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Submission to the House Standing Committee on Infrastructure and Communications Inquiry into IT Pricing

This submission is made by the Australian Commercial and Media Photographers (ACMP) on behalf of our 386 members who work as professional photographers in Australia.

The protection of the Australian photographic industry as a workplace, with longevity for all photographers, regardless of their membership status, is integral to our daily operations and as such ACMP also makes this submission on behalf of all photographers practicing in Australia.

The price differences in software and hardware purchased in Australia compared to the same purchase overseas is of significant concern to the Australian photographic industry with many if not all of our 'tools of trade' having overseas origins.

Many of our members either own or are employed by micro and small businesses in Australia and have a focus of supporting local business. However, anecdotal evidence shows that in an attempt to lower running costs many are turning to the Internet to source some or all of the software, hardware and consumables to run their business.

ACMP acknowledges that the issues surrounding the Inquiry's terms of reference are complex. We also acknowledge the issues surrounding the pricing of tangible physical products shipped into the country are clearly different to the pricing of software purchased as a download over the Internet.

Because we only learnt about this Inquiry in the last month time has not permitted us to canvas our membership sufficiently to provide the Committee with examples of price differences across the entire spectrum of camera equipment, printers and consumables used in the Australian photographic industry. Because of the importance of this Inquiry ACMP believes it would be negligent of us if we did not provide the Committee with some examples of how price discrimination impacts our industry. Therefore, we have decided to focus on the price differences experienced by the Australian photographic industry in downloading software from the Internet.

Adobe is the leader in developing software used in the photographic industry. Although other companies such as Apple provide some alternatives, Adobe's products are considered the industry standard and we suspect the majority of our members would have at least one Adobe product installed on their computers.

Adobe, therefore, provides us with an easily documentable but single example, among many, of price differences experienced by the Australian photographic industry when they purchase downloadable software. In using Adobe to illustrate the impact of price differences to the Committee ACMP is not singling out Adobe for criticism as it is only one of many companies which chooses to price its products higher in Australia than elsewhere.

Recently Adobe changed their policy by which users would be eligible for discounted upgrade pricing. With the introduction of the CS6 Creative Suite of products owners of products one version back (in this case CS5 or CS5.5) qualified for upgrade pricing to a CS6 product. Previously discounted upgrading price was available for products at least two versions back (ie CS3 to CS5). Adobe is currently offering a temporary upgrade price until December 31, 2012, to assist CS3 or CS4 users upgrade to CS6. After this date only users with products one version back will be eligible for upgrade pricing.

Our members have a large financial investment in software. Because of the nature of some of our members' businesses some find they do not need the benefits offered by the latest upgrade and find a product two versions back is suitable for their needs. These members now have to choose between working with a non-upgradeable product and then pay full price on a new product licence when they need the new features or upgrade each time Adobe releases a new edition. The increased prices being charged for upgrades and full products by Adobe in Australia only adds to the burden of this decision.

At the same time Adobe announced the CS6 Creative Suite of products they announced a new subscription service called the Creative Cloud. The principle behind this service is to allow subscribers to access all the Creative Suite of products for a monthly fee and receive every upgrade at no extra charge as long as the subscription remains active. ACMP applaud the introduction of this new subscription service. However, as the table below shows there is significant pricing difference between the same subscription service purchased from the US Adobe online store and the Australian Adobe online store.

Comparison of prices for Adobe products available as downloads from Australian and US Adobe Online Stores, 28 June 2012.

Downloadable Product	US Adobe online US\$*	Australian Adobe online AU\$*
Upgrade Photoshop Lightroom 3 to Photoshop Lightroom 4	79.00	98.75
Upgrade Photoshop Extended CS5 to Photoshop Extended CS6	199.00	307.00
Upgrade CS5 Design Premium to CS6 Design Premium	749.00	1137.00
Creative Cloud Membership per month, one year subscription (12 month introductory pricing)	29.99	37.99
Creative Cloud Membership per month, one year subscription (standard pricing)	49.99	62.99

* The Australian dollar was trading at 101.10 US cents at 1200 EST, 28 June, 2012.

Adobe has been reported as explaining that the price difference is due to the cost of doing business in Australia. Our members report that Adobe Systems Software Ireland Limited processes their online purchases and Creative Cloud Subscriptions. They also report that no GST is collected.

With downloaded software the delivery cost is borne by the user through the download fees charged by the user's Internet Service Provider. Given the current strength of the Australian dollar ACMP believe it is unreasonable and unfair that our members must pay more for the same downloadable product than Adobe customers accessing the same product in the US.

Some of our members are also members of the National Association of Photoshop Professionals (NAPP) a US online subscription based organisation that provides Photoshop and Lightroom training to its members. NAPP has members in 105 countries with 536 members in Australia. One of the benefits of being a member of NAPP is the discount members receive on hardware, software and travel services. For some years now Adobe has offered NAPP members a 15% discount for purchases from the Adobe Online Store. Until earlier this year this 15% discount was only available to NAPP members in North America and Europe. It was not available to NAPP members in Australia. Although Australian NAPP members now have access to Adobe discount codes Adobe does not accept them for Creative Cloud Membership subscriptions where it is now encouraging its customers to access its products. Nevertheless, NAPP members in Australia wishing to buy boxed editions of Adobe products can use the Adobe discount codes.

ACMP has never been able to obtain such a generous discount from Adobe for our members.

As we indicated above, due to time considerations we focused our submission on the price differences experienced by the Australian photographic industry in downloading software from the Internet.

However, ACMP remains concerned about the impacts of what can only be described as price gouging across the entire spectrum of hardware, software and consumables used by the Australian photographic industry .

Adobe provides an easily documentable but single example of how price differences, changed policies and new delivery models can create an added financial burden to our industry, which is significantly higher than our overseas counterparts.

We believe that in an ever tightening market the price differences across the entire spectrum of equipment, software and consumables is making it increasingly difficult for the Australian photographic industry to operate their micro or small businesses and potentially effects the industry's ability to compete equally on the world stage.

ACMP makes itself available to assist the Committee and encourages Parliament to take quick and positive action to prevent the price gouging presently being experienced in Australia.

This submission is authorised by:

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