

This submission responds to: DRAFT RECOMMENDATION 5.2 The Australian Government should repeal parallel import restrictions for books in order for the reform to take effect no later than the end of 2017.

I am an observer of the Australian publishing industry, married to a full time professional writer who has published both in Australia and overseas over a twenty year period. I am writing to suggest that the current parallel import restrictions for books need to be seen in the context of wider cultural considerations than merely the economic efficiency of trade protection. In particular, changes to the publishing industry should be considered in relation to the strategic projection of Australian culture internationally. It is a prerequisite of Australia's competitive advantage that overseas decision makers will have heard of Australia and have at least a rudimentary sense of Australian culture. The bottom line is important, but so is the brand. I am concerned that restructuring Australian publishing may inadvertently damage this brand recognition by impacting on the presence of multinational publishers in Australia.

The main result of a removal of parallel import restrictions will be that multinational publishers will have little reason to remain in Australia publishing Australian titles. This is what has happened in New Zealand (see case study below), and it is likely to happen in Australia too. In the absence of the multinationals, smaller Australian presses, especially University presses, may step into the breach to some extent, but the significant distribution and marketing infrastructure that the larger companies have built up over several decades will be lost to the nation.

For local authors the gratuitous restructuring of distribution in this way will be traumatic. Large publishing companies offer several advantages which the smaller presses cannot match. First, they can pay larger advances. Such advances pay for writing time. They make the working life of authors more stable, since without them, writing becomes at best a paying hobby, squeezed in between work shifts. Second, the distribution infrastructure and expertise of larger companies enables wider distribution of local books, including advertising and marketing economies of scale. Third, the multinationals represent a bridge for local authors to a wider international market.

The lifting of parallel import restrictions will therefore have a strongly negative effect on Australian authors, as the financial and technical support available from the multinationals will disappear. The publishing of Australian stories will return to the way it was before the 1980s: a cottage industry.

Without strong Australian voices and the infrastructure necessary to distribute them in an international context, it will be hard to promote specifically Australian contributions to the world, when such a distinctive brand is no longer recognised.

If there is a concern to make Australian books cheaper for consumers there are two obvious points of intervention that would make a significant difference, other than lifting parallel import restrictions. First, there is a need to address the GST requirements that unfairly penalise Australian book sellers compared with online overseas sellers. Second there is a need to reform the postal system, which currently makes it unduly expensive to post books within Australia in comparison with international mail rates. Reform in these areas would have greater financial impact on book costs than would changes to parallel import restrictions.

New Zealand Case study:

In New Zealand, parallel import restrictions on books were abolished in 1998. This ostensibly made printed books slightly cheaper to consumers than they otherwise might have been. However the main long term effect has been to reduce the number of local book titles available from large publishing houses.

The current poor conditions for local publishing in New Zealand are in no way surprising, since they were already being observed nearly a decade ago. In 2008 the NZ Society of Authors made a [submission](#) to the Australian Productivity Commission regarding the parallel importation of books here. In that submission, attention was drawn to the significant negative impacts of parallel imports: “large multinational publishers have withdrawn their distribution infrastructure in direct response to the market conditions created by parallel imports” (p.2).

Since then, the situation in New Zealand has worsened considerably. By 2013 most of the multinationals had [pulled out](#) of New Zealand, including Pearson Education and Hachette NZ, and the situation was as predicted by Tim Wilson's 2009 IPA [report](#), which claimed the NZ publishing industry was 'dominated by small, New-Zealand owned, publishers' (p.13).

HarperCollins is one of the largest multi-national publishers and it has a minimal New Zealand presence in its New Zealand imprint. Distribution, some editorial and back office work is currently conducted from Australia. The HarperCollinsNZ website says: "Excellence in local publishing remains the anchor of the business in an evolving and exciting publishing world." But in June 2016 the same website advertises only eight local NZ titles as forthcoming across both fiction and non-fiction.

The New Zealand Post Book [Awards](#) (New Zealand's major book prizes) have not been won by a multinational publisher in any category since 2012. In 2016 only three titles by multinationals were even nominated (all PenguinRandom House).

The New Zealand Society of Authors [New Books List](#) shows a very small number of local NZ authors published through major imprints. Many are published via university presses, micro-presses (including Australian small presses) and self-publishing or online ebook publishing. What is now significantly missing is New Zealand distribution infrastructure that would sustain a home grown writing economy, as opposed to a writing hobby.

The New Zealand experience shows that university presses have taken over from multinationals in dominance of the New Zealand publishing industry. The question of why this should be the case needs to be asked. It seems likely either that the industry is surviving mainly because of cross-subsidies from the higher education sector, or that university presses are bearing a large financial burden in order to maintain an essential service for the sector. In any case, the scale of opportunity for publication remains small, [Auckland University Press](#), which claims to be 'New Zealand's leading scholarly publisher', 'currently publishes around 25 books a year'.