive 5%. Yet, the government now expects writers to take an even smaller portion of rewards, less than 10% or 5%. What next? Will be soon be asked to work for nothing? You can't go much lower than less than 10% or less than 5%.

One would assume that booksellers love what they do too. Surely, they're not just in it for the money? Then why are writers expected to work "for the joy of self-expression" and reduced financial rewards, when no such expectation is made of the bookseller? Why doesn't the bookseller work for the "joy" of it, instead of changing the "rules" so that booksellers can make more money?

One would assume that politicians gain "joy" from their jobs too. How many politicians would continue to work if they were told that their main reward from their jobs is going to be psychic from now on, as opposed to financial? Wouldn't paying your bills with psychic benefits be a fun challenge for you? Perhaps the booksellers would like to try paying their bills in this way too.

This psychic benefits argument must be one of the most ludicrous I've had the misfortune of hearing. You have to be kidding, right?

In my first submission to the Productivity Commission, I pointed out that I receive 5% of the recommended retail price of my Australian territorial books. This is a small amount but it is huge compared to the amount I receive on copies of my books published in foreign countries. Overseas royalties are barely enough to feed my dog, let alone pay all my other living expenses. I can only assume the Productivity Commission would suggest I get rid of my dog, before they would admit that writers earn most of their income from Australia and are basically sweat-shop labour when it comes to overseas versions of their own books.

### Hypocritical Protection for Retailers

I've done my homework, as the Productivity Commission should have done theirs, and learned that booksellers are protected from direct competition, in a way that parallel import laws currently protect artists and publishers.

Let's take Dymocks for example. If you own a Dymocks store in a retail shopping mall, the centre management won't permit another Dymocks store to open within the same centre in direct competition. Obviously it makes sense to place these limitations on a retail environment. Who would want to own a Dymocks store if another one could open up in the same shopping mall or even next door? The second shop would be in direct competition and would take your sales and reduce your profits.

Doesn't this sound familiar? This is exactly what Dymocks is suggesting should be the situation for writers and publishers. Clearly they don't want a similar situation for themselves but it's all right for writers and publishers because it doesn't take sales away or reduce profits for Dymocks. Who cares about the poor writers and publishers? Not Dymocks apparently!

While operating under their own protection against direct competition, the Coalition For Cheaper Books is campaigning against removing similar protection from writers and publishers. Of course, Dymocks wouldn't reveal this truth to the public.

Hypocritical or what?

### In Closing

Why is the Australian Government allowing a group of retailers to undermine their decisions on what is best for the country? Do these retailers know better than the government, who is meant to have the entire country's best interests at their core, in contrast to the retailers who are driven by their personal profit margins?

I repeat: parallel import restrictions and Australian copyright protection were established because the government deemed these rules to be in everyone's best interests. These decisions are never made lightly or on a whim. Are we meant to believe now that these decisions were a mistake and are actually detrimental to Australia? Of course not!



I, for one, do not want the decisions of our country made by the likes of Coles and Woolworths. I know for a fact that my best interests will be sacrificed for corporate profit. I only have to go shopping to have this belief confirmed for me. As a resident of Australia, I would like the government to stand up for my individual rights and the country as a whole, instead of allowing us all to be sacrificed to a small group of retailers who have their self-interests at heart.

I've always been proud of Australia and my heritage. It's a shame that I'm completely at a loss to explain why we are even having this debate. At the moment, I struggle to feel proud of a country that is so hell-bent on destroying a successful part of the arts industry and everyone involved. Especially when other countries, such as the UK, USA and Canada, wouldn't dream of taking such an untenable position as that of the Productivity Commission.

Right now, I'm ashamed to be Australian.