


Beyond 2020: Investing in Canadian publishing's next decade

**Written Submission for the Pre-Budget Consultations in
Advance of the 2020 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 2020.

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, book publishers make essential contributions to Canadian democracy, culture, and education. The books they publish provide an important arena for discussion and debate on crucial issues, including climate change and environmental stewardship.

Canadian-owned publishers are responsible for 80% of the new books written by Canadian authors each year and contribute to a \$1.6 billion industry. We are creative partners in the development of new works in all genres, and are known internationally for our entrepreneurship and innovative approach to business.

Though the book markets in French-speaking and English-speaking Canada each have unique characteristics, ANEL and ACP remain united in recommending an increase to the Canada Book Fund (CBF). In December 2016, the Standing Committee on Finance recommended that the budgets of the CBF and the Canada Music Fund (CMF) be increased.¹ This recommendation was supported by all parties. Although an increase to the CMF was included in Budget 2019, CBF's budget remains unaddressed. We urge immediate action to fully implement this recommendation.

Background

Canadian publishers' 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 annually.³ In 2018-19, eligible publishers reported more than \$427 million in sales, with almost a third of that revenue earned in international markets.⁴

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 new investment in the CCA, but note that most publishers have not benefitted from this funding. Approximately half of the publishers receiving CCA core funding have seen their support flatlined or reduced since the introduction of the New Funding Model in 2017, despite CCA's significant budget increase. Furthermore, this investment excludes those publishers of non-literary works who are not eligible for CCA support.

³ "2019-20 Departmental Plan," Canadian Heritage, 2019, p. 9.

⁴ Source: Canada Book Fund, Canadian Heritage, July 16, 2019.

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 CBF 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 CBF plays in supporting the industry and growing the creative economy. Any discussion of CBF’s modernization must acknowledge that the program’s budget was set in 2001, before the widespread adoption of online retail, smartphones and e-readers; before the proliferation of digital formats; and before widespread consolidation in global book publishing, distribution and retail. The erosion of CBF’s budget over the last 18 years means that the program, and by extension the publishers it serves, must do more with less in a competitive and evolving market.

Though the government’s strategic, one-time investment in the Frankfurt 2020 Guest of Honour initiative will raise the profile of Canadian book publishing on the world stage, and has already led to increased export sales to Germany and other territories, this investment does not address the challenges faced by under-resourced companies operating in a competitive domestic market. Investment in targeted export initiatives like Frankfurt are most successful when publishing firms have a strong foundation from which to grow.

We acknowledge the \$22.8M investment included in Budget 2019 to support the increased production and distribution of books in accessible formats to readers with print disabilities. We welcome the government’s plan to administer this investment through CBF, and look forward to working with Canadian Heritage to ensure the strategic and effective use of these funds. This targeted investment will increase publishers’ capacity to adopt the standards required to produce accessible e- and audiobooks, and will provide a market solution for the supply of these books. However, like the investment in Frankfurt 2020, return on this investment is best realized when publishing houses have the capacity and resources to capitalize on the opportunity.

These types of investments do not relieve the pressure placed on CBF’s essential core programs. CBF’s real value has declined by almost 40% since 2001, which has reduced the impact of the program. New

⁵ Canada Book Fund, accessed July 11, 2019: <https://www.canada.ca/en/canadian-heritage/services/funding/book-fund.html>

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

publishers enter the Support for Publishers program each year⁷—a sign of a vibrant sector—increasing pressure on the program. The Support for Organizations program is also heavily oversubscribed. Eligible applications received for 2018-19 exceeded available budget by 48%, or more than \$2.7M,⁸ and many organizations have been forced to reduce activity as a result of funding reductions, 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 have made significant investments to adapt. The proposed \$20 million increase over the next five years would bring greater stability to the industry and fuel a new phase of growth and development.

Proposed increase to Canada Book Fund, 2019-2024 (in millions)⁹

| | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 | 2024-25 |
|----------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|
| 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 |

Impact of new investment in the CBF

An increase in the CBF would have powerful, wide-ranging impacts on our industry:

1. *Encourage digital innovation and experimentation.*

Digital technology is fundamental to publishing, and CBF’s investment 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 has helped publishers respond strategically to the opportunities digital technology presents; however, its budget has lost value during an era that demands increased investment.

What will success look like?

- Canadian readers, including those with print and perceptual disabilities, are better able to discover and access Canadian books in their formats 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.

⁷ The 2018-19 Support for Publishers cohort includes 11 first-time recipients, compared to 4 first time recipients in 2017-18 and 7 in 2016-17.

⁸ Canada Book Fund Program Update, presented to ACP Annual General Meeting, June 20, 2019, p. 19.

⁹ Figures presented represent CBF’s base budget, and do not include investments made through Canadian Heritage’s Creative Export Fund. 2019-20 projections are based on 2018-19 actuals.

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

Canadian-owned publishers compete with multinational firms for Canadian 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 competitive market.

What will success look like?

- Sales of Canadian-authored books will increase through enhanced marketing and promotion.
- 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 publishers, rather than moving to multinational firms, reinforcing the value of investing in authors early in their careers.

3. *Enhance export activities*

Close to 75% of CBF recipients are active exporters and are supported by CBF's export supplement, which supports business development in international markets.¹⁰ New investment in the CBF will ensure Canadian publishers can take full advantage of a broad range of export 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, both through traditional retail channels and online.
- Emerging exporters will access mentorship and coaching opportunities with experienced Canadian book exporters and international consultants.

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 criteria. 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.

¹⁰ CBF Program Update, presented to ACP AGM, June 20, 2019, p. 15.

- 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, for example: data analytics, video and audio production, web development, and coding. 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. Many firms are either led by women or have women in senior management positions.

What will success look like?

- The next generation of publishers will be prepared for leadership positions in the industry, 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 and ACP:

ANEL was created in 1992 and is made up of 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.

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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