


**Investing in Community, Education, Culture, Diversity, Equity and
Export Development**

**Written Submission for the Pre-Budget Consultations in
Advance of the 2019 Budget**

**Submitted by: l'Association nationale des éditeurs de livres and
the Association of Canadian Publishers**

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**ASSOCIATION
NATIONALE
DES ÉDITEURS
DE LIVRES**

acp
association of
CANADIAN
PUBLISHERS 

Recommendation

That the government increase the annual budget of the Canada Book Fund from \$38.4 million to \$58.4 million over five years or sooner, with proposed staged investments of \$4 million annually beginning in 2019.

Introduction

Together l'Association nationale des éditeurs de livres (ANEL) and the Association of Canadian Publishers (ACP) represent more than 215 book publishers, located in all ten provinces and Nunavut. Our members are independent businesses, owned and operated by Canadians, and they make critical contributions to Canada's creative industries. Books play an important role among other media: they are long-lasting and authoritative, and they influence public debate. In today's media environment, where it is often difficult to distinguish fact from fiction, book publishers make essential contributions to Canadian democracy, culture, and education, and they bring Canadian stories to the world.

Canadian-owned publishers are responsible for 80% of the new books written by Canadian authors each year, and they contribute to a \$1.5 billion industry. We are creative partners in the development of new works in all genres, and we are known internationally for our creativity, entrepreneurship, and innovative approach to business.

Though the book markets in French-speaking and English-speaking Canada have unique characteristics and challenges, ANEL and ACP are united in recommending an increase to the Canada Book Fund (CBF). In December 2016, the Standing Committee on Finance recommended to Parliament that CBF's budget be increased.¹ This recommendation was supported by all parties, but has not yet been implemented.

Background

Canadian publishers' many accomplishments have been made possible in part by judicious government investment and far-sighted public policy. The support of the CBF and the Canada Council for the Arts (CCA)² remain essential to Canadian-owned publishers, who work strategically to optimize taxpayers' investment. Our collective work provides economic, educational, cultural, and community returns. The \$30.7 million invested annually through the CBF's Support for Publishers program encourages the publication of more than 6,000 original Canadian-authored books in French, English, and Indigenous languages each year,³ and it helps generate revenue that encourages further investment and innovation. In 2017-18, eligible publishers reported more than \$410 million in sales, with almost a third of that revenue earned in international markets.⁴ Books are Canada's second largest export among cultural products.

¹ "Creating the Conditions for Economic Growth: Tools for People, Businesses and Communities," Standing Committee on Finance, December 2016.

² CBF's Support for Publishers component is formula based and rewards publishers for commercial success; the programs of the CCA reward artistic excellence. The programs complement one another with great effectiveness, and both are instrumental to Canadian publishers' funding ecosystem. We join other arts and culture groups in celebrating the government's investment in the CCA, but note that the majority of Canadian publishers have not benefitted from its new funding. 54% of Canada Council Literary Publisher funding recipients have seen their funding support flatlined or reduced since the introduction of the New Funding Model, despite CCA's significant funding increase. Furthermore, this investment excludes those publishers of non-literary works not eligible for CCA support.

³ "2018-19 Departmental Plan," Canadian Heritage, 2018, p. 6.

⁴ Source: Canada Book Fund, Canadian Heritage, July 20, 2018.

CBF in context

The CBF “ensures access to a diverse range of Canadian-authored books nationally and internationally, by fostering a strong book industry that publishes and markets Canadian-authored books.”⁵ The Fund has two components: Support for Publishers, which provides financial assistance for the ongoing production, marketing and distribution of Canadian-authored books, business planning, and internships; and Support for Organizations, which supports collective marketing and strengthens the infrastructure of the book industry through professional development, internships and technology projects.

The Canada Book Fund works. The program rewards commercial success and serves as essential infrastructure for our industry. Modernization of the CBF is among the tactics included in Canadian Heritage’s 2017 Creative Canada Policy Framework,⁶ which affirms the important role the CBF plays in supporting the industry and growing the creative economy; however, the continued erosion of the Fund means that the program, and by extension the publishers it serves, must do more with less. Any discussion of CBF’s modernization must acknowledge that the program is working with a budget that was set in 2001, before the widespread adoption of online book retail, smartphones and e-readers; before the proliferation of new digital formats; and before widespread consolidation in global book publishing, distribution and retail.

CBF’s real value has declined by more than 35% since 2001, which has reduced the impact of the program. New publishers enter the Support for Publishers program each year⁷—a sign of a vibrant publishing sector—putting added pressure on the program. The Support for Organizations program is also heavily oversubscribed. Eligible applications received for 2018-19 exceed available budget by 48%, or more than \$2.7M,⁸ and many organizations have seen funding reduced, even for successful projects that are aligned with government objectives.

Canadian book publishers operate in a different business environment than they did in 2001, and they have made significant investments to adapt to a changing business environment. The proposed \$20 million increase over the next five years would fuel a new phase of growth and development.

Proposed increase to Canada Book Fund, 2018-2023 (in millions)⁹

	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
Support for Publishers	30.7	33.9	37.1	40.3	43.5	46.7
Support for Organizations	5.6	6.2	6.8	7.4	8.0	8.6
CBF Operational Budget	2.1	2.3	2.5	2.7	2.9	3.1
Total	38.4	42.4	46.4	50.4	54.4	58.4

⁵ Canada Book Fund, accessed July 11, 2018:

<https://www.canada.ca/en/canadian-heritage/services/funding/book-fund.html>

⁶ “Creative Canada Policy Framework,” Canadian Heritage, 2017, p. 17.

⁷ The 2016-18 Support for Publishers cohort included seven first-time recipients. The 2017-18 cohort included four.

⁸ Canada Book Fund Program Update, presented to ACP Annual General Meeting, June 5, 2018, p. 13.

⁹ Figures presented represent CBF’s base budget, and do not include investments made through Canadian Heritage’s Creative Export Fund. 2018-19 projections are based on 2017-18 actuals.

Projected impact to Support for Publishers grants (in thousands)¹⁰

	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
Average Grant	128,182	139,506	152,675	165,844	179,012	192,181

Impact of new investment in the CBF

An increase in the CBF would have powerful, wide-ranging impacts on our industry. We focus on five areas below:

1. *Increase competitive capacity in the Canadian-owned publishing sector*

Canadian-owned publishers compete with multinational publishing firms for audience and authors, and our market is dominated by books imported from France, the United Kingdom, and United States.

CBF helps to level the playing field for independent publishers operating in this very competitive market. An increase in its budget would allow Canadian publishers to compete more effectively through strategic investments meeting individual publishers' needs and opportunities.

What will success look like?

- Sales of Canadian-authored books will increase through enhanced marketing and promotion efforts.
- More books by Canadian authors, including first-time authors and authors from diverse and Indigenous communities will be published.
- More established authors will continue to publish with Canadian-owned publishing houses, rather than moving to multinational firms, reinforcing the value of investing in authors early in their careers.

2. *Encourage digital innovation and experimentation.*

Digital technology is fundamental to our industry, and investment on the part of the CBF has been instrumental to Canadian publishers' success in responding to the digital shift. Canadian firms use digital tools to create, market, sell and deliver books in all formats, including print, digital, and audio.

The flexibility of CBF programs has helped publishers respond strategically to the opportunities digital technology presents; however, its budget has lost value during an era that demands increased investment. Increased investment through the CBF will improve publishers' capacity to plan for the future, continue to optimize activities in the digital space, and explore new business opportunities as they emerge.

¹⁰ Support for Publishers contributions vary from year to year based on the number of applicants and their eligible sales. At this writing grant amounts for 2018-19 have not been released. Estimates presented here are based on grants awarded in 2017-18.

What will success look like?

- Canadian readers, including those with print and perceptual disabilities, have access to Canadian books in their format of choice.
- Canadian publishers and publishing organizations will accelerate their research and development in new business models and emerging digital markets (e.g. audiobooks).
- Authentic Canadian content will be increasingly available to K-12 and post-secondary students, thanks to Canadian publishers' strategic response to the evolving digital marketplace for educational resources.

3. Enhance export activities

More than 85% of CBF recipients are exporters, and they contribute to making books Canada's second-largest cultural export. Publishers punch above their weight in comparison to other cultural industries, with books representing approximately 20% of all Canadian cultural exports.¹¹ The CBF has been a major contributor to this success.

ANEL and ACP welcome the recent announcement of Canada's Creative Export Strategy, and are pleased that it will support Canada as Guest of Honour at the Frankfurt Book Fair in 2020. This landmark initiative will present Canada to the world and help publishers build their export business in Germany and beyond. New investment in the CBF will ensure Canadian publishers can take full advantage of these opportunities.

What will success look like?

- Canadian publishers will grow their businesses in existing export markets and explore expansion to new markets.
- They will improve their marketing and promotion of Canadian authored books in international markets.
- Emerging exporters will have access to mentorship and coaching opportunities.

4. Help build capacity among Indigenous-owned publishing houses and Indigenous publishing professionals.

Support for Indigenous publishing is prioritized by the CBF's eligibility and funding policies, and increases to the CBF will amplify the program's impact in this area.

What will success look like?

- Indigenous-owned book publishers will be better able to invest in human resources, new technology, and sales and marketing.
- New Indigenous-owned houses will be established in communities across the country and have the tools they need to succeed.

¹¹ "Export Profile of the Canadian Book Publishing Industry," Canada Book Fund, Department of Canadian Heritage, May 2017.

- Indigenous people will be well represented in the Canadian publishing workforce, in all areas of the business and at all levels of seniority.

5. *Create new employment and retain skilled workers, particularly women*

Canadian publishers now compete with well-resourced technology companies to recruit and retain employees. Today's publishing houses require an ever-growing range of skills: data analytics, video and audio production, web development, and coding to name only a few. An increase to the CBF would help publishers attract top talent, retain staff they have trained, and improve stability in the industry.

This investment would benefit female publishing professionals in particular, given the high number of women participating in the industry. Seventy percent of direct full-time employees in English-language Canadian publishing firms are women,¹² and many firms are either led by women or have women in senior management positions.

What will success look like?

- More women will work in leadership positions in Canadian-owned publishing houses, supported by mentorship and succession planning.
- Publishing salaries and benefit packages will be competitive with those of other creative industries.
- Publishers will achieve higher staff retention rates.

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About ANEL:

ANEL was created in 1992 and is now made up of some 100 francophone publishers from Quebec and throughout Canada. ANEL works to promote freedom of expression, respect for intellectual property rights, and universal access to books as a basis of knowledge and a learning tool. ANEL acts as a representative for the publishing industry in the cultural milieu and among political bodies.

About ACP:

ACP is the national voice of Canada's independent English-language book publishers. The ACP supports its 115 members in creating an economically sustainable Canadian-owned and -controlled publishing industry.

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¹² "The Canadian English-Language Book Publishing Industry Profile," Nordicity, July 2018, p. 16.