

16 April 2009

Parallel Importation of Books  
Productivity Commission  
GPO Box 1428  
Canberra City ACT 2601

Dear Members of the Commission,

I write to you again as a small independent publisher with 25 years experience of publishing children's books for the Australian market – this time with more trepidation and a great deal of disappointment after reading the findings and recommendations of your March 2009 Discussion Draft.

The concept of limiting Australian territorial copyright to the first 12 months of a book's life seems to me to be both pointless and illogical. For those who hoped to gain from the abolition of the PIRs, the 12 month moratorium will be less than satisfying. For those who anticipated the maintenance of the current legislation, there is little to look forward to but instability and insecurity.

In the last round of submissions, Australian publishers argued among other things that the introduction of the 30/90 day rule in the 1991 Copyright Act had:

- ensured that Australian consumers could obtain books at virtually the same time as anyone else in the world;
- enabled indigenous publishing and distribution companies to participate in and profit from the distribution and sales of overseas titles in their market;
- protected Australian publishers and creators from the prospect of Australian-created titles sold to overseas publishers and distributors through rights agreements, being dumped back into the Australian market;
- fostered healthy competition among both small and large Australian publishers, as well as overseas companies, for the publishing dollar in this territory;
- provided booksellers and wholesalers with a mechanism to access titles from overseas in the event that publishers failed to supply those titles to Australian consumers;
- encouraged a period of unprecedented growth and optimism in Australian publishing.

The initial motivation for review of the PIR legislation was undoubtedly related to the cost of books in Australia and was instigated by booksellers. The Draft Discussion paper has failed, in my view, to come to any viable

conclusion on the matter of whether books are more or less expensive in this country. And yet, despite that, the members of the commission seem to be intent on altering the current legislation without a view to the consequences. This is not so much a matter of tinkering around the edges while Rome burns, as one of igniting the fuse.

Australian Publishers benefit from the current PIRs in two ways:

- by importing books under the umbrella of territorial copyright for exclusive sale within the Australian and New Zealand territories
- by exporting books under the same legislation for exclusive sale within those overseas territories

Both activities generate valuable income.

It goes without saying that those publishers who take risks and do both have the most to lose from the proposed changes. And those that concentrate entirely on their own market and do neither of the above have nothing to lose.

Above all, this is the saddest endowment of the Draft Discussion paper. Where else in the history of Australian industry and the nation's economy are manufacturers actively discouraged from exporting their goods to the rest of the world? And/or engaging with overseas colleagues to ensure consumers are guaranteed prompt delivery of the latest products from around the world?

As the sole employee of a company that publishes 6-8 books a year, I cannot say that the lifting of PIRs will result in the loss of tens of jobs to my company. But in the 2007/2008 financial year WTP paid more than \$50,000 to freelance editors, designers, typesetters, publicists, photographers, and pre-press printers in my home state of South Australia. WTP also issued advances and royalties of \$186,000 to authors and illustrators for Australian originated titles sold in Australia and overseas.

For a range of reasons WTP does not import titles from overseas, but it does rely strongly on income received from overseas rights sales. In 2007/2008 WTP's rights income and export sales (\$157,000) amounted to 26% of its total book sales and rights income.

If it is true that WTP is one of many small and medium publishing companies throughout Australia, then it must also be acknowledged that any reduction of income to such companies will have a knock-on effect for creators, freelance editors, designers, printers, production houses, etc.

As a children's books publisher, WTP invests a great deal of time and money in the production of quality picture books. It is not uncommon for a book to be three years in the making, during which advances of several thousand

dollars, not to mention editorial, design, production and printing costs, can be tied up before any income is earned from sales.

Very few of these books earn back their income within the first twelve months of release. Australian children's book publishers rely on a cocktail of sales to individual consumers, schools and libraries (via bookshops, chains, bookclubs, and school suppliers) to reach their target audiences, and must often wait for an extended period of time for this to occur. High profile events and initiatives such as the Children's Book Council of Australia Awards and State Reading Schemes help to boost the sales of some selected titles. But it is not uncommon for most children's books to earn any real return until after the initial hardback or trade paperback edition has been sold through.

Needless to say a rights sale can be a handy adjunct to a book's viability in the first year or so of its life, and offers extra earnings to the creators of those books.

In a curious twist of fate, the Commission's proposal of lifting of the PIRs 12 months after publication could work dramatically against children's book publishers. If, for example a children's publisher is successful enough to produce a title that is taken up by an overseas publisher some months into its first year of publication, and that book is shortlisted for the Children's Book Awards in the year following that book's publication, it is highly probable that the Australian booksellers could source those books from overseas for reasons either related to price and availability, and the income from those sales would be lost to both publisher and creator. The same, of course, would apply to publishers of adult titles shortlisted for any number of the prestigious Australian awards.

WTP sees the responsibility of looking after its creators and their works as one of its mandates and works hard on their behalf to seek out new and additional territories.

At a time when the market for children's hardback picture books in Australia is shrinking and picture book publishers are being forced to accept lower margins to offer their books at attractive price points to Australian consumers, it is ironic that the doors to two of their most significant sources of income – import and export - are in danger of being closed.

Yours concernedly

Jane Covernton  
WORKING TITLE PRESS