

The great book debate

not when a natural person is a "foreign person" - that is determined simply by reference to the person's status under the Australian Citizenship Act 1949 (Cth). The problem is still the position of corporation shareholders. After 1981, the status of a corporation is determined by reference to sub-section (4). That sub-section brings in the 50 per cent voting power test which had been applied in fact by the Board and the Tribunal, but also adds to it the classes of interest of the kind set out in s.92B. In this respect, Senator Puplick's reference to strengthening the pre-1981 position is actually correct.

Section 92B (and the present s.89K) applied to s.92D(4), but not to ss.92D(2), (5) or (6): see s.92B(89K)(1). Thus a company that is exactly 50 per cent foreign-owned will be a "foreign person" (and thus limited to an interest in a licensee of no more than 15 per cent of votes or paid up share capital) if one or more of the foreign shareholders holds a shareholding or voting interest exceeding 15 per cent of the relevant interests in that company. With any other spread of shareholdings, such a company is able to hold 100 per cent of the interests in a licensee.

Because the real issue is when a corporate shareholder is deemed to be a foreign person, the 80:20 ratio of Australian to foreign shareholdings in the licensee itself remains (as it has really always been) a complete red herring.

It is easy to see how a fairly unsophisticated and inexpensive structure could be set up - involving a small number of foreign companies and a single Australian citizen - which could exploit this relationship between the 15 per cent and 50 per cent measures, and the fact that the proportional tracing method set out in s.89N also does not apply to either s.89K or s.92D. Without going into detail, it is possible to lift the total direct and indirect foreign equity to a level as close to 100 per cent as the parties feel they can go without creating a situation where a finding of de facto control of the licensee (under the News Corporation test) by one of the foreign shareholders becomes inevitable.

But whatever may be the shortcomings of the 1981 amendments, one thing is clear: the policy and effect of the legislation as it now exists is really very little different to that put in place back in the fifties. If anything, s.92D since 1981 is more restrictive in its reach than the legislation which preceded it (putting aside the residency/citizenship issue). What this means is that the current debate about whether total foreign ownership should be "kept" at 20 per cent or "lifted" to 40 per cent or some higher figure, is at best proceeding in a direction tangential to the real world, and is at worst as misdirected and muddled as most other debates about broadcasting policy.

Leo Grey is a Sydney Barrister

The "Great Book Debate" of 1989 revolved around those provisions in the Copyright Act 1968, prohibiting the parallel importation of literary works. Section 37 prohibits the importation of a book by a person, without the permission of the copyright owner, for the purpose of selling, or offering for sale, or distributing for sale that book. Similarly, s.38 prohibits persons, without the permission of the copyright owner of a book, from selling, hiring or offering for sale, that book.

After inquiries by the Copyright Law Reform Committee, the Prices Surveillance Authority and much public debate, the Attorney-General announced that the Copyright Act was to be amended so that copyright owners would lose control over imports for all non-pirated copies of books published after the amendment of the Act.

The A-G's scheme would exempt from this general provision all books published in Australia either first or within 30 days of first publication overseas in any signatory nation to the Berne Copyright Convention.

The scheme also provides that where stocks of a book become exhausted and are not replenished within 90 days, that book may be imported by any person without penalty until such time as the copyright owner can again meet booksellers' orders.

The scheme's requirements to meet demand will not be satisfied by the mere supply of a hardback edition where a paperback edition is available overseas.

Finally, booksellers will be able to import any book the subject of documented order from a customer wanting the book for non-commercial purposes.

Ed

Laurie Muller, president of the Australian Book Publishers Association

The Fairfax Media

In October 1988 the Sydney Morning Herald and The Age ran a prominent series of articles, by Robert Haupt, alleging British publisher monopolisation of the Australian book industry using territorial copyright as the means. These articles were followed up by others including editorials.

The front, feature and editorial page prominence of the initial and subsequent articles on this subject was certainly without precedent in any average of the Australian book industry. The articles and editorials did not strive for any balance on what is a complex issue. The initial articles pre-empted the Copyright Law Review Committee (CLRC) Report and created an extremely hostile climate for its reception. The Fairfax media maintained its hostility to the book publishing industry throughout the whole period using the Sydney Morning Herald, Age and Financial Review to maintain their crusade for far reaching copyright reform.

While a significant amount of the coverage was insightful and valuable, the overall effect was so far out of balance and of such a crusading nature that it presented a distorted picture to a confused and angry public and a

troubled industry. To most people it was their only source of knowledge on what was a complex multi-faceted debate, the interested public was poorly served by the media generally.

Overall the media involvement in the controversy fell well short of any reasonable standard of balance and created a climate where it was very difficult to maintain any sense of perspective.

CLRC Report

Six years in the making, the CLRC Report was a model of thoroughness and respect for copyright. It introduced the radical concept that territorial copyright be subject to a performance test based upon a notion of reasonable time. The book industry reacted with some caution and set about attempting to find workable industry definitions of reasonable time and associated details.

To the surprise of the book industry, the Australian Booksellers Association (ABA) and the Australian Book Publishers Association (ABPA) managed to agree on an extensive range of crucial definitions. Both Associations advised the A-G of the agreement and generally welcomed the reform of the industry as recommended by the CLRC.

The PSA

Amid a blaze of well orchestrated media publicity the Prices Surveillance Authority (PSA) conducted two days of public hearings and several months of independent research into Australian book prices and the effect of parallel importation restrictions contained in the Copyright Act.

In a further blaze of well orchestrated publicity they announced in their interim report in September 1989 that there was a conspiracy of British publishers and Australian authors, which caused book prices to be 30 per cent higher than they should be and recommended the complete removal of the territorial copyright provisions of the Act. The PSA recommended that alone of the English speaking nations of the world, Australia should become an open market.

Publishers and authors responded with genuine alarm. The Australian Society of Authors, the Australia Council, the Australian Copyright Council, the ABPA and a large group of prominent Australian authors advised the Government of their strong objections to the extreme position adopted by the PSA.

The debate spilled over, angrily, into the media and for the first time the many other aspects of the controversy were aired. The PSA was publicly criticised for the economic narrowness of its approach and the dubious validity of its economic theory. It was further criticised for the lack of thoroughness in its report, for significant errors in its international price comparisons and most importantly for its inability to comprehend Australia's obligations under the Berne Convention. Australian authors and many publishers and public figures criticised it for its cultural shortsightedness.

The main supporters of the Report apart from the PSA itself, were the Fairfax media, a group of breakaway booksellers and a handful of politicians.

The A-G

The person responsible for making a decision, on what had now become a seemingly impossible scenario was the soon to retire, Lionel Bowen.

He proved to be above the media-driven controversy and a politician with a fundamental respect for the law and for Australian cultural expression.

After several weeks of deliberation and discussion with various representative groups he ultimately made a profound decision.

In effect the Bowen decision:

- upholds the principle of territorial copyright;
- upholds Australia's Berne Convention obligations;
- protects Australian authors and Australian originated publishing

specifically; and

- applies a radical new condition on the importation of foreign books that makes their copyright protection dependent on performance.

In making such a decision, Lionel Bowen has repudiated the and its economic ration-

alism and embraced the philosophy and findings of the CLRC.

The big winner out of all this has been Australian authors and Australian indigenous publishing. They have been shown to be of political importance. It will be a brave, or reckless, politician who argues otherwise.

Gail Cork, Executive Officer of the Australian Society of Authors

Territorial copyright is a poorly understood concept. Those who depend on it for their livelihood faced no easy task when called upon to defend it against the much more tangible prospect of cheaper imported books. In recommending the abolition of territorial copyright, the PSA did not try to deny that authors would suffer as a result; it merely dismissed this unfortunate side-effect as a less important consideration than cheap books.

By way of compensation for authors' loss of income in a de-regulated market, the PSA suggested increased government subsidies and/or a ten year exemption from de-regulation for Australian authors. Not surprisingly, authors found neither suggestion acceptable. Like their colleagues throughout the English-speaking world, they consider the divisibility of copyright into territories to be an integral and necessary part of copyright law.

The need for territorial copyright

Copyright laws are designed to protect the owners of intellectual property. Territorial copyright is that aspect of copyright law which enables authors to maximise the commercial potential of their work. It gives them the opportunity of negotiating an exclusive licence for the Australian market, another for the US market, a third for the UK and so on. Each new licence means another advance for the author, commensurate with anticipated sales in that market.

Take away the exclusivity of the Australian licence and the Australian publisher's incentive to take on new Australian titles is severely eroded. What publisher would bother to spend thousands of dollars promoting a new title, knowing that a UK or US publisher had only to tack a few thousand copies onto their print run (enjoying economies of scale impossible in Australia), export them to Australia and enjoy a free ride on the demand created at the Australian publisher's expense?

Without territorial copyright protection, it would simply not be worthwhile for an Australian publisher to publish a new Australian title, unless it insisted on world rights,

thus cutting out the possibility of competition from other editions. This also means cutting out the possibility of further advances for the author from publishers overseas. And, since few Australian publishers are in a position to properly exploit overseas markets, it also means the author's work has virtually no chance of breaking into other markets.

The invidious position of authors

Unfortunately 'cultural destructiveness' is a difficult thing to quantify. In the long and sometimes nasty public debate which accompanied publication of the PSA Report, authors found themselves in an invidious position. Confronted with a looming threat to Australian literature in general and their livelihood in particular, they had no choice but to oppose the report. On the other hand, they had no wish to perpetuate a system which made it easy for British publishers to manipulate the Australian book trade.

The A-G's compromise

In its submission to the A-G, the ASA listed six probable consequences of abolishing territorial copyright protection. It would:

- drive our most successful authors overseas;
- severely undermine the royalty income of those who remained;
- vastly increase the need for government subsidies;
- damage the professional pride of Australian writers; by denying their moral right to control what they create;
- destroy small independent publishing houses; and
- concentrate publishing in the hands of multi-national companies, sending profits from Australian book sales offshore, instead of using them here to finance further indigenous publishing.

The A-G's decision to retain territorial copyright protection for books first published in Australia represents a compromise for all interested groups, but far from being simply the line of least resistance, it heralds some

bold reforms which offer something to everyone. For the poor beleaguered book buyer, it means no more untenable delays for overseas titles, as well as the potential for a downward trend in the price of those titles. For authors whose books are first published in Australia, it preserves territorial copyright protection. For Australian publishers, it creates incentive to buy Australian rights to

David Gaunt is a Sydney bookseller and convenor of the Australia Booksellers' Association Standing Committee on Copyright

There has long been concern about the price and availability of books in Australia. There is a perception that Australia is a captive book market where consumers are fleeced by greedy British publishers who publish in Australia when and if they feel like it, at prices outrageous in comparison with Britain, the U.S. or Canada. The British are not the only villains but the feeling that the existing system is a colonial relic, which should be treated as such, is a powerful one.

That feeling is exacerbated by another perception - books as "sacred objects", as totems of knowledge, creative power and instinct. Bad enough that the public should be overcharged and restricted in its access to goods: worse still when the commodity is as precious as books. Tempers, therefore are high; the greed of big business, the power of multinationals, the sanctity of Australian writing, the right to control one's own destiny - all have been invoked in the debate which has raged since the government intervened and established the CLRC and PSA inquiries. Self-interest has, predictably, muddied the waters of the arguments.

The Need for Change

In the first place, the system as it stands doesn't work; too many books are overpriced, unavailable or delayed in publication. It has produced complacency amongst publishers, distributors and booksellers and has not served the public well. At the same time it should be emphasised that most bestsellers and popular titles are competitively priced when one looks at UK and US prices. It is in specialist areas such as academic and technical books where outrageous discrepancies are to be found.

The response for a bookshop like ours [Gleebooks, Sydney] has been simple - break the law, import the cheaper American editions of British "copyright" titles, obtain paperbacks as soon as they're published in either country and ignore copyright where its unfair effect on the reading public is manifest.

overseas titles. For manufacturers, it will probably mean more books produced in Australia. For booksellers, it overcomes the frustration of unavailability of overseas titles. Those who value books on the basis of their price tag alone will still be able to shop from remainder bins and 'books-by-the-kilo' discount stores.

The proposals

In September, 1988, the CLRC report was produced. A cautious, well-reasoned document, it delivered on "availability", but was administratively a minefield for booksellers. They were only mildly enthusiastic; the publishers even less so.

In September 1989 the interim report of the PSA proposed total deregulation!

Responses were predictable. Suddenly the CLRC report looked very attractive to the publishers. Some booksellers, confusing risk-taking in a more competitive market with

grave danger to their livelihood took a conservative position. One very large chain, clearly to be advantaged by its enhanced buying power in a totally deregulated market, emerged quite unexpectedly as the "reader's friend".

Authors, agitated by the threat of the abandonment of territorial copyright under the PSA report recommendations have struck back; some passionately and persuasively, others as their own worst advocates. The public, confused by the legal arguments over copyright, micro-economic issues, and various positions of self-interest, still wants its cheaper books.

Has the government found a solution? I believe it has; a proposal which enshrines territorial copyright so that authors are protected and our flourishing local publishing industry continues to be just that; and a virtual open market for all books published overseas unless stringent demands on price and availability are met.

What will the public get? Some books will be cheaper - only time will tell how many and how much. All titles of any significance will be available earlier, much earlier.

This is an edited version of an article which first appeared in the January copy of Editions

The Prices Surveillance Authority comments

The PSA welcomes the reforms to the Copyright Act announced by the A-G in December. They constitute a more radical regime than would have been likely in the absence of the PSA inquiry and recommendations. In particular overseas books will become available in Australia much earlier than in the past. The effect upon prices is more fixed, with some prices falling, a few possibly rising, and others being unaffected. Paperbacks should also become available earlier with associated favourable price effects. However, the complexity of the proposed regime raises some legal and administrative problems. These problems in turn together with current issues on the GATT agenda raise questions about the longer term durability of the system.

Legal problems

A number of definitional problems will have to be sorted out before the effects of the reforms become clear. Whether the legislation can deal with all these problems or whether they will result in litigation has yet to be seen. Most crucial is the definition of "to publish". The Copyright Act currently defines publication as the making available of

sufficient copies to satisfy the reasonable requirements of the public, but what exactly does this mean? The reasonable requirements of the public depend on the demand for individual titles. It is possible that some publishers will try to thwart the intention of the legislation by importing a few token copies within the thirty days required to achieve protection. They would then have ninety days to replenish supplies.

A second set of problems arise under the "revolving door" provisions for titles which become unavailable for 90 days or more. From when does the 90 day period commence? If it is the time when publishers cease to have stocks of the title available in Australia, how will that date become known? If it is the time when they are first unable to fulfil an order within 90 days, how will other booksellers know this date? Furthermore, titles may in fact be unavailable for much longer than 90 days. A bookseller must wait and see if the publisher can supply within 90 days and only if they fail can the books be imported directly. It may then be a further 90 days or more before the books are delivered. When supply is re-established, what is the status of copies which were ordered by booksellers during the 'off period'? If they have

not yet arrived in the country, do they become illegal imports under section 37 of the Act; or if they are in the bookseller's shop, are they being illegally distributed under section 38 of the Act?

Administration

The current importation provisions and the restrictive trade practices which they support stifle the entrepreneurial flair of booksellers in effectively meeting the needs of consumers. While the proposed amendments provide them with greater freedom in this respect, the associated costs are not inconsiderable. For the small retailer, the costs are likely to be great. Only a few large retailers will find this exercise clearly worthwhile. The provisions for individual orders, despite the acceptance of non-written orders, will still consume considerable administrative resources. An open market for books would avoid these costs and would also encourage the establishing of wholesalers/importers with the attendant benefits arising from a rationalisation of orders. The proposed regime will result in multiple small orders and the cost of this inefficiency will be reflected in prices.

Availability and pricing

If the proposals are implemented in the way the Cabinet decision intends, they will bring considerable benefits in terms of the availability of new titles. No longer will Australian consumers have to wait months or years before they are able to buy the latest novel or scientific text. The proposals will also improve the availability of backlist titles via the 90 day 'revolving door' provisions.

However, in both cases the benefits will be less than could have been expected under the open market proposed by the PSA; entrepreneurial booksellers will be thwarted by the time provisions and the administrative costs of the system. Furthermore, the backlist provisions will only become effective after a considerable lag, since they apparently will not apply retrospectively to titles published before the legislation is enacted.

The potential effects of the reforms on prices are considerably less certain than the effects on availability. The crucial issue here will be what proportion of new titles are published in Australia within 30 days of their publication overseas. Publishers have a strong incentive to meet this timetable where the title is likely to make a considerable contribution to their revenue and profits. Even where individual titles are not major revenue earners, collective Australian sales may well be. If a large proportion of books do meet the 30 day requirement, the effect on prices will be negligible. Under these circumstances, the importation provisions will continue to support price discrimination by publishers, who will face little competition from substitute titles which have failed to meet the requirement and can be freely imported at cheaper prices.

There may even be a negative effect on prices where the 30 day requirement is met by air freighting copies out to Australia. In a competitive market, we would expect the costs of air freight to be largely absorbed by the supplier, as currently happens with overseas library suppliers; but with the market power provided to suppliers by the importation provisions, they may be able to pass these costs on to consumers. The effect on

prices will also be muted compared to an open market situation because there is unlikely to be much if any development of book wholesaling, with its attendant benefits for cost efficiencies.

One of the greatest benefits in terms of both prices and availability is likely to be in the area of specialist titles with a relatively narrow market in Australia. If publishers do not find it worth their while to meet the thirty day requirement, they will be freely available for importation. Under existing arrangements, these titles often take a considerable time to reach Australian consumers and they may pay up to four or five times the price paid by overseas consumers. However, some of these texts have a relatively long life; existing titles will continue to be protected by the importation provisions and their prices are only likely to fall when a new competitive text becomes freely available.

The G.A.T.T agenda

Trade related aspects of intellectual property rights (TRIPS) are currently on the agenda of the GATT. Developed countries want to improve the protection against pirating in developing countries; while some developing countries want to balance this with improving their access to the markets of developed countries through parallel imports. This combination would secure the benefits of competition in the supply of intellectual products while providing protection against the legitimate concerns of producers regarding piracy. Australian government statements on the TRIPS negotiations are consistent with support for such a regime. In this context, the current reforms would become redundant.

Robert Haupt, champion of book copyright reform, is a senior journalist with Fairfax

The debate over the proposed changes to Sections 37 and 38 of the Copyright Act is a debate over which books booksellers may import. Since no one is suggesting pirate editions should be allowed into Australia, it is a debate between those who wish Australian booksellers to be free to import legitimate editions from anywhere they like and those who wish to restrict them to the editions an international publishing house says they may import. Under current law, individuals and libraries may import from whoever and wherever they wish.

The important thing in this debate now is not the fight but what is being fought over. The ground has shifted against the big British (increasingly British-American) publishing houses, and I believe it will shift further.

CLRC Report

When the CLRC brought down its findings in September 1988, the representatives of the British publishers were astounded. The committee said that books ought to be free to be imported directly by booksellers under either of two conditions: when they would not be available in Australia within a reasonable time; OR if a bookseller held a written order for them from a customer. The publishers' representatives said that "OR" could only be a misprint for "AND".

By the time the Hawke cabinet had the Copyright Act changes before it last December, the publishers had not only recovered from their shock at the CLRC recommendations, they were enthusiastically endorsing them.

PSA Report

What had changed? The Hawke government had shown eagerness for change under its agenda of "micro-economic reform"; Lionel Bowen was eager to reform the Act; the PSA, itself eager to get some runs on the board, had held a public inquiry into book prices.

When the PSA reported, its findings made the CLRC look conservative. Moreover, it gave those booksellers who had been campaigning for far-reaching reform a friend at court, for the PSA recommended not a modification of the closed market for imported books, but its abolition.

At this point, the Australian authors entered the fray, some worried that their high-priced editions for the Australian market would be undercut by cheaper imports, oth-

ers by a more general belief in the inviolability of copyright. Their campaign, through such high-profile writers as Thomas Kenneally and Peter Carey, carried weight with some Hawke ministers.

Cabinet's decision

In the CLRC and the PSA proposals, cabinet might be said to have been given a choice between a lawyer's approach and an economist's. The first enshrined property rights, the second market forces. In the cabinet, too, where Mr. Bowen took a lawyer's approach, other ministers are understood to have argued for the economist's.

Cabinet's decision reflects the lawyer's view, with a dash of free-market economics for a certain range of books. The lawyer's wish to preserve property rights is shown in the way previously-published (or "black-list") titles are dealt with: if they can be made available in Australia within 90 days by the closed-market system, they may not be imported direct.

The glimmer of open-market applies to titles published after the Act is changed. They are subject to a 30-day rule - short enough to loosen the British publisher's grip over most American titles, without costing Australian authors their territorial copyright.

So what will happen? I believe that just as the unworkability of Australia's partly-open market is becoming apparent, two international changes will force a re-think. The first is the creation, after European economic integration in 1992, of the biggest open market for English language books in the world, one which will include the U.K. The second is new technology for storing, transmitting and printing words.

CAMLA Office Bearers For 1990

Elected At A.G.M.

President: Mark Armstrong
Vice-president: Julia Madden
Vice-president: Stephen Menzies
Secretary: Adrian Deamer
Treasurer: Des Foster

Committee:

Ian Angus	Peter Leonard
Thomas Arthur	Malcolm Long
Trevor Barr	Mark Lynch
Ken Brimaud	Tracy Meredith
Martin Cooper	J.A. Morgan
Shayne Daley	Camilla Mowbray
Graham Dethridge	T. O'Connor
Gareth Evans	Russell Patrick
Dominique Fisher	Richard Phillips
Kate Harrison	Jonquil Ritter
Grant Hattam	Joanna Simpson
Peter Hohnen	Bruce Slane
Yvette Lamont	Doug Spence

F.O.I.: The promise & the reality

Peter Bayne, of the Australian National University, examines the scope for exploitation of the various F.O.I. acts by journalists and others

The notion that citizens have a right to obtain information in documentary form in the possession of the government stands legal and administrative traditions on their heads. This explains in good part the reason for the long and difficult gestation period of the Freedom of Information Act 1982 (Cth) in the face of opposition of the senior levels of the public service. But the Commonwealth Act was followed soon by the more generous Victorian Freedom of Information Act 1982 and, more recently, the Freedom of Information Act 1989 (NSW). The Queensland Electoral and Administrative Review Commission may well recommend an Act, and one was promised in the Governor's recent speech to the South Australian Parliament. In the past, the Tasmanian MP Bob Brown has introduced Bills to provide for FOI.

There is a great deal of similarity between the three existing Acts (or four if the ACT Act, which is almost identical to the Commonwealth is included). There are some vital differences, which where relevant will be noted below. Otherwise fine detail will be omitted, and the references which follow are, unless otherwise indicated, to the Commonwealth Act.

The promise

The Acts begin boldly enough, providing at s.11 that "every person has a legally enforceable right to obtain access" to documents of Ministers, Departments and agencies (notice that it is only information in documents which may be obtained). The right does not however extend to an "exempt document", and this of course is where the argument with government usually starts. Nevertheless, the manner in which the politicians, from all sides, justified the introduction of the legislation gave rise to an expectation that the right would be seen generously.

Take for example what was said in the Parliament of New South Wales by Mr. Wal Murray in June of 1988:

"This bill is one of the most important to come before this House because it will enshrine and protect the three basic principles of democratic government, namely, openness, accountability and responsibility. It has become commonplace to remark upon the degree of apathy and cynicism which the typical citizen feels

about the democratic process. This feeling of powerlessness stems from the fact electors know that many of the decisions which vitally affect their lives are made by, or on advice from, anonymous public officials, and are frequently based on information which is not available to the public. The government is committed to remedying this situation."

At the forefront then is the democratic rationale for the Acts - that they will enable any member of the public - including the merely curious - to find out what its government has done, and furthermore to participate in what it proposes to do. "Government" is moreover seen as both the Ministry and the public service. There is also a privacy rationale for the Acts, but it was not prominent in the parliamentary debates.

The role of journalists

The introduction of the Commonwealth Act was supported by journalists, and some, such as Jack Waterford in Canberra and Paul Chadwick in Melbourne were early users of this Act (and in Chadwick's case, of the Victorian Act). For reasons which will be apparent from what is said below, enthusiasm for the Commonwealth Act has waned, but the Victorian Act remains a valuable asset to the 'investigative' reporter. The opposition parties at both the Commonwealth and Victorian levels have lately begun to use the legislation to some effect. A point which journalists might note is that it is safer for the whistleblower to let it be known that a document exists than to actually leak it.

Rather than illustrate use by journalists, this brief comment will outline the major kinds of exemptions in the Acts, and in particular those which may be invoked where the documents concern the development of policy on some matter. In this way, the reader can form her or his own view as to just what difficulties the public interest requester will face.

Exemptions

While the politicians proclaimed the democratic aims of the Acts, the fine detail of the drafting of the exemptions reveals that the interests of government and those with whom they deal are well protected. The inter-