

Planning for the Future

Statistical Profile:
Literature

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Key Points and Contents

Part one: Industry

SUPPLY

Employment

- There were an estimated 6,117 people employed as authors in 1996
- Authors' employment grew more slowly than total employment 1991-96
- Literature occupations received higher median incomes than average in 1996
- Other employment indicators for authors (see text for details)

Writing work more broadly defined

- Writing makes up more than 1 in 10 cultural involvements
- Writing newsletters is the most common form of writing involvement

Organisations

- In 1988, broadly defined literature industries had a value added of \$2.9 billion
- Value of publishing activities grew faster than total economy 1975 to 1994
- The book publishing industry is dominated by a small number of larger firms
- From 1994 to 1998, book publishing businesses reduced stocks, became less profitable and became more focussed on book sales
- Between 1994 and 1998, book sales increased from 73 to 83 percent of total industry turnover
- From 1996 to 1998, royalties increased as a proportion of total costs, printing costs declined as a proportion of total costs
- Less than half the book publishing industry is made up of publishers of educational and professional titles
- In 1997-98 nearly three-quarters of industry sales were from educational and non-fiction titles
- Half of book sales are new titles and around 60 percent are Australian titles
- Australia's trade deficit in books declined 1991-92 to 1995-96
- Imported books are sourced mainly from the USA and UK. From 1992 to 1995, the UK became a less significant source, Singapore, China and Malaysia became more significant sources
- New Zealand is the major destination of book exports. From 1991-92 to 1994-95, New Zealand and Hong Kong became less significant destinations, the UK and the USA more significant destinations

Products

- Between 1989 and 1992 there was strong growth in the number of Australian fiction titles published

DEMAND

Value of demand

- Household expenditure on books was \$1.13 billion in 1993-94 and grew faster than total expenditure between 1984 and 1994
- A genuine shift in demand toward books may have occurred between 1989 and 1994
- Retail value of Australian book market grew slightly faster than GDP growth 1986 to 1992

Consumers

- Audience profiles (see text for details)

Part two: Sector

- Australians' participation in reading increased 1992 to 1997
- 1 in 5 Australians write prose for their own enjoyment

Part three: Funding

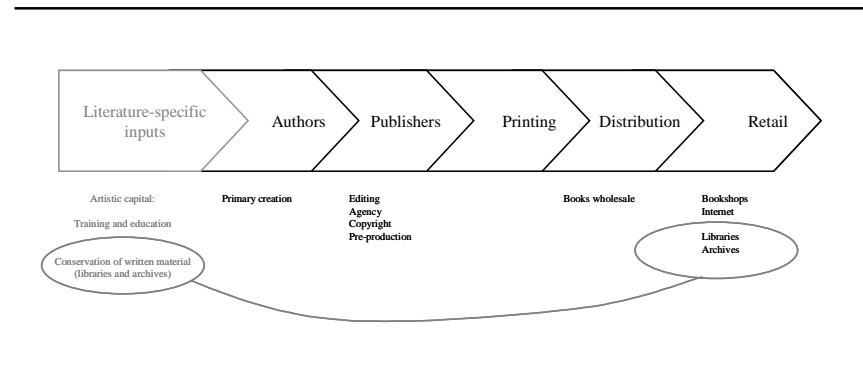
- Federal government is the major source of literature and publishing grants
- Literature funding declined in real terms from 1992 to 1997
- The decline in literature funding between 1992 and 1997 was due to declines in funding from non-Australia Council sources

Government subsidies declined as a percent of book publishing turnover from 1994 to 1997-98

Part one: Industry

Figure L.1 sets out a value chain for the literature industry. As with other cultural industries, the literature industry has at its genesis the creation of literary work, sometimes referred to as ‘primary literary creation’, although the iteration between author and editor is also artistically important.

Figure L.1: Value chain of literature industry



The value chain, however, disguises significant complexities in the literature industry that can cause problems for statistical analysis. Some examples of statistical problems are:

Technology: New media technologies are substantially altering the industrial processes that link ‘encoder’ to ‘decoder’. The figure in Attachment L1 sets out two diagrams of the pre-printing processes for traditional and new technology streams of literary production.

Printing: Printing of books is sometimes undertaken by a publisher, sometimes by specialist printers. Printing is often not seen as part of the literature industry, but it is often impossible to disaggregate printing data from publishing data.

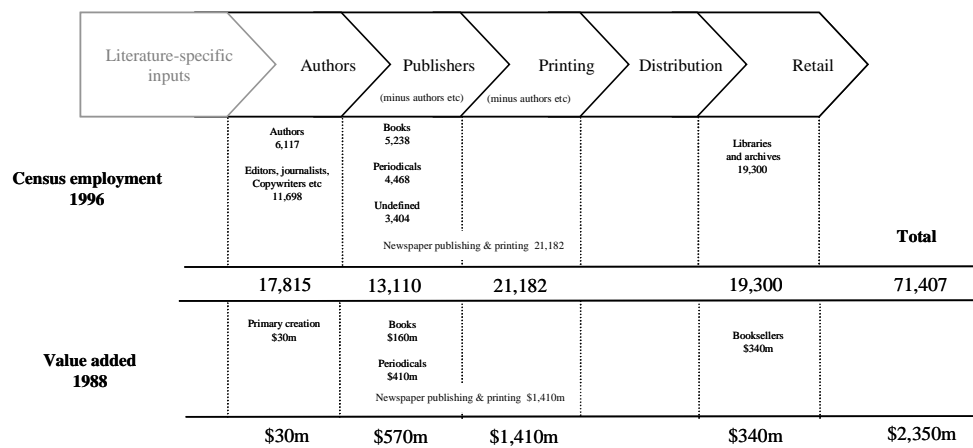
Industry strata: Even though wholesale and retail data is readily available from the ABS, these industry strata tend not to be included in statistical analyses of the literature industry. Most ABS data on literature industries is for book publishers only.

Genre: not all types of literature are considered of interest in arts analysis. Some data collections allow newspapers and educational books to be separately accounted for. Recipe and car maintenance books are also often not considered part of the arts literary canon, yet data collections rarely allow the

separation of these types of books from ‘arts’ books. Any data on magazines will unavoidably include technical, specialty and salacious titles.

These and other definitional and data problems mean that published studies of the literature industries are for certain parts of the value chain only. Figure L.2 assembles industries data available from published sources to provide a rough map of the industry.

Figure L.2: Value chain of literature industry



SUPPLY

Employment

There were an estimated 6,117 people employed as authors in 1996

Census data records 2,344 people employed as authors in 1996. Census employment data is for primary occupation only, defined as the occupation that is a person’s main source of income. Since many authors undertake writing as a secondary or out-of-work-hours activity, the census represents a significant underestimate of authors’ employment at any point in time, although the data should still reliably reflect *trends* in authors’ employment.

A more accurate measure of authors’ employment is available from Throsby and Thompson (1994), and this study is used to obtain a

revised estimate of 6,117 employed authors in 1996 (methodology set out in Appendix AL).

The literature occupations are treated somewhat inconsistently in statistical analyses. This is partly due to the subtleties of employment in writing, as discussed above, but also partly due to the preconceptions of statistical analysts, who often omit writing-associated occupations such as editing and copywriting from their analyses. Yet people in these occupations, too, are involved in ‘encoding’, in constructing meaning through the written word: editors through their guidance and demands for redrafting; and writers and editors in ‘non-arts’ areas - such as newspaper and magazine editors, copywriters, journalists and technical writers - through their responses to, and their shaping of, public narratives.

It is therefore useful to consider literature occupations concentrically. At the core of literary occupations is the writer, the person creating texts, or ‘encoding’ meaning with written language. No assumption need be made about what *type* of literature a writer is constructing. In the next layer are editors, who also ‘encode’ through comment on drafts and general feedback. Outside these core arts occupations are broader range of people employed along the value chain that transports the encoded product to the end-user. Census data on employment across these layers of literature are presented in figure L.3. The data indicates that, in 1996, ‘encoding’ occupations made up around a quarter of total employment in literature. It should be noted that many editors and journalists are probably also novelists, playwrights and poets, and therefore recorded in Throsby’s surveys. The data in figure L.3 may, therefore, include some double-counting.

Figure L.3: Employment in literature, 1996

	Number	Percent of total
Author	2,344	
Author estimated*	6,711	9
Book editor	681	1
Editor	2,246	3
Script editor	123	0
Print journalist	5,823	8
Copywriter	888	1
Technical writer	1,311	2
Authors/related professions nfd	32	0
Total writers and editors	17,815	25
Others employed along value chain	53,592	75
Total literature	71,407	100

* Estimation procedure described in text.

Source: ABS *Employment in selected culture/leisure occupations*

There are indications that, over the ten years to 1996, employment in writing professions has increased faster than total employment. Figure L.4 summarises data from Guldberg (2000). This aggregated data is not able to be separated by occupation as in figure L.3 and should be interpreted with great caution. Points to note are:

- 1) changes to the occupational classification occurred between 1991 and 1996 and this has impacted on the writing occupations, especially the editorial occupations.
- 2) Guldberg's definition of authors and related professions covers some but not all editors, and excludes writing-related occupations of copywriters and technical writers.
- 3) Guldberg's definition of journalists and related professions includes 'television journalists' and 'radio journalists'. It cannot be discerned from Guldberg's data, nor from the ABS due to alterations to the occupational classification, whether the growth in journalist employment from 1991 to 1996 was due to a growth in these non-print journalism occupations.

Figure L.4: Authors and journalists employment 1986 to 1996

	1986	1991	1996
Number			
Authors and related professions	2,000	2,900	3,180
Journalists and related professions	9,900	10,300	14,350
<i>Percent change on previous year</i>			
<i>Authors and related professions</i>		45	10
<i>Journalists and related professions</i>		4	39
<i>All cultural occupations</i>		-	24
<i>Total employment</i>		9	6

Source: Guldberg (2000)/ABS

Authors' employment grew more slowly than total employment 1991-96

More detailed breakdown of the trend in employment in the 'core' literature occupations between 1991 and 1996 are set out in figure L.5. Data indicates strong growth in book editor employment compared with both other cultural occupations and total employment. Authors' employment, however, grew more slowly.

Census data indicates that the ratio of authors to editors declined from 4.5:1 to 3.4:1 between 1991 and 1996 (ie a decline in the average number of authors per editor). This difference in growth may reflect structural changes in writing and editing employment; or it may simply be that the census collection is failing to pick up a growth in people writing as a secondary income or secondary job, a survey bias that is likely to be stronger for authors than for editors.

Figure L.5: Employment of authors and book editors 1991 to 1996

	1991	1996	Percent change
Author	2,269	2,344	3
Book editor	499	681	36
All culture			24
Total employment			6

Source: ABS Employment in selected culture/leisure occupations

Literature occupations received higher median incomes than average in 1996

Figure L.6 sets out the median incomes for selected writing occupations in 1996. A '+' indicates that the median income was above that for total employment. As might be expected, the editorial and 'commercial' writing occupations have higher median incomes than authors in general. But probably the most marked characteristic in figure L.6 is the relatively high median incomes of part-time writing occupations: most strikingly, the median income of *part-time* 'undefined' authors was higher than the median income of the *full-time* workforce. If authors are multiple-job-holders, the table is an indication of the facility for authors to cross-subsidise their 'core' writing work (eg novels and poems) by working part-time in 'commercial' writing occupations.

Figure L.6: Incomes of literature occupations, 1996

Occupations	Median annual income, \$ ¹	
	Full-time	Part-time
Author	29,873 +	18,218 +
Authors/related professions nfd*	-	32,015 +
Book editor	35,755 +	24,583 +
Editor	41,402 +	23,497 +
Script editor*	-	28,548 +
Print journalist	39,955 +	23,224 +
Copywriter	40,007 +	22,828 +
Technical writer	43,671 +	26,787 +
Journalists/related professions nfd	40,592 +	22,481 +
Journalists/related professions nec	30,946 +	19,248 +
Total cultural occupations	32,331 +	15,406 +
Total employment	29,424	14,777

* Data not shown for categories with less than 100 people employed

¹ Full-time = 35 hours or more per week; + signifies if income is above average for total employment

Source: ABS unpublished census 1996

Other employment indicators for authors from the Census are:

In 1996, 46 percent of authors were self-employed and contractors...

In 1996, nearly half (46 percent) of authors recorded in the Census were employed in the 'creative arts' (self-employed or contract authors set up in their own business), 9 percent were employed in

publishing (includes newspapers, periodical and books), 5 percent in film and video production, 3 percent in television services and 1 percent in each of radio services and music and theatre production. A third of authors were employed in 'non-cultural' industries.

...they worked fewer hours on average...

Authors worked on average fewer hours than all employed people: in 1996, 59 percent of authors worked 35 hours or more a week compared to 68 percent of all employed people (between 1991 and 1996 censuses, the proportion working 35 hours or more stayed the same for authors but declined by one percentage point for the total population).

...were older...

The age profile of authors is older than for total employment. In 1996, 22 percent of authors were aged 55 years and over, compared to just 9 percent of all employed people.

...were more likely to have been born in an English-speaking country...

Just 7.1 percent of authors were born in a non-English-speaking country compared to 13.4 percent of all employed people.

...and did not hold a literature-specific qualification

In 1996, 8 percent of authors had a 'communication' qualification, 7 percent a literature qualification.

Writing work more broadly defined

The census is unable to provide data on voluntary work and work undertaken as secondary employment. The ABS has, therefore, initiated a survey of cultural employment that accounts for both these forms of work. Work is defined broadly as 'involvement'. The survey offers a more comprehensive picture of *all* writing work, as it captures information on the 40 percent of writing work that went unpaid in 1999.

Writing makes up more than 1 in 10 cultural involvements

Writing was 14 percent of all cultural involvements in 1997 and 13 percent in 1999. A greater proportion of writing and publishing involvements are undertaken with some form of payment than other cultural involvements, and a higher proportion are undertaken as part of a main job. Figure L.7 summarises. Even though expressed as 'within sample' percentages, trends in this data are difficult to interpret due to significant differences in surveying methodology.

Figure L.7: Involvements in writing 1993 to 1999

	1993	1997	1999
Number			
Writing/publishing	267,700	575,500	923,200
<i>Proportion of all cultural involvements (%)</i>			
Writing		14.4	12.9
Publishing		3.0	2.3
Writing/publishing	10.2		
<i>Proportion receiving some payment (%)</i>			
Writing		39.4	33.7
Publishing		58.0	51.3
Writing/publishing	48.8		
All cultural involvements	35.8	35.8	31.7
<i>Proportion of 'paid' that are part of main job (%)</i>			
Writing		59.7	75.7
Publishing		68.8	86.4
All cultural involvements	n/a	58.3	69.1

Source: ABS Work in selected culture/leisure activities

Writing newsletters is the most common form of writing involvement

Figure L.8 indicates that writing of newsletters was the most common form of writing in 1999, accounting for 51 percent of writing involvements. Writing for newspapers or magazines and for journals were common involvements in both time periods.

Figure L.8: Breakdown of writing involvements 1997 and 1999

Writing	Percent of writing involvements	
	1997	1999
Educational books	18	16
Other books	9	9
Newspapers or magazines	38	30
Journals	25	26
Film, TV or plays	n/a	5
Newsletters	n/a	51
Other	31	16

Total does not add to 100 due to multiple involvements

Source: ABS Work in selected culture/leisure activities

As figure L.9 shows, library involvements make up 2 to 3 percent of all cultural involvements.

Figure L.9: Library and archive involvements 1993 to 1999

	1993	1997	1999
Number ('000)	83,700	86,700	1,431,000
Proportion of all cultural involvements (%)	3.2	2.3	2.1
<i>Proportion receiving some payment (%)</i>			
Library and archive	58.6	55.5	45.8
All culture	35.8	35.8	31.7
<i>Proportion of 'paid' that are part of main job (%)</i>			
Library and archive		82.5	96.1
All culture		58.3	69.1

Source: ABS Work in selected culture/leisure activities

Organisations

As the value chains on pages 4 and 5 highlight, the literature industries are a large and complex agglomeration of activities. Statistical analyses of the literature industries in Australia have tended to focus on particular elements of the value chain, particularly on the authors, publishers and consumers associated with books. Studies have tended to exclude periodical and newspaper activities. The broadest analysis of the literature industries was undertaken in 1990 by the Statistical Advisory Group of the Cultural Ministers Council.

In 1988, broadly defined literature industries had a value added of \$2.9 billion

In 1990 the Statistical Advisory Group of the Cultural Ministers Council undertook a statistical analysis of the broadly defined literature and publishing industry. Figure L.10 summarises employment and value added data from that study. Data provides an indication of the relative size of the elements of the industry's value chain, but is for 1988 and therefore unlikely to be an accurate reflection of the industry in 2000, particularly in light of more recent changes in technology. The data covers some printing activities, when these are associated with publishing newspapers etc., but does not cover businesses that specialise solely in printing.

Figure L.10: Literature businesses by value chain, 1988

	Employment		Establishments		Value added	
	no.	Percent	no.	Percent	\$m	Percent
Primary creation	3,200	5	3,000	16	30	1
Book publishing	4,000	6	1,000	5	160	5
Periodicals publishing	3,800	6	180	1	410	14
Newspaper etc publishing and printing	27,000	42	250	1	1,410	48
Booksellers	7,000	11	1,300	7	340	12
Libraries and archives	19,300	30	13,040	69	570	20
Total	64,300	100	18,770	100	2,920	100

Source: Cultural Ministers Council (1990)

Figure L.11: Employment in selected links in the literature industry value chain, 1988 to 1996

	1988	Percent	1996	Percent
Primary creation*	3,200	8	-	-
Book publishing	4,000	11	5,841	15
Periodicals publishing	3,800	10	5,559	15
Newspaper publishing/printing	27,000	71	26,411	70
Total	38,000	100	37,811	100

* Estimated from Throsby and Mills (1989) and Throsby and Thompson (1994)

Source: Cultural Ministers Council (1990), ABS Employment (1996); Throsby and Thompson (1994)

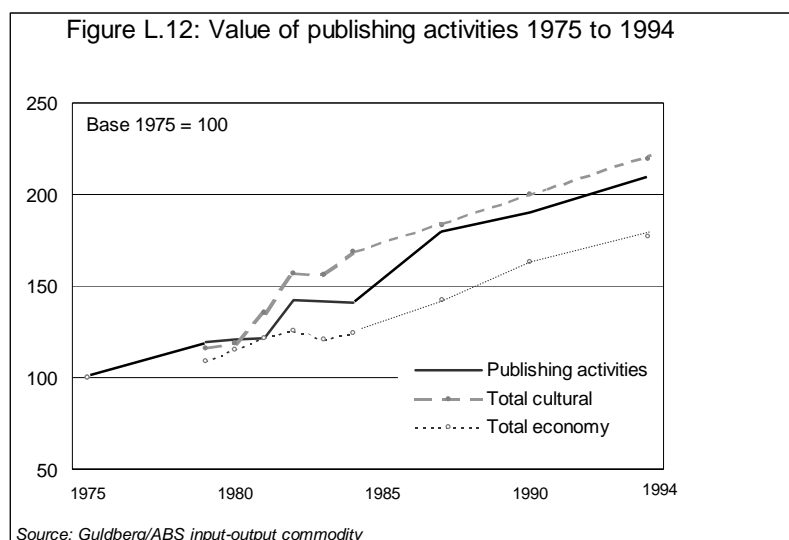
This 1988 data cannot be updated for 1991 and 1996 from published sources. Some employment categories are, however, comparable. Figure L.11 presents employment data for which comparisons are available. The data indicates that the employment of authors ('primary creation') and employment in book and periodical publishing increased, while employment in newspaper/periodical publishing and printing declined (this may have been due to a decline in printing employment, given the likely impacts of technology on the industry, although this cannot be discerned from the data).

More detailed organisation data are available for publishing. Guldberg (2000) presents data on publishing activities in general, and the ABS runs a series on organisations involved in *book* publishing in particular.

Publishing in general

Value of publishing activities grew faster than total economy 1975 to 1994

Figure L.12 shows indices of the value of publishing activities from the ABS' input-output commodity data. Publishing activities grew faster than the total economy, with particularly strong growth between 1984 and 1987. Growth in publishing was slightly lower than growth for cultural commodities in general.



Publishing of books

The ABS has published data on the Australian book publishing industry for 1994, 1995-96 and 1997-98. The survey covers all public and private businesses in Australia that were recorded on the ABS Business Register, employed staff and had book publishing as their predominant activity. The survey also covered businesses whose predominant activity was other than book publishing, but which had significant book publishing activity, and businesses that were members of the Australian Publishers Association even if they were not on the ABS Register. Data are for domestic operations only (which includes import and export activities by Australian branches of multinational publishing companies).

The book publishing industry is dominated by a small number of larger firms

Data from the ABS' book publishing series indicates that the book publishing industry is made up two distinct populations of businesses; a small number of large businesses; and a large number of small businesses. In 1997-98, the largest twenty book publishing businesses represented just 8 percent of total businesses sampled but accounted for 71 percent of turnover and 65 percent of employment. These larger businesses, however, accounted for just 13 percent of the total value of book sales. Data also indicates that smaller publishers are more Australia-focussed. In 1997-98, 52 percent of the book sales revenue of the largest 20 publishers was from Australian titles, compared to 78 percent of the book sales of the remaining firms.

From 1994 to 1998, book publishing businesses reduced stocks, became less profitable and became more focussed on book sales

Trend data on the book publishing industry is available from the ABS' ongoing survey (figure L.13), but since the survey is carried out as a sample of businesses in each time period, differences in indicators between periods might reflect differences in the sample of businesses as much as underlying industry trends¹. Figure L.14 sets out indicators for the 168 businesses that were in both the 1995-96 and 1997-98 surveys. These businesses show similar trends for the total sample: their stocks to book sales ratio declined; their book sales as a percent of turnover increased; and their profit margin declined. Unlike the total sample of businesses, however, the businesses in this constant sample grew slightly, with average turnover and average number of employees increasing from 1995-96 to 1997-98.

¹ One major business ceased publishing activities after 1995-96, and one business significantly altered its responses (see source publication, p 16).

Figure L.13: Selected book publishing business indicators 1994 to 1997-98

		1994	1995-96	1997-98
Number of businesses in survey	no.	186	214	261
Average turnover per business	\$m	6.2	5.9	4.8
Average costs per business	\$m	5.4	5.3	4.3
<i>Book sales as percentage of total turnover</i>	%	72.8	75.6	83.4
<i>Stocks to book sales ratio</i>	%	29.1	28.5	25.0
Persons working per business	no.	29.8	26.1	21.2
Wages and salaries per person employed	\$	38,400	36,000	37,900
<i>Profit margin</i>	%	14	10.9	8.3

Source: ABS

Figure L.14: Book publishing business indicators 1995-96 to 1997-98, constant sample

		1995-96	1997-98
Number of businesses	no.	168	168
Average turnover per business	\$m	6.4	6.9
Average costs per business	\$m	5.6	6.2
<i>Book sales as percentage of total turnover</i>	%	82.1	83.0
<i>Stocks to book sales ratio</i>	%	27.5	24.8
Persons working per business	no.	27.5	29.1
<i>Profit margin</i>	%	14.4	8.6

Source: ABS

Between 1994 and 1998, book sales increased from 73 to 83 percent of total industry turnover

Book sales accounted for 83 percent of book publishers' turnover in 1997-98 (figure L.15). This compares with 73 percent in 1994. Over the same period there was a reduction in income from the sale of non-book products. The data appear to reflect a 'rationalisation' of book publishing businesses on 'core' business.

Figure L.15: Components of turnover, book publishers 1994 to 1995-96

Percent from:	1994	1995-96	1997-98
Sales of books	72.8	75.6	83.4
Sales of other products	22.5	17.3	12.1
Receipts from royalties/sale of rights	0.4	0.5	0.8
Government grants and subsidies	1.4	1.1	0.8
Other	2.9	5.6	3.0
Total \$m	1,156.7	1,256.8	1,242.0

Source: ABS

From 1996 to 1998, royalties increased as a proportion of total costs, printing costs declined as a proportion of total costs

Royalties, which amount to around 8 percent of total costs, appear to have increased between 1995-96 and 1997-98. Printing costs declined over the same period (figure L.16).

Figure L.16: Components of costs, book publishers 1994 to 1997-98

Percent on:	1994	1995-96	1997-98
Wages and salaries			
Artists, designers, illustrators	0.7	0.8	0.7
Editors	2.7	2.3	2.6
Publishers	1.5	1.1	1.5
Other	16.4	13.5	13.3
<i>Total wages and salaries</i>	<i>21.3</i>	<i>17.8</i>	<i>18.1</i>
Royalties and fees paid to			
Authors	4.5	4.5	5.0
Other	1.8	1.7	2.8
<i>Total royalties and fees</i>	<i>6.3</i>	<i>6.1</i>	<i>7.8</i>
Costs of printing	21.0	21.7	19.8
Landed costs of imported books	17.3	18.5	18.2
Sales, marketing and distribution	13.8	15.6	15.8
Other	20.3	20.3	20.2
Total \$m	1,001.2	1,132.5	1,133.0

Source: ABS

Less than half the book publishing industry is made up of publishers of educational and professional titles

One of the main problems with the statistical analysis of the arts publishing industry is that data on the publishing of novels and 'art-related' literature is unable to be disaggregated from the publishing of non-arts literature such as textbooks, maps and reference books. The ABS' series on Australian book publishing does, however, allow some disaggregation along these lines. Figure L.17 shows the composition of the Australian book publishing industry in 1997-98 by the predominant type of literature published. The data indicates that 'trade' publishers – ie, publishers more likely to publish novels and leisure titles - make up over half of the book publishing industry but have on average a lower profit margin.

Figure L.17: Composition of book publishing industry 1997-98

		'Trade' publishers*	Educational and professional	Total	Trade as percent of total
Number of organisations	no.	138	123	261	53
Total turnover	\$m	681.9	560.1	1242	55
Average turnover per business	%	4.9	4.6	4.8	
Total costs	\$m	647	486	1133	57
Opening stocks	\$m	149.5	115.3	264.8	56
Closing stocks	\$m	154	105.2	259.2	59
Operating profit before tax	\$m	39.3	64	103.3	38
Profit margin	%	5.8	11.4	8.3	

* 'Trade' publishers are businesses predominantly engaged in publishing 'fiction, non-fiction or children's books'.

Source: ABS

In 1997-98 nearly three-quarters of industry sales were from educational and non-fiction titles

Figure L.18 shows that sales revenue for Australian book publishers was largely from educational and non-fiction genres. Together, these genres made up nearly three-quarters of sales. From 1994 to 1997-98, education and fiction titles declined as a proportion of sales, non-fiction and children's titles increased.

Figure L.18: Proportion of sales by book genre, book publishers 1994 to 1998

Percent of sales from	1994	1995-96	1997-98
Education	41	39	36
Non-fiction	31	34	37
Fiction	17	16	13
Children's	11	11	13
Electronic	0.4	0.4	0.7
Total	100	100	100

Source: ABS

Half of book sales are new titles and around 60 percent are Australian titles

Figure L.19 shows the proportion of sales made up by new/old and Australian/imported titles. The proportion of sales made up by new titles increased from 1994 to 1997-98. The proportion of sales made up by Australian titles also increased slightly over the same period. If educational books are removed from the data, Australian titles made up 57 percent of the value of book sales of Australian publishers in 1997-98².

Figure L.19: Sales value by new and Australian titles, book publishers 1994 to 1997-98

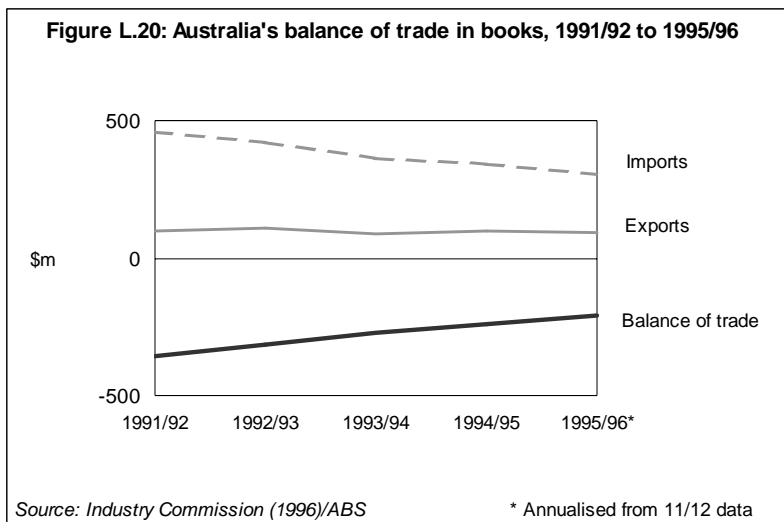
Percent of sales value from	1994	1995-96	1997-98
New titles	46	42	50
Backlist	54	58	50
Australian titles	58	59	60
Imported	42	41	40

Source: ABS

Australia's trade deficit in books declined 1991-92 to 1995-96

As Figure L.20 indicates, Australia is a net importer of books, although the trade deficit in books declined steadily between 1991-92 and 1995-96. The decline was due to a reduction in book imports. The efficiency of this data is likely to be significantly influenced by developments in new electronic publishing technologies.

² It should be noted that the data is for sales by Australian publishers, not total retail sales for books. The proportion of total retail sales from Australian titles may be significantly less than the proportion of publishers' sales.



Imported books are sourced mainly from the USA and UK. From 1992 to 1995, the UK became a less significant source, Singapore, China and Malaysia became more significant sources

In 1994-95, the USA and the UK accounted for two-thirds of the value of books imported into Australia. While the proportion of book import values from the USA remained relatively stable at 35 percent from 1991-92 to 1995-96, the share of book imports from the UK declined from 38 to 31 percent. Over the same period, Singapore, China and Malaysia increased their share of the value of Australia's book imports. (Industry Commission/ABS, 1996)

New Zealand is the major destination of book exports. From 1991-92 to 1994-95, New Zealand and Hong Kong became less significant destinations, the UK and the USA more significant destinations

In 1994-95, New Zealand accounted for 40 percent of the value of book exports from Australia, significantly higher than the next countries the USA (12 percent), the UK (10 percent) and Hong Kong (9 percent). Over 1991-92 to 1994-95, New Zealand's share of Australia's book export values dropped from 44 to 40 percent, Hong Kong's from 14 to 9 percent, while the USA's share increased from 8 to 12 percent and the UK's from 7 to 10 percent. (Industry Commission/ABS, 1996)

Products

Between 1989 and 1992 there was strong growth in the number of Australian fiction titles published

It is difficult to obtain estimates of the number of products sold annually. It is possible, however, to obtain estimates of the number of books published each year. Figure L.21 sets out data on the number of Australian titles published from 1989 to 1992. The data

suggests that there was strong growth in the publication of Australian fiction titles over the period; from 7 percent to 13.5 percent of all titles published. The data also shows a trend away from hardback publishing.

Figure L.21: Australian titles published 1989 to 1992

	1989	1990	1991	1992	Average annual growth rate (%)
Educational	3,604	3,612	4,033	4,997	11.5
Non-fiction	1,878	1,768	1,893	2,318	7.3
Fiction	459	497	1,314	1,314	42.1
Children's	662	799	1,048	1,112	18.9
All titles	6,603	6,676	8,288	9,741	13.8
Hardback	966	821	925	960	-0.2
Paperback	2,033	2,243	3,330	3,784	23.0

Source: Prices Surveillance Authority/ABPA

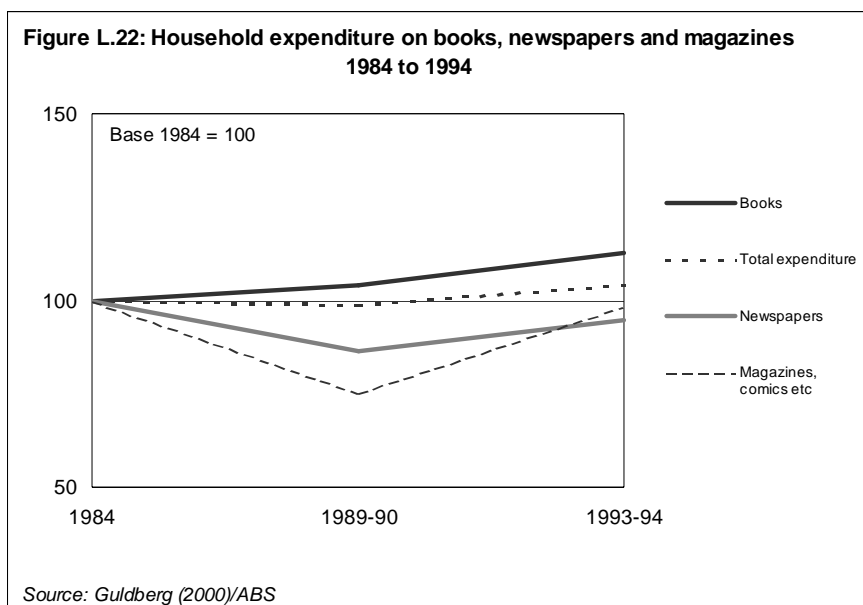
DEMAND

Value of demand

There are three sources of estimates of the value of demand for books: the ABS' Household expenditure Survey; the Australian Book Publishers Association (ABPA) annual statistics; and the Australian Booksellers Association (ABA). The three sources are broadly comparable. For 1993, the ABPA estimates total value of demand for books to be \$1.5 billion, the ABA around \$1.7 billion and the ABS \$1.13 billion. ABS and ABPA data are presented here.

Household expenditure on books was \$1.13 billion in 1993-94 and grew faster than total expenditure between 1984 and 1994

Figure L.22 summarises data from the ABS' household expenditure survey for 1984, 1989-90 and 1993-94. All data is expressed in 1996-97 prices. Households spent \$2.76 billion in 1993-94 on the combined reading products identified in the survey, or just under 1 percent of total expenditure. The figure shows that expenditure on books increased steadily over the period even though total expenditure declined in the first half of the period and then grew again. Expenditure on newspapers declined over the period, while expenditure on magazines declined markedly in the first half of the period but returned to a similar level in the second half of the period.



A genuine shift in demand toward books may have occurred between 1989 and 1994

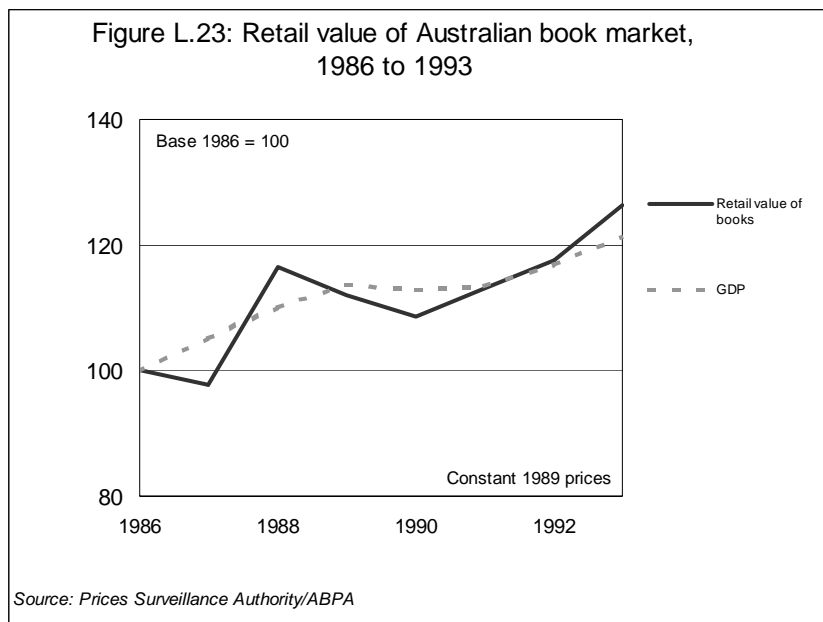
Price data is required to determine whether the increase in expenditure on books represents an increase in demand for books. Prices Surveillance Authority (1995) presents data on the price of fiction books for the period 1989 to 1994: hardback fiction books increased 10 percent between 1989 and 1994, paperbacks by 26 percent. The general price level rose by 19 percent over this period, so hardbacks decreased in price in real terms and paperbacks increased in real terms.

The products that these prices relate to do not fully coincide with the products that make up the household expenditure data. Household expenditure data is for all books: fiction, non-fiction, educational and professional. It might, however, be assumed that prices of these other book genres moved in a similar way to prices of fiction books. It might also be assumed that households buy mainly paperbacks, so that the price rise of paperbacks is the predominant price effect over the period. If these assumptions hold, then the real price of books *overall* would have increased over the period 1989 to 1994. If so, then the relative increase in household expenditure on books indicates that either i) that the demand for books is inelastic or ii) that there was a genuine shift in demand toward books over the period. The latter appears more plausible³.

³ Ministry of Commerce (2000) assumes that demand for books in New Zealand is inelastic, although there is no rationale offered for this assumption. The primary non-empirical way to determine elasticity is to consider the availability of substitutes; the more close substitutes for a commodity, the greater the likely price elasticity (Heilbrun and Grey, 1993; p93). Retail books have a large number of close substitutes: books in libraries, books borrowed from friends and family or stored on household bookshelves, periodicals and other print media, internet-published media, and other forms of entertainment such as television, videos and movies. It seems more likely, therefore, that the demand for books is price-sensitive, or elastic.

Retail value of Australian book market grew slightly faster than GDP growth 1986 to 1992

Data from the ABPA indicates that the retail value of the Australian book market increased at an average annual rate of 3.4 percent between 1986 and 1993, slightly higher than the average growth in the general economy over the period of 2.8 percent. This average masks some volatility, especially in the early part of the period, as the indices in figure L.23 show. All data is taken from Prices Surveillance Authority (1995). A more appropriate comparison index would be total retail sales rather than GDP.



Consumers

here is an abundance of data on book purchasers. Three major sources are the ABS' Household survey, the book-buyers survey and the library-users survey. Each survey is described and investigated in great detail in Australia Council (1990) and (1995). A number of summary findings are presented here. Comparisons are made with earlier surveys where possible (there is a problem of different methodologies between surveys).

Audience profiles

- In 1994, almost half (48.5 percent) of people 15 years and over had read a book in the week before questioning in the ABS' household survey. Nearly two-thirds (65 percent) had read magazines, 84.4 percent had read newspapers and 20.5 percent had read journals. Given that the population was 13.4 million,

the number of Australians who had read a book in the week prior to questioning was 6.5 million.

- Similar age distributions were found in 1989 and 1994: the incidence of book reading was highest among 20 to 29 year-olds (53.4 percent) and lowest for 50 to 64 year olds (42.4 percent).
- Women have a higher incidence of book reading (55 percent compared to 42 percent for males), although this gender difference declined between 1989 and 1994 (it was 57:48 in 1989)
- In 1994, book reading was most popular among people with household incomes of \$78,000 or more (57 percent), people who were studying (70 percent) and people with bachelor degree or higher (70 percent).
- Around 11 percent of the population purchase books. There has been a long-term trend away from book purchasing. The *monthly* incidence of people purchasing books declined from 43 percent to 28 percent in 1994.
- More people borrow books than purchase them: in 1994, 15 percent of the population had borrowed a book (from a library or from friend in another household) in the week prior to questioning. The incidence of borrowing declined from 43 percent in 1978 to 34 percent in 1994⁴.
- In 1994, of those people who had read books in the previous week, nearly 40 percent had purchased at least one book, almost a third (32 percent) had borrowed at least one book from a library and 18 percent had borrowed at least one from a friend. This pattern is similar between 1989 and 1994.
- One in twenty people never buy or borrow books. These people tend to be older, low income and with a main activity of home duties or child care. The two most common reasons for not buying or borrowing were time restrictions or simple preference for other activities.
- Adult fiction was the most popular genre of book in both 1989 and 1994 (44 to 47 percent of respondents having bought or borrowed in the prior week). The next most popular book genre was textbooks at 12 percent.

⁴ The ABS' *Attendance at Selected Cultural Venues* indicates that from 1995 to 1999 around 38 percent of the adult population attend a library at least once a year.

- There was a slight increase in the proportion of Australian books bought or borrowed between 1989 and 1994, from 24 percent to 29 percent (the change was in purchased books rather than borrowed books).

Part two: Sector

Australians' participation in reading increased 1992 to 1997

Figure L.24 presents the results of the ABS' Time Use survey. The average time spent by Australians on reading for leisure increased from 23 to 25 minutes per day. The average time for women increased from 23 to 26 minutes, for men from 23 to 24 minutes. This data is for reading as the main activity, but reading is sometimes undertaken along with other free-time activities, such as child care. When undertaken along with one other activity, the average for 1997 rises to 36 minutes a day.

The proportion of people reporting reading as a main activity increased from 35 percent in 1992 to 37 percent in 1997. As figure L.24 shows, this was mainly due to an increased participation by women. Data for 1997 indicates that those who reported reading as a leisure activity spent more time on average per day reading books (73 minutes) than reading magazines (43 minutes) or newspapers (47 minutes).

Figure L.24: Time spent reading as a main activity 1992 and 1997

		Average time per day (minutes)	
		1992	1997
All Australians	Male	23	24
	Female	23	26
	Total	23	25
		Percent of referent population	
Participation rate	Male	34	34
	Female	36	40
	Total	35	37

Source: ABS Time Use Survey

Australia Council for the Arts/Saatchi and Saatchi (2000) provides greater detail on the nature of Australians' participation in reading and writing. Data is for 1999. The survey found that reading a novel was the most popular form of participation in the arts over a two-week period: 39 percent of respondents had read a novel compared to 30 percent who had watched a movie or a TV drama.

A further 11 percent had read biographies/autobiographies and 8 percent had read short stories.

The time use survey only allows the identification of time spent reading. It does not provide any idea of time spent by Australians on creative writing. Writing is, however, able to be identified from the Australia Council /Saatchi and Saatchi (2000) study *Australians and the Arts*.

1 in 5 Australians write prose for their own enjoyment

Perhaps the most astonishing result from Australia Council for the Arts/Saatchi and Saatchi (2000) was the high incidence of creative writing. Nearly 1 in 5 people (18 percent) indicated they had engaged in creative writing (novels, stories and poetry) for their own enjoyment. This was the sixth most popular way that people participated in the arts and slightly more popular than attending a movie theatre (16 percent). A further 9 percent wrote creatively for the enjoyment of others. Even if this seemingly high level of reported involvement was due to a ‘halo’ effect, creative writing stands out in the survey as the most popular form of active artistic participation, both for personal enjoyment and for the enjoyment of others⁵: 18 percent wrote novels, stories and poetry for personal enjoyment compared to 3 percent who drew, 3 percent who painted, 4 percent who played a musical instrument and 4 percent who made crafts for their own enjoyment.

Part three: Funding

Federal government is the major source of literature and publishing grants

In 1997-98, \$16.8m of funding was distributed to literature and publishing (0.5 percent of all cultural funding). Most of this funding (61 percent) was from Commonwealth sources. Figure L.25 summarises. Funding from the Australia Council for the Arts accounted for 28 percent of literature and publishing funding. Literature and publishing represented 7 percent of total Council grants.

⁵ A ‘halo’ effect is a survey bias caused by people over-stating their involvement in or preference toward survey variables that they feel they should be more inclined toward than they actually are.

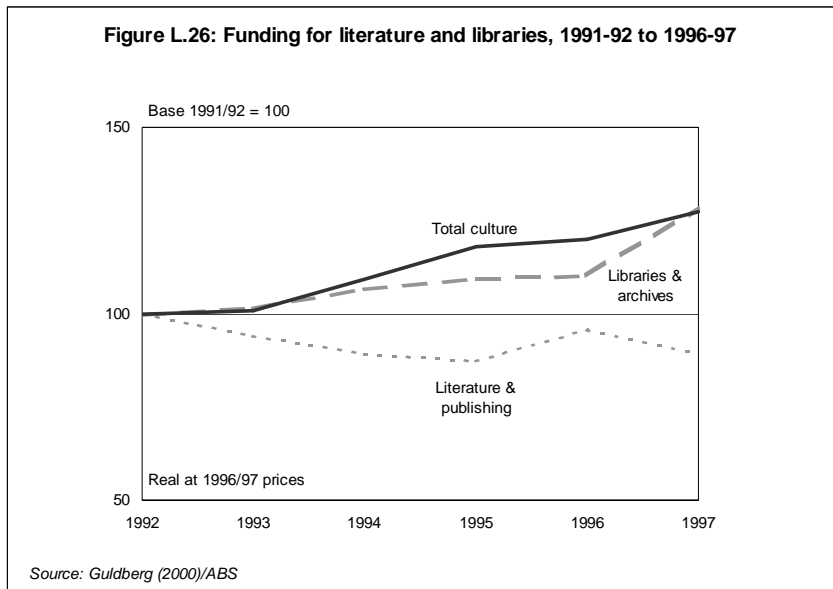
Figure L.25: Literature funding 1997-98

	Literature and publishing (\$m)	Percent of total	Libraries and archives (\$m)	Percent of total
Commonwealth:				
Australia Council	4.7	28	-	-
Other	5.5	33	52.4	7
State and territory	3.8	23	254.1	35
Local	2.9	17	422.2	58
Total	16.8	100	728.6	100

Source: ABS Cultural Funding in Australia

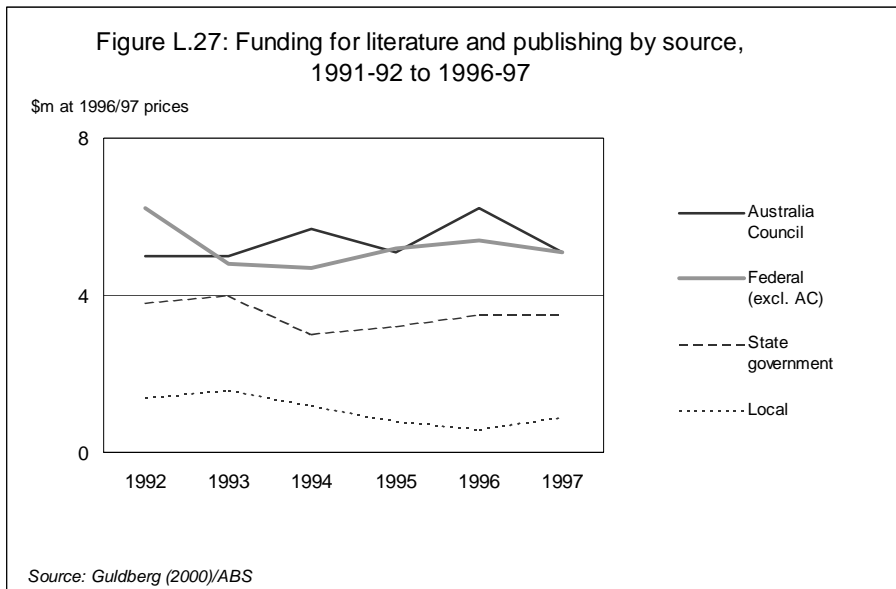
Literature funding declined in real terms from 1992 to 1997

As figure L.26 indicates, literature funding declined in real terms from 1991-92 to 1996-97 while other cultural funding increased.



The decline in literature funding between 1992 and 1997 was due to declines in funding from non-Australia Council sources

Figure L.27 shows that the real decline in literature funding between 1992 and 1997 was due mainly to reductions at the federal (non-Australia Council) and local government levels.



Government subsidies declined as a percent of book publishing turnover from 1994 to 1997-98
See figure L.28. Data includes the book bounty.

Figure L.28: Government grants and subsidies, book publishing industry 1994 to 1998

	Percent of total turnover		
	1994	1995-96	1997-98
Government grants and subsidies to:*			
Small publishers	4.1	1.4	n/a
Large publishers	0.9	1.1	n/a
Total	1.4	1.1	0.8

* Small = 0 to 19 employees; large = 20 or more employees; n/a means data is unavailable

Source: *ABS Australian book publishing*

Appendix AL

Figure AL.1 summarises the estimation procedure. Figures in bold are actuals. An estimate of 1993 census-measured employment in writing is obtained by simple linear extrapolation. The higher level of ‘capture’ in Throsby and Thompson is then estimated by ratio (Throsby and Thompson captures 3 actors to every one captured in the census). This ratio is then applied to 1996 census data.

Figure AL.1: Estimating total employment of authors from two sources

	1991	1993	1996	<i>Ann. Av. change 1991-96</i>
Throsby & Thompson		6,000		
(a) Census 1996*	2,269	2,299	2,344	1
(b) Ratio Throsby/census		2.61		
Estimated total (a x b)			6,117	

Figures in bold are actuals

*Estimate for 1993 obtained by applying annual average change to actual data

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