



Samuel Lymn

Contact:

Committee,

I write to share my experience as an Australian citizen and avid consumer of technology products about the issues being addressed by this inquiry. I have been drawing attention to these issues for years as a private citizen and welcome the committee's interest in this matter. My submission will address the inquiry's Terms of Reference a) b) c) with a majority focus on Terms of Reference a) and b).

I purchase mostly films, digital music and digital books electronically. I would say 90% of my purchases are made from companies based in The United States or elsewhere overseas. The reason for this is, what can only be described as the unfair price differential between purchasing a product locally in Australia and purchasing that same product from overseas. Even taking into account the extra cost of shipping the savings are substantial for me. This leads one to conclude that the differences in pricing in Australia are not due to legitimate financial impacts or considerations of selling to Australian consumers but rather is the product of a corporate culture that assumes the Australian market can be ripped off. In the past the AUD versus USD was weak and the price differences between the two countries reflected that reality. That is no longer the case. Now, it's malice aforethought to deliberately inflate and manipulate prices for financial benefit of the selling companies, placing undue and unfair financial strain on consumers who would prefer to purchase products locally or who have no ability to purchase from overseas.

I have many examples I can provide to the inquiry but in the interest of time I will share only a few that demonstrate beyond any doubt the validity of what I've said above.

A recent film "21 Jump Street" on Bluray Disc costs **\$34.97** for EzyDVD in Australia whilst that same movie, the exact same product, costs **\$19USD** from Amazon.com. That represents a massive 84% price increase if purchasing the product in Australia instead of overseas.

A comedy classic, “Happy Gilmore” on Bluray Disc from EzyDVD in Australia costs **\$24.97** whilst that same movie, the exact same product, costs **\$11.93USD** from Amazon.com. That represents a staggering 109% price increase if purchasing the product in Australia instead of overseas.

A digital song download in MP3 format from Australian website www.bandit.fm run by Sony, costs **\$2.20** per “top track”. The same song costs only **99 cents in USD** from Amazon.com's MP3 Store. That represents a mammoth 122% price increase if purchasing the product in Australia instead of overseas. This price difference is the same for almost all “top track” songs for sale on www.bandit.fm and Amazon.com respectively.

If we examine the situation for Amazon's Kindle electronic ebooks we see the company's pricing varies. Generally speaking there is a sizable price increase if purchasing the product in Australia instead of in America, using the same website. Amazon uses specific methods to determine one's geographic location and prices their products accordingly.

As one example: “The Name of the Wind: The Kingkiller Chronicle: Day One [Kindle Edition]” by author Patrick Rothfuss sells to Australians as a digital download for **\$12.04**. The exact same book sells to customers shopping in America for **\$8.99USD**, a 33.9% price difference. In the case of digital ebooks the price is set in consultation with the publisher.

Inflated prices for digital and physical books in the Australian market has long been an accepted unfairness. It is important to note, that the industry is unscrupulous. Five publishers are facing charges from the US Department of Justice for conspiring with Apple Inc to price fix ebooks in an effort to mitigate the effect of competition from Amazon Inc. A number of parties have agreed to settle and the price of ebooks on Amazon.com will soon change according to the company.

Note that in all cases, when discussing digital product pricing, one can make no claim about increased costs for the retailer on the basis of things associated with preparing a physical product for sale. The fact that the product is digital completely eliminates such considerations.

In conclusion, the only reason for the price disparities outlined in this submission, which force customers wanting to spend wisely to give their money to overseas retailers, is that for years these practises of exploitation have been allowed to continue - with companies praying on the

technologically unaware consumer, without the retailers needing to justify the clear price gauging to our elected representatives or any body set up to examine such issues. I hope that my submission contributes to demonstrating the need for a swift response to protect Australian consumers and to ensure the success of local businesses. For, just as surely as the price disparity is driving consumers such as myself to purchase goods from overseas, any reduction in local pricing in the interest of fairness, will encourage people to shop locally. A rapidly evolving digital and physical marketplace must be committed to fair pricing models that reflect the economic realities of dealing in digital and physical goods, not simply whatever they can get away with charging.