

**3 October 2025**

Secretary  
Senate Standing Committees on Environment and Communications  
Parliament House  
Canberra ACT 2600  
Email: [ec.sen@aph.gov.au](mailto:ec.sen@aph.gov.au)

Dear Committee Secretary,

### **Addendum Submission – Inquiry into the National Cultural Policy**

The Australian Publishers Association (APA) welcomes the opportunity to provide this addendum submission to the Senate Standing Committees on Environment and Communications Inquiry into the National Cultural Policy. We understand that our original submission of 27 February 2023 remains before the Committee.

This addendum provides updated views in light of the Committee's particular interest in:

- **potential tax reform and ways to boost the productivity of Australia's arts and creative sectors;** and
- **opportunities, risks and challenges for Australia's arts and creative sectors associated with emerging technologies such as artificial intelligence (AI).**

## **1. Potential Tax Reform**

Australia's book industry—central to national culture, civic and educational capacity, and a vital creative sector—is under sustained pressure from rising costs, economic uncertainty, and global competition. Readers continue to seek Australian authors and publishers, but without stronger policy support these voices risk being drowned out. Targeted tax and related measures can reduce costs, stimulate investment, and strengthen the capacity of publishers and booksellers—complementing rather than replacing cultural funding.

### **Industry Context – The State of the Book Industry**

The book\* industry generates more than \$2.1 billion annually and supports over 30,000 jobs across writing, publishing, bookselling, and libraries. It is diverse: multinational companies sit alongside independent SMEs, sole-trader authors, illustrators, and editors. Book retailing is

\*The APA uses the terms 'book' or 'books' as a shorthand for all published items such as print books, ebooks, audio books, digital learning materials and research journal articles.

equally varied, spanning major chains, online platforms, discount department stores, and independent bookshops that also serve as cultural and community spaces.

Publishers release tens of thousands of new and reissued titles each year, while keeping more than 1.8 million works available in print and digital formats. Yet structural pressures persist: high printing, freight, and promotional costs; a small domestic market; discoverability challenges in algorithmic environments; and competition from imports.

### **Policy Context – Reading, Literacy and Policy**

Australia has lacked a coordinated national literary policy; support has been dispersed across literacy and curriculum settings, modest arts funding, PLR/ELR payments, library procurement, and prizes or festivals. The establishment of **Writing Australia** is therefore a hopeful and critical step. To succeed, cultural strategies can be profitably complemented by economic and tax levers.

### **Tax, Offsets and New Levers**

International evidence shows that offsets, exemptions, and reliefs deliver strong cultural and economic returns. For books, these mechanisms would broaden access to reading, sustain a diverse and independent publishing sector, and strengthen Australia's cultural infrastructure.

Australia already uses such levers effectively in the screen and games sectors. Extending similar mechanisms to books would align cultural and economic policy, stimulate innovation, and secure long-term investment in Australian stories.

In the context of the NSW Government's *Art of Tax Reform* process, this **submission sets out a package of measures designed to:**

- encourage investment in Australian content and new works;
- support bookshops and publishers as cultural infrastructure;
- promote community engagement with Australian stories;
- reduce compliance burdens for creative organisations and workers; and
- address market and policy imbalances that constrain sustainable growth.

We believe **Targeted tax measures can help to:**

- lower production and distribution costs, especially for independent publishers;
- encourage investment in new Australian works;
- strengthen bookshops as community anchors; and
- simplify compliance for authors and small creative businesses.

**International Precedents** – There are several international precedents:

- **France/Italy:** VAT relief combined with bookshop support to protect diversity and access.
- **Canada:** The federal Canada Book Fund supplemented by provincial publishing tax credits.
- **United Kingdom:** Zero-rated VAT on books to ensure affordability and accessibility.

## 1.1 Tax and Special Measures for Australian Books

### A) Literary Production Offset (within a Creative Industries Offset)

*At a glance:* A refundable tax offset for new Australian-authored books, reducing the risk involved in new titles by offsetting key production costs.

- **Why it matters:** reduces rising costs; expands diverse Australian stories; supports editorial/design/print/ jobs; anchors local printing. *UK precedent:* rules-based cultural credits with certification provide certainty and scale.
- **Design:** 30% of Qualifying Australian Cultural Industry Expenditure (QACIE), with uplifts up to 40% for SMEs, First Nations, debut works, poetry, translations, accessibility, and onshore print.
- **Qualifying spend:** editorial, design, typesetting, illustration, print/bind, audiobook production, Australian warehousing/freight, metadata and trade marketing (consumer marketing capped at 20%).
- **Eligibility:** Australian-controlled publishers; first-publication print/ebook/audiobook. Excludes vanity/POD and unchanged reprints.
- **Safeguards:** per-title and per-publisher caps; grants netted off; no double-dipping.
- **Administration:** Creative Australia certifies; ATO pays (screen-offset workflow).

### B) Managing Lumpy Income — Averaging & Grant/Award Exemption

*At a glance:* Fairer, simpler taxation for creators; grants do their intended job.

- **Why it matters:** irregular grants and advances bunch tax into one year; current averaging is complex. Reform would lift effective grant value, smooth volatility, and support careers. *International fit:* aligns with Ireland and Finland.
- **Design:** exempt competitive public literary grants/fellowships/awards up to \$135k per recipient per year. Modernise income-averaging rules for special professionals with clearer guidelines, auto-calculations, and pre-filled ATO reporting.
- **Administration:** granting bodies report to ATO; streamlined myTax/practice workflow.

### C) Federal Property-Rates Rebate for Independent Bookshops

*At a glance:* Rebate a portion of local government rates to reduce fixed costs for cultural “anchor” bookshops.

- **Why it matters:** protects discovery, literacy, and community roles; preserves metro and regional access; supports main-street economies. *Parallels:* UK business-rates relief; France/Italy concessions.
- **Design:** eligibility—-independent, Australian-owned, primarily bookselling, with a physical storefront; cultural test—events/programs plus Australian-authored stock.

- **Administration:** claim via ATO with rates notices; per-premises cap (fixed % of rates).
- **Safeguards:** clear criteria and spot checks.

#### D) Textbook & Required Learning Materials Deduction (K–12)

*At a glance:* Cut costs for compulsory materials so students are not priced out.

- **Why it matters:** increases uptake of compulsory materials; narrows equity gaps; stimulates local curriculum-aligned content.
- **Design:** eligibility—items on a school’s official list or invoice (print/digital textbooks, workbooks/readers, licensed e-texts/platforms, subject resource levies, required study guides). Excludes tutoring, high-value devices, uniforms, stationery, optional extras.
- **Targeting:** parents/guardians; per-child cap (e.g., \$500–\$800, indexed). Optional higher cap for disability, First Nations, remote/regional.
- **Australian-content uplift:** e.g., 120% deductibility for required resources authored/published in Australia.
- **Administration:** itemised ABN invoices; pro-rate digital licences; publish eligible items list.

#### E) Capital Investment Offset for Australian Book Printing

*At a glance:* Incentivise new B&W offset capacity to ease bottlenecks and reduce offshore drift.

- **Why it matters:** addresses concentrated supply, delays, and cost escalation; supports skilled manufacturing jobs; lowers freight emissions. Mirrors EU/UK/NZ resilience approaches.
- **Design:** offset for Australian printing firms investing in plant/equipment that adds book capacity; scaled by investment with a cap per firm; eligibility requires added capacity and service to multiple publishers.
- **Administration:** ATO delivers; industry agency advises on eligibility/reporting.

#### F) Remove GST on Books (print, ebooks, audiobooks)

*At a glance:* Zero-rate books to recognise cultural and educational value and improve affordability.

- **Why it matters:** lowers prices; broadens readership; strengthens demand for Australian-authored works; relieves school and library budgets. *International norm:* UK and Ireland (zero), France (5.5%), Norway (exempt).
- **Design:** remove GST on printed books, ebooks and audiobooks (Commonwealth–state agreement required); clarify statutory definitions to exclude stationery/diaries; align with ATO categorisation and platform reporting.

## **2. Opportunities, Risks and Challenges for the Arts and Creative Sectors Associated with AI**

Australian publishers recognise that AI is a transformative technology, but it must not advance at the expense of Australia's creative economy. The greatest risks lie in wholesale scraping of content and poorly designed changes to copyright, which threaten the livelihoods of authors, researchers, and publishers alike.

For AI to thrive, it must respect and depend upon lawful access to high-quality, human-created works. When models ingest books, articles, and learning resources without permission, the result is not innovation but uncompensated extraction that erodes the foundations of Australia's creative economy.

### **Why Copyright and Licensing Matter in Practice**

Publishing is a licensing ecosystem. Publishers license rights from authors—whose livelihoods we sustain—and license works to other publishers, readers, schools, universities, libraries, and platforms. This framework funds the next Australian story, the next classroom resource, the next research output. Extending it to AI through direct or collective licences is the logical, lawful path: developers gain clear permissions and terms; creators are respected and paid.

### **Direct Licensing is Already Happening**

The market is moving. Book publishers are negotiating scoped agreements that allow AI developers to use selected titles and defined corpora for specific purposes (e.g., pre-training, fine-tuning, retrieval-augmented generation) with limits on retention and reuse, provenance and audit provisions, and author-choice mechanisms.

Internationally and locally, deals in trade, educational, and scholarly sectors—such as the HarperCollins agreement (Nov 2024) and arrangements in the STM space—demonstrate that lawful access to high-quality content is both workable and scalable. Access can be delivered via APIs, secure enclaves, and compute-to-data models so that sensitive material is protected while enabling innovation. This is the right model: it aligns incentives, reduces legal risk, and improves model quality.

### **Why a Broad TDM Exception is the Wrong Tool**

The Productivity Commission's recent proposal for a text-and-data-mining (TDM) exception revealed a lack of consultation and limited understanding of creative industries. Such an exception would:

- legalise uncompensated copying at scale;
- collapse emerging licensing markets just as they are forming;

- shift value from Australian authors and publishers to large technology firms;
- dampen investment and diversity, especially among small and First Nations publishers;
- undermine quality and trust by pushing models toward unverified data; and
- risk conflict with Australia’s treaty obligations.

In short: any scraping or copying by AI without permission—or when appropriate remuneration—is unfair and ultimately damaging to Australian authors and the broader creative industries.

### **Guardrails and Regulation that Complement Licensing**

The Productivity Commission has suggested that Australia should embrace AI with minimal restraint. The publishing industry—particularly given its role in providing trusted school resources and safeguarding the integrity of scientific publishing—takes a more measured and cautious view. Rather than weakening innovation, appropriate regulation and guardrails can reinforce lawful licensing, build trust, and provide certainty for both creators and technology developers. By embedding responsibility into the system, guardrails ensure that AI growth does not come at the expense of Australia’s creative economy.

Australia also has the opportunity to align these measures with emerging global standards—such as the EU AI Act and OECD principles—which emphasise transparency, accountability, and respect for intellectual property.

Targeted measures could include:

- **One-off Remuneration for Past Infringement:** To address the mass scraping and piracy-based copying of Australian content—including tens of thousands, perhaps hundreds of thousands, of books—by large language model (LLM) developers, the Government should require a **one-off pay-to-play remuneration package**. If infringing LLMs wish to operate in Australia, they must compensate Australian creators and rightsholders for the uncompensated use of their work. Such a measure would ensure that past unlawful appropriation is acknowledged and remedied, while establishing a baseline of fairness for any future commercial deployment of these systems in the Australian market.
- **Training-data transparency and provenance logs** (with appropriate confidentiality protections), giving creators confidence and developers reliable datasets.
- **ICIP protocols** that embed consent, community governance, and fair benefit-sharing for Indigenous Cultural and Intellectual Property.
- **Swift, low-cost enforcement pathways** so that small rightsholders can resolve disputes quickly without prohibitive litigation.

These safeguards would support innovation while maintaining fairness, ensuring that Australian creators remain central to the knowledge economy in the AI age.

## Conclusion

Australia can harness AI in ways that strengthen, rather than hollow out, the creative economy that supplies its most valuable input: high-quality Australian content. A voluntary-licensing-first approach—grounded in copyright, permission, and fair remuneration—keeps authors paid, publishers investing, and readers well served, while giving AI developers the lawful certainty and reliable data they require.

By contrast, a broad TDM exception would undermine this framework, legalising uncompensated copying and destabilising emerging markets just as they take shape.

With the right policy settings, however, Australia has the opportunity not only to protect its cultural and creative industries but also to **set an international benchmark**. By innovating appropriate guardrails Australia can ensure that its regulatory approach is trusted, responsible, and exportable—supporting innovation at home while projecting leadership abroad.

In short, Australia can choose to be a standard-setter in the ethical, sustainable use of AI, ensuring that the voices of its authors, publishers, and creators remain central to the future of the knowledge economy.

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