



6/July/2012

To the Committee Secretariat,

For the inquiry into IT pricing, I want to state that, in my experience, there most definitely is a disparity between the price that Australians pay for digitally downloaded software, applications & media. This disparity often extends to physical media, bought at a physical store or bought online.

As a general rule, Australian consumers are generally required to pay more for the above listed items than consumers in Nth. America. Though there may be differences in the tax laws, the disparity is not reflected 'evenly' across different media, or even with the same media. A look at the differences in price across digital downloads of (music & games used as examples), as well as physical copies of media purchased online (games, software & movies used as examples) sees Nth. American consumers paying between 60-85% less than Australian consumers (Append. 1). It should be noted that often overseas stores prevent Australian consumers from purchasing products & therefore preventing Australian consumers from purchasing items for the lower price.

The foreseeable impact on the Australian consumer is & increased money in purchasing the same goods, which theoretically impacts on the number of different products purchased, or a decrease in disposable income for other areas, depending on the priority of the consumer. The impact on small businesses will be a likely outcome also, with increased pressures related the start-up & the continuous improvement cost of small businesses.

To combat this, it's reasonable to assume there is more than a couple of factor in-play and therefore more than one strategy could be employed. If taxes are contributing to the mark-up then we shouldn't see a significant difference in the percentage of the disparity of retail prices for similar products. Some governance could be 'installed' around licensing costs, either by mandating or monitoring. In addition, I would suggest that 'transparency' for the pricing is key, and giving consumers the ability to make informed decisions is ideal; perhaps a 'breakdown' of costs, itemized on the invoice/purchase receipt will be of use, showing exactly what costs are

Thanks for your time,

Garth Strong

Append. 1

*Examples of price disparities, as of the 6<sup>th</sup> of July, 2012:*

Online purchase of a physical copy of the PC game, 'Max Payne 3'; Australia, \$69.00 (JB HiFi); Nth.America, \$59.00 (Amazon.com).

Online purchase of a digital copy of the music, 'The Beatles Box Set'; Australia, \$259.00 (iTunes); Nth.America, \$150 (iTunes).

Online pre-order purchase of a digital copy of the game, 'Dead Space 3'; Australia, \$79.99 (Origin AU Store); Nth.America, \$59.99 (Origin US Store).

Online purchase of a digital copy of the PC game, 'Syndicate'; Australia, \$79.99 (Origin AU Store); Nth.America, \$59.99 (Origin US Store).

Online purchase of a physical copy of the Blu-Ray movie, 'Thor' in 3D; Australia, \$48.99 (JB HiFi); Nth.America, \$29.96 (Amazon.com).

Online purchase of a physical copy of design software, 'Adobe Photoshop CS6 Extended'; Australia, \$1388 (Estore.com); Nth.America, \$922.11 (Amazon.com).