

Dear Commissioners,

We are appreciative of the interest the Commissioners have expressed in the publishing industry in the draft discussion paper. We have, however, a number of concerns about the discussion paper.

We believe that the discussion draft has highlighted that there is insufficient data available on which to make a decision and that any such decision should be made in the context of a properly constructed industry plan, that would defend and drive the creation of Australian copyright. At risk is a successful and dynamic creative industry.

The Productivity Commission has proposed that there be a shortened period of PIR protection, that the period of PIR protection be limited to 12 months. We believe that in particular there is insufficient data available to specify a time period for PIR protection should a data analysis suggest that a reduction in PIR production would be appropriate.

We are concerned that, as the Productivity Commission has correctly identified, that removal of the PIRs will mean a contraction in the publishing industry. This contraction is most likely to happen in the most vulnerable parts of the industry, the children's and the independent publishing sectors. Both sectors are already being squeezed by the current economic contraction.

The children's sector is a low margin part of the industry, with costs comparable to adult books but a cap on the price that can be charged as a large portion of consumers are children with limited income at their disposal. Children also read a great deal and the reading habit is highest among primary and middle school students, so parents often buy children's books several at a time, which increases the buyer's sensitivity to price. The adult buyer is also not as sensitive to the value of the book being purchased as the intended consumer. There is an expectation from adults that children's books will be cheaper than adult books.

Children's books demand a high investment in time and resources, in the writing, editing, design, and book production. It is a highly innovative, experimental and "playful" sector of the industry, sometimes unconsciously so, whether in terms of narrative or in terms of the final product and the integration of the form and content.

It is widely assumed that children's books are easier to write than adult books, while in fact the reverse is true as the author or illustrator has to put themselves into the mindset of a reader who is at different stage of development to themselves. It is our experience that the fewer the words the more difficult they are to get right. We receive many unsolicited manuscripts each week and most fail at the first hurdle as they are written down to the reader from an adult perspective. The same demands are placed on the illustrators and designers of children's books. Children have specific age-based and personal tastes that are not those of an adults.

From our point of view, as a representative of the children's publishing industry, that much of the debate has been framed around the idea of an adult work of fiction or nonfiction text printed in black and white. We are concerned, for example, that there has been an assumption that the 90 day reprint rule has been made irrelevant by changes in technology. With the high proportion of colour in children's books and the low price points, it is necessary to print children's books in China or South-east Asia, and it takes that period of time to print and import a reprint of a picture book, especially if it has unique printing features. We draw the commissioners attention to the points raised by Dyan Blacklock in the Omnibus submission (no 173).

Children's books have three particularly important aspects:

- (a) long time span of influence (and therefore much of the value is not captured in the initial price).
- (b) a subsidy of this long-term benefit by the creators (authors, illustrators and publishers) who accept lower incomes in a belief in the long-term values of what they are producing for today's and for tomorrow's children.
- (c) The long time-frame for a return by the creators, whether it be an author, an illustrator or a publisher.

It has been suggested that the first victim of a repeal or reduction of the period of PIRs would be the much-valued form of the children picture books. Given the small scale of our market, and a general downward pressure on prices, the Australian children's picture book — written and illustrated by Australians on an Australian subject — will disappear. Due to the high costs and small initial runs of these books, these books are sensitive to changes in the market. It is a very rare picture book that gives anything like an adequate return to the illustrator. Yet the consumer already perceives these books to be priced expensively and they are currently supported by awards and by the education market. As trained librarians, who appreciate the literacy values, the teaching opportunities and the long-term cultural benefits of these books, are disappearing from our schools these books are already under severe pressure.

This is the form in which children first encounter a book. Children will learn to read more quickly and with greater understanding if they are reading about what they experience in their day to day lives and what they see around them. Any diminution of the Australian children's publishing industry is an attack on literacy and will incur higher costs elsewhere in the economy.

One area of children's books that Australia has excelled in is the production of independent readers. These are the books that early readers use in the classroom and are brought home at night. There is a considerable overlap in the trade and education in this area with individual "trade" books being used in the classroom and trade publishers producing series of readers, such as Toocool, Solos or Aussie Bites. Some independent publishers, such as Era Publication, publish both trade and educational readers. And there have been a number of

other successful independent publishers, including Eleanor Curtain and Blake, who have built very successful export businesses, and larger publishers such as Cengage and Pearson have also built substantial businesses in this area.

Australia has been very successful in the production of readers and reading programs, and a world-class export industry has been built. At one stage it was estimated that at least half the readers in the US primary market had originally been created by an Australian or New Zealand publisher. These books are also sold widely into non-English markets to be used as readers in the teaching of English. A reading program requires a high initial investment by the publishers and a return on that investment depends on a long life cycle and success in selling rights to a large number of markets. Without the protection of PIRs that investment is put at risk, as these books can be re-imported back into this country, either as de-specified editions, or excess from overseas printing, to compete against the Australian's publishers own edition.

This industry also supports a thriving pool of energetic and creative authors and illustrators. If the investment by publishing is reduced because of the increased risk due to the reduction of the period of protection or the abolition of the PIRs, then the work available to this pool of authors and illustrators will shrink, their income will shrink and the numbers of children's authors and illustrators will shrink. Many authors and illustrators balance the more secure income from commissioned work for the publishers of independent readers with the riskier, but in the long-term potentially higher, income from a trade picture book or chapter book. Independent readers are also a training ground for new authors and illustrators and added to the vibrancy of the Australian publishing industry. This allows for a creation of a critical mass of authors and illustrators, and an active Australian children's publishing industry and increased professionalism

A large number of authors who write readers made submissions to the Commission. I would draw the Commissioners attention to the submission by Rod Martin of Era Publications, who canvasses many of the issues raised here, issues that were not addressed in the Draft Discussion Paper.

I would note that the Draft Discussion Paper largely overlooked the issue of the incomes of authors and illustrators, especially the incomes of children's authors and illustrators, which have always been historically low. These authors and illustrators are committed to what they do because of the long-term benefits they believe their work brings to our community, in terms of reading, literacy, ideas and a sense of community.

We're concerned that changes to PIRs will curtail the access of independent publishers to adequate distribution and place us at yet a further competitive disadvantage.

The proposed twelve month time-frame will increase the emphasis on the short term stock-holding in the industry (with short and shorter stock cycles) and on bestsellers and on established authors. It will favour the front list at the expense of the mid-list, and accelerate the decline of the mid-list, from where many of our

finest writers have come. Publishers will gamble on the new and back the established, but those in the middle will be abandoned.

We wondered why there was not further commentary on the Readings/Gleebooks proposal as we see the purpose of the Australian copyright laws as the generation of Australian copyright.

We believe that, because the margins are less in children's publishing, because the sales cycle is a long one, because there is a higher investment in cultural externalities (less of the long term social, community and cultural value is built into the selling price) and because the Australian children's industry has been successful in selling rights overseas and children's stories travel well, changes to the PIRs will devastate our industry, with long term costs to our collective Australian self-esteem, identity and economy in the short and in the longer run.

Yours sincerely,

Andrew Kelly on behalf of black dog books.