

Books: why an open market is not the answer

Writers, retailers and publishers don't deserve this renewed pressure for a "free for all" in book publishing, and there is no benefit for the Australian consumer, says Peter Field, managing director of Penguin Books Australia

As 2000 dawns, Sydney will host the Olympics; our leaders will introduce the GST; and if I'm a decent judge of aspiration, the Howard Government, Professor Allan Fels and remainder dealers will embrace the introduction of parallel importation for books. If only it were that simple.

All of us are experts in hindsight, but most industry participants now view the PSA inquiries and the changes made to Australia's *Copyright Act* in the early 90s as beneficial. Major books are available within 30 days of overseas release, Australian retail prices are among the lowest in the developed world, retailers are confidently investing in large and modern bookshops, better funded and more effective marketing is commonplace, while Australian writing and publishing is thriving domestically and internationally. Australian printers are winners, as books can't easily be shipped from Northern Hemisphere markets and effectively published within 30 days. The "C" large paperback format has been developed to give Australian consumers a timely and cheaper edition ahead of the rest of the world. Currency fluctuations have had less impact on local prices, as publishers cushion the Australian book buyer from the full cost of our weaker dollar. The Internet retailer now gives book buyers an alternative source and publishers are airfreighting more than ever before to plug gaps in local stocks.

Inevitably, an open market would mean less fiction published by Australian companies. Our bigger authors would be the first tempted overseas to be handled by editors in London, New York or any other publishing centre operating under First World copyright regulations.

If copyright law is further changed, local distributors will be forced into a commercial response. Already, if Australian rights have been lost under the 30-day rule, as not every book sells here in print-run quantities, and retailers can order individual copies against a customer's request, it is difficult to assess the size of the market. Meanwhile, retailers have introduced computerised inventory control and understandably want just-in-time ordering and delivery to support that investment. It is hard to marry these conflicting objectives but most industry participants do their best to overcome this challenge and the Australian book buyer finds a wide range of books at excellent prices in a variety of first-class outlets. Writers, retailers and publishers don't deserve this

renewed pressure for a "free for all" and I cannot see any benefit for the Australian consumer.

What is it that the government and the Australian Competition and Consumer Commission can't understand? Don't they appreciate that our writers and editors are creating books to be sold and read all over the world? Copyright-related industries are now major contributors to economic growth in many countries. Many people argue that those nations with the strongest intellectual property regimes have the brightest future. Australian publishers and agents buy and sell copyright licences on the world stage. How can they trade when their own country places no value on a territorial licence? Why should anyone attempt to sell U.S. or U.K. rights for an Australian book if it can be remaindered by the overseas publisher and find its way back to this country? The author receives no royalty and the dumped books suppress demand just when the title is settling down to a backlist life and every copy sold helps to build the reprint quantity. For some books it will be a death sentence.

Australian fiction needs what exists today: talented writers supported by a vigorous publishing industry, paying full royalties and staffed by world-class editors and designers. Inevitably, an open market would mean less fiction published by Australian companies. Our bigger authors would be the first tempted overseas to be handled by editors in London, New York or any other publishing centre operating under First World copyright regulations.

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So when the Melbourne County Court ruled in 1994 that Heather Parker, the former prison officer convicted of helping her inmate lover escape from jail, must forfeit \$42,000 paid by *Woman's Day* and Channel Nine for her story, a nasty precedent was set.

The selective prosecution of Parker meant that no more should anyone tell the inside story of how an escape was hatched, a system beaten and how police were evaded - all matters that are clearly in the public interest. To seek to censor them is both repressive and unhelpful. And this selectivity raises key questions: Where is the line drawn? And who decides where the line is? Do you allow a poet who is jailed to write about his experiences in prison, but prosecute a child killer who recounts his memoirs? It is a position fraught with danger.

The answer is to scrap the legislation and let the market decide. A child killer's memoirs is unlikely to be a commercial proposition, let alone mentioning the negative impact such a payment would have on the credibility of any media organisation.

The most troubling concern is where the application of this legislation goes next. What happens if there is more enforcement that eliminates crucial information about the operation of prisons, corrupt police and crime? In 10 years, would the publication of books such as *Neddy* and *Never Give Up* be off the agenda because the would-be authors are unwilling to go unpaid and have to fight their cases in court? This legislation threatens some vital aspects of free speech in our society. <

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The publishing contract may stipulate full royalties on Australian sales, but how could that be policed? U.S. wholesalers provide U.S. publishers with details of books sold to foreign markets in return for extra discount. The U.S. publisher can then trigger the export (lower) royalty clause and force the author to effectively subsidise that sale. Call me pessimistic, but I don't believe a publisher in New York will have the development and promotion of Australian writing as a prime objective.

One of the matters for judgement in the earlier PSA inquiries was a measurement of the "value added" by Australian publishers and distributors. It is useful to apply the same criterion today. Confident that timely Australian release will give it access to the bulk of potential sales, an efficient publisher has the commercial incentive to "add value". Retail customers are visited by sales representatives many weeks ahead of publication, shown covers and/or finished books and always presented with marketing plans funded by the publisher. New books arrive freight free, on sale or return, and often supported by merchandising material. The publisher organises book reviews, advertising and author promotion when the book is released to drive buyers into bookshops.

Increasingly, retailers are loath to order enough books on publication to match the representative's advice and enthusiasm, preferring to re-order from the warehouse if a book starts to fly. Publishers and distributors need sales revenue to fund investment in technology and systems, whether for the warehouse or editor's desk. As retailers embrace technology too, they are looking to pass costs, stock man-

agement and service requirements such as JIT back up the value chain to their supplier.

Some economists, certainly those driving the calls for an open market, claim that the more sources of supply, the greater the competition and the lower the potential cost. But they don't understand the likely impact on Australian writers, publishers and, ultimately, retailers and consumers. Prices won't fall for editions other than remainders and, possibly, U.S. mass market paperbacks that don't require local promotion. Some retailers assume that if the rules are further changed, publishers won't again be forced to react. Any business needs profit for investment and shareholder reward.

If Australia ceases to exist as a copyright territory, publishers and distributors will no longer be able to assess the potential of the market. Marketing support will be diluted or abandoned, local stocks will be cut back further, and sale or return on new books will be impossible to sustain. And I don't even want to contemplate the effect on employment throughout the industry. Overseas suppliers will be delighted to take firm-sale orders unencumbered by the costs and responsibilities currently provided by companies like Penguin Australia on behalf of its writers and agencies. They are keen to become "free riders", eager to exploit Australia, yet unable and unwilling to provide service to retailers or lower prices to consumers.

Remember that line "I'm from the Government and I'm here to help you?" Well, the present Government cares about book prices so much that it is going to impose a 10 per cent GST. Who's kidding who? <

Peter Field