

**ASSOCIATION
NATIONALE DES
ÉDITEURS DE
LIVRES**

**WRITTEN SUBMISSION FOR THE PRE-BUDGET
CONSULTATIONS IN ADVANCE OF THE UPCOMING
FEDERAL BUDGET**

By the Association nationale des éditeurs de livres (ANEL)

October 2022

SUMMARY OF RECOMMENDATIONS

1. Implement the commitment in the Minister of Canadian Heritage’s mandate letter to support Canadian book authors and publishers by permanently increasing funding to the Canada Book Fund, the Canada Council for the Arts and the Public Lending Right Program.
2. Make amendments to the Copyright Act to ensure that it protects all creators and copyright owners. In line with the Budget 2022 commitment, ensure the sustainability of the publishing industry, including fair compensation for creators and copyright owners.
3. Apply the *Investment Canada Act* to book publishing and distribution, by assessing the “net benefit to Canada”. Support our Canadian book industry by first and foremost promoting Canadian-owned publishing houses.

BACKGROUND

The Association nationale des éditeurs de livres (ANEL) represents more than 110 French-language Canadian publishers of all sizes, based in Quebec, Ontario, Manitoba and New Brunswick.

In Canada, more than 6,000 French-language titles are published annually in various formats (audio, digital, paper). In proportion to the Francophone population, the publishing volume is comparable to that of France and Germany. Along with their Anglophone counterparts, Canadian French-language publishers are responsible for 80% of new books written by Canadian authors each year and contribute to a \$1.5 billion industry¹.

As a central part of the local book ecosystem, publishers – both large and small – contribute to the enrichment of Canadian culture and stimulate the economy. According to data from the Canada Book Fund, the Canadian book publishing industry supported 9,570 jobs and accounted for \$756.5 million of Canada’s GDP in 2017².

Thanks to the financial measures implemented by the Government of Canada to support businesses during the COVID-19 pandemic and the complementary initiatives of Canadian Heritage, local publishers have overcome the obstacles of the pandemic, but they are now facing many major challenges.

¹ Statistics Canada, “Book publishing industry, 2020,” www150.statcan.gc.ca/n1/daily-quotidien/220222/dq220222b-eng.htm [online].

² Evaluation Services Directorate, “Evaluation of the Canada Book Fund 2012-2013 to 2017-2018,” www.canada.ca/content/dam/pch/documents/corporate/publications/Evaluations/CBF-Evaluation-Final-Report-en.pdf [online].

ISSUES FACING FRENCH-LANGUAGE CANADIAN PUBLISHING

Below are four issues with French-language Canadian publishing as presented by ANEL.

1. PRINTING AND PRODUCTION ISSUES

Paper shortages, competition for press time and supply chain disruptions are putting unprecedented pressure on the financial and human resources of Canadian publishers. Several ANEL members have reported that **printing costs have increased by more than 40% over the past three years**, not to mention the significant increase in packaging and shipping costs.

2. THE FRAGILITY OF EDITORIAL COMPANIES AND THE SCARCITY OF LABOUR

Canadian French-language publishers are primarily small businesses, with 40% of ANEL's 100 members having annual revenues of less than \$250,000. The socio-economic conditions of publishing professionals remain precarious, with low wages, and many part-time and freelance jobs. Moreover, publishers are now facing a **labour shortage**, particularly in communications and accounting positions, where other industries are more competitive and attractive in terms of wages.

3. A FLAWED COPYRIGHT ACT

The book industry is now suffering from a poorly drafted Copyright Act whose educational exceptions have become commonplace, thus impoverishing creators and publishers. **Changes to the Copyright Act in 2012 cost the Canadian industry \$200 million in lost licensing revenue**, limiting investment in new books. Respect for copyright has eroded since the implementation of the *Copyright Modernization Act* in 2012.

4. A NARROW DOMESTIC MARKET

In Canada, French-language publishing companies compete with a major European offer, which represents about 50% of book sales in the Canadian Francophone market. Canadian businesses have been working for years to increase their market share by publishing high-quality works, so much so that Canadian literature production is second to none. Nevertheless, Canadian publishing suffers from a **small Francophone market in North America, a low number of readers and low reading skills among the general population**. Statistics indicate that one in five Quebecers aged 16 to 65 have a very

limited ability to process information, and 19% of this segment of the population has literacy problems³.

Faced with these multiple challenges, Canadian book publishers are demonstrating resilience and creativity by publishing a wide range of works reflecting the diversity of Canada's population, experimenting with innovative marketing strategies, targeting foreign markets and focusing on collaboration with all players in the book ecosystem. These efforts come at a time when federal investment has not kept pace with the needs of a changing industry.

³ Institut de la statistique du Québec, 2015, p. 237.

RECOMMENDATIONS

The Canadian government must recognize the importance of the Canadian book industry, as well as the boldness and risk-taking of Canadian publishers who contribute to enriching and promoting Canadian culture. It must provide the resources and the legal framework required to ensure that Canadian publishing continues to develop.

Recommendation 1: Implement the commitment in the Minister of Canadian Heritage’s mandate letter to support Canadian book authors and publishers by permanently increasing funding to the Canada Book Fund, the Canada Council for the Arts and the Public Lending Right Program.

In the summer of 2021, the Liberal Party of Canada committed to increasing the Canadian Heritage budget by 50%, starting in 2022-2023. In December 2021, in the Minister of Canadian Heritage’s mandate letter, the Prime Minister confirmed this commitment to increase funding for programs that support publishers and authors, including the Canada Book Fund (CBF). The budget for the CBF’s ongoing programs has not increased since 2001, resulting in the erosion of its real value by more than 55%. Long before the COVID-19 pandemic, the Canadian government recognized the need to increase support for publishing through the CBF. We implore the government to implement this commitment in Budget 2023.

An increase in the Canada Book Fund will allow publishers to:

Promote competitiveness and long-term growth through:

- The creation of new jobs;
- An investment in new book projects and advances to Canadian writers;
- An investment in printing to bring operations and work done abroad back to Canada.

Engage new audiences by:

- Investing in innovative sales and marketing strategies to improve the discoverability of Canadian books and reach new audiences;
- Increased investment in digital formats, including accessible audiobooks and ebooks, for readers with perceptual disabilities;
- An increase in export activities to promote Canadian authors around the world and generate revenue in Canada.

Contribute to reconciliation with Indigenous peoples, the fight against climate change and the building of a more inclusive society by:

- Publishing books by writers from diverse communities and Indigenous peoples;
- Recruiting more staff from racialized communities that are under-represented in the industry;
- Improving inventory management and the supply chain to reduce the industry's environmental footprint.

Recommendation 2: Make amendments to the *Copyright Act* to ensure that it protects all creators and copyright owners. In line with the Budget 2022 commitment, ensure the sustainability of the publishing industry, including fair compensation for creators and copyright owners.

Arbitrary interpretations for fair dealing in the education sector since 2012 have caused significant damage to the book market. Moreover, a Supreme Court of Canada decision in the Access Copyright appeal against York University did not clarify the provisions of the Act regarding fair dealing, but instead encouraged user groups to push the boundaries of fair dealing interpretation. Legislative reform is essential to encourage investment in Canada's unique educational resources.

ANEL, like the Association of Canadian Publishers, and several Canadian book sector stakeholders, recommends that:

- Fair Dealing for education only apply to educational institutions where a work is not commercially available under licence by the owner or a collective;
- The *Copyright Act* be amended to clarify that tariffs approved by the Copyright Board are enforceable against users of copyrighted works;
- Adequate statutory damages are awarded to all collectives.

Recommendation 3: Apply the *Investment Canada Act* to book publishing and distribution, by assessing the “net benefit to Canada”. Support our Canadian book industry by first and foremost promoting Canadian-owned publishing houses.

Just as foreign web giants pose a threat to Canadian film and television producers, the presence of multinationals in our market creates barriers for Canadian publishers. In English Canada, a handful of companies, owned by global media conglomerates, dominate the market. They compete with independent publishers for manuscripts, staff, promotion, bookstore space and library budgets. They do so with the financial support

of their parent company and the income from the distribution of books imported into Canada. These foreign companies take little risk: they publish only a few Canadian authors, they choose those who have already proven themselves, often in an independent publishing house, or they focus only on the books most likely to become best sellers. Francophone Canada is not immune to this phenomenon of globalization in publishing.

The presence of these foreign companies is regulated by the Revised Foreign Investment Policy in Book Publishing and Distribution, but it no longer meets the stated objectives, i.e., to ensure that foreign investment in book publishing and distribution is consistent with national cultural policy and is of net benefit to Canada and the Canadian-controlled sector.

The *Investment Canada Act* must be applied to book publishing and distribution in order to examine the “net benefit to Canada”. Canadian ownership must form the basis of our cultural policy in the book sector and in all creative industries.

CONCLUSION

Canadian book publishers have overcome the challenges of the pandemic and are grateful for the government's support for the Canadian book industry. Nevertheless, the development of Canadian publishing cannot continue without a reinvestment in existing programs – particularly in terms of publishing assistance from the Canada Book Fund – and without changes to Canadian copyright law. The Association nationale des éditeurs de livres offers its full cooperation to the Canadian government in implementing its recommendations.