

16 April, 2009

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

Dear Commissioners

Better Read Than Dead is an independent bookstore that has been operating in Newtown for the past thirteen years. During that period we have been recognised both locally and nationally for the quality of our customer service and contribution to the community. We are compelled to make this submission as we believe that your proposals will tear apart the fabric of the independent bookselling community and could well spell the demise of community bookstores such as ours.

We believe that independent booksellers are an integral and vital part of the communities we serve. We offer advice and recommendation which the chains, and certainly the discount department stores, do not; we connect with our community through vibrant author programmes and annual iconic events such as the Newtown Festival; and we give back to the community through school prizes, support to charities and to local business through the Newtown Precinct Business Association. We further support the community through the employment of our booksellers, all of whom live within walking distance from our store and many of whom are students funding their education. We contribute both local and federal taxes.

In the overview to your draft recommendation you correctly point out that Australians are avid readers of books. The booksellers of Better Read Than Dead are also avid readers of books. More than that, we are passionate about books. We live books; we breathe books and are at our happiest and most productive when we are talking with our customers about books. Without independent booksellers there would be no Harry Potter as it wasn't until the third book in that series that the chains and DDS's became aware of the series. Independent booksellers create new authors, we break them out, and along the way we contribute 20% of that market you have identified as \$2.5 billion per annum.

Whilst we acknowledge that the existing Territorial Copyright system is not perfect, we believe removal of the PIRs will directly threaten the viability of our bookstore and have a catastrophic effect on industry as a whole.

Your draft submission has noted that if the PIRs were to be lifted, there would be less independent bookstores. During the 1980s and 1990s in America, the chains aggressively attacked the independent bookstore, using their greater purchasing power and predatory pricing. In 1991 the American Independent stores had a 32.5% market share. By 1997 it had plummeted to 17% (source: Reluctant Capitalists - Laura J Miller) and today is generally regarded as less than 10%. This focus on publishing and pricing for the discount end of the book market, and the subsequent demise of the American Indies has left behind a retail market of bland big-box stores with heavily discounted front-list and little regard for the community in which they operate.

In this country independent bookstores are already under threat. The Americans refer to us as the 2% business, this being the net profit we produce on average each year. This figure was supported by the latest industry survey, (now over five years old) where 1.5% – 2.5% profit was the average for Australian

stores. Obviously it doesn't take much change to go from a 2% profit to a loss, and we would submit that there are a number of independent stores who are barely making ends meet. Many of these operators are in business because of their love of the book, their love of the industry and their love for their customers. In any changed environment these will be the first casualties and yet in some ways they contribute the most to the culture of bookselling.

We submit that your proposed changes will not lead to cheaper books. The price difference between local and overseas markets is dependent on the relationship of the \$A to the \$US. When the Productivity Commission began its investigation the \$A was valued at upwards of US96c and parity was widely predicted. With the \$A at this level, importation of books from the US is a very attractive proposition. This importation is less so when the dollar plumbs the depths of the low 60c area, as it has since this study was commenced. We agree with the Commission that when the long term view is considered and average exchange rates over a ten year period is taken into account; the price difference between local and overseas markets is effectively zero. We have read the numerous price comparisons that were included with the original submissions and suggest that they only support the old adage that statistics can be used to prove anything.

If the PIRs were to be removed, we do not believe that stores like ours would sell more books, nor would we necessarily sell cheaper books. The chains and DDS's who support this proposal have the resources to station a buying officer in the USA to directly resource titles from the publishers there. We will be left to buy from a diminished Australian publishing sector, which will offer less in the way of trading terms, support through author visits and events which broaden and add value to the reading experience, co-op for advertising and marketing, and representation. Specifically we believe that the without the protection of Territorial Copyright publishers will move from the one single factor that makes the industry so vibrant – ie sale or return – to firm sale. Publishers will print fewer books and independent stores will sell fewer books. What is likely is that with only a 12 month window of opportunity available to them, publishers will increase the price of their front list to maximise their return on their investment during this period. Books may well become more expensive, not cheaper.

We believe that a publishing sector without the certainty that PIR provides will offer less range to booksellers and therefore to the consumer. We believe that without the profitability that PIR provides publishers will be less inclined to invest in risky and literary authors. And we believe that fewer and fewer new Australian authors will be published resulting in less choice for the consumer. Is the benefit of buying Dan Brown at \$15.00 worth the cost of an author like David Malouf never being published?

In conclusion we ask that the Commission considers the following:

- That the ABS be asked to update the results of their 2003-04 survey that the Commission and the Industry has quantitative research information available.
- That the 30day/90day rule is replaced with 7/30 and other supply chain improvements be examined.
- That the cultural loss to the community of the closure of independent stores be considered fully.
- That any further round table discussions be fully inclusive in terms of independent bookseller participation.

In America at the end of the last decade, the move to a discount, price focussed retail bookselling model caused the demise of some truly great independent bookstores including New York's Shakespeare and Company, Albuquerque's Salt of the Earth Books and Chicago's Kroch's & Brentano. We ask the

Commission fully considers the implications for the readers of Australia if, after their recommendations are implemented, the casualties were to include Brisbane's Riverbend Books, Sydney's Gleebooks or Melbourne's Readings. Would it all have been worth it just for a few cheaper books?

Yours sincerely  
DEREK DRYDEN

Better Read Than Dead