

Monday 17<sup>th</sup> November, 2014

Professor Ian Harper  
Chair, Competition Review Panel  
c/- Competition Policy Review Secretariat  
The Treasury  
Langton Crescent  
PARKES ACT 2600

Dear Professor Harper,

**Submission on the Competition Review Panel's Draft Report**

Hachette Australia thanks the Panel for an opportunity to make a submission on the Panel's Draft Report.

There are four recommendations in the Draft Report directly relevant to Hachette Australia:

- (a) Draft Recommendation 7 – that there be yet another review of intellectual property;
- (b) Draft Recommendation 8 – recommending the repeal of section 51(3) of the *Competition and Consumer Act* (Cth) ("**the CCA**");
- (c) Draft Recommendation 9 – that the limited remaining restrictions on parallel imports be removed from the *Copyright Act 1968* (Cth) ("**the Copyright Act**") unless it can be shown "*they are in the public interest*" and "*the objectives of the restrictions can only be achieved by restricting competition*"; and
- (d) Draft Recommendation 26 – that specific provisions on price discrimination should not be introduced into the CCA.

Our detailed comments on the above are set out in the accompanying Annexure A. (We will forward by separate correspondence information relevant to the review that Hachette Australia is supplying on a confidential basis.)

In this covering letter, we particularly take the opportunity to make a number of high-level comments on the Panel's Draft Recommendation 9 – that the existing parallel importation restrictions in the *Copyright Act 1968* (Cth) be removed.

Hachette Australia opposes any such recommendation, and urges the Panel to reconsider this recommendation insofar as books are concerned.

### **Applying the Panel's Terms of Reference to an assessment of the parallel importation provisions**

Hachette Australia notes that the Panel's Terms of Reference require the Panel to examine parallel import restrictions – and, indeed, international price discrimination – “*having regard to the impact on long-term consumer benefits in relation to value, innovation, choice and access to goods and services, and the capacity of Australian business to compete both domestically and internationally*”.

Hachette Australia also notes the Panel's statement that it is looking for “*A competition policy that is 'fit for purpose'*”, and that such a policy would be one that:

- *focuses on making markets work in the long-term interests of consumers;*
- *fosters diversity, choice and responsiveness;*
- *encourages innovation, entrepreneurship and the entry of new players;*
- *promotes efficient investment in and use of infrastructure and natural resources;*
- *includes competition laws and regulations that are clear, predictable, and reliable; and*
- *secures necessary standards of access and equity.*<sup>1</sup>

Hachette Australia supports this view of what competition policy should achieve.

However, in its discussions on intellectual property issues – and in particular, in its discussion on parallel importation – the Panel inexplicably discounts any close discussion of how the above might apply to publishing, and focuses solely on what measures might give rise to lower prices. The Panel then reaches conclusions on price that are not properly supported by the evidence.

In this context, Hachette Australia particularly notes that “price” *per se* is not one of the factors that make a competition policy “*fit for purpose*” and is not the sole criteria by which long-term consumer benefit should be judged. Hachette Australia further suggests that it cannot be within the Panel's remit to make recommendations that may drive lower consumer prices at any cost (including at the cost of a healthy and vibrant Australian publishing industry, currently comprised of almost 200 publishers who are members of the Australian Publishers Association and some 660 book retailers).

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<sup>1</sup> Draft Report at 16.

Hachette Australia submits that the Terms of Reference do not permit the Panel to uncouple the effects of removing the remaining parallel importation provisions as they apply to books from the probable effects on the Australian book publishing industry.

Rather, the assessment of such effects must be integral to the Panel's work if it is truly to be examining the long-term consumer benefits relating to value, innovation, choice and access. There is no long-term benefit to consumers if fewer Australian authors are published, if fewer publishing companies run successful businesses in Australia and if most Australian independent local bookstores close.

Simply to assess – as the Panel apparently does – whether books would be cheaper if there were no parallel importation restrictions at all is (on the one hand) asking the wrong question, or (on the other) having the tail wag the dog, by making an assessment of overall competitiveness of an industry by reference only to a small component part of the complete criteria by which competition policy must be judged.

**The pro-competitive effects of the current parallel importation regime**

Hachette Australia submits that the current parallel importation provisions in section 44A of the Copyright Act – together with industry initiatives such as the “speed to market” initiative and the Book Industry Strategy Group comprised of publishers, printers, librarians and authors – have the same objectives as competition policy, and underpin the publishing sector's ability to contribute to a strong economy.

This is because:

- (a) copyright owners who do not publish a title in Australia within 30 days of overseas publication lose their territorial copyright (with the industry “speed to market” initiative reducing that further to 14 days), and anyone can thereafter freely import that title; and
- (b) copyright owners who have established territorial copyright but fail to maintain adequate stock in Australia (or fill orders within 90 days with the industry “speed to market” initiative reducing that further to 14 days) lose their territorial copyright for that order.

Hachette Australia further submits that the current provisions have delivered on those objectives, providing choice, efficiency and innovation to Australian consumers from publishers who continue to invest in:

- (c) new titles (including in niche publications and in the development of Australian talent);
- (d) new formats (including the trade paperbacks introduced some years ago as a cheaper alternative to hardbacks and now preferred by Australian readers); and new ways of enriching their titles (such as ebooks enhanced with links and with audio and visual material).

Also, Hachette Australia draws the Panel's attention to the fact that the current provisions affect only retailers – they do not affect consumers, who already have the freedom to import books from overseas for their own use (including from suppliers such as Amazon and Book Depository).

**Book prices in Australia are internationally competitive**

Contrary to the assumptions underlying Draft Recommendation 9 – Hachette Australia submits that book prices in Australia are not comparatively expensive. As Annexure B to this letter clearly shows, by reference to the average selling price, and particularly taking into account GST and delivery costs, the Australian book is generally available to an Australian consumer from an Australian retailer at a lower price than when that same consumer orders the same book online from overseas.

**What would happen if the current parallel importation restrictions were removed?**

Hachette Australia submits that removal of the current parallel importation restrictions would:

- (a) not necessarily lead to any reduction in the price of books to Australian consumers over the longer term;
- (b) likely benefit only larger and chain retailers (with warehousing facilities who can work on lower profit margins per item sold) and disadvantage smaller independent or independently owned franchise retailers (who are likely to go out of business);
- (c) likely decrease (rather than increase) competition;
- (d) likely result in prices over the longer term actually increasing;
- (e) lead to job losses in the publishing, bookselling and printing industries; and
- (f) return lower royalties to Australian authors.

In addition, Hachette Australia submits that the following are highly likely if the current parallel importation restrictions are removed:

- (a) an overall reduction in the availability of books in Australia;
- (b) a decline in the range of Australian books published;
- (c) fewer opportunities for local authors to be published;
- (d) fewer small and niche publishers; and
- (e) fewer niche-interest titles.

In other words, removing the incentives in section 44A would likely result in less choice, less efficiency (with the removal of an incentive to publish quickly in Australia) and less investment – and therefore less innovation within the Australian publishing industry.

Hachette Australia further notes the likely environmental costs with increased airfreight transportation of print books from overseas.

#### **The current market in which Australian publishers operate**

Australian publishers already operate in a highly competitive market, in which consumers are well able to check on prices available in other countries and able to make their purchasing decisions accordingly.

The Panel should also be aware that books are largely discretionary purchases, and that publishers must therefore price their books not only in light of the ability of consumers to order from overseas but also in light of competing titles from other publishers and competing entertainment and general gift products. Further, the Panel needs to take into account that copyright does not deliver a market monopoly over a particular product but only over a particular expression of an idea, thereby ensuring that other players can enter the market at reasonably low cost to offer a product that is more attractive to consumers – including as a result of being priced competitively.

The recent growth in the market for print books in Australia (in the year to date as at 4 October 2014, some 2.8% growth in value) demonstrates that – despite the availability of ebooks and the ability to order from offshore – Australian consumers are happy to pay the prices charged by Hachette Australia (when it sells direct to consumers) and by Australian retailers.

#### **The questions the Panel should be addressing**

The right questions the Panel should be addressing are how to ensure that the competitive environment in Australia is nurtured so that, over the longer term, Australia retains a healthy, vibrant and profitable publishing industry that – as an important sector of the Australian economy – continues to offer “*variety and novel, innovative products as well as quality, service and reliability*” and which “*secures necessary standards of access and equity*”.<sup>2</sup>

Hachette Australia therefore urges the Panel to rethink Draft Recommendation 9, particularly taking into account:

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<sup>2</sup> Draft Report at 15.

- (a) the anti-competitive pressures facing Australian retailers in relation to book prices, and in particular the lack of a level playing field in the Australian market due to:
  - (i) the anomaly of offshore sales being exempt from GST; and
  - (ii) free international postal agreements favouring offshore online retailers over Australian retailers;and
- (b) the competitive pressures on Australian publishers, such as:
  - (i) the high costs of doing business as a publisher in Australia;
  - (ii) the riskiness of publishing investment (with only, on average, about 20% of new titles turning a profit);
  - (iii) the relatively small market in Australia due to its comparatively low population; and
  - (iv) the high (and increasing) rate of digital piracy of books.

Hachette Australia submits that the current parallel importation restrictions are in the public interest and deliver benefits to Australia (including to Australian consumers) that cannot be achieved by other methods.

**The current parallel importation provisions allow the market to deliver competitive benefits**

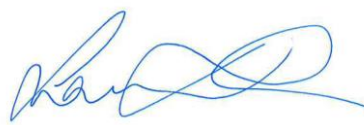
We understand that the Panel may be minded to recommend that, in order to support Australian authors and publishers, either direct subsidies or tax concessions replace the remaining parallel importation provisions.

Hachette Australia, however, submits that this would be an extraordinary outcome – to make a healthy and vibrant industry mendicant to government (presumably on an annual basis) when perfectly adequate and properly functioning market mechanisms based on recognised copyright rights are both available and working to create the conditions for a competitive market in books.

In this context, the Panel should note that the Australian publishing industry is currently the most successful creative industry in Australia, and it is so successful partly because it operates in an international framework of intellectual property laws and rights trading.

Please let us know if you have any questions or if there is any further information that we can provide. We are also available to meet with you if you would like to discuss any aspect of this submission in more detail.

Yours sincerely,



Justin Ractliffe & Louise Sherwin-Stark  
Joint Managing Directors

## ANNEXURE A

### 1. Comments on Draft Recommendation 7: Further review of intellectual property, including in trade treaty contexts

Draft Recommendation 7 recommends as follows:

- (a) that “*an overarching review of intellectual property be undertaken by an independent body such as the Productivity Commission*” with a focus on competition policy issues “*arising from new developments in technology and markets*”;
- (b) that the above review should also “*assess the principles and processes followed by the Australian Government when establishing negotiating mandates to incorporate intellectual property provisions in international trade agreements*”;
- (c) that “*trade negotiations should be informed by an independent and transparent analysis of the costs and benefits to Australia of any proposed IP provisions*”; and
- (d) that such an analysis “*should be undertaken and published before negotiations are concluded*”.

Whatever the merits of a review of other areas of intellectual property, copyright has already been subject to extensive and prolonged scrutiny by independent bodies over the past 10 years, with extensive opportunity for people to make submissions based on competition principles.

We note in particular both the Australian Law Reform Commission’s report on *Copyright and the Digital Economy* of 2013, the 2013 House of Representatives Standing Committee Inquiry into IT Pricing and the 2004 Review of the Digital Agenda Act conducted by Phillips Fox.

We further note that, as recently as 2010, the Productivity Commission produced a research report on Bilateral and Regional Trade Agreements, which included detailed consideration of intellectual property issues. Should another review be undertaken, at great cost to the taxpayer, we submit that it should not be undertaken solely by the Productivity Commission.

In any case, Hachette Australia would be surprised if the Government did not already consider the costs and benefits of agreeing to proposed provisions relating to intellectual property in treaties it negotiates.

### 2. Draft Recommendation 8: Section 51(3) of the Competition and Consumer Act

Draft Recommendation 8 states that section 51(3) of the CCA – which provides a limited exemption for licences and assignments that “relate to” copyright and other forms of intellectual property from parts of the CCA – should be repealed.

Hachette Australia does not support this Draft Recommendation.

In particular, Hachette Australia submits that:

- (a) section 51(3) recognises that there are situations in which common copyright licensing practices should not be subject to other provisions in the CCA and that, if this exemption were removed, copyright owners would be required to consider other means of ensuring they are not in breach of the CCA that would, in a commercial context, be prohibitive (for example, through entering joint ventures or by incurring the transaction costs involved in applying for authorisation from the Australian Competition and Consumer Commission (“**ACCC**”); and
- (b) whatever the position in respect of products covered by other areas of intellectual property (and particularly patents), the rights associated with individual copyrights do not provide either monopoly power or even strong market power, given that they protect only the expression of an idea and not the idea itself.

Hachette Australia further notes that there is no evidence that the presence of the exemption has caused the ACCC difficulties in any particular case, or that removal of the provision is required to address any particular practical issue.

As the Panel would be aware, despite various recommendations dating back to the National Competition Council in 1999 that the ACCC formulate guidelines to assist industry to understand section 51(3), the ACCC has so far failed to finalise any such guidelines.

On this basis alone, it is difficult to take seriously the ACCC’s expressed concern about section 51(3) in its submission to the Panel. Rather, one might reasonably conclude that, while removal of the provision would lead to some sort of theoretical “tidiness” in the Act, repealing the section would inevitably initiate a period of great uncertainty.<sup>3</sup>

### **3. Draft Recommendation 9: Parallel importation**

Draft Recommendation 9 states that remaining restrictions on parallel imports should be removed unless it can be shown “*they are in the public interest*” and “*the objectives of the restrictions can only be achieved by restricting competition*”.

Hachette Australia does not support this Draft Recommendation and further submits that the current parallel importation restrictions are entirely in line with competition policy, properly understood. As such, Hachette Australia submits that the current restrictions are indeed in the public interest and that, were they removed, competition objectives would be stymied rather than enhanced.

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<sup>3</sup> See, for example, the comments of Warwick Rothnie in the Australian Copyright Council submission to the Issues Paper of the National Competition Council Review of Sections 51(2) and 51(3), of June 1998: available at <http://copyright.org.au/news-and-policy>.

In this context, Hachette Australia further notes that the current parallel importation restrictions were introduced and have been amended from time to time by governments to reflect the overall public interest that the publishing industry brings to Australia. The Panel should therefore not just simply focus on the disconnected and erroneous premise that Australians should pay no more for books than anyone else in the world.

In particular, Hachette Australia points out that the current provisions do not restrict individual consumer freedoms in any way. Rather, they impose restrictions (and, Hachette Australia submits, commercially important and valid restrictions) only on retailers.

3.1 *The objectives of the current parallel importation restrictions*

The current parallel importation provisions were introduced at a time when there were concerns that Australian readers were unable to access – or to access in a timely manner – titles available overseas.

Section 44A of the Copyright Act therefore provides as follows:

- (a) copyright owners who do not publish a title in Australia within 30 days of overseas publication lose their territorial copyright (with the consequence that anyone can thereafter freely import that title); and
- (b) copyright owners who have established territorial copyright but fail to maintain adequate stock in Australia (or be able to supply within 90 days of orders being placed) lose their territorial copyright in respect of that order, with a bookseller entitled to import in bulk from overseas instead in that particular instance.

In this context, it is important to note that the current provisions impose no restrictions on individuals ordering books directly from overseas for their own use, and entitle booksellers to fill specific orders from overseas for both individual purchasers and libraries (and whether or not the title is available in Australia).

Hachette Australia further notes that the objectives of section 44A of the current provisions have been enhanced by the “speed to market” industry initiative.

This initiative is a market initiative, agreed between Australian booksellers and publishers, negotiated against (and facilitated by) the existing parallel importation restrictions, and assessed from time to time in light of prevailing conditions. It is also important to note that the initiative relies on the continued existence of section 44A in its current form.

Under the initiative, the Australian Publishers Association – of which Hachette Australia is a member – has supported the goal of ensuring that, in place of the time periods set out in section 44A:

- (c) books are published in Australia within 14 (rather than the statutory 30) days of publication in English overseas; and
- (d) orders for Australian books from booksellers are responded to within 7 days of a bookseller placing an order; and
- (e) orders for books are despatched to booksellers within 14 (rather than the statutory 90) days of an order being placed.

Both section 44A and the “speed to market” initiative have delivered on their objectives, with Australian consumers being served with the choice of any title they like, wherever it is published, delivered to them via publishers and booksellers, in the most efficient manner possible.

Further, those publishers who, across their range of titles, maintain territorial copyright by timely publication in Australia and by maintaining stock are best placed to be able to continue to invest in new titles (including in niche publications and in the development of Australian talent), new formats and new ways of enriching their titles (such as ebooks enhanced with links and audio and visual material).

Hachette Australia works tirelessly to ensure that as many books as possible are published not just within 30 or even 14 days of overseas publication, but in line with exact global publication dates. This is because Hachette Australia believes that Australian readers should not have to wait to read books they find out about through social media or through global online media. To ensure Hachette Australia supplies books to market as quickly as possible, Hachette stocks over 21,000 different titles in our distribution centre. This large stockholding allows Australian retailers to compete with offshore online retailers in terms of speed of supply.

Thus section 44A and the “speed to market” (together with customer service imperatives) deliver on the objectives of competition policy as outlined by the Panel itself.

Hachette Australia is unaware of how any other approach (including direct subsidy of publishers by government) could possibly achieve the same objective.

### 3.2 Current prices for books and ebooks in Australia

Whatever the position may be in relation to other copyright products, insofar as books are concerned, the relative price differences between books produced by Australian publishers and books available overseas do not provide any grounds for concluding that publishers are price-gouging or that their pricing policies are in any way anti-competitive.

Any such differences in prices are understandable – and, Hachette Australia submits, acceptable – by reference to factors such as:

- (a) GST on print and digital books sold locally in Australia;
- (b) the general costs of doing business in a jurisdiction such as Australia with a smaller potential customer base (once marketing, distribution and customer support services are taken into account);<sup>4</sup>
- (c) international “free post” arrangements that, we understand, mean that an Australian publisher or retailer posting a book from one side of Sydney to the other pays \$7.95 while Book Depository pays only 70 cents to send the same book from the United Kingdom; and
- (d) the costs of maintaining a presence in Australia as an Australian publisher (with the consequent national cultural benefits) rather than as merely a distributor principally of books originating overseas.

However, Hachette Australia includes as Annexure B a table showing the Average Selling Price (“ASP”) of the top 20 best-selling Hachette Australia titles on Nielsen BookScan (October 2014 YTD). These prices are compared with prices available on Amazon.com. Once the GST anomaly and delivery costs are taken into account, the Panel will note that the Australian book is, by reference to ASP, generally available to an Australian consumer from an Australian retailer at a lower price than when that same consumer orders the same book online from overseas.

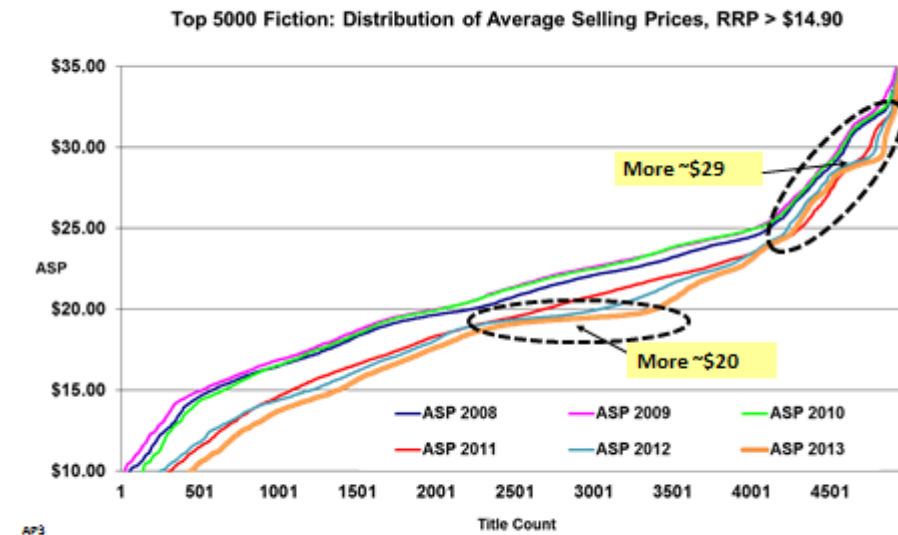
Hachette Australia’s further research confirms that the ASP on books has been falling over the last 10 years as the industry finds more efficiencies, including through achieving cheaper local printing prices due to improved technologies available at Australian printing companies – such as Griffin Press and the OPUS Printing Group – and the high level of domestic and international competition under the current market structure.

The following analysis (based on Nielsen BookScan data on the pricing of fiction) gives the best illustration of price drops in books due to the smaller number of formats and price points in the market. Essentially, more first format trade paperbacks have moved from \$32.99 and \$35.00 to \$29.00, while more second format paperbacks have moved from \$24.99 to \$19.99 in the last year:

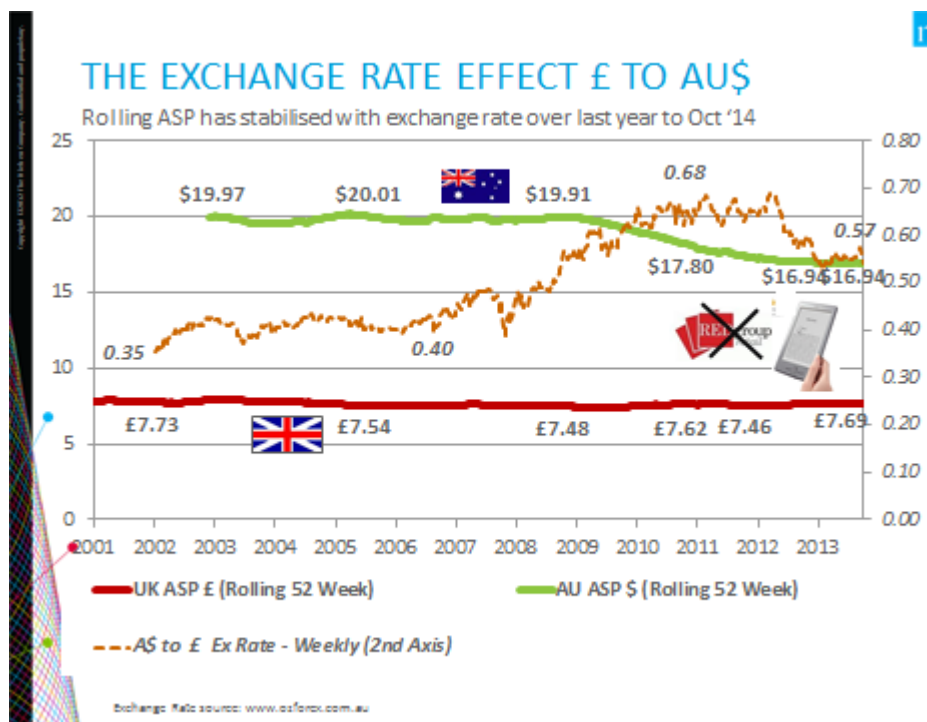
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<sup>4</sup> See similar costs referred to in the Canadian study *Role of the Book Importation Regulations in Canada’s Market for Books* by Canadian Heritage (2012).

## 2013 ASP down on 2012, more around \$20 & \$29



The following chart demonstrates that the ASP has dropped in line with exchange rates, although the £ has changed very little, and that ASP has come down in line with that rate while £ price has changed very little. Australian RRP's are most dependent on foreign exchange rates, with increased competition on price becoming more apparent when the Australian dollar reaches parity with the US dollar.



(Source: Nielsen BookScan)

Hachette has also invested heavily in the digitisation of all of its books, with the estimated biggest English language catalogue of any publisher available as ebooks. There is little industry-wide data on the pricing of ebooks, but Hachette Australia confirms that ebooks are priced to allow new readers to discover books at competitive prices. For example, Cathy Kelly's *It Started with Paris*, as a trade paperback, is published with a recommended retail price of \$29.99. The ASP for this print edition, however, is \$18.94 and the ebook is available for \$14.99.

This clearly demonstrates how the current market, within the current legislative framework, is delivering in competition terms, including by reference to criteria such as equity and access.

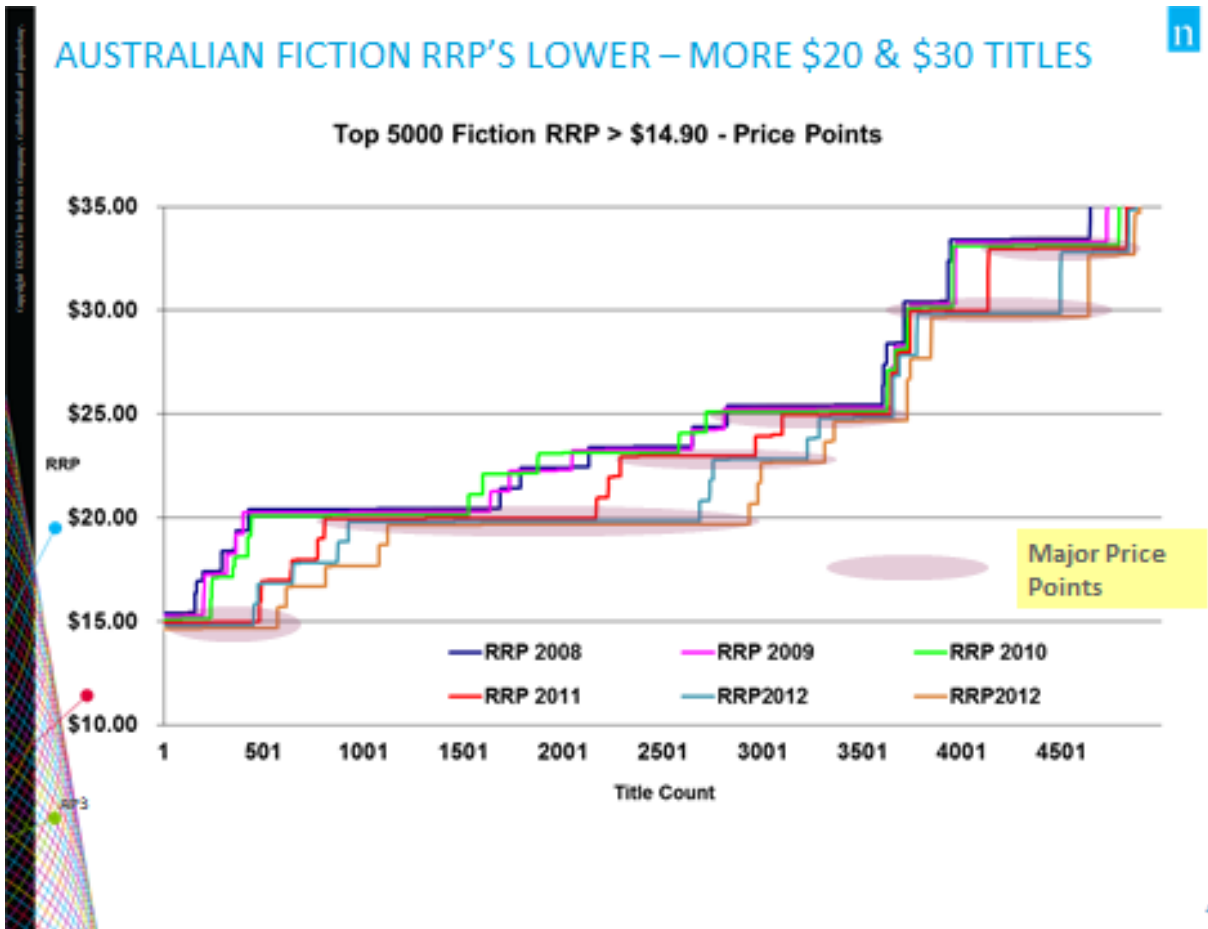
### 3.3 Future prices for books and ebooks in Australia

Hachette Australia submits that moving to an open market will not guarantee that prices will drop when assessed on an average basis.

However, with increased pressures on margins as a result of their inability to capitalise on their best-selling works, publishers will need to increase prices on the less commercially successful books they continue to publish to safeguard a diverse reading culture. In other words, the cross-subsidisation that currently occurs on such titles will become unsustainable. Also, as discussed below, the effect of a repeal of the remaining parallel importation restrictions would likely lead to fewer independent and independently owned franchise bookshops, leaving the market to be dominated by offshore online retailers and the Australian discount department stores ("DDS") – Big W, Kmart and Target. The DDS are inevitably best placed to take advantage of the economies of scale available from bulk-buying and bulk transport of books from overseas (including through the purchase of remaindered stock).

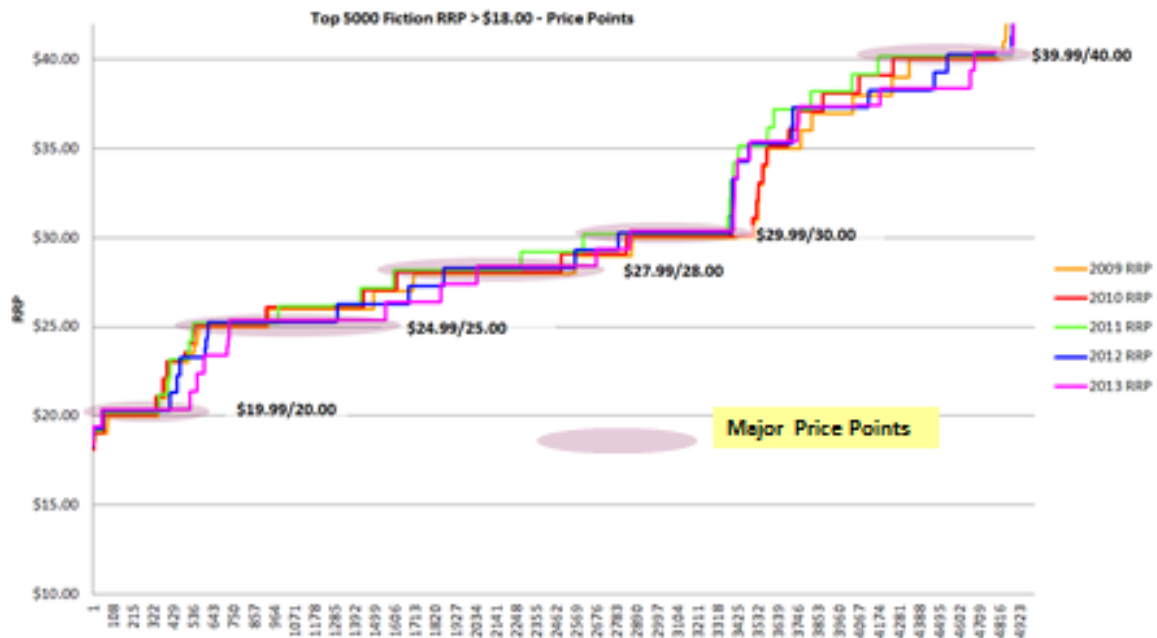
In such circumstances, there is reason to believe that, with less competition, prices would inevitably increase. This can be clearly seen in New Zealand, where industry-led downward pressure on price has not been as great as in Australia in recent years. This can be illustrated when we compare recent price drops on fiction in Australia versus fiction in New Zealand. Fiction best illustrates the extent of price drops as there are only two major formats and therefore two key price points.

The following graph illustrates that, in Australia, there has been a significant move from \$35.00 and \$32.99 trade paperbacks to \$29.99, and a move from \$24.99 and \$22.99 paperbacks to \$19.99.



In New Zealand, there has been a reduction in prices in the same period, but this price reduction has not been as great as we have seen in Australia.

## New Zealand Fiction RRPs – Less Movement to Lower Prices



### 3.4 Longer-term implications of the growth of online retailers

Hachette Australia believes parallel importation will lead to the closure of Australian bookshops and with fewer options for Australian readers to source print books from Australian retailers, where new Australian books and authors are available, readers will be forced to look for both ebooks and print books from offshore online retailers.

However, Hachette Australia has grave concerns over the ability (or willingness) of these online offshore retailers to meet Australian readers' needs.

First, offshore online retailers will not effectively merchandise or promote Australian writers and books.

The major sellers of ebooks in the Australian market are four of the big international tech companies:

- (a) Amazon Kindle;
- (b) Apple iBooks;

- (c) Kobo; and
- (d) Google Play.

As ebook sales growth has plateaued, Hachette Australia has seen less investment from the big international tech companies in the merchandising and marketing of Australian books for the Australian market. In fact, for three of the four big players, the key decision-makers are not based in Australia:

- (e) Amazon Kindle employ an American merchandiser based in London;
- (f) Google Play merchandised the Australian homepage with the British homepage; and
- (g) Kobo recently ran an Australia Day promotion ... in September.

The lack of merchandising and marketing of Australian print books is also evident on the biggest of the offshore online retailers, Amazon and The Book Depository.

Second, offshore online retailers will not be able to supply successful Australian books in a timely manner.

Successful Australian writers often achieve UK and US territorial copyright deals and these territorial rights are strictly enforced. US and UK publishers do not consider Australian publication dates when buying rights, but can exercise their territorial rights even if they choose to publish the book months or even years later.

#### Case Study 1: *Lost & Found* by Brooke Davis

*Lost & Found* has been the most successful debut Australian fiction launch of 2014.

Hachette Australia supported Brooke's July publication with a major marketing campaign and publicity tour, including a 36-bookshop event tour of the East and West Coasts. If those bookshops were no longer around, Australian readers may have been forced to look to Amazon to order their print copies of the book.

The Australian edition has been available since July 2014.<sup>5</sup> The UK and US editions will not, however, be available until the end of January 2015,<sup>6</sup> and

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<sup>5</sup> <http://www.booktopia.com.au/lost-found-brooke-davis/prod9780733632754.html>

<sup>6</sup> See [http://www.amazon.co.uk/Lost-Found-Brooke-Davis/dp/0091958903/ref=sr\\_1\\_1\\_bnp\\_1\\_bar?ie=UTF8&qid=1412924122&sr=8-1&keywords=Lost+Found+Brooke+Davis](http://www.amazon.co.uk/Lost-Found-Brooke-Davis/dp/0091958903/ref=sr_1_1_bnp_1_bar?ie=UTF8&qid=1412924122&sr=8-1&keywords=Lost+Found+Brooke+Davis) and <http://www.amazon.com/Lost-Found-Brooke->

as a result of strong territorial protection in the United States and the United Kingdom, Hachette Australia is not able to sell the Australian edition through Amazon. This means that Australian readers cannot purchase *Lost & Found* through Amazon until January 2015. Both US and UK publishers have full territorial protection through their respective copyright frameworks.

Third, offshore retailers will not be able to supply many Australian books at all or not in formats that Australian readers may want.

#### Case Study 2: Julie Goodwin's 20/20 Meals by Julie Goodwin

In Australia, this book is available in hardcover.<sup>7</sup> On Amazon, however, it is available in the UK and the US only as a Kindle edition.<sup>8</sup>

Offshore online retailers have expressed little interest in setting up full trading relationships for print book sales with Australian publishers. As a result, many Australian authors with little overseas appeal will not be available from the major offshore online retailer site (Amazon), let alone be merchandised or promoted.

#### 3.5 The effects on book distribution in Australia if the current restrictions were removed

If the remaining parallel importation restrictions are removed, it is likely that Hachette Australia will need to both change a number of its current distribution practices and limit the range of books it publishes.

Before we look at the current industry market split, we need to highlight that industry figures do not include book sales through offshore online retailers directly to Australian consumers. These sales have been estimated at 15% to 30% of all books sold to Australian readers, although it is very difficult to get an accurate picture of exactly how many as these retailers do

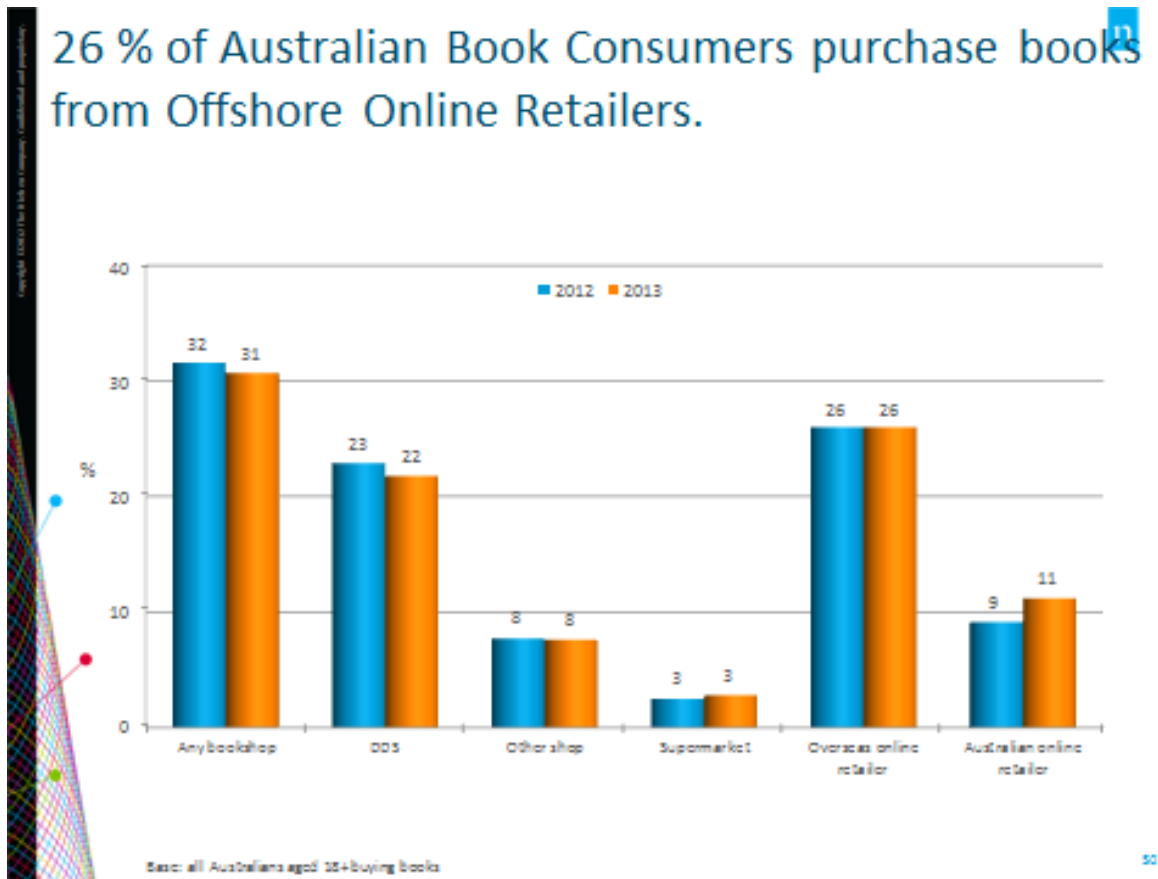
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[Davis/dp/0525954686/ref=sr\\_1\\_2?ie=UTF8&qid=1412924260&sr=8-2&keywords=Lost+Found+Brooke+Davis](http://www.amazon.com.au/dp/0525954686/ref=sr_1_2?ie=UTF8&qid=1412924260&sr=8-2&keywords=Lost+Found+Brooke+Davis)

<sup>7</sup> <http://www.booktopia.com.au/julie-goodwin-s-20-20-meals-julie-goodwin/prod9780733631986.html>

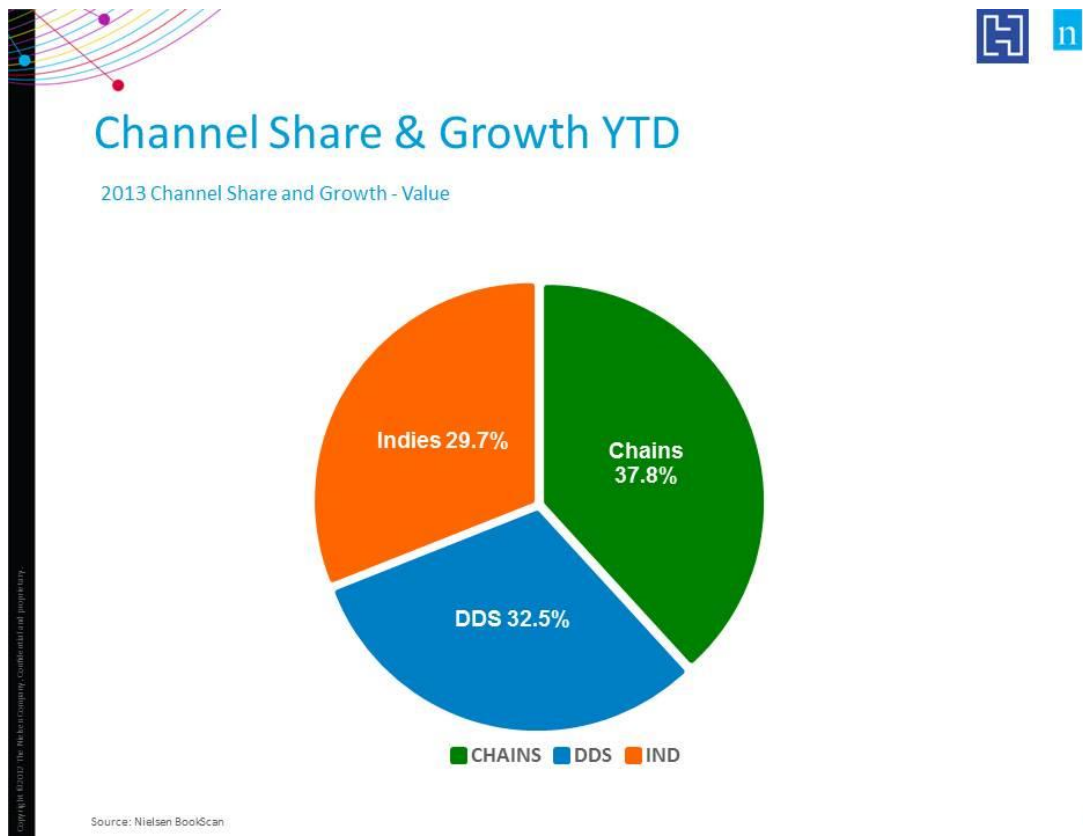
<sup>8</sup> [http://www.amazon.com/s/ref=nb\\_sb\\_ss\\_c\\_0\\_13?url=search-alias%3Dstripbooks&field-keywords=julie%20goodwin&srefix=Julie+Goodwin%2Caps%2C167 and http://www.amazon.co.uk/s/ref=nb\\_sb\\_noss?url=search-alias%3Daps&field-keywords=Julie+Goodwin&rh=i%3Aaps%2Ck%3AJulie+Goodwin&ajr=1](http://www.amazon.com/s/ref=nb_sb_ss_c_0_13?url=search-alias%3Dstripbooks&field-keywords=julie%20goodwin&srefix=Julie+Goodwin%2Caps%2C167 and http://www.amazon.co.uk/s/ref=nb_sb_noss?url=search-alias%3Daps&field-keywords=Julie+Goodwin&rh=i%3Aaps%2Ck%3AJulie+Goodwin&ajr=1)

not share their territorial sales figures. The Australian Book Consumer report undertaken by Bowker, see below, indicates that 26% of Australian readers use offshore retailers most.



(Source: The Australian Book Consumer in 2013: Commissioned by 6 major Australian publishers – undertaken by Bowker research – online survey with 2,259 Australians.)

The current market split – excluding offshore online retailers – is as below, where “DDS” (Discount Department Stores) comprises Big W, Kmart and Target, “Indies” is comprised of independently owned bookstores and “Chains” is comprised mainly of independently owned Dymocks and Collins franchises:



(Source: Nielsen BookScan Year in Review 2013)

Hachette Australia's view is that, in light of economies of scale, smaller Australian retailers will probably only risk buying the top 10 to 20 Hachette Australia books a year from overseas suppliers. This is because purchase from overseas is highly likely only to be possible on a "firm sale" basis, rather than on the "sale or return" basis that operates between most Australian publishers and bookstores.

The top 10 to 20 Hachette Australia books are the cream of its lists, and account for up to 20% of its turnover per year.<sup>9</sup> Losing 20% of turnover a year from the sales of our top titles would have a substantial impact on Hachette Australia's business, particularly insofar as the range of titles it supports.

Australian retailers buying books from overseas on a firm sale basis would, in turn, force Hachette Australia to also move to a firm-sale business model. This is because, in an open market, the larger bookselling concerns would quite likely place an initial firm sale order from an overseas wholesaler or publisher and then draw on local "sale or return" stock to top up. The Panel should note that, currently, some 19% of the books that Hachette distributes to

<sup>9</sup> Source: Hachette Australia figures: in 2013, the top 10 titles delivered 13% of its net sales turnover.

Australian retailers are returned on a “sale or return” basis. With initial orders of our biggest commercial titles going offshore, without moving to firm sale, we could expect our returns to increase to commercially unviable levels. In addition, the uncertainty for publishers around where retailers will purchase their books markedly increases the risk of understocks as publishers reduce stock holdings – a bad result for all parties: publishers, distributors, printers, booksellers, authors and consumers.

A “sale or return” basis allows booksellers to take risks on new writers – and particularly on new Australian writers with whom their readers may not be familiar. Moving to a “firm sale” basis would inevitably undermine Hachette Australia’s ability to invest in such writers, as the booksellers that remain will not have the confidence to stock new books in discoverable numbers. Instead, only the largest Australian retailers – with warehousing space – would be able to afford to bring in a broad range of commercial quantities of books from overseas. Independent and independently owned franchise booksellers would therefore gain no real commercial advantage with a move to parallel imports, particularly once one also takes into account both the economies of scale of the largest retailers (in relation to both purchasing and transporting costs), and also that large retailers with large turnover are necessarily able to sell at margins that are unsustainable for smaller players.

Inevitably, Hachette Australia submits, the result will be a closure of more independent and franchise bookstores, and as these stores are the real champions of Australian writing, Australia will see fewer successful Australian writers and books. So – less, variety, less choice and therefore less competition.

By way of a further potential scenario, given that books are not always high on the agenda for the DDS (Big W, Kmart and Target) a move to firm sale may see the DDS either massively reduce their range of titles on offer or cancel their book offering altogether. At the moment, in some Australian towns, the local DDS is the only source of books for readers who do not shop online.

Overall, we believe, there will be fewer bookstores and fewer book retailers with books in an open market, and therefore books will be less accessible to Australian book consumers.

### 3.6 Reduced range of titles if the current restrictions were removed

Hachette Australia envisages that, if the current restrictions are removed, it will need to reduce its range of titles.

With retailers able to turn to offshore suppliers to supply the bigger selling titles, publishers will not be able to effectively target or plan print runs. This in turn would lead to more conservative stock holding and the potential for patchy and slow supply for any book that is in

high demand. Consequently, Hachette Australia anticipates that, outside of offshore online retailers for international titles, Australian readers will have access to fewer titles, particularly Australian titles, as the loss of 20% of our income from top selling titles will mean that Hachette Australia will not be able to justify holding stock of slower selling titles.

Currently, Hachette Australia stocks approximately 21,206 different books. Sales figures for these titles as at 29 October 2014 are set out in the following table:

	Number of titles
Over 10,000 copies	98
Between 5,000 and 10,000 copies	139
Between 1,000 and 5,000 copies	814
Between 500 and 1,000 copies	704
Between 200 and 500 copies	1787
Between 50 and 200 copies	4140
Below 50 copies	13524
<b>TOTAL number of titles</b>	<b>21206</b>

(Source: Hachette Australia Vista Sales, September YTD)

In a completely open market, however, it is likely that Hachette Australia will not be able to hold stock for titles that have combined sales of 1000 or fewer copies. This is because the costs in light of margins would make stocking such titles uneconomic. Applying this threshold, the number of titles that Hachette Australia would likely stock following removal of the current parallel importation restrictions would fall to 3542 – or only 16.7% of its current stock holding. As a result, quick supply to Australian booksellers of “the long tail” will cease and the choice available, locally, for Australian readers will become much more limited.

### 3.7 The ongoing ability to invest in new Australian writers

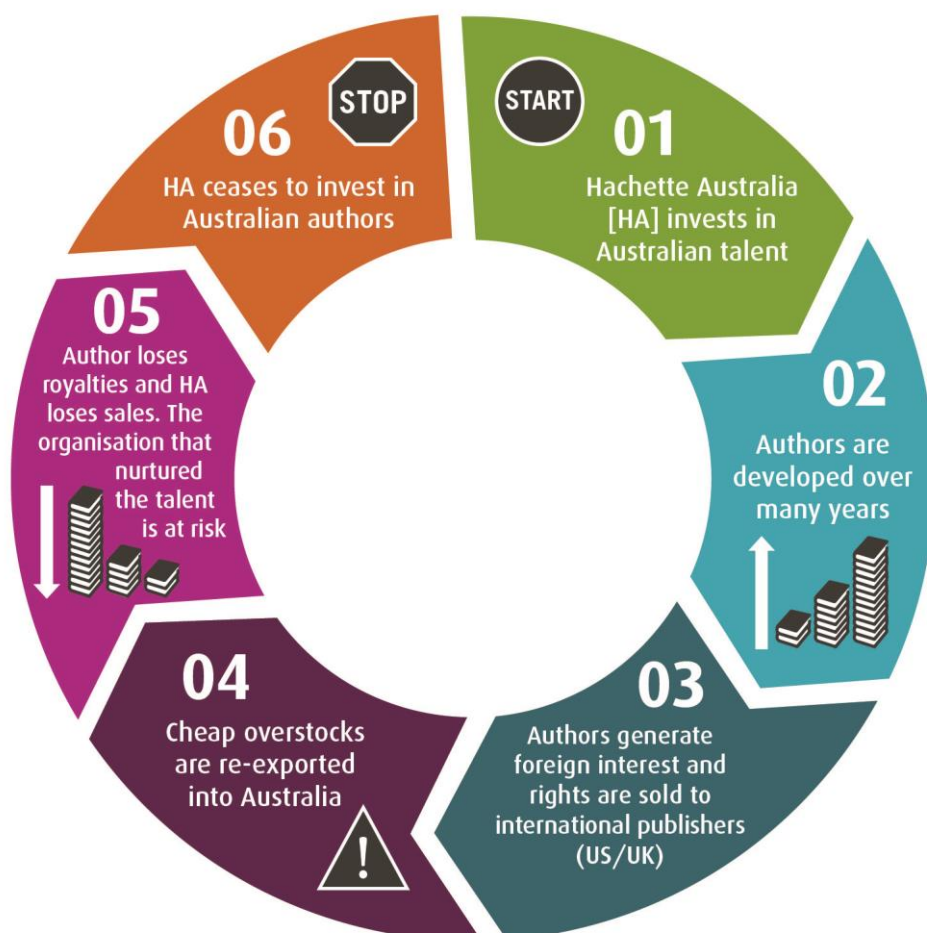
Hachette Australia’s view is that the removal of restrictions to parallel importation will lead to less investment in Australian writing by Australian publishers. This will, in turn, lead to reduced accessibility and discoverability of Australian writers and Australian stories by Australian readers, with the overall outcome being that Australian readers will not be able to read as many Australian stories as they are currently able to read.

Even where Australian writers are successful in other markets, it is likely that – with the removal of the current parallel importation restrictions – retailers will buy up US and UK editions to import back into Australia, including some at remainder (or clearance) prices.

As the relevant publishers in the United Kingdom and United States would deem these imports as an export sale they would only attract an “export” author royalty rate, even though the destination of the book is the Australian author’s home market. By contrast, the “local” Australian-published edition would attract a considerably higher “home” royalty. Essentially, for every copy of the locally published book that was replaced by an imported version, Australian authors would be receiving a considerably smaller cut of a lower purchase price, particularly if the imported copies were remainders, which would generate no income at all for authors.

Consequently, a sustainable writing career for many Australian writers will simply no longer be possible.

The following illustrates the vicious cycle that would ensue were the remaining parallel importation restrictions removed:



### 3.8 Australian writers for Australian readers

Australian adults and children want to read, and identify with, their own stories and they want their stories to be created by Australian authors and illustrators.

Analysis of the Nielsen BookScan 2013 Christmas Top 100 bestsellers highlights this demand for Australian stories:

#### **Top 100 (for each category)**

	Australian authors
All titles	27
Adult fiction	21
Non-fiction	64
Children's	25

Hachette Australia submits that it is culturally significant for readers to be able to connect with Australian writing, in all its forms, through locally authored books. As well as being immediately relevant and often setting the news agenda, many of these books continue to sell for many years, appearing on school reading lists, ensuring that younger generations also remain connected with Australian culture and – more importantly in terms of the broad goals of competition – that there is continuing economic growth over the next 20 and more years.

While it is committed to working closely with creators to select books that have commercial potential or cultural significance and to then publish them, Hachette Australia will not be able to do so to anything like existing levels of investment if the current parallel importation restrictions are removed. This is illustrated by the closure of the Hachette local publishing list in New Zealand.

As noted above, with a much reduced range available in Australia and a move to “firm sale” supply, Hachette Australia believes that many independent and independently owned franchise stores will close and that up to two of the three DDS (Big W, Kmart and Target) are likely to reduce their book offering or close their book offering altogether. Australian booksellers and retailers are the natural champions of local Australian authors, including through their extensive reading of local literature and through their events programs which allow authors to come face to face with their readers.

Working closely with Australian publishers, Australian booksellers and retailers are therefore vital to the success of building and sustaining the next generation of new Australian writers. They are a vital part of the face of innovation in terms of Australian publishing, and this is the real long-term benefit to Australian consumers, which would be compromised by removal of the current parallel importation restrictions.

### 3.9 Fewer Australian writers being promoted on the world stage

One of the exciting aspects of Australian publishing is how a healthy and vibrant publishing industry has been able to foster new writing talent that is then able to be taken to the world stage on the strength of the writer’s success with the Australian public. This ability is underwritten by the ability of publishers generally to control the commercial distribution of their titles not only within the Australian market, but also in other markets. In other words (and in line with the Panel’s Terms of Reference), the current legal framework enables Australian publishers to compete both nationally and internationally.

Many of Hachette Australia’s locally authored books are also licensed internationally, allowing other countries to experience Australian culture and thereby generating additional income for authors.

The current parallel importation restrictions are a key element in the ability of a relatively small country such as Australia to maintain such a high profile internationally as an innovative country when it comes to writers. For example, *Lost & Found* by Perth writer Brooke Davis originated here in Australia, and has now been sold in 25 different international territories. This year's Man Booker Prize was won by Australian author Richard Flanagan (published by Random House), a writer fostered by the local publishing and bookselling industry and now acclaimed on the world stage.

### 3.10 Likely job losses

With the removal of parallel importation restrictions, there will inevitably be fewer opportunities to sell Australian books by Australian authors to Australian readers. In such a climate, Hachette Australia would have no choice but to reduce its investment in Australian publishing, thereby further decreasing competition.

As noted above, Hachette Australia calculates that it will lose approximately 20% of its annual turnover if supply of its top 20 books goes to offshore suppliers. In addition, another 20% of turnover will be lost due to the running down of the local publishing program. For more detailed information, we refer the Panel to Hachette Australia's confidential submission.

A 40% reduction in annual turnover would make the current structure of Hachette Australia financially untenable. The very likely result would be the following:

- (a) the end of, or at least the dramatic reduction in, Hachette Australia's Australian publishing program (with consequent loss of 10–14 jobs in the Australian Publishing Division;
- (b) the loss of around 22 jobs in Sales, Marketing, Product, Publicity and Finance – about 40% of Hachette Australia's current staff);
- (c) reduced stock holding of books in our distribution hub, Alliance Distribution Services (with consequent loss of around 27 jobs, about 40% of its current staff).

Hachette Australia further notes that without being able to confidently hold stock of many existing titles there would be a much greater reliance on airfreighting books from UK publishing partners (in order to meet client expectations of turnaround times). The supply of Hachette Australia's books is currently split at 53% locally printed; 42% sea freight; and just 5% via airfreight. Airfreighting books is the least economical and easily the most environmentally damaging of all freight. We estimate that this could climb closer to 15%.

If (as is likely) other Australian publishers suffer similar reduced turnover, it is likely that similar job losses will be experienced across Australia. Potentially, the overall financial damage caused by creating an open market in Australia for books might be managed to a

certain extent by mergers, but any such mergers would not stop job losses, and would work to further lessen competition and innovation.

Based on what Hachette Australia has directly seen in New Zealand, the share of Australian independent booksellers in the market will halve – this would result in the closure of approximately 100 stores and job losses of around 600 people. It is likely that we will see similar closures for the independently owned Dymocks and Collins franchise stores, with the loss of approximately 60 stores and job losses of around 360.

Job losses are also likely in the printing industry. For example, Hachette Australia understands that, currently, 55% of Griffin Australia's orders come from Australian publishers for Australian books, with the remaining 45% of its Australian orders coming from international subsidiaries. Hachette Australia understands from Griffin that the 45% of their business from international subsidiaries is dependent on the 55% Australian publishers actually existing.

In the printing industry, then, the jobs at risk would include:

- (a) 110 permanent employees at Griffin Press (together with up to another 25 contract staff); and
- (b) 15 staff at Protectaprint.

There are likely to be similar losses at the other major Australian printer, OPUS.

Hachette Australia further notes that the paper mill in Tasmania has 265 employees. While book paper isn't the key product of that mill, and is only a small part of their business there, it will doubtless also be affected by the flow-on effects of fewer books being printed in Australia.

In other words, the removal of the remaining parallel importation restrictions will have a disproportionately severe effect on small and medium-sized businesses within Australia without any commensurate public benefit through sufficiently lower prices. There would be permanent harm to the Australian economy with no long-term benefit to consumers.

### 3.11 The position in New Zealand following repeal of its parallel importation restrictions

Hachette Australia's analysis reveals that the 1998 removal of parallel import restrictions in the New Zealand market has had a severe impact on the ability to publish and sell books into that market.

Of particular concern is the much-reduced investment by publishers in New Zealand local publishing.

In 1998, approximately 32% of sales through the New Zealand book trade were through the natural champions of new New Zealand writers – independent booksellers. By way of contrast, Hachette Australia's New Zealand sales figures for September 2014 "year to date",

show that independent booksellers now make up only 13.4% of the market (bearing in mind that overall market figures do not include what is being sold direct to NZ readers by offshore online retailers).

The reduction in local NZ book retailers has led to less return on local publishing with Hachette deciding to close its local publishing program in 2013, meaning the end of Hachette publishing New Zealand authors for the New Zealand market.

Also, the Panel should note that Hachette Australia was compelled to reduce New Zealand staff numbers from around fifty in 1998 to only nine in 2014. These staff losses included the losses around two major closures due to the shrinking of the New Zealand book industry:

- (a) the closure of the Penguin / Hachette Australia New Zealand distribution hub in 2006 (with a loss of 30 jobs); and
- (b) the closure of the Hachette Australia New Zealand local publishing program in 2013, (with the loss of 12 jobs in local publishing and an additional 7 jobs from sales, marketing, publicity and finance).

The reduction in local New Zealand publishing and in local New Zealand printing and distribution has occurred throughout the New Zealand publishing industry, with the experiences of Hachette New Zealand mirrored in other publishing houses.

See Annexure C for a copy of the 2009 study on the effects of parallel importation conducted by Castalia Strategic Advisors, *The Impact of Parallel Importing on Publishing in New Zealand*. Since that study, Hachette's experience has been that the situation in New Zealand has deteriorated further.

In other words, the New Zealand experience has been that there has been no overall benefit to New Zealand consumers or to the New Zealand economy – merely lost choice, and a damaged cultural outlook.

#### **4. Draft Recommendation 26: price discrimination**

Draft Recommendation 26 recommends that:

- (a) a specific prohibition on price discrimination not be reintroduced into the CCA; and
- (b) attempts to prohibit international price discrimination should not be reintroduced into the CCA.

Hachette Australia supports both of the above recommendations.

However, Hachette Australia does not support the thrust of the further comments of the Panel in relation to international price discrimination, and particularly insofar as the Panel goes on

to state that that the Panel “*supports moves to address international price discrimination*”, including through the removal of the remaining restrictions on parallel importation and by ensuring that “*consumers are able to take legal steps to circumvent attempts to prevent their access to cheaper legitimate goods*”.

In this respect, Hachette Australia recommends that the Panel reconsiders the submission to the Panel from the American Bar Association Section of Anti-trust Law and Section of International Law, which makes cogent and salient comment on price discrimination issues generally.

Hachette Australia also notes the inherent and – ultimately – unacceptable tension between the Panel’s apparent commitment to “*market solutions that empower consumers*” (our emphasis) as the appropriate means of dealing with any issues that may arise as a result of international price discrimination, yet its recommendation (both here and in Draft Recommendation 9) that the Panel supports legislative change to remove remaining parallel importation restrictions.

Again, Hachette Australia submits that the Panel suffers from a reductionist mode of thinking that confuses the proper aims of competition – ensuring choice, efficiency and innovation – with merely achieving the lowest price for consumers. An efficient and competitive market should drive appropriate prices – not the other way around. Hachette submits that the publishing market in Australia is efficient and competitive, and that prices are appropriate.

As noted in our comments on Draft Recommendation 9, there will be no net advantage to Australian consumers if – as a result of the further dismantling of the remaining parallel importation restrictions – they have access to a more limited and less innovative range of books, with fewer Australian voices and less Australian content – and with no guarantee that prices would be lower.

As the Panel itself notes at 212 of the Draft Report:

*Pricing according to consumer willingness to pay can result in more consumers being able to obtain the good or service than if a common price were charged. In these circumstances price discrimination can make goods or services more accessible and can enhance consumer choice.*

*Nonetheless, awareness of price discrimination can irritate consumers who find themselves unable to purchase goods at the same price that others can.*

Hachette Australia competes in a global market, in which it is legitimate for someone in India, Indonesia or Hong Kong (or indeed, in the United States) to pay a different price to the price

that might be payable by a consumer in Australia. Indeed, as the Allen Consulting Group stated in a report for the Centre for Copyright Studies in 2003:

*In industries with certain characteristics – increasing returns to scale, large fixed and sunk costs, and significant economies of scope – as is common in copyright industries, pricing on the basis of willingness to pay is vital to ensure efficiency.*<sup>10</sup>

By setting different prices in different markets, both Hachette Australia (when sales are direct) and the relevant retailers (where sales by Hachette Australia are wholesale or as a result of a licence arrangement with a publisher in the relevant territory) are able to provide more consumers with Hachette Australia books.

As already noted, Hachette Australia is well aware that it cannot afford to “irritate consumers” wanting its books and that, if it recommends retail prices without regard to prices available overseas or charges too much to retailers, consumers both can and will take steps to obtain books from overseas, or will choose to spend their discretionary dollars on other books or products.

Australian consumers can do this either directly or (as permitted under the current legislative framework) by placing a single order with a bookshop.

By way of further comment, we note Richard Posner’s explanation of price discrimination:

*Price discrimination is a term that economists use to describe the practice of selling the same product to different customers at different prices even though the cost of sale is the same to each of them. More precisely, it is selling at a price or prices such that the ratio of price to marginal costs is different in different sales.*<sup>11</sup>

As Damien Geradin and Nicolas Petit note:

*This definition is helpful in that it provides an objective criterion, i.e. the presence of different ratios of price to marginal costs (i.e. rates of return), to identify the occurrence of price discrimination. It also suggests that different prices for the same product do not*

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<sup>10</sup> Allen Consulting Group, *Economic Perspectives on Copyright* (Sydney, Centre for Copyright Studies, 2003) at 60.

<sup>11</sup> Richard Posner, *Antitrust Law* 2<sup>nd</sup> edn (Chicago and London, University of Chicago Press, 2001) at 79–80.

*necessarily amount to price discrimination as such difference may be justified by cost variations.<sup>12</sup>*

As Geradin and Petit also note, the welfare effects of price discrimination cannot be determined *a priori*. In particular:

*A key insight of economics is that price discrimination is most likely to expand output where the seller has declining average total costs. Expanding output through price discrimination is an essential strategy for firms facing problems of fixed cost recovery.*

*Price discrimination allows firms facing large fixed costs (in practice all firms that make substantial investments) to expand their output and thus spread fixed costs over a large number of units. When marginal costs are low (such as, for instance, in network or information-based industries), any positive price allows the firm to contribute to its fixed costs. Prohibiting price discrimination would thus prevent efficient recovery of fixed costs and would, in the long run, have a negative impact on investments.*

In sum, Geradin and Petit conclude that a *per se* prohibition on price discrimination cannot be justified on the basis of economic theory. This is because price discrimination may, depending on the facts, enhance welfare.

Hachette Australia submits that this is the case in respect of Australian book prices: particularly once the competitive pressures on Australian publishers are taken into account, the objectives and application of the current parallel importation restrictions are clearly in line with the aims of competition policy more generally.

Hachette Australia also refers the Panel to the submission of Treasury in its submission to the Intellectual Property Competition Review Committee:

*[Price discrimination] allows businesses to maximise the profits earned in each respective market – something that should not be considered inherently ‘bad’, and which their shareholders would reasonably expect in order to maximise the return on their investment.*

This is the market approach that the Panel should be supporting. In particular, the Panel should not recommend an approach that would undermine investment in Australia but also, ultimately, limit the choices available to Australian consumers.

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<sup>12</sup> Damien Geradin and Nicolas Petit, *Price Discrimination under EC Competition Law: the Need for a Case-by-case Approach* (The Global Competition Law Centre, College of Europe, Bruges, GCLC Working Paper 07/05) at 5.

## ANNEXURE B

### HACHETTE TOP 20 BOOKSCAN PRICE COMPARISONS YTD SEPTEMBER 2014

Title	Author	AU RRP inc GST	AU RRP exc GST	ASP inc GST	ASP exc GST	US RRP in AUD (no GST)	amazon.co m sales price in AUD (no GST)	amazon.com sales price + postage AUD
Gone Girl	Flynn, Gillian	\$19.99	\$18.17	\$18.52	\$16.84	\$9.99	\$7.86	\$18.34
I am Malala	Yousafzai, Malala	\$32.99	\$29.99	\$24.33	\$22.12	\$26.00	\$15.60	\$26.08
Doctor Sleep	King, Stephen	\$32.99	\$29.99	\$20.10	\$18.27	\$30.00	\$18.00	\$23.53
Gone Girl	Flynn, Gillian	\$19.99	\$18.17	\$17.68	\$16.07	\$9.99	\$7.86	\$18.34
Chestnut Street	Binchy, Maeve	\$32.99	\$29.99	\$20.05	\$18.23	\$26.95	\$16.15	\$26.63
Silkworm, The	Galbraith, Robert	\$32.99	\$29.99	\$21.60	\$19.63	\$28.00	\$16.09	\$26.57
Collector, The	Roberts, Nora	\$29.99	\$27.26	\$18.61	\$16.92	\$27.95	\$16.63	\$27.11
Gone Girl	Flynn, Gillian	\$19.99	\$18.17	\$15.35	\$13.95	\$9.99	\$7.86	\$18.34
Written in My Own Heart's Blood	Gabaldon, Diana	\$32.99	\$29.99	\$21.17	\$19.24	\$35.00	\$22.27	\$32.75
Mr Mercedes	King, Stephen	\$32.99	\$29.99	\$20.54	\$18.67	\$30.00	\$18.00	\$28.48
Missing You	Coben, Harlan	\$32.99	\$29.99	\$20.85	\$18.95	\$27.95	\$16.06	\$26.54
Shadow Spell	Roberts, Nora	\$29.99	\$27.26	\$18.24	\$16.58	\$17.00	\$10.11	\$20.59
Goldfinch, The	Tartt, Donna	\$19.99	\$18.17	\$18.86	\$17.15	\$30.00	\$17.95	\$28.43
I Am Malala	Yousafzai, Malala & Lamb, Christina	\$32.99	\$29.99	\$26.71	\$24.28	\$26.00	\$15.60	\$26.08
Concealed in Death	Robb, J. D.	\$29.99	\$27.26	\$18.40	\$16.72	\$7.99	\$7.19	\$17.67
Top Secret Twenty-one	Evanovich, Janet	\$29.99	\$27.26	\$19.36	\$17.60	\$28.00	\$16.09	\$26.57
Cuckoo's Calling, The	Galbraith, Robert	\$19.99	\$18.17	\$17.53	\$15.93	\$18.00	\$16.20	\$26.68
Skin Collector, The	Deaver, Jeffery	\$32.99	\$29.99	\$19.40	\$17.64	\$28.00	\$17.77	\$38.48
Racketeer, The	Grisham, John	\$19.99	\$18.17	\$18.10	\$16.45	\$9.99	\$6.02	\$16.50
Eleanor & Park	Rowell, Rainbow	\$19.99	\$18.17	\$17.19	\$15.62	\$19.99	\$11.39	\$21.87
Invention of Wings, The	Kidd, Sue Monk	\$29.99	\$27.26	\$25.85	\$23.50	\$27.95	\$16.71	\$27.19

**ANNEXURE C**

[2009 study into the effects of parallel importation conducted by Castalia Strategic Advisors,  
*The Impact of Parallel Importing on Publishing in New Zealand.*]