



30th June 2012

The Secretary
House of Representatives Inquiry into IT Pricing
Parliament House
Canberra ACT 2600

Dear Sir,

**Submission to the House of Representatives Inquiry into IT Pricing
E-Book Pricing**

This is a submission about substantially higher prices of e-books sold online by Amazon in Australia compared to prices in the US, UK and NZ.

A comprehensive submission on e-book prices has been lodged by John Dulley, a contributor to the Australian Kindle Users Forum, and I would like to add my support to that submission. I am also contributor to that forum and high prices for e-books sold in Australia is a frequent issue of concern.

In addition to that submission, I would like to focus my concerns on book pricing in general in Australia. I strongly support John Dulley's claim that the current e-book prices set by some publishers are a flow-on from exceptionally high paper book prices in this part of the world.

Background Information

I have been an avid reader since childhood and my home library holds approximately 4,500 paper books, and over 1,000 e-books. Until I bought a Kindle e-reader, two and a half years ago, I could not afford to buy enough books per month to read, I usually had to re-read books from my collection.

When I first bought my Kindle I was amazed and delighted at the price of popular fiction, much of which was below \$12. On top of this I discovered independently published books (Indies), usually priced below \$3, and sometimes even free. At last I could have sufficient new books to read.

As popular fiction was very reasonably priced, compared with the paper editions, I was still able to afford to buy my favourite authors, especially Australian authors. However these purchases came to an end in December 2011 when some Australian publishers raised their prices significantly.

Book Price History

Twenty or so years ago many books sold in Australia had recommended retail prices (RRP), shown on the back cover of the book, for Australia, New Zealand and the United Kingdom. After applying current exchange rates these prices were comparable.

Since then paper book prices in Australia have risen slowly but steadily until they reached highs of \$24-\$28 for paperbacks, \$32-\$35 for trade paperbacks and \$45-\$55 for hardbacks when these were available. In the past year or so I have seen paperback prices drop, by up to 20% in some cases, and discount department stores often heavily discount selected trade paperbacks.

Meanwhile overseas prices for paper books only rose slowly. Many Australians would not be aware of how expensive books are in Australia compared with other countries, as many books now do not have RRP prices printed on them. We just accepted the high prices as normal.

In December 2011 I travelled to Singapore and Malaysia and took note of some book prices in those countries. When comparing these to Australian prices, the Australian price was significantly higher, double the price in some cases. Unfortunately I did not note exact details of these books, just author names and prices. I looked at books by Sophie Kinsella, David Baldacci, Jeffrey Archer, Louise Bagshawe, Sheila O'Flanagan, Steig Larsson, Nora Roberts, Adriana Trigiani, and Jodi Picoult. I was unable to compare prices of books by Australian authors.

In Singapore:

Paperback prices were SGD 13-16, equivalent to AUD 10-12*

Trade paperback prices were SGD 18-26, equivalent to AUD 13-20*

In Malaysia:

Paperback prices were MYR 30-35, equivalent to AUD 9-11*

Trade paperback prices were MYR 50-60, equivalent to AUD 15-19*

Current Australian bookstore prices are:

Paperbacks, \$18-25

Trade paperbacks, \$28-33

* Using exchange rates as at 28 June 2012.

I believe the current legislation protecting the Australian publishing industry by restricting parallel imports has, in effect, created a pseudo-monopoly in respect to the pricing of books in Australia, to the detriment of the consumer.

E-book Pricing

Initially average e-book prices in the Australian region were close to prices in most other regions in the world. The Agency Agreement, introduced in April 2010, caused minor price increases, particularly on new releases.

The Australian region price increases, in December 2011, took e-book prices to well above most of the other regional prices, making Australian e-books the highest priced e-books in the world. Furthermore many e-books are now priced higher than the paper editions.

E-books do not have the costs associated with printing, distribution and retailing. Once an e-book is formatted, a single copy can be stored on a server anywhere in the world and distributed electronically at a trivial cost. Furthermore e-books are only licensed to the buyer. They cannot be resold, or loaned to anyone whose e-reader is not registered to the same account as the buyer.

E-book prices should reflect the lower production and distribution costs, and should be comparable to global prices.

In the main the Australian publishing industry appears to be maintaining a “head in the sand” approach to e-book retailing, keeping their prices high in the face of competition from Indie books and internet-savvy customers.

Recommendation

In addition to the recommendations listed in the submission by John Dulley, the Committee should investigate the whole issue of book pricing in Australia, both e-books and paper books, to determine whether Australian prices are fair and equitable compared with other sales regions world-wide.

Yours sincerely,

Julie Jester (Mrs)
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