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Investing the Future of Canadian Books:
Review of the Revised Foreign Investment Policy
in Book Publishing and Distribution

Response to Department of Canadian Heritage Consultation Submitted by OMDC

Ontario Media Development Corporation (OMDC) is an Agency of the Ontario Ministry of Tourism and Culture (MTC) with a mandate to build the capacity and competitiveness of Ontario's cultural media industries. Through tax credits, programs and services for the film and television, book and magazine publishing, music and interactive digital media industries, OMDC maximizes opportunities for growth and innovation in Ontario and abroad.

Given our role as supporters of Ontario's book publishers, OMDC is pleased to have this opportunity to comment on the Department of Canadian Heritage's review of the *Revised Foreign Investment Policy in Book Publishing and Distribution* ("the Policy"). In general, we support the existing Policy, including the mechanisms in place that allow for exceptions. We also believe that the Policy should be reviewed every five years in order to keep pace with the rapidly changing business environment.

OMDC provides direct support to Canadian-owned, Ontario-based book publishers through the following programs:

- **The OMDC Book Fund** increases the financial viability and overall business growth of Ontario-based publishers through marketing initiatives which profile the works of Canadian authors to both foreign and domestic markets and/or activities that build on or leverage existing digital capacity and enable publishers at various levels to achieve business development and/or marketing objectives that best suit their individual corporate goals.
- **The OMDC Export Fund** provides Ontario companies with funding to pursue export development activities that correspond to a strategy for company growth. Primary activities supported are market event attendance and targeted sales trips that support the strategy.
- **The Ontario Book Publishing Tax Credit (OBPTC)**, a refundable tax credit based upon Ontario pre-press, printing and marketing expenditures incurred by a corporation. Since March 26, 2009 expenses related to publishing an electronic or digital version of a literary work have also been eligible expenditures.

We also support the industry by providing funding to trade organizations and events through the Industry Development Program and to collaborative initiatives through the Entertainment and Creative Cluster Partnerships Fund.

Finally, OMDC promotes the work of Ontario authors through the Trillium Book Award, established by the government of Ontario in 1987 to recognize the literary excellence and diversity of Ontario writers and writing.

In preparing this submission, OMDC had conversations with representatives of several trade organizations whose role it is to speak for Ontario publishers, including the Association of Canadian

Publishers (ACP), the Organization of Book Publishers of Ontario (OBPO) and the Literary Press Group (LPG). We also provided a draft of this submission to our Book Publishing Industry Advisory Committee in order to give them an opportunity to comment on the draft. While we support in principle the trade organizations' position[s] on the issues presented in the Department of Canadian Heritage's discussion paper, OMDC is not claiming to speak on behalf of these organizations or indeed on behalf of any stakeholders. We offer the following general comments in an attempt to add a supportive voice to what we have interpreted these positions to be.

In general, OMDC supports maintaining the *Policy* in its current form. The *Policy* as it is now has been successful in contributing "to the broader government objective of ensuring that Canadian cultural content is created and accessible in Canada and abroad."¹ Canada has a stable and mature domestic book publishing industry and Canadian audiences have access to thousands of titles written annually by Canadian authors. In addition, Canadian authors are read and receive critical acclaim all over the world.

In 2008, Canadian-controlled publishers reported \$1.22 billion in operating revenue, 58% of the revenue reported by all publishers operating in Canada that year. Export and other foreign sales accounted for 18.7% of that revenue for the Canadian publishers,² highlighting not only the global popularity of Canadian authors but also the importance of the international market to Canadian publishers. While Canadian-controlled publishers don't publish Canadian authors exclusively, the majority of their titles are written by Canadian authors, so we can take from these statistics that Canadian-controlled publishers are successful at making sure that Canadian and international audiences have access to books by Canadian authors, a central objective of the *Policy*.

OMDC also supports the mechanisms currently in place that allow for exceptions to the *Foreign Investment Policy*. The exceptions are such that they allow Canadian companies the opportunity to explore options for foreign investment once they have exhausted the Canadian market. This gives companies the flexibility needed to make the decisions that are most appropriate for their businesses.

That being said, we also believe that there is room for improvement in the administrative process for approving exceptions to the *Policy* in order to improve transparency and accountability. While we respect the fact that a degree of confidentiality is necessary to protect the interests of the companies involved in a given transaction, it is also important for the industry to be aware of the net benefit to the industry that is coming out of such transactions. A more detailed accounting of the benefits that have been committed in each approved transaction would bring more transparency to the process. More public reporting once the benefits have been delivered on how they have been carried out would also add transparency to the process and would provide a more effective means of measuring the success of the *Foreign Investment Policy*.

With an improved and more transparent administrative process for approving exceptions, OMDC believes that the *Revised Foreign Investment Policy in Book Publishing and Distribution* can continue to be an effective policy tool in ensuring a healthy business environment for the publishing industry in Canada and in ensuring that Canadian authors continue to reach domestic and international audiences. We are also aware that the business environment continues to evolve at an ever-increasing rate and therefore agree with the Competition Policy Review Panel's recommendation that foreign investment restrictions related to the cultural industries be reviewed every five years.

¹ Department of Canadian Heritage, "Investing in the Future of Canadian Books: Review of the *Revised Foreign Investment Policy in Book Publishing and Distribution*," Discussion paper, July 2010, p. 3.

² Statistics Canada, "Book Publishers 2008," Tables 11-1 and 11-2.

Thank you again for the opportunity to contribute to this review.

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