



Literary Press Group of Canada

Written Submission for the Pre-Budget Consultations
in Advance of the Upcoming Federal Budget

Submitted by:
the Literary Press Group of Canada

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Recommendations

- **Recommendation 1:** Increase the budget for Canada Book Fund by 50% to provide critical support for Canadian-published books and Canadian authors.
- **Recommendation 2:** Urgently implement reforms to repair the Canadian copyright framework and ensure that Canadian creators and publishers are fairly compensated for the use of their copyright-protected work.
- **Recommendation 3:** Ensure that the rules for foreign investment in publishing are effectively enforced and undertake a realistic and transparent assessment of net benefit to Canada and the Canadian-owned publishing sector for proposed investments.
- **Recommendation 4:** Provide a postal subsidy for books or other new investments to address skyrocketing shipping costs that small and medium-sized publishers cannot bear, which put them at extreme disadvantage vis-à-vis large corporations, who have access to much lower rates.

Introduction

The Literary Press Group of Canada (LPG) is a non-profit national association. Our mission is to support Canada's independent literary publishers and promote Canadian literary culture. We provide critical sales, distribution, marketing, professional development, advocacy, and networking services to member publishers, who produce literary works of fiction, nonfiction, poetry, drama, and graphic narrative. We connect readers with essential Canadian books.

The LPG's 63 members are located in communities across the country. They produce books by some of Canada's most innovative and creative writers, giving readers access to diverse voices that have not been well represented in mainstream publishing. In addition to their cultural contributions, LPG members are small businesses that support local economies through the full range of their business activities, from editorial, design, and production to marketing, sales, and distribution.

We gratefully acknowledge the support of the Canadian Government through Canada Book Fund, the Canada Council for the Arts, and the Ontario Arts Council.

Recommendations

Recommendation 1: Increase the budget for Canada Book Fund by 50% to provide critical support for Canadian-published books and Canadian authors.

The Canada Book Fund remains essential infrastructure for our members, helping them to maintain competitiveness in a market dominated by multinational conglomerates. The budget for Canada Book Fund has not been increased in twenty-one years—an entire generation—meaning the real value of its support has declined dramatically over that time, even while Heritage-administered funds dedicated to other cultural industries have increased. A larger investment in Canada Book Fund will ensure that it can continue to provide meaningful support to vibrant cultural producers—the Canadian-owned presses that tell our stories and amplify diverse Canadian voices.

A permanent increase of 50% (an additional \$19.2 million based on the current budget of \$38.4 million) is consistent with the Minister of Canadian Heritage's mandate letter and with the Liberal Party's 2021 election platform, which explicitly recognized the importance of support to Canadian authors and publishers.

We join with our colleague associations ACP and l'Association nationale des éditeurs de livres in calling for this permanent increase to the Canada Book Fund.

The Minister's mandate letter also commits to increased investment in Canada Council for the Arts and in the Public Lending Right Program. We strongly support both of these budgetary increases. Canada Council for the Arts programs and the Public Lending Right support the literary publishing ecosystem and Canadian authors.

Recommendation 2: Urgently implement reforms to repair the Canadian copyright framework and ensure that Canadian creators and publishers are fairly compensated for the use of their copyright-protected work.

Rightsholders must be fairly compensated for the use of their copyright-protected works, through reform of the *Copyright Act*. Remuneration for writers and publishers has declined steadily over the last decade, during which time the education sector's interpretation of fair dealing has resulted in widespread and massive copying without regard for the rights of creators and publishers. Accumulated losses to the sector during that time are estimated at over \$200 million in licensing income and additional unknown losses in the sale of books. The pandemic brought many pressures to bear on literary publishers, including calls for more digital content, but there is little incentive to invest in such content when copyright protections are effectively not available.

We were encouraged that Budget 2022 included a commitment to ensure that the *Copyright Act* protects all creators and copyright holders and that the educational publishing industry is sustainable. Now, changes must be implemented expeditiously.

Along with ACP and other colleague associations, we call for the following measures:

- Fair dealing for education should only apply when 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 infringers of copyright protected works subject to a tariff.
- Adequate statutory damages must be available to all copyright collectives.

Recommendation 3: Ensure that the rules for foreign investment in publishing are effectively enforced and undertake a realistic and transparent assessment of net benefit to Canada and the Canadian-owned publishing sector for proposed investments.

The *Revised Foreign Investment Policy in Book Publishing* (1992) requires an assessment of net benefit to Canada and to the Canadian-controlled publishing sector, and a determination that a proposed acquisition or merger is consistent with national cultural policy. In practice, however, there have been transactions approved over the years that have not met these standards, and whose related undertakings have had little of the intended impact or appear not to have been enforced.

The proposed acquisition of Simon & Schuster by Bertelsmann / Penguin Random House throws the need for more effective and transparent policy enforcement into sharp relief. The Canadian book market is already highly concentrated and tilted toward the biggest multinational publishers and retailers. If this acquisition proceeds, the domestic market will be utterly dominated by two foreign-owned conglomerates (PRH/S&S combined and Harper Collins/Harlequin), whose profits are sent out of the country, and whose distribution infrastructure is likewise not in Canada.

When faced with such enormous scale and market power as the combined publishing houses (Penguin Random House Canada and Simon & Schuster Canada) would wield, small literary presses would be disadvantaged in every way: competing for authors, staff, sales and distribution services, retail shelf space, reasonable shipping rates, and media attention.

Canadian literary publishers operate across the entire country, in communities large and small, reflecting the specific realities of those locales to a much larger audience. They are an essential part of the cultural fabric, and they nurture and take commercial risks on new, diverse voices, bringing them to Canadian and international readers. They deserve to have the chance to thrive and grow in their own market, as the current cultural policy, with its net benefit test, was designed to achieve.

Recommendation 4: Provide a postal subsidy for books or other new investments to address skyrocketing shipping costs that small and medium-sized publishers cannot bear, which put them at extreme disadvantage vis-à-vis large corporations, who have access to much lower rates.

The cost of shipping books, which has been rising steadily for years, was exacerbated by the pandemic. Supply chain problems have manifested in many areas, from a shortage of paper and printer capacity to labour issues at warehouses and transport companies, all contributing to delays that add to the cost and uncertainty of producing a book.

For literary publishers without the volumes of the multinationals or big-box retailers, shipping rates were already unsustainable and inequitable prior to the pandemic. As COVID-driven disruptions have affected the supply chain, and now with inflation driving high fuel surcharges, shipping rates have risen even further.

Another impact of the pandemic was a shift in consumer preferences toward online shopping, a shift that increasingly appears to be permanent. Direct-to-consumer sales from publishers' websites increased. Those sales come at a steep price, however, because they are almost always sent by post, a book or two at a time, and the price of mailing books can match or exceed their retail price. While Amazon and Indigo offer free shipping, most publishers selling directly can't afford to do that, or do it at a loss.

Canada Post letter mail prices are regulated, but the cost of shipping parcels is not. Some books are thin enough that they can be sent as letter mail. Even so, the cost of stamps goes up annually. Parcel rate price increase notices happen at least annually and sometimes more frequently.

Anecdotal information provided by members illustrates that the situation for shipping books is unsustainable. Following are just a few of many examples the LPG collected.

- In 2021, shipping a single book from Calgary to most major cities (Toronto, Vancouver, etc.) via Canada Post cost at least \$14 to \$16. For addressees outside of the major centres (e.g., BC islands, Nova Scotia, northern Ontario), it climbed to \$16-\$20 for a single book.

- In the same year, it cost less to ship a book to the US or UK from Calgary than it did to send it to Ontario.
- Couriers have been imposing fuel surcharges for the last several years, and they are an unpredictable element in total cost. In July 2022, it cost \$27.43 to ship one book from Calgary to Ontario (this included a \$6.49 fuel surcharge). If a book retails for \$19 or \$20, it now costs more than the retail price to send it to the customer, which is a powerful disincentive for book buyers, who are used to free shipping from Amazon.
- The United States has Media Mail, which allows books to be shipped for a few dollars. Currently, Canada Post's media rate is only available to libraries.

A subsidized postal book rate or other new funding to support the shipping of Canadian books would recognize the essential nature of literature to society and ensure that all Canadians could have access to Canadian books at a reasonable cost.

Conclusion

Canadian literary publishers remain grateful for the public investments that help ensure that diverse Canadian voices are amplified through an array of literary forms.

Thank you for the opportunity to provide the LPG's views as the new budget is developed.

For more information:

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