

Submissions on parallel imports of CDs

The Commission has made submissions (two written and one oral) to the Senate Legal and Constitutional Committee Inquiry which considered the Copyright Amendment Bill (No. 2) 1997. The Commission's written submissions are on its website. The committee released its report in April 1998 with the majority key recommendation that the amendment be passed.

The amendment allows the parallel importation of sound recordings. This means that sound recordings that have been legally sold elsewhere could be imported without the consent of an existing local licence holder. The amendment proposal is driven by the wide recognition that lower prices for CDs, and a wider repertoire, would result from improved competition in the sound recording industry. The Commission made its submissions on this basis.

For the Commission, this issue dates back to the 1990 Prices Surveillance Authority's inquiry into the price of sound recordings which concluded that prices would fall if the restrictions on parallel importation of sound recordings were removed. In its submissions to the Senate inquiry the Commission provided detailed survey evidence that CD prices were consistently higher in Australia than overseas, with huge margins. It suggested that retail prices could fall by a quarter or more on average in response to the threat of imports.

In its supplementary submission the Commission addressed the issue of the dominance of the major recording companies. According to Australian Bureau of Statistics data, in 1995-96 the seven largest companies (affiliated with overseas parents) accounted for more than 72 per cent of the \$607.6 million wholesale market for sound recordings in Australia. Of this total wholesale market, 69 per cent was sales of recordings of music originating overseas, little different from the 70 per cent reported by the PSA in 1990. For the big seven, 94 per cent of sales was music originating overseas, reflecting their control over importing and local distribution.

The Commission argued that the repeal of the parallel import restrictions on sound recordings would lower prices of CDs in Australia. The Commission expects this to benefit Australian composers and recording artists through increased sales volume and revenue and improved deals with the record companies. Lower prices would also reduce incentives for piracy in sound recordings. The Commission supported increased penalties for piracy which will help to protect the rights of composers and recording artists.

The Bill was passed by the Senate on 12 July 1998 and received Royal Assent on 30 July 1998.



Photography by John Brash, Fotograffiti