House of Commons
Chambre des communes
Canada

House of Commons Standing Committee on Finance – Pre-budget Consultations 2013

This brief is submitted by:

(•) **an organization** **Organization name:** Association of Canadian Publishers

or

( ) **an individual** **Name:** _____

Topic: Arts and culture

*Recommendation 1: Please provide a short summary of your recommendation.

Increase funding to the Canada Book Fund to maintain competitive capacity in Canadian publishing and support innovation in the digital book sector.

Canadian-owned firms face increasing competition as power shifts to large corporations: consolidation among existing and newly approved multinational subsidiaries; the take-over of an iconic Canadian publisher by a foreign-owned company; the consolidation of bookstore options into one Canadian chain; and the ever-increasing power of a single US-based online retailer.

Expected cost or savings: From the pull-down menus, please indicate the expected cost or savings of your recommendation to the federal government and the period of time to which the expected cost or savings is related.

$5 million -$9.9 million

5 or more years

Federal funding: Please provide a precise indication of how the federal government could fund your recommendation. For example, indicate what federal spending should be reallocated, what federal tax measure(s) should be introduced, eliminated or changed, etc.

To ensure that the Canada Book Fund keeps pace with inflation, reallocate funding from programs being sunsetted within Canadian Heritage or other federal departments.

Intended beneficiaries: Please indicate the groups of individuals, the sector(s) and/or the regions that would benefit by implementation of your recommendation.

The entire book supply chain benefits from the Canada Book Fund (CBF). Canadian-owned publishers are located in every province, and authors in every riding. Allied industries also benefit, and are large employers. Book retailers are in every town and city.

In the decade since CBF's last permanent increase, Canadian publishers have faced increasing challenges as power shifts to large corporations. CBF has enabled Canadian publishers to compete with multinational firms, but the playing field is tilting away from them. A strengthened CBF is the most effective way to address that imbalance.

General impacts: Depending on the nature of your recommendation, please indicate how the standard of living of Canadians would be improved, jobs would be created, people would be trained, etc.

The Canadian public benefits through access to Canadian works in all genres. Small- and medium-sized companies that participate in the CBF publish the majority of books written by Canadian authors (approximately 80% in English, higher in French). The few large foreign-owned publishers that operate subsidiaries in Canada produce only a fraction of Canadian books. Their revenue model is based on importing international titles, and, with few exceptions, prohibits their taking risk on new Canadian authors. An increase to the CBF will ensure Canadians enjoy continued access to Canadian works.

Topic: Arts and culture

Recommendation 2: Please provide a short summary of your recommendation.

Facilitate access to working capital in the form of a loan-guarantee program for established publishing companies with a minimum of five years of successful participation in the Canada Book Fund.

Expected cost or savings: From the pull-down menus, please indicate the expected cost or savings of your recommendation to the federal government and the period of time to which the expected cost or savings is related.

≤$499,999

5 or more years

Federal funding: Please provide a precise indication of how the federal government could fund your recommendation. For example, indicate what federal spending should be reallocated, what federal tax measure(s) should be introduced, eliminated or changed, etc.

This recommendation requires no substantial expenditure. Such a program would help publishers address a key obstacle in their ability to expand and innovate: the difficulty in attracting investment that provides a reliable but modest rate of return. In light of this modest return rate, commercial banks or other investors are unwilling to undertake even the very limited risk that an established publisher represents. A loan-guarantee program, limited to long-term participants in CBF, would incur minimal risk and add minimal administrative cost, if any, to the existing infrastructure within PCH.

Intended beneficiaries: Please indicate the groups of individuals, the sector(s) and/or the regions that would benefit by implementation of your recommendation.

Small- and medium-sized businesses would benefit immediately, by increasing their capacity to create new jobs, adopt new technologies, and explore new international markets.

A recent challenge for publishers has been to hire new staff with the skills to develop ebooks and e-commerce, and establish the social media networks that drive marketing today. Another is the cost of pursuing international distribution partnerships. With these costs, the risk of investment is low, the benefits clear but financially modest. Both are essential to expanding Canadian firms' competitive strength.

General impacts: Depending on the nature of your recommendation, please indicate how the standard of living of Canadians would be improved, jobs would be created, people would be trained, etc.

Publishing jobs are increasingly associated with technical skills and marketing expertise. Greater access to capital among publishers would lead directly to the creation of high-quality jobs across the country, and would contribute to raising the profile of Canadian writers, and Canada generally, around the world.

Topic: Arts and culture

Recommendation 3: Please provide a short summary of your recommendation.

Earmark a portion of provincial transfer payments for educational institutions to purchase learning materials. The 2012 addition of education to the list of fair dealing purposes in the Copyright Act has led educational institutions to claim the right to use all manner of copyrighted materials without compensation. This has led to litigation, which will take years to resolve. In the meantime, publishers and authors have lost more than $20 million in copyright revenue in the past year alone, and will lose much more before the legislation undergoes its mandated review in 2017.

Expected cost or savings: From the pull-down menus, please indicate the expected cost or savings of your recommendation to the federal government and the period of time to which the expected cost or savings is related.

≤$499,999

3 years

Federal funding: Please provide a precise indication of how the federal government could fund your recommendation. For example, indicate what federal spending should be reallocated, what federal tax measure(s) should be introduced, eliminated or changed, etc.

This recommendation entails no expense to the federal government.

Intended beneficiaries: Please indicate the groups of individuals, the sector(s) and/or the regions that would benefit by implementation of your recommendation.

Authors and publishers whose livelihoods depend on compensation for their work would be prime beneficiaries. Educators and students would also benefit from accessing materials without requiring litigation to defend that access.

The reduction of a key market was not, we believe, the intent of the 2012 copyright bill. While the courts consider fair dealing, and we await parliament's review, restoration of that market is essential if educational publishers are to survive. The educational sector represents hundreds of jobs, thousands of writers, and an industry recently valued at $240 million.

General impacts: Depending on the nature of your recommendation, please indicate how the standard of living of Canadians would be improved, jobs would be created, people would be trained, etc.

Education is the single most important element in ensuring that Canada remains a world economic leader. The development of research, the creation of training tools and programs to support learning at all levels, the pursuit of advanced reading skills – these are all integral to a strong education system. That system does not have the capacity to provide its own materials, and publishers cannot provide them for free. Directing a portion of existing funds to the purchase of materials will ensure the continued excellence of Canada's education system, and Canada's global competitiveness.

Please use this page if you wish to provide more explanation about your recommendation(s).

*Please note that at least one recommendation must be provided