

I have read the productivity commissions' draft report and it is full of generalisations and assumptions and lacks any real analysis of what affect their recommendations will have on the publishing industry, including authors, publishers, printers and booksellers. The report bundles up IP, Patent and Copyright and treats it as the same thing but it is not.

The report from the outset sounds like the commission had already decided what recommendations they were going to make before they started it and then found sources which backed those recommendations.

- **Page 5 of the report quotes Joseph Stiglitz to justify their recommendations:**

*... a poorly designed intellectual property regime — one that creates excessively “strong” intellectual property rights — can actually impede innovation. ... Knowledge is the most important input into the production of knowledge. Intellectual property restricts this input; indeed, it works by limiting access to knowledge. (Stiglitz 2008, pp. 1694, 1710)*

Joseph Stiglitz is an economist and academic who has written numerous articles arguing this view. The commission must have liked his position because they quote him at least 6 times in their justification of their recommendations.

A quick Google search, however, can find many other economists who refute his opinion. See the below link to an article in Forbes also written by a respected economist who suggests Stiglitz's position is wrong.

#### **Joseph Stiglitz Is Wrong On IP Protection And The Trans-Pacific Partnership**

By Robert Atkinson, Michelle Wein and Stephen Ezell

<http://www.forbes.com/sites/theapothecary/2015/02/17/ip-protection-access-to-medicine-is-important-but-so-is-its-continued-improvement/#4b34384763c4>

- **I think page 16 section 4 is the most telling factor showing this is a biased report. The heading is titled 'Copy(Not)Right?'**

This sounds more like an open market economist lobbying government for a change in legislation rather than an impartial body investigating an issue and putting forward a valid argument and recommendations. This heading alone makes the entire report's recommendations suspect.

- **On Page 17 of the report it states:**

*'The evidence (and indeed logic) suggests that the duration of copyright protection is far more than is needed. Few, if any, creators are motivated by the promise of financial returns long after death, particularly when the commercial life of most works is less than 5 years.'*

Again where is the evidence to support this statement? It does not take into consideration the longevity of the written word. The Game of Thrones books sold 188,582 copies (Source Nielsen Bookscan) in 2015 alone. These books were written in 1996, 1998, 2000, 2004 and 2011. Based on this comment the author shouldn't expect any income from these works? I chose this series because it has a high profile but could have cited hundreds of other works that were written decades ago and still sell today. So this statement is a generalisation and is not based on fact. It is based on assumption. Do we want to change legislation based on assumptions?

- **Page 86 of the report states:**

*'The Commission's report on Restrictions on the Parallel Importation of Books similarly concluded that Australians were paying more for books than their overseas counterparts. The Commission*

*examined book prices over a two year period, matching over 900 titles across Australia, the United States and United Kingdom. It concluded that while price comparisons differed across titles and were influenced by the exchange rate, it was clear that, but for the parallel import restrictions, Australian booksellers could have obtained and shipped many titles to Australia for significantly less than they are currently charged for by Australian publishers (PC 2009b, p. XVIII).'*

This data is 7 years out of date so has no relevance to an argument made in 2016. It also lacks a clarification on what you are comparing. Are you looking at the recommended retail price? Are you looking at the average sell price? Are you comparing the same formats with the same production values? This should have no relevance to the debate as recent price studies conducted refute this statement.

- **Page 97 of the report states:**

*'Despite claims to the contrary, the size of an industry is not evidence of efficiency or effectiveness because it does not indicate whether resources used in the production of creative goods and services could be more efficiently allocated elsewhere in the economy.'*

This is ludicrous. The size of the industry contributes to the general revenue, due to taxes paid from the production and sale of the products. This also implies, for instance, that if Australian printers weren't employed to print books then they could be used to print something else? The general supply and demand rules of economics would suggest that if there were more capacity for more resources, such as printing, someone would fill that capacity.

- **Page 109 of the report states:**

*'Transformative works — works that use existing material to create new original works — have existed for centuries. For example, Shakespeare's plays were derived from Greek tragedies, and many Disney films are based on The Brothers Grimm fairy tales. .... (Suzor 2006).'*

This may be true but the current copyright laws would apply in both instances as the authors were long dead when their works were used.

- **Page 114 of the report states:**

*'literary works provide returns for between 1.4 and 5 years on average'.*

Again where is the analysis that backs this up? I work in publishing and it took me less than 5 minutes to work out that if the government were to take the recommendation to move copyright to 15 – 25 years from publication that it would have cost Australian authors nearly \$450,000\* in royalties for their sales in 2015 alone. It is just a generalisation rather than a true reflection of the damage their recommendations will do. \*based on 10% royalty of RRP on sales of \$4.5M of Australian authored titles in 2015 published 15 years ago or older.

- **Page 117 of the report they states:**

*'The major beneficiaries of previous retrospective terms were creators estates and corporate rights holders'.*

My comment to that is why not? If I own a house I expect that when I die it will pass to my children. Based on the above comment that house would become public property. I would suggest that every parent would expect their children would benefit from their life's work so why are authors any different?

- **Page 129 the report states:**

*'By raising book prices, PIRs adversely affect Australian consumers with little or no change in the incentives for producing works by authors (notwithstanding claims to the contrary). Numerous reviews, including by the Commission and most recently by the Harper review of Competition Policy, have accordingly recommend that PIRs be repealed. The Australian Government has recently supported the removal of the restrictions and has agreed to progress this reform subject to the findings of this inquiry (Australian Government 2015a).'*

The government asked Professor Ian Harper, who is a known open market economist, to review PIRs? That is akin to asking a vegetarian to review meat production and make recommendations. The recommendations would always be to remove them. It is not an unbiased view.

### **Summary**

The report, from beginning to end, attacks any submissions from industry bodies that attempt to refute any sources they have used to justify their recommendations or contradict their assertions. The pricing report cited is 7 years old and the commission hasn't conducted a report using current data, so their assumptions are incorrect.

The sources used in this report, for the most part, come from known open market economists. The report ignores the New Zealand experience whereby New Zealand removed PIRs and it led to very little change in prices for New Zealand consumers. They actually have some of the highest book prices in the world. The number of New Zealand books published diminished and it led to widespread job losses in the publishing industry.

The commission ignores that fact that the Australian Publishers Association, The Australian Booksellers Association and the Australian Society of Authors all disagree with the recommendations. These are the three main bodies in the publishing industry who understand how the industry works and know what damage these changes will have on the industry, and associated industries.

The changes recommended by the productivity commission are in fact economic vandalism. They will result in job losses, less diversity in local publishing and lower tax revenues for the Australian government.

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