



Association of Canadian Publishers

Brief to the Standing Committee on Finance

August 2011

The Association of Canadian Publishers (ACP) is the national voice of Canada's independent English-language book publishers, who produce the majority of books by Canadian authors. The ACP represents 125 Canadian-owned and -operated businesses from across the country.

Executive Summary

We recognize the difficult choices that now confront the government in charting the course for Canada through the current economic challenges. For Canadian book publishers, these challenges are multiplied by unprecedented pressures on our industry from technological change, the forthcoming changes to ownership policies in the book industry, and the anticipated revision of the Copyright Act, the foundational law of our industry.

The programs of the Canada Book Fund and the Canada Council are essential to our capacity to compete with the large multinational companies that dominate our markets, and thus enable us to return the taxpayer's investment with abundant cultural, economic, and competitive value. At this time of multiple challenges to the stability of our industry, and of unprecedented opportunity for growth and innovation, these programs are more essential than ever.

Moreover, as technology removes barriers among various channels of communication and blurs traditional lines between formats, it is important that book publishers be able to access all programs that support the production and distribution of new Canadian content, in order to develop cross-format opportunities.

As Canada moves forward economically, a highly educated workforce will be a key component in its ability to compete. The role of reading in that capacity is central. No other single skill can make as dramatic a change in the opportunities available to youth in our country, or to disadvantaged communities of all kinds. A general population with highly advanced reading skills is an essential ingredient for the success of Canadian publishers; as educators and economists have documented in recent years, it's vital for Canada's success too.

Who we are

The ACP represents 125 English-language book publishers, from all ten provinces and Nunavut. Our members are independent businesses, owned and operated by Canadians. We compete every day in an open marketplace against multinational publishers, and find innovative and

creative ways to offset the economies of scale enjoyed by US- and UK-based companies who maintain branch offices in Toronto. The multinationals import vast quantities of foreign-authored books into Canada every day, and seek also to publish the most elite Canadian authors. Those companies are heavily resourced through their parent firms, and can offer very generous author contracts to the select few they take on; nevertheless, the majority of Canadian authors are published by independent Canadian publishers. Moreover, virtually all of the Canadian authors who have become household names in Canada and achieved international recognition first made their names with ACP member companies: Margaret Atwood, Douglas Coupland, Marie Louise Gay, Alistair MacLeod, Marshall McLuhan, Alice Munro, Robert Munsch, Michael Ondaatje, David Suzuki, Miriam Toews – the list goes on and on. In the forty years of its history, the ACP has fostered the growth and development of Canadian writing in every genre, in every corner of the country.

Cultural investment, economic returns

As Canada's economy shifts from its traditional reliance on natural resources and manufacturing to a focus on knowledge and innovation, the role of cultural sectors will be of increasing importance. As the Hon. James Moore has often observed,

"The arts and culture sector ... is a massive portion of the Canadian economy. It's \$46 billion in Canada's GDP, ... three times the size of Canada's insurance industry. It's twice the size of Canada's forest industry. It is a massive portion of the Canadian economy."

Book publishing alone constitutes a multi-billion dollar industry. The majority of sales revenue flows to foreign-owned companies who operate offices in Toronto; nevertheless, in 2007 Canadian-owned publishers generated three-quarters of a billion dollars in revenue, of which approximately 60% represents English-language publishing, and 40% French-language.

Like all other industrial countries, with the exception of the United States, Canada's domestic publishing industry depends on government investment. Without this support, a competitive Canadian-owned publishing industry would cease to exist, and the rich cultural contribution publishers make to this country would be lost. The Department of Canadian Heritage, through the Canada Book Fund and its predecessor programs, and the Canada Council for the Arts, have over the past forty years invested in our industry with strategically designed and carefully managed programs. These programs increase publishers' capacity to compete with the large multinational companies that dominate our markets, and thus enable us to return the taxpayer's investment with abundant cultural and economic value. **The federal programs that support the book industry are crucial, not only to our cultural sovereignty, but also to Canada's economic well-being.**

Technology and Innovation

In recent years Canada has experienced an ebook revolution. Books have gone digital in huge numbers as new reading devices and applications have been introduced to the marketplace. These changes

offer enormous opportunities to publishers for new markets and new business models; they also present enormous challenges. In past years federal investment fuelled the development of technology that has now made Canada a world leader in book-industry supply-chain management, and today that investment is a key foundation for Canadian innovation in ebook production and marketing. While the demand for ebooks grows, and the demand for print books remains essentially undiminished, there is at the same time the need to develop books and publishing in conjunction with other media. **At this watershed moment, access to the full range of government investment programs across all departments is essential to book publishers' ability to grow and compete.**

Bridging the Reading Gap

Canada's publishing industry works closely with agencies that promote literacy and reading skills. A reading population is obviously a market benefit to our industry; it is also an essential asset in maintaining Canada's competitive position in the global economy. We recognize the provincial jurisdiction over education and public libraries, but reading plays important roles in many areas of federal mandate. Citizenship and Immigration programs that support reading help new Canadians to integrate more quickly. Human Resources and Skills Development, with its goal of ensuring the optimally trained workforce for the 21st-century, must recognize the crucial role of reading in a knowledge economy. Access to high-quality relevant reading materials is one of the most cost-effective means of increasing opportunities for Aboriginal Canadians. Across the board, advanced reading skills in the general population will serve Canada extremely well as it seeks to maintain its place in the forefront of economically advanced nations with a highly educated workforce, an engaged citizenry, more stable communities, and a productive environment for global competitiveness. **Programs that advance reading skills are cost-effective measures to be preserved where they exist, and to be established where they do not.**

ACP recommendations to the Standing Committee on Finance

The Canadian book industry is excited by the possibilities that lie before us. We are eager to work with our federal partners to ensure that Canadian authors maintain their prominence in international literature, and that Canadian publishers keep pace with the opportunities new technology presents. To those ends, we recommend three measures:

- (1) Re-affirm existing commitments to current level of funding for Canada Book Fund through 2015, and maintain current level of support for Canada Council for the Arts.
- (2) Ensure that book publishers can access programs throughout government which support digital content production and distribution.
- (3) Ensure that reading programs for new Canadians, Aboriginal communities, and others are well supported and maintained where they already exist and established where they do not.

Together these policies will promote economic stability for Canadian publishers, enabling them to continue finding new voices and to present Canada to Canadians and around the world. They will make it possible for Canadian publishers to explore new technologies and new business models that will increase Canadian competitiveness at home and internationally. More generally, these policies will provide economic and social benefits to all Canadians through the promotion of reading, and all the benefits that accrue to it: improved academic performance, increased civic engagement, enriched understanding of one's community and region, and enhanced quality of life.

At a time of economic challenge we urge the government to maintain the programs that return such substantial yield for modest investment, and that offer such strong promise for Canada's future advancement and competitiveness.