

6 November 2012



The Executive Director
Australian Law Reform Commission
GPO Box 3708
SYDNEY NSW 2001

Dear Sir/ Madam,

RE: *Inquiry into Copyright and the digital economy (ALRC IP 42)*

Thank you for the opportunity to make a submission to the Copyright and the Digital Economy inquiry conducted by the Australian Law Reform Commission (ALRC IP 42).

Our submission primarily focuses on Question 1 of the 55 questions listed in the Issues Paper, providing practical evidence of how Australia's copyright law is affecting our participation as educational publishers in the digital economy.

Pascal Press was established in 1989 as an independent Australian book publisher servicing Australian Schools. Our first book was Foundations in 4 Units Maths, published from our first office in Glebe, New South Wales.

Since then, Pascal Press has continued to grow and is now Australia's largest independent educational publisher, with established and well respected brands such as Excel workbooks, Targeting Handwriting and Targeting Maths primary textbooks, and world-leading educational websites Mathletics and Reading Eggs.

We have also expanded our offering with DVDs and educational video content through Video Education Australia (VEA) and video delivery technology company ClickView.

Our group now employs over 400 staff in Australia, New Zealand, United States, United Kingdom, and Canada, and has sold or is selling products to every primary and secondary school in Australia. Appendix A provides more details about each company for your reference.

Developing the kind of quality content expected by school teachers and students requires considerable investment.

Schools demand high quality materials, specifically designed to meet their needs, including comprehensive alignment to state and national curricula, and catering for students at all levels of competency in all subjects.

In addition, advances in technology have extended that demand for publishers to provide content in different media formats and platforms: CDs, DVDs, Interactive White Boards (IWBs), interactive websites and, more recently, mobile devices such as smartphones and tablets.

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This considerable investment is only possible because publishers derive multiple revenue streams from their products. Australia is a comparatively small market, so educational publishers rely on additional income streams, including export markets, to justify the investment.

Just like producers in the movie industry rely on cinema patrons, DVD sales and rentals, Free to Air and Pay TV licence fees, distribution and merchandising fees to get recompensed for their effort, book publishers need book sales, licensing fees from export deals and Statutory licensing fees for copying under Part VB of the Copyright Act by educational institutions.

We have consistently invested in developing world-class products, specifically designed for what schools want. Some of these products would not be financially viable without the additional income received from Copyright Agency Limited (CAL) for copying under the Part VB Statutory Licence.

For many of the Teacher Resource books published by Blake Education, for example, we receive more income over the years from CAL than we receive in book sales. This is because schools copy high-value material, relevant to what their students need.

Teachers also have ready access to a lot of generic content available on the Internet and other channels for free. This generic content is usually non-specific, low quality and undermines potential sales for publishers that put the time and effort to develop high quality materials.

As a leading e-learning publisher, we have also made substantial investments to bring world-class educational websites to Australian schools first, and now to many other parts of the world.

This was partly in response to declining revenue streams from our traditional book products, but also driven by new demands from schools, teachers, parents and students for content delivered in digital form, specifically designed with higher levels of interactivity, customised to the individual student's needs and with immediate feedback to the student and teacher.

Websites such as Mathletics and Reading Eggs are multi-million dollar investments, requiring substantial time, focus and people effort to help deliver an effective mix of content and technology to teachers and students. Australian children have enjoyed the benefits of these new learning experiences before anyone, but these websites would simply not be financially viable for any publisher without additional revenue streams.

Users expect more from digital content: more customisation, interactivity, availability on different platforms and devices.

This means that, as publishers, we need to invest even more to cater for Australian students, conditions and educational standards. In addition, digital requires constant updates and refinement to keep the content and software relevant and effective.

If the Copyright Act is changed to reduce the amount available to publishers from copying under Part VB, the incentive for publishers to invest in developing high-value materials for the school market will be directly affected.

The consequence of this would be that Australia will become a user of content created for foreign countries and educational conditions, perhaps adapted to Australian needs, but ultimately not specifically designed, developed and tested for Australian schools.

For Australia to continue developing world-class products and services that are first designed for Australian schools, companies like Pascal Press, and other independent Australian publishers respectfully request that the views and practical experiences outlined in this submission be considered for inclusion in the forthcoming draft recommendations due in 2013.

Please feel free to contact me should you have any queries or wish to discuss our submission in more detail.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'M. Sandblom', with a stylized, flowing script.

Matthew Sandblom

Managing Director, Pascal Press

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Appendix A: Pascal Group of Companies

1. Book and Digital Publishing Group, made up of four companies:

Pascal Press: Established 23 years, main business is book publishing (workbooks for Maths and English under the Excel brand, and primary textbooks for Maths and English under the Targeting brand). Also has developed a subscription-based website for test preparation, under the brand Excel Test Zone. Most content is developed in-house through our writers and publishers.

Excel is the No 1 brand in Australia for Mathematics and English workbooks. Targeting ranges from No 1 in Handwriting to No 2 or 3 in Maths and other English.

The company publishes about 700 titles, and distributes the Reading Eggs book series, including RE My First. www.pascalpress.com.au

Blake Education: Established 15 years, main business is book and CDROM publishing (teacher resource books, Interactive Whiteboard, and literacy titles such as Storylands, Sparklers, Giggles and Go Facts). Most experienced in Australia for Direct Marketing to schools. It publishes about 2,500 titles. www.blake.com.au

Blake Publishing: Established 14 years. Initially incorporated as an IP company to develop content for the Pascal and Blake book companies, but since 2006 started expanding into technology publishing with CDROM, Reading Eggs and Reading Eggspress. Launched Reading Eggs website in August 2008, and has achieved very high penetration in the Australian consumer market for early literacy content for children aged 4-6 years old. The website now has over 2 million registered users, from over 100 countries. www.readingeggs.com.au

It also developed a companion series to the website, with Activity Books, Flash and Alphabet Cards, maps and stickers under the Reading Eggs brand, and workbooks for specific skills under the Reading Eggs- My First brand, and distributed by Pascal Press.

Blake ELearning: Recently incorporated (2010) to continue the digital development started by Blake Publishing for Reading Eggs and Reading Eggspress websites and to expand their global reach. Currently also developing a Maths website for early learners, Mathseeds, due in December 2013.

www.readingeggs.com.au; www.readingeggspress.com.au

2. 3P Learning Group

Initially owned by the Book and Digital Publishing Group and incorporated as a separate entity in 2006.

It has developed a very successful Mathematics online program for children of primary and secondary school age under the brand Mathletics.

Mathletics has 3.4 million subscribers in about 90 countries, of which 1.5 million are in Australia. The company has offices in Australia, NZ, US, UK, Hong Kong, Singapore and Malaysia.

It also runs a global annual event called World Maths Day in which 2 million children participate from almost every country in the world.

www.mathletics.com and www.worldmathsday.com

3. **Video Production and Distribution Group**

The Video companies (*Video Education Australasia, Classroom Video, Training Point*) produce DVD and video content mostly for secondary schools and tertiary institutions, but also applicable to the corporate market. They also license video content for sale and distribution in Australia.

www.vea.com.au and www.classroomvideo.com.au

4. **Video technology group**

Has developed and markets *ClickView*, a server-based technology product to deliver video content to schools. It also sells and markets the video libraries produced and licensed by the Video Production and Distribution Group.

www.clickview.com