

[Received by email 28/6/11]

Subject: Digital Distribution and Video Game Prices in Australia

To whom it may concern,

I have grown very concerned with the video games industry at the consumer level in Australia over the past few years and wish to share my experiences, concerns, and suggestions with the Productivity Commission's investigation into retail performance.

It is widely and frustratingly understood by adult gamers in Australia we are grossly discriminated against when it comes to retail prices on video games (as well as other retail product). Walking in to a common video game store such as "*EB Games*" we can expect to pay at least twice as much as our United States counterparts. Only a few years ago we saw video games breach the \$100 mark in Australia. My personal level of frustration grew even further as the Australian dollar reached parity with the United States dollar and prices here only climbed. *Still* we are being told to pay more than double in retail stores. I should point out this does not just effect video games but also a large range of electronic hardware and computer software. For example Microsoft Windows 7 is twice the price here as it is overseas. The worst part being this includes the digital download versions (which has little associated distribution costs comparatively) which we then have Australian internet data download costs on top of. When companies are making savings by offering products as a digital download I think it is of very poor form to then ask for the same price and not pass on a single cent of savings to the customer.

A newly released title on the latest consoles at "*EB Games*" often comes with the burden of a \$120.00 AUD price tag these days. At best, we might find this for discount at \$89 AUD from the likes of "*Big W*" which thrives on companion sales and likely makes little more than cost price on these products. This is a high price to pay in today's economical context and I have had enough. What is even more insulting is when "*EB Games*" sells pre-owned trade in titles for near-new price. This is also highly deceptive as more video games come with a one-use code for activation of online features which are not included in second hand sales (a direct counter by Publishers to earn a part of the second sale).

Today, I (as have a growing number of like-minded people) am resolved to not purchase another video game over the counter from any retail stores in Australia when it is not fairly priced. Too often this includes newly released titles which I instead have to order from overseas and import into the Country. Further more, it is insulting when video games are modified due to poorly made decisions by the Australian Classification Board and Attorneys-General only to then be slapped with a premium mark up for an Australian only inferior product.

It is by far more economical to pay for the same product and postage to Australia from overseas than it is to purchase a game off the shelf. This should not be the case. Several online overseas businesses have flourished in this environment as Australians dodge the unethical conduct of the suppliers to the Australian region. One need only glance at the pricing offered on sites like www.ozgameshop.com and

asia.com to see why there is a decline in sales growth on the reportedly billion dollar video game industry in Australia.

Australia drastically needs to investigate and expose why Australians are receiving this grievous insult not only in Video Games but across the board in the retail sector. Attempting to impose and enforce GST on imports will have absolutely *no impact* on video game imports. Not only are these operated outside of Australian jurisdiction, a 10% difference is nothing compared to the often 200% price difference we still face.

I see this as a growing issue Australia is facing as more people begin using imports as a first stop than retail. Gamers and younger generations growing up with internet usage as common place is creating a global awareness unlike anything in history. It is not too much of a stretch to see this trend growing into something much more sinister in disguise. As more people use online services - Australian retailers will begin to collapse. There are already indicators of this occurring if you look at the bankruptcy and closing down of hundreds of book stores in Australia. The previously strong Angus & Robertson and Borders chains of book stores are now dying in the erosion from online internet sales. Online stores such as <http://www.bookdepository.com/> which offer free shipping worldwide have been a large contributor to the downfall of this significant retail sector of Australia.

So it is at the same time I import my favoured products at reasonable prices I potentially sign the doom of the Australian retail industry. Not to mention the serious implications this could have throughout the rest of Australia's economy. It is with the serious concern and understanding of the possible ramifications already seen by retail book stores the Productivity Commission should approach this issue. The goal should be reducing the price of products entering into Australia and not increasing taxes on imports. It will be the former which will make a difference.

Lately this issue has caused more frustration and mental anguish for Australians as Australian retailers and / or publishers are petitioning for digital prices to be increased for the Australian market due to their own prices. This cartel like operation is extremely disappointing to see in today's world. There has been several cases of outrage on Steam Community Forums following prices changing after certain infrequent amounts of time. There has even been a website established for the precise purpose of tracking prices of games for Australian regions. See link: <http://www.steamprices.com/au/topripoffs>

I believe there are symptoms among gamer and other communities of a mental health toll placed on Australians resulting from the blatant discrimination against our nation. It is not hard to see within discussions in online communities Australian gamers show evidence of frustration, anger, resentment and eventually depression as reluctant acceptance of the futile situation settles in.

I have attached correspondence I have had with digital distributors and publishers regarding some of the above mentioned issues.

I am happy to provide further information or discuss more over the phone. I hope my message finds you and is coherent enough despite struggling with the mental strains partially contributed by the situation.

I'd thought I'd mention my fiancée's mother has recently been ordering clothing online from overseas to save vast amounts of money compared to the Australian market. Perhaps the clothing chains will be the next bankrupt Angus & Robinson?

Kind Regards,

Gregory Hibbett