Canadian Heritage | Patrimoine canadien

Evaluation of the Canada Book Fund

2012-13 to 2017-18

Canada

Evaluation Services Directorate
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List of acronyms and abbreviations

ACP	Association of Canadian Publishers
ACUP	Association of Canadian University Presses
ADM	Assistant Deputy Minister
ALQ	Association des libraires du Québec
ANEL	Association nationale des éditeurs de livres
BPIDP	Book Publishing Industry Development Program
BTLF	Banque de titres de langue française
CBF	Canada Book Fund
CCA	Canada Council for the Arts
CPC	Canadian Publishers' Council[1]
DP	Departmental Plan
DRR	Departmental Results Report
ESD	Evaluation Services Directorate
FAA	Financial Administration Act
FMB	Financial Management Branch
FTE	Full-time Equivalents
FRMAP	Foreign Rights Marketing Assistance Program
GCIMS	Grants and Contributions Information Management System
Gs&Cs	Grants and Contributions
GCMI	Grants and Contributions Modernization Initiative
GC	Government of Canada

[1] While the CPC is one of the CBF stakeholders, this organization does not receive funding from the program. The CPC represents foreign-owned publishers that operate in Canada.

LCB	Livres Canada Books
LPG	Literary Press Group
OLM	Official Language Minority
OLMC	Official Language Minority Community
O&M	Operation and Maintenance
PCH	Department of Canadian Heritage
PRG	Policy Research Group
RÉFC	Regroupement des éditeurs franco-canadiens
SFO	Support for Organizations
SFP	Support for Publishers
Ts&Cs	Terms and Conditions
TWUC	The Writers' Union of Canada
UNEQ	Union des écrivaines et des écrivains québécois

Executive summary

This report presents the findings from the evaluation of the Department of Canadian Heritage's (PCH) Canada Book Fund (CBF).

Program description

For the past 40 years, the CBF has been the Government of Canada's (GC) main support mechanism for the Canadian-owned book publishing industry. The objective of the CBF is to ensure access to a diverse range of Canadian-authored books, nationally and internationally, by fostering a strong industry that publishes and markets Canadian-authored books. The Program is delivered by the Cultural Industries Branch of the Cultural Affairs Sector of PCH.

The CBF delivers its mandate through two funding streams:

- Support for Publishers (SFP) provides financial assistance, through a sales-based formula, to Canadian-owned book publishers in all market segments of the industry to support the production, marketing and distribution of Canadian-authored books. This stream also provides project funding to support internships and business planning projects.

- Support for Organizations (SFO) helps to develop the Canadian book industry and the market for its products by supporting collective projects that offer a broad benefit to book industry stakeholders and value-for-money from efficiencies achieved through investment in collective initiatives and services, including, but not limited to, technology-driven projects that build industry capacity and competitiveness and support for international marketing delivered by Livres Canada Books (LCB).

Evaluation approach and methodology

The evaluation covered the period of 2012-13 to 2017-18 and, as required by the *Financial Administration Act* (*FAA*) and the Treasury Board Policy on Results (2016), assessed the relevance, effectiveness and efficiency of the CBF. The evaluation involved a multi-method approach and included a combination of qualitative and quantitative data collection methods and primary and secondary data sources to address the evaluation issues and questions.

Findings

Relevance

The CBF remains relevant. The CBF plays an economic and culturally significant role. Over the evaluation period, the Program has been under pressures brought about by rapidly evolving technological changes, including digitization of all facets of the industry, and changes to the publishing and retail landscapes which have contributed to a reduced visibility of Canadian-authored books. The small to medium-sized publishers, who are the primary recipients of the CBF, remain financially fragile as demonstrated by flat revenues and low profit margins. Therefore, there is a need for continued investment in the Canadian-owned book publishing industry to foster an environment in which publishers can continue to adapt to industry challenges, keep pace with technological advancements, remain competitive and innovate and take risks in today's digital and international markets.

The CBF was responsive to industry needs by providing $220.6M in grants and contributions (Gs&Cs), between 2012-13 and 2017-18, to support the industry, of which over 80% was allocated directly to publishers to support the production, marketing and distribution of Canadian-authored books. In particular, recipients were given the flexibility to use their contribution to address their particular needs. The Program also adjusted application guidelines and its funding formula to support industry challenges, including supporting the industry's adjustment to digitization and enhancing support for international marketing. Adjustments were also made to the application guidelines and funding formula to align with GC, PCH and Program priorities and to direct proportionally more funding to smaller publishers and certain priority groups.

Though the Program worked to address industry challenges, the evaluation identified some unmet needs. More specifically, the SFO stream of the CBF, which supports collective projects of broad benefit to the industry, has been oversubscribed in recent years. While there have been increased funding pressures on SFO, the program has a high level of commitment to recurring projects. The budget and scope of these recurrent projects have generally grown over the years. As a result, there is little flexibility to accept new innovative projects or new applicants.

Addressing the issue of discoverability of Canadian-authored books in a crowded market and, related to discoverability, how best to market and promote Canadian books in the new digital and online marketplace were identified as areas where industry stakeholders continue to experience challenges and where further support is needed.

The CBF aligns with the GC and PCH vision for the creative industries by maintaining a viable and competitive industry that creates and provides access to a diverse range of Canadian cultural content in Canada and abroad.

Effectiveness

The program achieved the immediate result: a broad range of Canadian-owned publishers invest in ongoing publishing operations. During the period covered by the evaluation, the Program approved $189M to support an average of 245 Canadian-owned publishers annually for the production, marketing and distribution of Canadian-authored books. The CBF supported a diversity of publishers by language, region, market segment, as well as Indigenous and official language minority (OLM) publishers.

The evaluation could not conclude that the CBF achieved its result: marketing initiatives have built the demand for Canadian-authored books. There was no performance data to establish a link between marketing activities and demand for Canadian-authored books. Similar to the trend in the Canadian book publishing industry generally,[2] CBF recipients experienced a decline in domestic sales and an increase in export sales during the evaluation period. The CBF's investment in international marketing may have contributed to an increased demand for Canadian-authored books.

The evaluation found strong evidence, based on interviews with industry stakeholders, that some of the larger technological projects fostered technological innovation and encouraged the adoption of industry best practices. Key informants indicated that these projects have contributed to publisher's success in marketing and adapting to digital technologies.

The Program achieved its intermediate result: readers in Canada and abroad have access to a broad range of Canadian-authored books. The Program exceeded its annual target for the production of new Canadian-authored titles. Books were produced by CBF recipients in each province and one territory, in both official languages and represented a diversity of genres. However, while Canadian-authored books are being produced, with sales being flat, the extent to which they are being accessed is an issue. This could be due to challenges associated with the visibility of Canadian-authored books. Recipients reported challenges associated with effective approaches to marketing books due to changes to the retail landscape and the growth of e-books and on-line purchasing options.

In terms of its ultimate result: readers everywhere consume a broad range of Canadian-authored books, the Program did not meet its sales target in 2012-12 and 2014-15. After revising its sales target, the Program was successful in achieving the revised target between 2014-15 and 2017-18. The program experienced an overall decline in its domestic sales of Canadian-authored books by 14% in 2017-18, when compared to 2012-13. However, the decline in domestic sales was partially offset by an increase in export sales of Canadian-authored books of 22%. The decline in domestic sales and increase in export sales was experienced in both language markets.

In response to the recommendations of the 2014 Cultural Industries Cluster Evaluation of the Canada Music Fund and the Canada Book Fund, the program introduced incentives to encourage a greater production of digital books. CBF recipients have made significant investments in digital technology but the return on investment has been low. Digital sales remain a small proportion of total sales. This is consistent with the trend in the book industry in Canada overall. Digital sales in the English-language market has been consistently higher than their French-language counterparts.

Overall, the design and delivery of the program contributed to the achievement of the Program's objective to ensure 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.

[2] Statistics Canada. 2018. Book publishing industry 2016. https://www150.statcan.gc.ca/n1/daily-quotidien/180323/dq180323c-eng.htm

Recipients have a high level of satisfaction with the funding formula and its flexibility. However, during the period of the evaluation, SFO had a high level of commitment to supporting recurrent applicants and established ongoing or recurrent projects, including annual book-related events in Canadian communities across the country. As a result, SFO encountered a challenge in terms of its ability to fund new applicants and new or innovative projects.

Key informants suggested a range of design and delivery improvements. However, no strong trend emerged in terms of the options presented. Best practices by CBF recipients included innovations in e-commerce solutions and collaborative marketing.

In examining provincial support to the book publishing industry, the models vary across the country. Some provinces have programs specifically directed to the book publishing industry, which may include operational support to publishers and/or project-specific support to book publishers for activities such as marketing, professional development, author tools and participation in conferences and books fairs, which is consistent with the model of the CBF. Other provinces provide support to the publishing industry under cultural industries/arts programs. Four provinces provide tax credits to eligible book publishers.

The design and delivery approaches of the CCA and Ontario Creates to support the Canadian book publishing industry differ from the approach taken by the CBF in terms of their review of applications for funding. Whereas the CBF assesses all applications internally, depending on the type of application, both organizations use a combination of internal assessment and external peer reviews when assessing applications. Furthermore, the CBF determines funding for individual publishers based on a largely objective formula-funding model, whereas CCA (the other main GC funding source available to book publishers) provides funding based on more subjective, literary merit considerations.

Efficiency

The Program was delivered efficiently. The administrative costs to deliver the CBF remained consistent during the evaluation period. The program met service standards for acknowledgement of receipt of applications, and improved the timeliness of funding decisions. Improvements such as the use of multi-year funding agreements (SFO), delegation of authority for approval of SFP formula funding and CBF projects under $75,000 and the piloting of an on-line application portal for SFP-Business Development have contributed to greater efficiency. However, there are opportunities to further improve the efficiency of the application review and decision process for SFO. The majority of recipients reapply annually for recurrent activities. Opportunities exist to make greater use of the streamlined review process, multi-year funding and grants, instead of contributions, for low-risk applicants.

Other evaluation issues

Diversity and inclusion

The CBF supports the GC diversity and inclusion priority by supporting both official language sectors, OLM and Indigenous publishers. However, there is limited data available on diversity within the publishing industry. The Program has a role to play in supporting PCH efforts to integrate GBA+ in its program design and to support the industry in promoting increased participation of diverse groups.

The GC has adopted the Marrakesh Treaty to Facilitate Access to Published Works for Persons Who Are Blind, Visually Impaired or Otherwise Print Disabled (Marrakesh Treaty). PCH also has a role to play in working with publishers and industry stakeholders to promote concrete actions to ensure the production and distribution of accessible reading material.

Experimentation

The CBF has actively participated in PCH's experimentation initiative by putting forward some experiments. However, at this time, it is premature to derive conclusions on the basis of these experimentation projects.

Recommendations

Recommendation 1

Redirect focus from production to marketing and promotion

Canadian-authored books compete for attention in a crowded marketplace and on a variety of platforms. In addition, digital infrastructure, largely created by multinational companies, does not effectively recognize Canadian books. Dedicating support to discovery, marketing and promotion is essential to grow the sales of Canadian-authored books.

Publishers are experimenting with various approaches to market and promote their books in a concentrated digital and on-line marketplace without reliable information to guide them in terms of what marketing strategies are most effective. Many small publishers also lack capacity in terms of resources and marketing expertise. The CBF has the opportunity to provide leadership by helping the industry to identify and implement innovative and effective strategies for the discovery, marketing and promotion of Canadian-authored books.

It is recommended that the Senior Assistant Deputy Minister for the Cultural Affairs Sector take measures to support the Canadian-owned book publishing industry to address issues associated with the discovery, marketing and promotion of their Canadian-authored books, including addressing information need, the capacity and skills gaps and issues related to marketing infrastructure.

Recommendation 2

Address the oversubscription in SFO (Support for Organizations)

SFO is oversubscribed. A large portion of SFO spending is committed to supporting annually recurring or ongoing projects, so there is little flexibility to accept new and innovative projects that could support the industry in addressing the issues associated with the discovery, marketing and promotion of Canadian-authored books. There is limited evidence to conclude that some of the recurrent marketing projects/activities currently funded through SFO contribute to the consumption of Canadian-authored books.

It is recommended that the Senior Assistant Deputy Minister for the Cultural Affairs Sector assess opportunities to enable the entry of new and innovative projects to the SFO stream.

Recommendation 3

Further increase the efficiency of the SFO application assessment process

The SFO stream has increased its efficiency and has made some progress in its use of multi-year funding and of the more streamlined review process. However, the majority of SFO applicants are low risk recurrent clients with recurrent activities that are applying and being assessed annually. To further increase efficiency, consideration should be given to greater use of multi-year funding, greater application of the existing streamlined assessment process or to the introduction of another mechanism to assess applications from recurrent, low-risk clients whose activities are recurrent.

It is recommended that the Senior Assistant Deputy Minister for the Cultural Affairs Sector continue to increase the efficiency of the assessment process for recurrent, low risk SFO applications with annually recurring activities.

1. Introduction

This document presents the findings of the evaluation of the CBF. The evaluation was carried out as indicated in the Canadian Heritage's Departmental Evaluation Plan 2018-19 to 2022-23 and covered six years (2012-13 to 2017-18). The evaluation examined the relevance, effectiveness and efficiently of the CBF, as required by the *FAA*, the Treasury Board Policy on Results (2016) and commitments made in the 2014 Treasury Board Submission to evaluate the Program in 2018-19.

The report is divided into six sections, including the introduction. Section 2 provides the program profile. Section 3 describes the approach and methodology for the evaluation. Section 4 presents the evaluation findings. Section 5 summarizes the main conclusions. Section 6 lists the recommendations arising from the evaluation, and presents the management response, and action plan.

2. Program profile

2.1. Overview

The CBF provides Gs&Cs to the Canadian-owned book industry to support the creation and dissemination of Canadian-authored books and to encourage their consumption by readers everywhere. The Program has two funding streams, each designed to support the activities of a different recipient population.

Support for Publishers ($30.7M)

The SFP stream has two components: Publishing Support and Business Development.

- The Publishing Support component provides financial assistance to Canadian-owned book publishers (mainly for profit) in all market segments of the industry (educational, scholarly and trade) to support the sustainable production, marketing and distribution of Canadian-authored books by offsetting the high costs of publishing in Canada and building the capacity and competitiveness of the sector in a global market. Funding is distributed through a sales-based funding formula that rewards publishers' success in delivering content to consumers.

- The Business Development component provides project funding to support internships and business planning projects.

Support for Organizations ($5.6M)

SFO helps to develop the Canadian book industry and the market for its products by supporting collaborative projects that offer a broad benefit to book industry stakeholders and value-for-money from efficiencies possible through concentrated public investment in collective initiatives.

SFO supports industry associations and related organizations to undertake collective marketing initiatives and to strengthen the infrastructure of the industry through professional development, internships and technology-driven projects and services.[3]

In addition, funding through SFO ($750 000 annually) is also given to LCB to administer on behalf of PCH the Foreign Rights Marketing Assistance Program (FRMAP).

2.2. Program history and changes since the last evaluation

The CBF was launched in 1979 as the Canadian Book Publishing Development Program to support the creation and dissemination of Canadian books through industrial support to encourage growth and improve the financial viability in Canada's domestic book publishing industry. The Program has served as the Government's main support mechanism for Canadian books for forty years. The Program was renamed the Book Publishing Industry Development Program in 1986 and in 2010, the CBF. The latter change reflected the more mature state of the industry and recognized that that Program was now a supporter of an established industry. Following an evaluation in 2008, the Program was renewed in 2009 for the years 2010-11 through 2014-15 with changes to its structure, streamlining from four to the current two funding streams SFP and SFO, to reduce the administrative burden and to improve client service.

A Cultural Industries Cluster Evaluation (Canada Music Fund and Canada Book Fund) covering the period 2007-08 to 2011-12 was completed in July 2014. Since the last evaluation, the Program was renewed in 2014. The renewal focussed on international competitiveness and digital innovation and program changes encouraged greater production, marketing and sales of digital books. The $9M in supplemental funding that CBF had been receiving since 2001, initially received via the "Tomorrow stART today" initiative, was made permanent. These funds supplemented the CBF's ongoing financial support enabling the Program to meet its key challenge: to continue innovating to succeed under rapidly changing market conditions. Resources supported projects and services that improved the efficiency of the supply chain for books in Canada, enhanced support for collective initiatives, including expanded support for book export activities; and augmented the CBF's formula-based aid to publishers, helping ensure that Canadian-owned book publishers had the capital to invest in new technologies to more effectively serve the changing market.

2.3. Program objective and expected results

Table 1 provides the objective of the CBF and the associated expected immediate, intermediate and ultimate results.

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[3] Due to the low demand, SFO eliminated support for strategic planning projects in 2015-16. However, research activities captured under strategic planning continued to be eligible for funding under the Professional Development component of SFO.

Table 1: CBF objective and expected results

Objective	Immediate results	Intermediate result	Ultimate result
To ensure 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.	A broad range of Canadian-owned publishers invest in ongoing publishing operations Marketing initiatives build demand for Canadian authored books Collective projects foster technological innovation and encourage the adoption of best practices industry-wide	Readers everywhere have access to a broad range of Canadian-authored books	Readers everywhere consume a broad range of Canadian-authored books

2.4. Target population, stakeholders and delivery partner

Table 2 describes the primary targets, stakeholders and delivery partner of the CBF.

Table 2: CBF target population, stakeholders and delivery partner

Target population	**The specific individuals or organizations intended to be influenced by and to benefit from the program.** • The CBF provides financial support to around 250 Canadian-owned publishers in over 80 cities across all ten provinces and in one territory, as well as to a variety of industry associations and related organizations. The Program's investments serve to benefit all sectors of the Canadian book industry, including authors, retailers, and, ultimately, consumers of Canadian-authored books.
Key stakeholders	**Agencies, organizations, groups or individuals who have a direct or indirect interest in the program intervention or its evaluation.** The CBF's key stakeholders include major funding recipients and associations and organizations in the areas of the Program's focus: • Association of Canadian Publishers (ACP)

	• Literary Press Group (LPG) • Association nationale des éditeurs de livres (ANEL) • Regroupement des éditeurs franco-canadiens (RÉFC) • Association of Canadian University Presses (ACUP) • Association of English-Language Publishers of Quebec (AELQ) • BookNet Canada • eBound • Livres Canada Books (LCB) • Banque de titres de langue française (BTLF) • Organizers of a variety of book-related events or festivals across Canada
Delivery partner	The CBF partners with LCB in the delivery of a small portion ($750 000) of the funding provided by the CBF's SFO funding stream.

2.4.1. Canada Book Fund context

The CBF supports two distinct publishing sectors in Canada: French-language and English-language. The largest number of English-language publishers are located in Ontario. The industry has been impacted by consolidation of ownership and a significant contraction in traditional independent book retail.[4] The retail landscape is now dominated by one retail chain Chapters/Indigo.

French-language publishers account for almost 1/3 of Canadian-owned firms. The French-language sector differs from the English language sector in that the ownership landscape is completely different; there are fewer foreign-owned publishers[5] and there is the presence of vertically integrated multimedia companies (Quebecor, Transcontinental). As is the case in the English-language sector, there is one dominant retail chain – Renaud-Bray Archambault. The French-language sector has experienced greater stability due to *Loi 51*[6] which requires institutions such as schools and libraries to buy books from

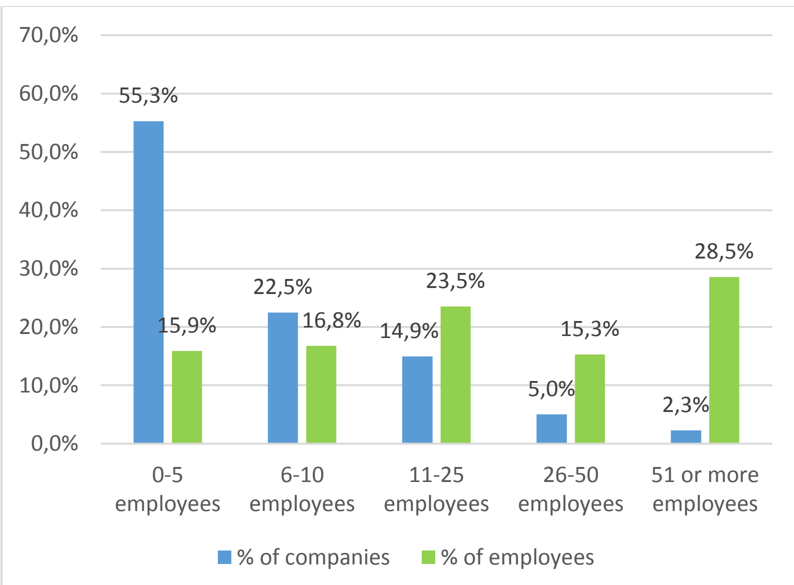
[4] Turner-Riggs. 2013. Book discovery and book marketing in Canada's English-language market.
[5] Ibid.
[6] Gouvernement du Québec. *Act respecting the development of Québec firms in the book industry.* Legisqueec.gouvv.qc.ca/tr/ShowDoc/cs/D-8.1. Act 51. Since 1981, the act requires institutional buyers to purchase all of their books, with the exception of school manuals, in at least three authorized booksellers within their administrative region.

accredited bookstores. There is also tradition of Salons du Livre, which provides opportunities for the public to meet authors and buy books directly from publishers.

2.4.2. Profile of SFP recipients

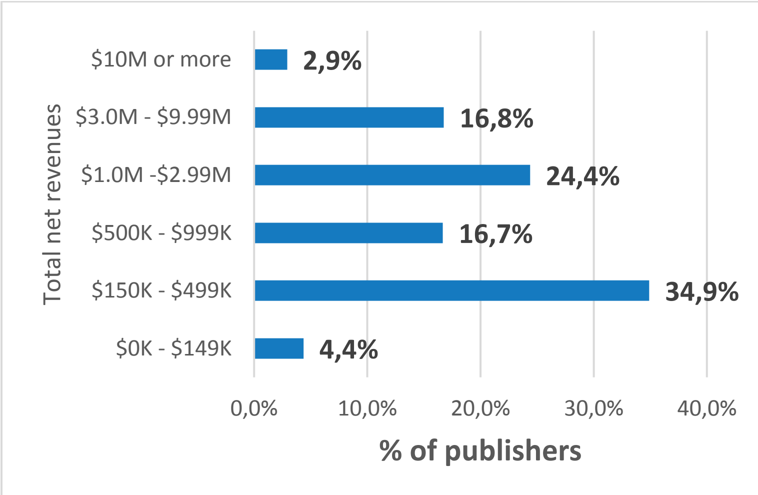
Recipients of the SFP stream are Canadian-owned and Canadian-controlled book publishers that have their headquarters and the vast majority of their employees in Canada. The CBF supports predominately small and medium-sized publishers. As shown in Figure 1, smaller publishers with fewer than 10 employees make up the majority of CBF recipients (77.8%). A few larger CBF recipients (>25 employees) (7.3%) are responsible for the largest proportion (43.8%) of employment. Furthermore, as shown by Figure 2, 56% of CBF recipients had total revenues of less than $1 million.

Figure 1: SFP – Distribution of companies and employees, 2013-14 to 2017-18



Source: CBF administrative data

Figure 2: **SFP – Distribution of publishers by revenues, 2013-14 to 2017-18**



Source: CBF administrative data

Between 2013-14 and 2017-18, the average annual number of full-time and part-time employees and interns employed in Canada by CBF-SFP recipients was 2,511. Comparing 2013-14 to 2017-18, the number of employees has declined by 11.4%. The trade market segment employed 53% of employees (Annex B, Figure A: Distribution of employees in Canada (full-time, part-time, interns) by market segment, 2013-14 to 2017-18).

Employment is centered primarily in Quebec (47.3%), Ontario (36.9%) and British Columbia (7.9%). See Annex B, Table A: Distribution of employees by province and territory, 2012-13 to 2017-18 for more details.

2.4.3. Profile of SFO recipients

Recipients of the SFO stream are Canadian-owned and Canadian-controlled organizations, professional associations, businesses and other groups representing or related to the Canadian book industry, such as writers' festivals or other literary events.

Funding is provided to projects undertaken on behalf of a group of publishers or other industry stakeholders developing new or existing markets for Canadian-authored books or improving the book industry's ability to deliver content to those markets.

Between 2012-13 and 2017-18, SFO received 460 applications from 124 unique organizations. Of that number, 339 projects were approved and were delivered by 77 organizations. An organization could receive funding for multiple projects in any given year.

Table 3, below, shows the distribution of applicant and recipient organizations and projects delivered by province. Many of the organizations based in Ontario served the entire English-language market, explaining in part why many of the funded organizations were concentrated in this region. As well as having a large number of organizations serving the specific needs of the French-language publishing industry, Quebec is also home to many salons du livre and book-related festivals, which received funding.

Table 3: Provincial distribution of SFO recipient organizations and approved applications between 2012-13 and 2017-18[7]

Province	Distribution of organizations which applied for funding	# of applications	Distribution of organizations with approved applications	# of approved applications
Alberta	4	17	2	11
British Columbia	11	45	6	33
Manitoba	4	13	2	7
New Brunswick	4	16	4	15
Nova Scotia	8	21	3	13
Ontario	43	148	28	113
Prince Edward Island	1	4	1	3
Quebec	44	183	28	134
Saskatchewan	5	13	3	10
Total	124	460	77	339

Source: Grants and Contributions Information Management System (GCIMS)

2.5. Program management and governance

Accountability for the CBF lies with the Senior Assistant Deputy Minister, Cultural Affairs Sector while the responsibility rests with the Director General, Cultural Industries Branch of the Cultural Affairs Sector. The Cultural Industries Branch is responsible for policies and programs that foster the creation of and access to Canadian cultural expressions and content at home and abroad. This Branch supports Canadian cultural industries in adapting to a changing and challenging global marketplace. This is achieved through the delivery of grants, contributions and tax credits as well as policy, regulatory and legislative measures. Fostering the competitiveness and creative output of these industries ensures that Canadian and international audiences access a range of Canadian content across a variety of formats and platforms and contributes to the Canadian economy.

[7] Analysis is based on GCIMS field: Application Fiscal Year.

The Book Publishing Policy and Programs Directorate is responsible for both the SFP and the SFO streams, as well as for policy development, under the Director of Book Publishing Policy and Programs.

The CBF's Terms and Conditions (Ts&Cs), approved in November 2014, guide program delivery. The Ts&Cs include an articulation of program objectives and expected outcomes, application requirements, the nature of eligible expenditures, and contribution maximum amounts.

2.6. Program resources

For the period covered by the evaluation, the CBF had total expenditures of approximately $239.7M (Table 4) for an annual average of $39.9M.

Table 4: CBF resources and expenditures

	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	Total
Budgeted	N/A	N/A	$39.6M	$39.6M	$39,6M	$40.5M	-
Actual	$39.5M	$39.9M	$39.2M	$39.7M	$39.9M	$41.2M	$239.7M

Source: PCH Financial Management Branch.

During the period of the evaluation, the core budget was periodically augmented by additional funding to support PCH and GC priorities. For example, $500,000 were allocated in 2016-17 and $1.3 million in 2017-18 to promote Canadian-authored books in foreign markets.

During 2013-2014 to 2017-18, a total of $200,000 was reserved from existing funds to encourage collective projects with a dedicated focus on promoting Canadian history titles.

Full-time equivalents ranged between 29.5 and 32.2 (Table 5).

Table 5: CBF Full-time equivalents (FTEs)

2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
29.9	32.1	30.5	30.7	29.5	32.2

Source: PCH Departmental Performance Reports (DPR)/Departmental Results Reports (DRR)

3. Approach and methodology

As required by the *FAA* and the Treasury Board Policy on Results (2016), the evaluation assessed the relevance, effectiveness and efficiency of the Program, with a focus on the impact of the Program.[8] The methodology included a combination of qualitative and quantitative data collection and used primary and secondary sources of information designed to address the evaluation issues and questions.

3.1. Scope, timeline and quality control

The evaluation was undertaken in accordance with the 2018-19 to 2022-23 Departmental Evaluation Plan, and covered a six-year period from 2012-13 to 2017-18.

The evaluation was launched in May 2018. Data collection occurred between September 2018 and February 2019. Analysis of findings, preparation and presentation of preliminary findings and report writing occurred between February and April 2019.

Several quality assurance measures were undertaken during the evaluation including developing a clear description of the evaluation methodology and its limitations so that the data collected could be evaluated reliably and satisfactorily, using multiple sources of primary and secondary data to ensure that findings were reliable and defensible, and engaging representatives of the Program to discuss evaluation issues and to validate the preliminary findings.

3.2. Calibration

The evaluation was calibrated as follows:

- The evaluation focused on the performance of the SFP stream as it represented the bulk of annual CBF funding ($30.7M) to support the production and marketing of Canadian-authored books by Canadian-owned publishers. In contrast, SFO allocates $5.6M to organizations to market books and strengthen the industry infrastructure.

- The evaluation relied on existing data sources. Additional data was collected when insufficient information was available from existing sources or to validate the available secondary data.

- Interviews were conducted in two stages. Initially interviews were conducted with representatives of organizations representing publishers. Findings were then validated through a second round of interviews with publishers themselves; and

- The file review was limited to a small sample of SFO GCIMS files to obtain a better understanding of the types of projects funded through this stream.

[8] Treasury Board of Canada. 2016. Policy on Results. https://www.tbs-sct.gc.ca/pol/doc-eng.aspx?id=31300

3.3. Evaluation questions

The scope of the evaluation and evaluation questions were developed following meetings with the Program managers to determine their information needs. As a result of these meetings, it was decided that the evaluation would explore the following general areas:

- Is the objective of the CBF – to ensure 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 – still relevant? Given the maturity of the Canadian book industry, should the CBF shift its focus from production and sales to marketing and discoverability?
- How can the CBF effectively support the Canadian book publishing industry to achieve its ultimate outcome to increase the discoverability and consumption of Canadian-authored books?
- What options exist for managing oversubscription of the SFO stream? Are there opportunities for greater efficiency? Should the CBF review the weight it currently gives to collective initiatives compared to support for individual publishers?

Additional detail about the evaluation questions, indicators and data collection methods are available in the evaluation matrix in Annex A.

3.4. Data collection methods

A mixed-method approach was used for this evaluation including a document review, a literature review, a scan of data relating to the Canadian book publishing industry, an administrative data review, and interviews with recipients and stakeholders. The following describes each of the data collection methods.

3.4.1. Document review

The document review included, but was not limited to, PCH and GC documents (e.g. Memoranda to Cabinet, Ts&Cs, Speeches from the Throne, Federal Budgets, DPs and DRRs etc., Program documents such as briefing notes and studies commissioned by the Program (e.g., Turner-Riggs (2013)[9], Edinova (2014))[10], and annual industry consultation decks.

3.4.2. Literature review

ESD conducted a preliminary literature review to inform key informant interviews. The review included recently published literature, reports, industry association websites, public opinion research and other sources. The PCH Knowledge Centre was engaged to obtain articles and reports from respected journals

[9] Turner-Riggs. 2013. Book discovery and book marketing in Canada's English-language market.
[10] Edinova inc. 2014. La commercialisation des livres canadiens de langue française

through academic research databases. The Policy Research Group (PRG) augmented the literature review by conducting a more targeted review in support of specific evaluation questions.

3.4.3. Data scan

PRG also conducted an analysis of quantitative datasets related to the Canadian book publishing industry over the period of 2012-13 to 2017-18, including data from Statistics Canada and from public opinion research firms.

3.4.4. Administrative data review

The CBF administrative data was reviewed for the evaluation. This included:

- Data provided by the Program, including sales data, annual administrative data, and data on the number of titles produced;
- Data entered into the PCH GCIMS;
- Financial data provided by Finance; and
- Service standard compliance data from the Gs&Cs Centre of Expertise reported on the PCH website.

3.4.5. Key informant interviews

A total of 38 Interviews were conducted with both internal and external stakeholders. A total of 7 interviews were conducted with PCH program personnel, and 31 interviews were conducted with external stakeholders (13 with national and provincial industry associations, 13 with publishers and 5 with other stakeholders including the CCA and TWUC). Stakeholders represented regions across Canada, and included French and English, OLM and Indigenous publishers.

Based on the frequency of responses, the following guidelines were used in the analyses and to report results from the interviews:

- All/almost all – findings reflect 90% or more of the observations;
- Large majority/most – findings reflect 75% but less than 90% of the observations;
- Majority – findings reflect at least 51% but less than 75% of the observations; and
- Half – findings reflect 50% of the observations;
- Some – findings reflect at least 25% but less than 50% of the observations; and
- Few – findings reflect less than 25% of the observations.

3.5. Constraints, limits and mitigation strategies

The following outlines the key constrains and limits of the evaluation process and identifies the mitigation strategies used to minimize the impact of these limitations:

- The majority of the external interviewees were recipients (26/31). As a result, there could be a positive response bias. To mitigate this issue, the evaluation used multiple lines of evidence to validate findings and themes from key informant interviews.

- The results of the key informant interviews, particularly for publishers, cannot be assumed to be representative of a wider population because of the limited number of interviewees compared to the total number of publishers. However, publishers' responses highlight some themes which were then triangulated with responses from representatives of national and regional associations which represent publishers.

- There were limitations associated with the administrative data, including the following:

    - Results cannot be solely attributed to PCH since organizations received funding from various other sources. To mitigate this challenge, the evaluation examined the amount of CBF funding relative to other sources of funding, and, during interviews, asked recipients about the viability of their operations in the absence of funding from the CBF.

    - GCIMS data and Program data may not always be consistent due to the timing and way information is captured (e.g., factors such as multi-year funding agreements). The report identifies the source of data – GCIMS or CBF administrative files.

    - Changes to the SFP reporting format in 2013-14. As a result, for a small number of indicators, data for 2012-13 were unavailable. As the evaluation covers a six-year period, trends are unlikely to be impacted by the absence of one year of data.

    - Availability of results data for the SFO stream's collective projects. Collective projects are varied and each has unique objectives. In terms of results, projects are assessed on the basis of the extent to which they have achieved their objectives and projects are categorized simply as "met", "partially met" or "unmet". The evaluation was unable to assess the extent to which these projects contributed to the achievement of program results. This constraint was mitigated by asking key informants about the impact of the collective projects on their operations.

4. Findings

The following sections present the evaluation findings relating to relevance, effectiveness and efficiency. It also covers other relevant evaluation issues, including the extent to which the Program supports the GC diversity priority and the CBF's contribution to the PCH experimentation initiative.

4.1 Relevance

This section presents the evaluation findings regarding the relevance of the CBF, including the ongoing need for the Program and the Program's responsiveness to the challenges and needs experienced by the Canadian-owned book publishing industry. The key findings have been organized by evaluation question. Supporting themes and evidence are provided below each table.

4.1.1. Relevance: ongoing need for the program

Evaluation question: Is there a need for continued investment in the Canadian-owned book publishing industry?
Key findings: **As part of the Canadian book publishing ecosystem, the CBF remains relevant. The Canadian book publishing industry plays an economically and culturally significant role in Canada that warrants public support to create Canadian content and to maintain a viable and competitive book industry. In 2017, books contributed $756.6M to Canada's GDP and supported 9,570 jobs in Canada.** **There is a demonstrated need for continued investment in the Canadian-owned book publishing industry to foster an environment in which Canadian-owned publishers can continue to adapt to industry challenges, remain competitive and innovate and take risks in today's digital and international markets. The need may be even greater now as a result of significant trends that have disrupted the industry in recent years. Small to medium-sized companies, which are the main recipients of CBF support, are under pressure from changing market conditions. Indicators of financial health indicate that these companies would be vulnerable without CBF support.** **The GC has indicated its support for the cultural industries and the CBF. The CBF aligns with the GC's vision for the creative industries by maintaining a viable and competitive industry that creates and provides access to a diverse range of Canadian-authored books in Canada and abroad.** **Finally, Canadians consumers value and enjoy Canadian books but are not necessarily aware which books are Canadian. There is a need to develop and implement effective approaches to support the discovery and marketing of Canadian-authored books and the need to build industry capacity in terms of marketing and promotion.**

Evidence from the document review, key informant interviews and the literature review confirmed the continued relevance of the CBF. The Canadian-owned publishing industry plays an economically and culturally significant role to Canada. The Canadian publishing ecosystem includes large, foreign-owned publishers as well as Canadian-owned publishers. Canadian and foreign-owned book publishers contributed to the Canadian economy by adding an estimated $756.5M to Canada's GDP in 2017 and supported 9,570 jobs.[11] The Canadian-owned book publishing industry contributed to $1.6B in revenues and were responsible for 46.2% of the $1.4B in book sales generated in 2016. Of that number, 53.8% was attributable to foreign firms.[12] In 2016, the Canadian book publishing industry paid out $379.7M in salaries, wages, commissions and benefits.

French and English-language publishers and Indigenous publishers contribute to Canadian culture and education and bring Canadian stories to the world. By supporting the production and promotion of content from Indigenous communities and Official Language Minority Communities (OLMC) the CBF supports Canada's linguistic duality and the diversity of cultural expressions.

Changing market conditions are creating pressures on Canadian-owned book publishers and challenging publishers' competitiveness. Some of the developments and challenges which have had an impact on the Canadian publishing industry during the period of the evaluation, and which will continue to impact the industry, include:

- Changes to the publishing and retail landscapes;
- Rapid technological changes, including digitization of the industry;
- Discoverability of Canadian-authored books and how to market and promote them; and
- Copyright and fair dealing exceptions.

The basis for many of the challenges associated with the production, marketing and distribution of Canadian books, noted by key informants and in the document and literature reviews, included Canada's relatively small population; the fact that the industry encompasses two languages; proximity to the United States; and competition from well-established multinational publishers and non-traditional sales channels like Amazon and Indigo who are backed by significant resources.[13]

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[11] Statistics Canada. 2019. Culture and sport indicators by domain and sub-domain, by province and territory, product perspective (x 1,000).
[12] Statistics Canada. 2018. Statistics Canada. Book publishing industry, 2016. https://www150.statcan.gc.ca/n1/daily-quotidien/180323/dq180323c-eng.htm
[13] Roy MacSkimming. December 2017. "Net Benefit: Canada's Policy on Foreign Investment in the Book Industry." Research report for the Association of Canadian Publishers. https://publishers.ca/wpcontent/uploads/2018/06/ACPreportForeignInvestmentPolicyWeb.pdf

Publishing and retail landscapes

Canadian-owned book publishers compete with large multinational publishing houses, which have a major presence in the Canadian publishing marketplace. In both language markets, the principal competitive challenge is the share of foreign-authored book sales.

Canadian-owned firms are typically much smaller than their multinational competitors operating in Canada, and this limits Canadian-owned firms' opportunities for economies of scale in book production, marketing and distribution. The Canadian-owned firms also lack the financial resources to compete against the large multinationals for successful Canadian authors.

Changes to the retail landscape have also had a significant impact on the Canadian book publishing industry. Despite the gravitation of consumers online and the declining market share of traditional book retail, traditional book retail channels still account for the majority of consumer book sales in Canada and most publishers still consider this channel as the most important for sales. Therefore, to be successful in today's marketplace, publishers must continue to focus on both digital and print books.[14]

Publishers have had to adapt to changes to the retail sector including reduced and concentrated traditional bookstore space[15]; widespread consolidation in global book publishing, distribution and retail (Chapters/Indigo, Renaud-Bray Archambault); increased non-traditional retail (big box such as, for example, Costco and Walmart) and online retail (for example, Amazon). Selling books via these non-traditional channels is often not a simple or viable option for small publishers. Dominant and non-traditional retail accounts tend to be more selective, only accept a small number of titles – already best-sellers, and impose demanding terms of trade (e.g. significant price discounts, cooperative marketing contributions, etc.) leading to increased pressures on operating margins for Canadian book publishers.

Technological changes

The increasing popularity of digital devices that facilitate the consumption of books and the reliance on digital platforms for all aspects of the book supply chain (production, distribution, marketing and sales, and how trading partners do business and track sales) has introduced opportunities, as well as significant costs and challenges for Canadian-owned book publishers as they seek to adapt.[16]

Digital technologies have contributed to on-line shopping and a demand for e-books, both of which have had an impact on business models. Publishers have made significant investments to adapt their businesses to the digital environment while maintaining traditional markets and their core business model for print books.[17] There was consensus among industry stakeholders interviewed, and supported by the document and literature reviews that their investment in digital platforms has not generated a

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[14] Ontario Media Development Corporation. 2013. An Economic Impact Study of the Ontario Book Publishing Industry.
[15] Turner-Riggs. 2013. Book Discovery and Book Marketing in Canada's English Language Market.
[16] Canadian Heritage, Canada Book Fund. 2018. Canadian Book Industry Profile and Key Trends.
[17] Ibid.

significant return on investment as print books continue to be their primary revenue source.[18,19,20]The perception is that people who like to read books in their leisure time will not likely replace the traditional book for e-books.

On-line retail provides another channel to reach consumers and is growing as the number of independent bookstores shrink and consumers are increasingly buying their books online. Similar to non-traditional retail, online retail favors larger publishers. On-line success often results from obtaining favorable co-op promotion and merchandising (how publishers secure retailers' cooperation in presenting or pricing books to encourage sales). Often publishers have to pay for merchandizing and bigger publishers have larger budgets for this, as well as stronger and more direct working relationships with retailers.[21]

Discoverability of Canadian books and marketing

The concentrated print and the digital and on-line marketplace has had an impact on the discoverability of Canadian-authored books and has created marketing and promotion challenges for book publishers. Diminishing leisure time and competition for readers' attention with other forms of entertainment and changes to the way consumers discover and obtain books have had an impact on how Canadian book publishers market their books. Furthermore, as some consumers gravitate online and adopt e-books and e-book reading devices book publishers are faced with new and more selective sales channels. Building industry capacity in terms of marketing and promotion, and the availability of tools and effective approaches to support the discovery and marketing of Canadian-authored books, were identified as important needs by a majority of industry key informants.

Based on Statistics Canada data, average household expenditures on reading materials and other printed matter has declined between 2013 and 2017. Canadians are continuing to buy books, predominately in traditional (print) format and purchasing sites (offline). E-book consumption is low relative to print, but continues to grow. A 2015 BookNet Canada survey of English-language book readers found that more than half (52%) of Canadians purchase books in person and 45% purchase online. Paperbacks are the most purchased format (55% of sales), followed by hardcover (25%), e-book (17%), audiobook (2%) and other formats (2%).[22] Based on Statistics Canada data, among digital reading products (e-books, audiobooks, podcasts, online newspapers and magazines), e-books are the most popular digital reading product purchased by Canadians.[23]

A 2016 BookNet Canada survey of the English-language book readers found that reading remains an important pastime for Canadians in which all demographic groups and in all regions participate in

[18] Turner-Riggs. 2013. Book Discovery and Book Marketing in Canada's English Language Market.
[19] Edinova inc. 2014. La commercialisation des livres canadiens de langue française.
[20] BookNet Canada. 2016. The State of Digital Publishing in Canada.
[21] Turner-Riggs. 2013. Book Discovery and Book Marketing in Canada's English Language Market.
[22] BookNet Canada. 2015. The Canadian Book Buyer.
[23] Statistics Canada. August 29, 2018. The Daily: Digital economy, July 2017 to June 2018.

regularly.[24] Of Canadians aged 18-34, 86% report having read a book in the past year, compared with 81% of other demographic groups. Millennials read books in all formats, with print being the predominate format: 89% report reading print books, 54% e-books, and 11% report using their mobile phone as their primary reading device, a number that is growing. [25] A 2017 Scholastic Canada study found children also prefer print to e-books. The study found that 80% of children aged 6-17 will always want to read print books even though e-books are available, with this sentiment particularly felt among frequent and moderately frequent readers. In addition, of the 40% of children aged 6-17 who have read an e-book, 67% prefer print, 23% have no preference and only 10% prefer e-books.[26]

However, books compete with other forms of leisure activity. In terms of how Canadians spend their leisure time, the 2017 edition of an annual BookNet Canada survey found that when respondents were asked about their top two leisure activities, reading appeared as one of the top two activities for 21% of respondents, in fourth place behind spending time with family, watching TV, and browsing the Internet, but ahead of watching a movie. More than 8 out of 10 survey respondents (81%) said they had read or listened to a book in the last year. This number has been slowly decreasing year over years (by no more than 1% annually) since 2015.[27]

In terms of reading Canadian-authored books, in 2017, a large majority of English-speaking Canadian book buyers are interested in reading books by Canadian authors (84%)–this is up from 75% in 2012.[28] While Canadian consumers value and enjoy reading books, there is lack of awareness of which books are Canadian. A high percentage of readers (43% of women and 46% of men) reported reading at least one Canadian book in the previous 12 months. However, 37% of women and 24% of men surveyed did not know or were unsure whether they had read a Canadian book.[29]

While Canadians are interested in reading Canadian-authored books, fewer traditional bookstores, the emergence of non-traditional retail, on-line markets and e-books have reduced the visibility of Canadian books. Canadian publishers face challenges to get books noticed (discoverability) in these new channels. Evidence from the literature review, key informant interviews and the document review identified the following challenges:

- Fewer opportunities to reach consumers as a result of the contraction of traditional (bricks and mortar) retail, which focuses primarily on selling books and which consumers use as the main

[24] EKOS Research Associates. 2015. Public Opinion on the Value of Books in the English Language Book Sector: Summary Report. p. 3.
[25] BookNet Canada. 2016. “BNC Research: Millennial Book Consumers Now – Tech Forum 2016,” presented by Noah Genner, http://www.slideshare.net/booknetcanada/bnc-research-millennial-book-consumers-now-tech-forum2016-noah-genner.
[26] Scholastic Canada. May 2017. Kids & Family Reading Report. p 44.
[27] Kira Harkonen. April 26, 2018. What are Canadians up to in their Free Time? BookNet Canada. https://www.booknetcanada.ca/blog/2018/4/25/what-are-canadians-up-to-in-their-free-time
[28] BookNet Canada. 2017. Canadians Reading Canadians.
[29] Ibid.

discovery and purchasing site.

- Increasing competition for "shelf space" in non-traditional retail and online retail platforms, not only from within Canada but also from the large volume of titles, predominately from the USA and Great Britain, which enter the Canadian market each year, and in the case of the French-language sector, from France. Distribution channels lack structures and practices that promote Canadian-authored books.

- Declining media coverage, including reduced book coverage by traditional media outlets (e.g., newspapers, TV, radio, etc.). Obtaining coverage is highly competitive and costly.

- The discovery realm is more fragmented as a result of the rise and breadth of on-line options and the many ways to market books. Digital and on-line has introduced new ways to reach consumers but has also contributed to a proliferation of accounts and business models.

- Digital infrastructure, largely created by multinational companies inherently favors non-Canadian content and does not effectively recognize Canadian books.[30]

Fair dealing exceptions within the *Copyright Modernization Act*

A few Industry key informants raised the issue of the disruption to the business model in the educational sector as a result of copyright and fair dealing exceptions[31] within the *Copyright Modernization Act* (2012).[32] Canadian publishers indicate that they have been damaged by the *Copyright Modernization Act* and Fair Dealing Guidelines[33] which K12 schools and post-secondary institutions in Canada, except Quebec, have decided to adopt. Organizations like the ACP and TWUC, in presentations before the Standing Committee on Industry, Science and Technology, have argued that Canada's schools, universities and colleges use publishers' works far beyond legal limits without paying for them beyond those limits, or not paying the reasonable and affordable collective licenses of Canada's commercial authors and publishers, thereby causing economic damage to publishers and writers.[34,35]

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[30] Canadian Publishers Hosted Software Solutions. 2018. More Canada. Increasing Canadian's awareness and reading of Canadian books. A report from volunteer think tank sessions on Canadian books and Canadian publishing.
[31] Department of Justice. 2012. Copyright Modernization Act (S.C. 2012, c. 20. https://laws-lois.justice.gc.ca/eng/annualstatutes/2012_20/page-1.html
[32] Council of Ministers of Education, Canada. n.d. Fair Dealing Guidelines. The educational exception within the fair dealing refer to a situation in which, if an educator sets out to reproduce copyright-protected materials for the purposes of education and if that use is deemed to be fair, the educator is not required to seek permission from or make payment to the copyright holder. Guidelines: https://www.cmec.ca/docs/copyright/CMEC_POSTER_FDG_EN.pdf
[33] Parliament of Canada. April 26, 2018. Presentation of the Association of Canadian Publishers to the Standing Committee on Industry, Science and Technology.
[34] Association of Canadian Publishers. November 2016. Canadian content in a digital world: submission to Canadian Heritage.
[35] Wayne Anthony. 2015. Fast Facts: Canadian publishers in jeopardy. Canadian Centre for Policy Alternatives.

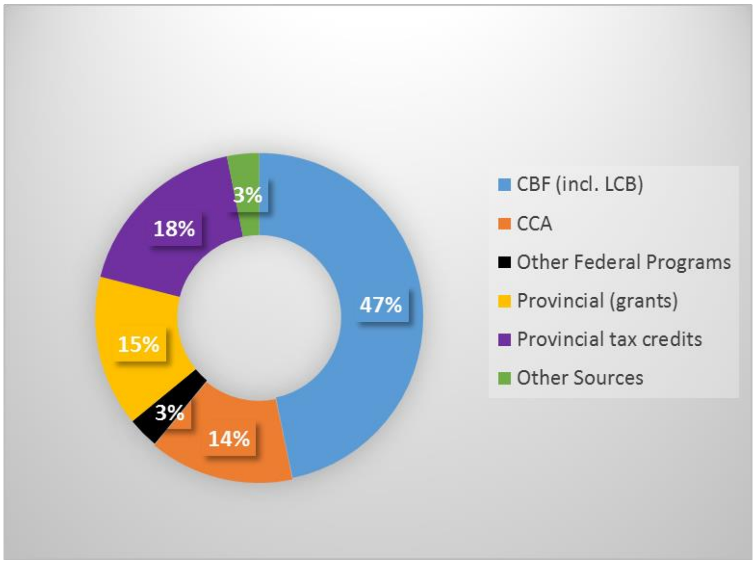
Viability of the industry

Changes to the industry have had an impact on revenue streams, production, readership, distribution and business models and continue to create pressures on publishers as they seek to understand the implications and adapt and innovate. The combination of reduced and concentrated traditional bookstore space, an increasing selection of books in Canada and the rise of new more selective sales channels have contributed to reduced overall domestic sales for Canadian publishers, reduced market access for small firms, reduced visibility of Canadian titles and low profit margins, compared to the industry overall.

Almost all industry key informants indicated that the CBF continues to be essential to respond to challenges and to ensure the continued financial viability of the Canadian-owned book publishing industry. The initial purpose of the Canada Book Fund when it was created forty years ago was to support a fledgling Canadian publishing industry and offer Canadians and international readers Canadian-authored books. Presently, there is an established Canadian publishing industry, yet it remains fragile. Small publishers are more vulnerable in terms of their access to capital, bargaining power, cash flow and exposure to market fluctuations.

Indicators of financial health, including revenues and profit margins provide evidence that the financial health of CBF recipients is fragile. The vast majority of industry key informants indicated that the CBF is essential to their continued financial viability and their ability to innovate and take risks. Publishers reported receiving funding from various government sources. CBF administrative data showed that, overall, the CBF represented 47% of total government support, followed by provincial funding (grants and tax credits (33%)) and the Canada Council for the Arts (CCA) (14%) (Figure 3). CBF support averaged 5% of recipients' total revenues (2013-14 to 2017-18). However, as shown by Annex B, Table B: CBF as a % of total government funding and % total net revenues, 2013-14 to 2017-18, CBF support was higher for small firms and lower for larger firms.

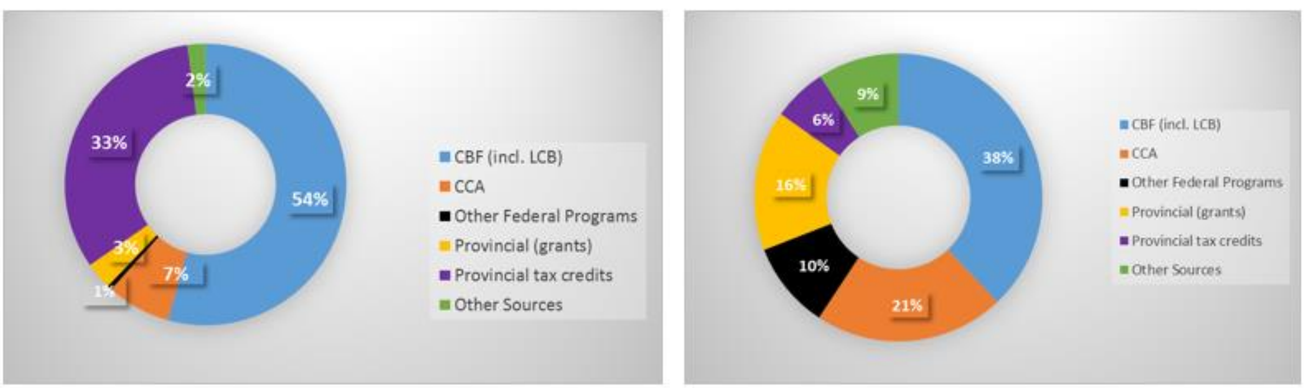
Figure 3: SFP – Recipients - sources of government funding (all publishers)



Source: CBF administrative data

For indigenous publishers, the CBF represented a greater source of government support (54%) compared to the industry overall. While the CBF still represented the largest source of government funding (38%), CBF support to OLM publishers was lower than that of the industry overall. OLM publishers reported a larger proportion of their government support (21%) coming from the Canadian CCA compared to 7% for Indigenous publishers and 14% for the industry overall (Figure 4).

Figure 4: SFP – Sources of government funding of Indigenous (left) and OLM publishers (right)



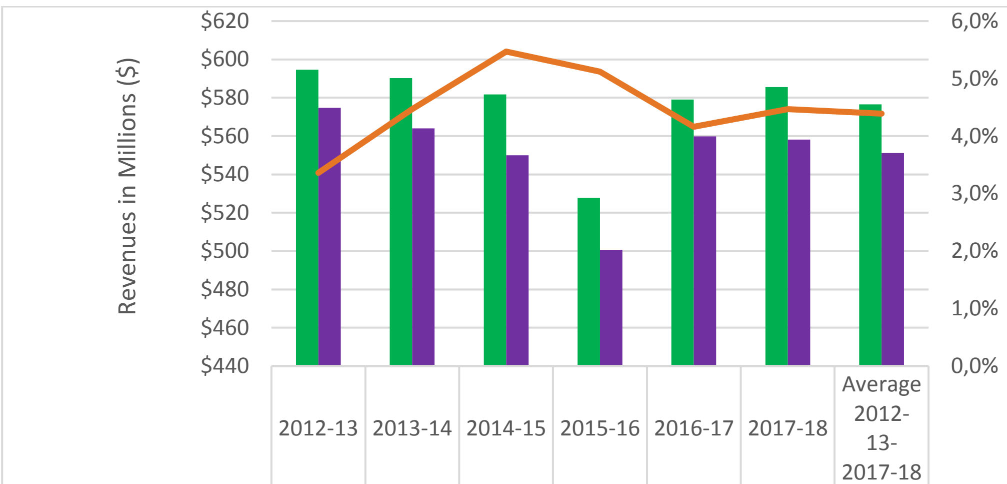
Source: CBF administrative data

Annex B, Figure B: Revenues of CBF recipients, 2012-13 to 2017-18, illustrates the revenues for CBF recipients between 2012-13 and 2017-18. While the revenues for the Canadian book publishing industry overall decreased by 0.6% between 2014 and 2016[36] CBF-recipients saw a greater decline in revenues than the industry overall. CBF recipients experienced an overall downward trend of 1.5% in 2017-18 compared to the 2012-13 high of $594.6M. This decline was in the English-language sector which had an overall decline in revenues of 3.8% between 2012-13 and 2017-18 whereas the French-language sector revenues increased by 1.6%. However, between 2016-17 and 2017-18, CBF data shows revenues increasing for both the English and French language sectors for an overall increase of 1.1%.

Between 2013-14 and 2017-18, the CBF on average constituted 7.5% of Indigenous publishers' and 6.5% of OLM publishers' total revenues.

An analysis of profit margins, another indicator of financial health, found that the profit margin for CBF recipients was significantly lower than that of the Canadian book publishing industry overall. The profit margin for the industry was 10.2% in 2016, an increase from 9.6 in 2014.[37] As shown by Figure 5, CBF recipients' profit margin was 4.47% in 2017-18 and averaged 4.39% between 2012-13 and 2017-18.

Figure 5: Profit margin for SFP recipients[38]



	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	Average 2012-13-2017-18
Revenues ($M)	$595	$590	$582	$528	$579	$586	$577
Expenses ($M)	$575	$564	$550	$501	$560	$558	$551
Profit margin (%)	3,4%	4,5%	5,5%	5,1%	4,2%	4,5%	4,4%

Source: CBF administrative data

[36] Statistics Canada. 2018. The Daily: Book publishing industry, 2016. https://www150.statcan.gc.ca/n1/daily-quotidien/180323/dq180323c-eng.htm
[37] Statistics Canada. 2018. The Daily: Book publishing industry, 2016. https://www150.statcan.gc.ca/n1/daily-quotidien/180323/dq180323c-eng.htm
[38] Two Quebec publishers were removed from profit margin calculations in 2015-16 because they had extraordinary depreciation expenses that would have skewed the profit margin results. However, by removing them, revenues and expenses for 2015-16 appear as an anomaly.

CBF recipients produced the majority of titles by Canadian-controlled book publishers. In 2017, CBF recipients produced 7,904 new titles and 6,401 new Canadian authored titles.

As shown in Annex B, Figure C: Profit margins of English and French-language markets and Indigenous and OLM publishers, the French-language market had a higher average profit margin (4.8%) when compared to the English language sector (4.1%). At 4.9% and 5.4% respectively, average profit margins of Indigenous and OLM publishers exceeded the average profit margin for CBF recipients (4.39%). The higher profit margin for the Indigenous and OLM publishers may be attributed to a higher percentage of revenues coming from the public sector.

Profit margins varied by market segment, with the educational and trade market segments averaging 4.9% and 3.8% respectively between 2012-13 and 2017-18. The scholarly market segment had the lowest profit margin averaging 1.4% for 2012-13 and 2017-18.

Generally, the largest publishers ($3.0M or greater) had the highest profit margins. Among publishers with less than $150 000 in revenues, the average profit margin was negative between 2014-15 and 2017-18. However, in 2013-2014, these small publishers had an average profit margin of over 6%. This was due to three of the nine publishers having profit margins of over 12% during this year, and this average is an anomaly in the period studied (Annex B, Table C: Profit margin by company size)

The CBF continues to be relevant in that it aligns with Government's vision for the creative industries by ensuring access to a diversity of Canadian-authored books domestically and abroad. During the evaluation period, the GC has repeatedly demonstrated support for the creative industries generally, and for the CBF more specifically, as a tool to advance the Government's vision and priorities for the cultural sector.

- The Minister's mandate letter speaks to the importance of the cultural sector on the Canadian economy and reflects the GC's commitment to strengthen and promote the cultural and creative industries.
- In 2013-14, the GC announced new measures to promote Canadian history. This included making available $200,000 per year for SFO to encourage collective projects with a focus on Canadian history. In 2015-16, 14 SFO projects included a history initiative. In 2016-17, this increased to 17. To support of the GC's Canada 150 priority, the SFO funded six projects which included a Canada 150 component.
- Budget 2014 announced the permanent renewal of $9M per year, beginning in 2015-16, of supplementary funds for the CBF, as part of a larger announcement of permanent funding renewal for cultural programs. The $9M had been supplementary since 2001.
- Budget 2016 proposed to invest $35M over two years in existing funding programs, beginning in 2016-17, to support the promotion of Canadian artists and cultural industries abroad. The CBF

received an additional $500,000 per year, for five years, to promote Canadian-authored books in foreign markets. These funds will be used primarily to support Canada's participation as guest of honor at the 2020 Frankfurt Book Fair.

- The CBF supports two of the key pillars of the Creative Canada Policy Framework announced by the Government in 2017: invest in Canadian creators and their stories, and promote discovery and distribution globally.

The CBF also helps to fulfill the PCH mandate to foster and promote "Canadian identity and values, cultural development and heritage" and contributes to the achievement of key results under Core Responsibility 1 of the Departmental Results Framework (DRF).[39] Starting in 2017-18, the CBF fell under Core Responsibility 1 – Creativity, Arts and Culture and under the Program – Cultural Industries Support and Development. CBF supports the delivery of key result under this core responsibility: Creative industries are successful in the digital economy, foster creativity and contribute to economic growth; Canadians are able to consume Canadian content on multiple platforms; and creative industries are successful in global markets.[40]

Between 2012-13 and 2017-18, the CBF contributed to PCH priorities relating to adapting to a global and digitized environment, specifically, engage and innovate: Canada's creative and cultural industries drive Canada's economic growth, by supporting innovative technology-driven collective marketing projects that help consumers discover Canadian content in the digital marketplace (2016-17).[41]

CBF supported and helped to advance the following 2017-18 PCH priorities:

- Implement a plan to support the creative sector in adapting to the digital shift and in promoting Canadian culture that reflects Canada's diversity at home and abroad;

- Promote diversity and inclusion to enhance Canadian's sense of belonging and pride and to promote inclusive economic growth; and

- Strengthen Canada's linguistic duality; and promote and celebrate Indigenous culture (...).[42]

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[39] Between 2012-13 and 2017-18, the CBF was a sub-program of the Cultural Industries Program and supported Strategic Outcome 1 – Canadian artistic expressions and cultural content are created and accessible at home and abroad.
[40] Canadian Heritage: 2017. Departmental Results Framework.
[41] Canadian Heritage. 2016. 2016-17 Report on Plans and Priorities (RPP) of the Department of Canadian Heritage. https://www.canada.ca/en/canadian-heritage/corporate/publications/plans-reports/report-plans-priorities-2016-2017/main-report.html#a5b6
[42] Canadian Heritage. 2017. Canadian Heritage 2017-18 Departmental Plan. https://www.canada.ca/en/canadian-heritage/corporate/publications/plans-reports/departmental-plan-2017-2018/main-report.html#_Toc476131558

4.1.2. Relevance: CBF responsiveness to the needs of the Canadian-owned book publishing industry

Evaluation question: Is the CBF responsive to the challenges/needs of the Canadian-owned book publishing industry?
Key finding: **The CBF was responsive to the needs of the Canadian book-publishing industry. Between 2012-13 and 2017-18 the CBF supported the production, marketing and distribution of Canadian-authored books by providing a total of $220.6M in Gs&Cs to the industry. During this period, the CBF adjusted application guidelines and its funding formula to respond to industry challenges and needs, and to CBF, PCH or government priorities. Although the CBF supported the publishing industry to address issues, the evaluation identified some unmet needs, particularly in relation to the ability to respond to the requests for funding support through the SFO stream. Recipients also expressed the need to address challenges associated with the discoverability of Canadian-authored books and issues of capacity related to marketing and promotion.**

The CBF provided a total of $220.6M in Gs&Cs to Canadian-owned publishers in all sectors of the industry for the production, marketing and distribution of Canadian-authored books and to industry associations and related organizations to undertake collaborative projects of broad benefit to book industry stakeholders.

The administrative data indicated that the CBF was responsive to the needs of publishers. As shown in Table 6, during the evaluation period, the vast majority (97.6%) of applications for SFP – Publishing Support were deemed eligible. All applications which met eligibility requirements were approved and received funding. The small number who were not approved did not meet eligibility requirements. SFP is formula-based, so the approval rate is high. Once eligibility criteria are met, applications are approved. SFP recipients have, within program parameters, flexibility in how they spend their contribution to offset the costs related to the production, marketing and distribution of their books. As a result of this flexibility, SFP recipients can use their funding to address their specific needs and challenges.

SFP-Business Development Support which represents a small portion of SFP funding ($0.4M), for business planning and for publishing and technology internships, was less responsive. As shown in Table 6, between 2012-13 and 2017-18, an average of 40 applications for Business Development Support were received annually and 63.6% of applications were approved. Further analysis showed that the majority of publishing internship applications (80%) were approved. Fewer business planning applications (56.5%) and technology internship applications (59.1%) were approved although there was a greater number of applications for these. Business Development approval depends on the extent to which applicants meet the set priorities. Also, a certain percentage of applicants apply to the Business

Development component every year. Applicants who received money in the previous year normally don't receive money for the following year. This contributes to a lower approval rate.

SFP – Business Development support applicants received 58.2% of the total amount requested. Over the period of the evaluation, the total amount of funding requested was over one and a half times (1.64x) the amount available.

Table 6: SFP – Applications and funding approved, 2012-13 to 2017-18

	Publishing Support	Business Development Support	SFP Total
Total Applications (#)	1486	239	1725
Total Requested ($)	N/A[43]	$3.9M	N/A
Total Applications Approved (#)	1450	152	1602
Total Applications Approved (%)	97.6	63.6	92.9
Total Approved ($)	$180.2M	$2.3M	$182.5M
Total Approved (%)	N/A	58.2	98.8

Source: GCIMS data

In 2017-18, the annual allocation for SFO projects was $5.6M, or 14% of the CBF budget. SFO was only partially responsive to the needs of the industry as the demand for funding exceeded the funds available. Between 2012-13 and 2017-18, SFO had 460 applications, averaging 77 projects annually.

The SFO stream received 318 applications for marketing projects (77.3% of SFO applications), averaging 53 projects annually. 77% were approved. Of the 23 % that were not approved, some were rejected because they did not meet the criteria of the program or because the merit of the application could not be demonstrated. Still others were rejected because the program budget was insufficient. The total application amount requested was $41.0M of which $28.5M was approved (69.4%). On average, successful recipients received 88.4% of the amount they requested (Table 7).

The SFO stream also provided funding for technology projects, internships and professional development. Between 2012-13 and 2017-18, a total of 142 applications were received for an average of 24 applications annually. 66.2% were approved. Once again, among the 33.8% who were not approved, some applications were rejected because they were not eligible or because their merit was

[43] SFP-Publishing Support funding is determined through a funding formula so funding is allocated based on the number of eligible applicants and sales performance.

not demonstrated and others were rejected because the program budget was insufficient. During this period, the total application amount requested was $18.4M of which $8.6M or 46.6% was approved.

Table 7: SFO – Applications and funding approved, 2012-13 to 2017-18

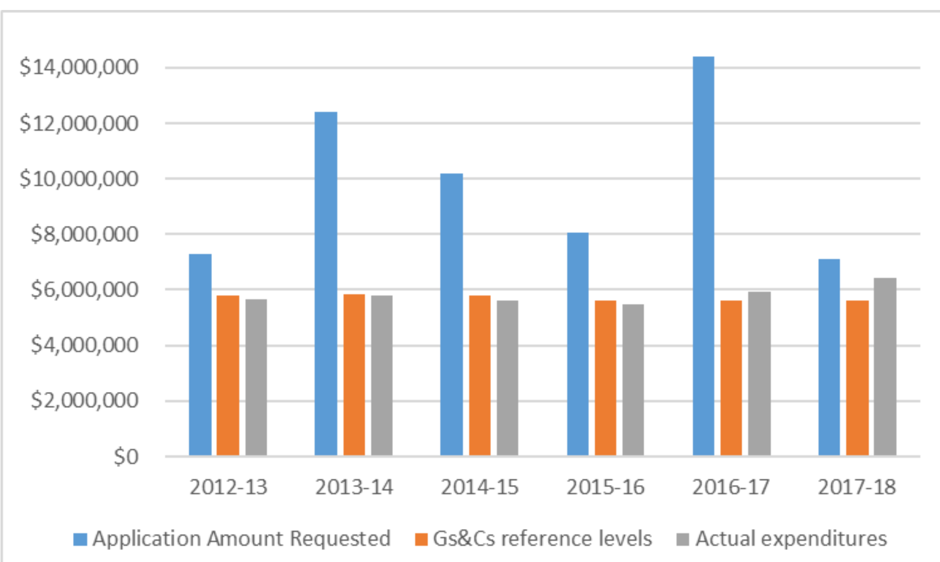
	SFO - Marketing	SFO - Other	Total- SFO
Total Applications (#)	318	142	460
Total Requested ($)	$41.0M	$18.3M	$59.4M
Total Applications Approved (#)	245	94	339
Total Applications Approved (%)	77.0	66.2	73.7
Total Approved ($)	$28.4M	$8.5M	$37.0M
Total Approved %	69.4	46.6	62.3

Source: GCIMS data

There have been increased funding pressures on SFO, particularly from new projects proposed by existing recipients, increased funding requested for projects and requests for funding from new applicants.

Between 2012-13 and 2017-18, the demand for funding was consistently higher than available funds. Over this period, the total funding requested by applicants was 1.7 times the funds available. In 2017-18, for example, the value of applications received was 7,126,998, which exceeded the annual budget of $5.6M by approximately 30% (Figure 6).

Figure 6: SFO oversubscription



Source: FMB, GCIMS

SFO has a high level of commitment to supporting established ongoing or recurrent projects. Examples of recurring projects include the Salons du livre, writers' festivals, professional development activities, export support through Livres Canada Books and technology projects which support marketing infrastructure.

In any given year, the majority (92%) of SFO applications stemmed from recurrent applicants (ranging from a low of 85% to 100%). Of the 336 applications approved between 2012-13 and 2017-18, 99% of approved applications stemmed from recurrent applicants. Recurrent applications stemming from recurrent applicants received 99.9% of the funding approved (Table 8). As a result, at current funding levels, there is little flexibility to accept new innovative projects or new applicants.

Further analysis found that 77 organizations were responsible for delivering the 336 approved projects between 2012-13 and 2017-18 and that 38 or 49% received funding for 4 or more of the 6 years of the evaluation period and accounting for 80% of the approved funding.

Table 8: SFO – Funding approved for new versus recurrent projects

	# Recurrent applications stemming from recurrent applicants (2012-13 to 2017-18)	% Recurrent applications stemming from recurrent applicants (2012-13 to 2017-18)	# New applications stemming from new applicants (2012-13 to 2017-18)	% New applications stemming from new applicants (2012-13 to 2017-18)
Total number and % of applications	423	92%	37	8%
Total number and % requested	$52.9M	89%	$6.5M	11%
Total number and % of applications approved	336	99.1%	3	.9%
Total % of applications approved	79.4%	-	8.1%	-
Total approved	$37.0M	99.9%	$50.8K	.1%

Sources: GCIMS

Between 2012-13 and 2017-18, SFP application guidelines and funding formula demonstrated responsiveness to industry challenges and needs and to CBF, PCH and government priorities. The majority of industry key informants agreed that the Program had responded to their needs, citing examples such as the annual consultation sessions and its support for investments in digital technologies.

SFP adjusted application guidelines and used factoring in its funding formula to adjust the result for the distribution of funding by giving greater weight to reward or provide incentives for publishers to undertake certain activities that aligned particularly well with Program objectives or departmental priorities, or to direct proportionally higher funding to smaller publishers or to certain groups. For example:

- Reduced the threshold (sales minimum) for eligibility for export supplement from $10,000 to $5,000, recognizing that export sales of $5,000 is significant;
- Expanded eligibility to include publishers and books that were exclusively digital, in response to changes in the industry and consumer demand for books in different formats;
- Reduced the minimum period of activity as a book publisher from 36 to 12 months to support entry of new and emerging business models, including digital-only publishing;
- Introduced the requirement for digital production, requiring applicants, with some exceptions, to have published at least one new, eligible Canadian-authored digital title or digital edition.

SFO application guidelines also reflected a response to industry challenges, particularly in relation to supporting the industry to adapt to digital technologies, and alignment with CBF, PCH or government priorities. Between 2012-13 and 2017-18, SFO and SFP focused on the strategic priorities of digital innovation and international competitiveness by placing priority on ensuring publishers' access to skills and tools related to digital technologies was supported so that Canadians had access to books in various formats.

SFO guidelines, for example, gave priority to:

- Technology projects that would help incorporate digital and innovative technologies into the book industry;
- Professional development and internship projects that pertained to digital technology;
- Marketing projects that demonstrated use of digital technologies for the promotion of books;
- Projects that included an international element or facilitated the export sales of Canadian-authored books;
- Professional development that contributed to the development of succession plans.
- Projects that promoted Canadian history titles, and in 2016-17, projects that supported the Canada 150 theme, in support of the government's history focus;

Application guidelines and the SFP funding formula demonstrated measures to direct proportionately more funding to small publishers, or to facilitate entry into the program for certain groups. For example, recognizing the unique challenges faced by OLM and Indigenous publishers:

- SFP gave priority to internships or candidates from Indigenous or OLM communities or located in areas where human resources were limited. In 2015-16, a priority was added to projects that provided internship opportunities to bilingual candidates.

- SFP adjusted the formula for the calculation of funding to give greater weight to Indigenous and OLM publishers, recognizing their unique challenges and to smaller publishers, recognizing their need for greater support. SFP applied a lower sales minimum of $30,000 for Indigenous and OLM applicants, compared to $50,000 for other applicants. In 2015-16, the SFP adjusted the weighting in the funding formula, to put greater weight on sales by OLM and Indigenous publishers and on official language and Indigenous language translations.

To reinforce the CBF priority regarding the balanced and effective allocation of funding across a diverse scope of recipients with respect to size and revenues and to direct proportionately higher funding to smaller publishers, generally with less than $1M in net revenues, the Program:

- Changed the sales maximum (and removed the profit margin cap) so that publishers with net sales of own titles of $50M or greater in the reference year were not eligible for CBF support; and

- The Program's eligible sales greater than $10M were not counted in the calculation of the funding formula.

Nonetheless, a few interviewees noted barriers to access for some publishers due to the sales minimum for their own titles, which is at least $50,000 or $30,000 for OLM and Indigenous publishers.[44]

The Program consulted with and sought input from stakeholders through annual meetings, conducted periodic surveys, or commissioned research reports before introducing major changes. These consultations were appreciated by industry stakeholders, as was the support that they received from Program staff. Almost all industry key informants commented favourably about the professionalism of Program staff.

Across all key informant groups, the majority felt that the CBF is well positioned to support the Canadian publishing industry to respond to changes, issues and challenges. However, about half of all respondents thought that the CBF needed more funding. The CBF was permanently renewed in 2014. However, its $39.1M budget did not increase. Apart from time-limited funding to support PCH or government priorities, the budget has been the same since 2001. Inflation has eroded the CBF budget, and the funding available to the publishing sector, thereby reducing the Program's ability to respond to the needs of the industry and ultimately its impact.

[44] Canadian Heritage.2017. Canada Book Fund Application Guidelines – Support for Publishers: Publishing Support. https://www.canada.ca/en/canadian-heritage/services/funding/book-fund/publishing-support/application-guidelines.html

In December 2016, the Standing Committee on Finance recommended that funding to the CBF be increased. Recommendation 29 requested that the GC support Canada's cultural sector by increasing funding for the CBF and the Canada Music Fund, and by creating a music export fund.[45]

Subsequently, industry stakeholders have continued to call for increased funding. Pre-budget submissions to the House of Commons Standing Committee on Finance from ACP in 2017 and 2018 and ANEL in 2017 have called for an increase to the CBF budget.

4.2. Effectiveness: achievement of expected outcomes

This section provides the evaluation findings regarding the effectiveness of the programs and specifically, the achievement of expected results.

Evaluation question: Did the CBF achieve its expected immediate result #1 - Has CFB support enabled Canadian-owned publishers to invest in ongoing publishing operations?
Key findings: **CBF achieved its immediate result: #1. Between 2012-13 and 2017-18, the CBF approved a total of $220.7M to support the Canadian book industry. Over $183.6M, or more than 80%, was allocated directly to Canadian-owned book publishers across the country to support the production, marketing and distribution of Canadian-authored books in print and digital formats. The CBF supported a diversity of publishers: by language, region and market segment, as well as Indigenous and OLM publishers.**

CBF achieved its immediate result – a broad range of Canadian-owned publishers invested in ongoing publishing operations. Administrative data indicated that between 2012-13 and 2017-18, the Program approved a total of $183.6M to support an average of 246 Canadian-owned book publishers annually, enabling them to offset the costs associated with the production, marketing and distribution of Canadian-authored books. Publishers interviewed indicated that funding enabled them to hire more staff, conduct more projects, stay financially viable, engage in marketing activities and support the functioning of their business.

[45] House of Commons, Standing Committee on Finance. December 2016. Report of the Standing Committee on Finance. http://www.ourcommons.ca/DocumentViewer/en/42-1/FINA/report-11/page-336

Table 9: SFP - Number of publishers funded and amount approved, 2012-13 to 2017-18

Project Fiscal Year	# of Publishers funded	Amount Approved ($)
2012-13	239	$30.5M
2013-14	244	$30.4M
2014-15	248	$30.0M
2015-16	251	$30.7M
2016-17	250	$30.6M
2017-18	243	$31.1M
Total	1475	$183.5M

Source: GCIMS

Funding was distributed to recipients in all provinces and one territory (Nunavut). The majority of publishers (83.7%) were located in three provinces: Quebec (47.8%), Ontario (24.9%) and British Columbia (11.0%). The distribution of funding followed a similar pattern with Quebec (54.1%), Ontario (26.8%) and British-Colombia (10.4%) receiving the majority (91.3%) of funding (Annex B, Figure D: Distribution of recipients by province (left) and distribution of funding by province (right)).

The Program approved funding to an almost equal number of English-language and French-language publishers. French-language publishers received a greater proportion of funding. English-language publishers represented 49.9% of publishers funded and received 46.5% of funding. French-language publishers represented 50.1% of publishers funded and received 53.4% of funding (Annex B, Figure E: Distribution of recipients, by language sector (left) and distribution of funding, by language sector (right))

The CBF provided support to publishers from diverse market segments. The trade segment was the most frequently funded market segment, and also received proportionally the greatest share of funding (Annex B, Figure F: Distribution of recipients, by market segment (left), compared to distribution of funding, by market segment (right)) Between 2012-13 and 2017-18, the CBF provided funding to a relatively stable number of Indigenous and OLM publishers. Indigenous publishers, on average, represented approximately 2% of publishers and received 2.1% of total funding. Indigenous publishers were located in Alberta, British Columbia, Manitoba and Nunavut. OLM publishers represented approximately 7.7% of publishers and received 4.3% of funding.

Evaluation question: Did the CBF achieve its expected immediate result #2 – Have marketing initiatives built the demand for Canadian-authored books?
Key finding: **The evaluation could not conclude that the CBF achieved its intermediate result #2: marketing initiatives have built the demand for Canadian-authored books. A link between marketing activities and the Program's results could not be established. CBF recipients' domestic sales of Canadianauthored books have declined. Export sales have increased, providing some evidence that export marketing activities may have contributed to an increased demand for Canadian-authored books internationally.**

CBF funding contributes to the development of the Canadian book industry and the development of domestic and international markets for its products.

The document review, program administrative data and key informant interviews identified CBF marketing activities as supporting the marketing and promotion of Canadian-authored books. A significant proportion of the marketing funding was directed to export marketing.

Through SFP – Publishing Support funding, recipients can, if they so chose, use a portion of their contribution for the promotion and marketing of their books. The SFP funding formula rewards publishers' sales without differentiating between domestic and export sales. CBF data for 2017-18 indicates that CBF recipients spent approximately 10% of their total revenues on marketing and promotion. On total revenues of $585.5M, CBF recipients spent $56.0M on marketing and promotion. A breakdown by net revenues indicates that publishers with the lowest and highest revenues spent the least on marketing and promotion (Table 10).

Table 10: SFP – Marketing expenditures as a proportion of revenues

Revenues	Average revenues ($)	Average spent on marketing ($)	% of revenues spent on marketing
$149,000 and under	$110,965	$10,356	9.3%
$150,000 - 499,999	$308,253	$37,074	12.0%
$500,000 - 999,999	$762,559	$89,935	11.8%
$1,000,000 -2,999,999	$1.7M	$207,647	12.2%
$3,000,000 and up	$8.4M	$732,031	8.6%
Total	$10.2M	$1.0M	10.2%

Source: CBF administrative data

SFP also provides a formula-based export supplement to the base SFP amount, based on a publisher's level of eligible export sales, to support publishers in marketing their products internationally. The total export supplement available for distribution among eligible publishers was $3.1M annually. The Program received an additional $500,000 in 2017-18 through the Creative Export Strategy, which increased the export supplement to $3.6M for that year.

Between 2013-14 and 2016-17, an average of 163 or 66% of publishers received the export supplement annually. The average supplement received during this period was $19,963 (Table 11).

Table 11: SFP – Distribution of export supplement

	Total # of recipients	# of recipients of the export supplement	% receiving supplement	Total export supplement	Average export supplement received
2013-14	244	154	63.1%	$3.1M	$20,455
2014-15	247	165	66.8%	$3.1M	$19,091
2015-16	251	168	66.9%	$3.1M	$18,850
2016-17	250	163	65.2%	$3.1M	$19,325
2017-18	243	164	67.5%	$3.6M	$22,256

Source: CBF administrative data

Through the SFO – Marketing component, funding is directed to collective marketing activities such as book fairs, book awards and salons du livre and initiatives to develop marketing infrastructure of broad benefit to the industry. Between 2013-14 and 2016-17, a total of 245 applications and approximately $28.5M was approved through the SFO- Marketing component (Table 12).

Table 12: SFO – Marketing applications approved and application amount approved, 2012-13 to 2017-18

Application Fiscal Year	# of Applications Approved	Application Amount Approved ($)
2012-13	40	$5.2M
2013-14	48	$2.9M
2014-15	41	$5.7M
2015-16	35	$2.1M
2016-17	39	$10.0M
2017-18	42	$2.3M
Total	245	$28.4M

Source: GCIMS

The SFO-Marketing component included an annual allocation of 750K to Livres Canada Books (LCB) through a contribution agreement to administer the Foreign Rights Marketing Assistance Program (FRMAP) on behalf of the CBF. FRMAP supports export sales by providing cost-shared funding for export sales trips and participation in international fairs and events. Eligible publishers may choose from a diverse range of conferences, industry events, book fairs and sales trips that best meet their export marketing needs.

During the period of the evaluation, the CBF approved four contribution agreements with LCB, for a total of $13.7M or 5.7% of total program expenditures[46] for that period. Three agreements were multi-year.

Marketing studies conducted on behalf of the Program of the English and French-language sectors[47,48] and key informant interviews provided evidence that as the digital and online marketplace continues to evolve, a key challenge is how to get Canadian-authored books noticed and purchased in a concentrated market and marketing books in the new digital and online marketplace have emerged as significant challenges for CBF recipients.

The marketing studies, document review and key informant interviews with industry representatives, also found that most publishers have invested in developing innovative e-commerce solutions for their

[46] According to data from FMB, the total program expenditures for the period 2012-13-2017-18 was $239,729,763.
[47] Turner-Riggs. 2013. Book discovery and book marketing in Canada's English-language market.
[48] Edinova inc. 2014. La commercialisation des livres canadiens de langue française.

own websites and almost all are engaged in a range of digital marketing activities. These include direct-to-consumer sales, maximizing the ways consumers can find books (traditional media, events with authors, literary festivals, websites and social media); engaging authors in marketing and promotion, shared sales and marketing, author marketing and new partnerships.

Several themes emerged from key informant interviews and the marketing studies, in terms of capacity gaps and marketing challenges:

- The capacity of publishers to establish and support new channels to market, whether to complement or replace existing channels, or to manage an increasing range of channels;
- Lack of resources and technical expertise to fully participate in the online marketplace;
- Lack of information to guide publishers on "what works" in terms of effective mechanisms for online discovery;
- Skills gap in terms of e-book and on-line marketing expertise;
- Structural constraints associated with the small size of the domestic market and reliance on supply chain systems that are highly integrated with the US;
- Software created by US companies which inherently favors non-Canadian content and does not effectively recognize Canadian books; and
- Measuring the results of their efforts.

Publishers are navigating new and different markets and need new competencies and skill sets, new business relationships, market intelligence and new ways and strategies to market content. It may also require the development of new sales and marketing infrastructure.

Evaluation question: Did the CBF achieve its expected immediate result #3 – Have collective projects fostered technological innovation and encouraged the adoption of industry best practices?
Key finding: **There is limited quantitative information to demonstrate that, overall, collective projects fostered technological innovation and encouraged the adoption of industry best practices. There is strong anecdotal evidence that some key CBF investments have had a direct benefit on marketing infrastructure and capacity.**

SFO collective projects are intended to achieve efficiency and economies of scale in Canadian book marketing, as well as enhance the industry's marketing capacity.

SFO collective initiatives support a broad range of projects such as collective promotional and marketing activities (e.g., book fairs, catalogues, etc.) and technology projects undertaken mostly by industry associations. Since each project is unique, an overarching performance framework has not been developed. Evaluation measures are included in contribution agreements. Projects are assessed on the basis of whether they met, partially met or did not meet their objectives as outlined in their agreements. Recipients are also required to provide final reports.

Industry key informants generally agreed that CBF-SFO collective projects are essential to the industry and that they have contributed to publishers' success in adapting to the digital marketplace and into international markets. Collective initiatives can effectively support innovation and develop marketing infrastructure. Industry key informants identified several projects funded by the SFO as having had a direct impact on marketing capacity and sales of participating publishers, including, for example:

- Marketing infrastructure, and products and services developed for the English-language market by BookNet Canada. These were frequently cited as examples of instruments for systemic change and process improvement across the country (Biblioshare, SalesData, standards for publisher metadata, etc.).
- The Association of Canadian Publisher's 49th Shelf, a discovery website that serves as a hub for English-language Canadian books. As a public catalogue, oriented to readers, it raises the visibility and therefore the discoverability, of Canadian books.
- EBound Canada provides a digital distribution system that includes tools for exporting e-books.
- Gaspard offered by the Banque de titres de langue française (BTLF) provides book sales data services, similar to BookNet.

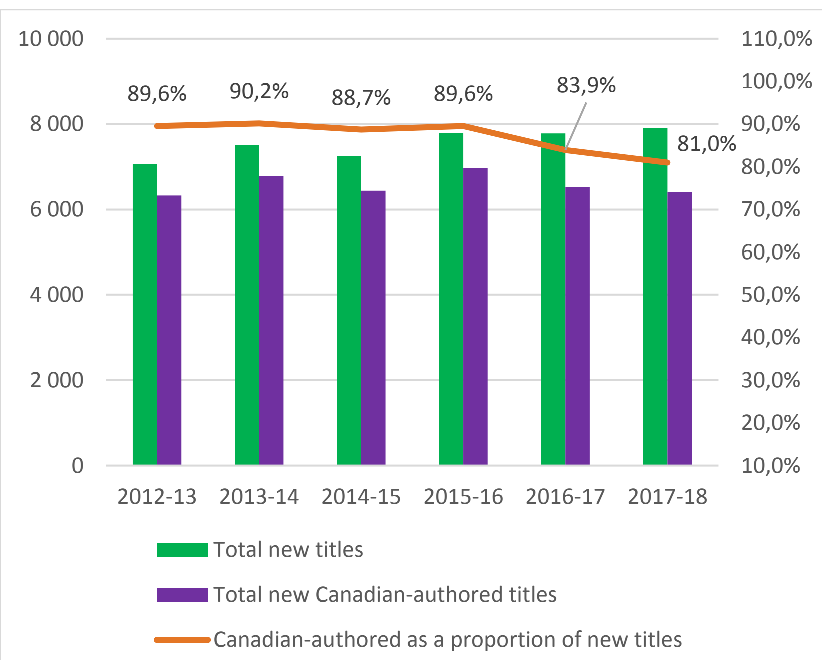
However, SFO's contribution to advancing technological innovation is limited by the fact that much of its funding is pre-committed annually. Therefore, there is little room for new or innovative projects to address emerging needs. Technology projects involve greater cost and risk than other types of projects funded through SFO. Also, there may be a longer period required to achieve industry on boarding or support.

Evaluation question:
Did the CBF achieve its expected intermediate result – Did the CBF contribute to readers in Canada and abroad having access to a broad range of Canadian-authored books?
Key finding: **The CBF achieved its target for its intermediate result: readers everywhere have access to a broad range of Canadian-authored books. New Canadian-authored titles were produced in each province and one territory, in both official languages and represented a diversity of genres. Although Canadian-authored books are being produced, access is constrained by issues of discoverability.**

CBF recipients produced a total of 45,313 new titles between 2012-13 and 2017-18, for an average of 7552 titles annually. There was an 11.8% increase in 2017-18 compared to 2012-13.

Of the total new titles produced, 39,448 or 87% were new Canadian-authored titles in both digital and print formats, for an annual average of 6575 new titles. This was 9.6% above the 6000 target. The number of new Canadian-authored titles produced annually by CBF recipients rose by 1.1% in 2017-18 compared to 2012-13. New Canadian-authored titles as a proportion of total new titles declined by 8.6% from 89.6% in 2012-13 to 81% in 2017-18 (Figure 7).

Figure 7: New Canadian-authored titles as a % of total new titles produced by SFP recipients, 2012-13 to 2017-18



Source: CBF administrative data

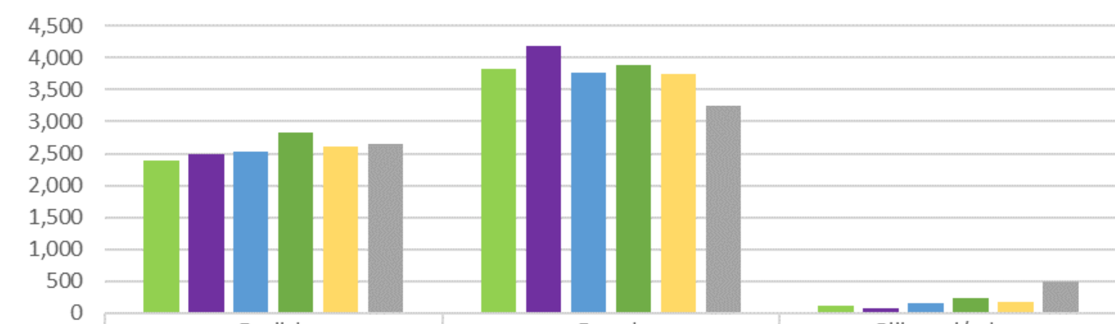
As shown in Annex B, Table D: Number of new Canadian-authored titles by province/territory, Quebec produced the most titles, publishing 64% of new titles, almost three and a half times the number of new titles produced each year in Ontario (19%), the second-highest-producing province. On average, between 2012-13 and 2017-18, Quebec produced 4179 new titles annually, while Ontario produced an average of 1222.

British Columbia was the third highest producing province with an average of 412 new titles per year, and Alberta followed closely behind with an average of 398.

Alberta showed the most growth during the period studied, growing from 250 new titles in 2012-13 to 553 titles in 2017-18. No other province experienced significant growth in the number of titles published during this period.

Readers across the country had access to Canadian-authored titles in both official languages. The number of new Canadian-authored titles published in French each year outnumbered the number of titles published in English (Figure 8). A small proportion of titles were produced in bilingual format or in another language. A total of 15,496 Canadian-authored titles were published in English and 22,677 in French between 2012-13 and 2017-18 for an annual average of 2,583 and 3,780 new titles respectively. Over the period of the evaluation, French titles represented 57.5% of the new Canadian-authored titles, while English titles represented 39.3%. The remaining titles were either bilingual or published in other languages. The difference between the production of French and English titles has decreased over the period of the evaluation from a 22.5% greater production of French titles than English titles in 2012-13 to a 9.5% difference in 2017-18.

Figure 8: Number of new Canadian-authored titles by language, 2012-13 to 2017-18



	English	French	Bilingual/other
2012-13	2,391	3,822	117
2013-14	2,498	4,196	80
2014-15	2,521	3,763	153
2015-16	2,837	3,892	244
2016-17	2,604	3,752	177
2017-18	2,645	3,252	504

Source: CBF administrative data

CBF supported publishers who produced a diverse range of titles, including adult and children's fiction as well as textbooks (Annex B, Table E: Total new Canadian-authored titles by genre).

Adult non-fiction represented the largest genre of new Canadian-authored titles each year, with the exception of 2017-2018 when it was eclipsed slightly by children's fiction (including poetry) representing 27.9% of all new titles published between 2012-13 and 2017-18, while children's fiction represented 20.9%. Though volatile, children's fiction appears to be the sector with the most positive trend.

The educational sector (primary and secondary) which represents 14.6% of the new Canadian-authored titles, saw the biggest decline over the period, moving from a peak of 1390 in 2013-14 to 540 in 2017-18. In contrast, the educational sector (CEGEP and post-secondary), which is a much smaller sector at 2.8%, remained much more consistent ranging from 152 titles in 2013-14 to 246 in 2017-18.

Evaluation question: Did the CBF achieve its expected ultimate result of contributing to the consumption broad range of Canadian-authored books in Canada and abroad?
Key finding: **The CBF partially achieved its ultimate result – Readers everywhere consume a broad range of Canadian-authored books published by recipients. It did not achieve its sales target between 2012-13 and 2013-14. However, after revising the target, the Program was successful in achieving the target between 2014-15 and 2017-18. Overall, sales of Canadian-authored books declined by 6.2% in 2017-18 compared to 2012-13. Comparing 2017-18 to 2012-13, domestic sales declined by 14.6% but this decline was offset by an increase in export sales by 22.2%.**

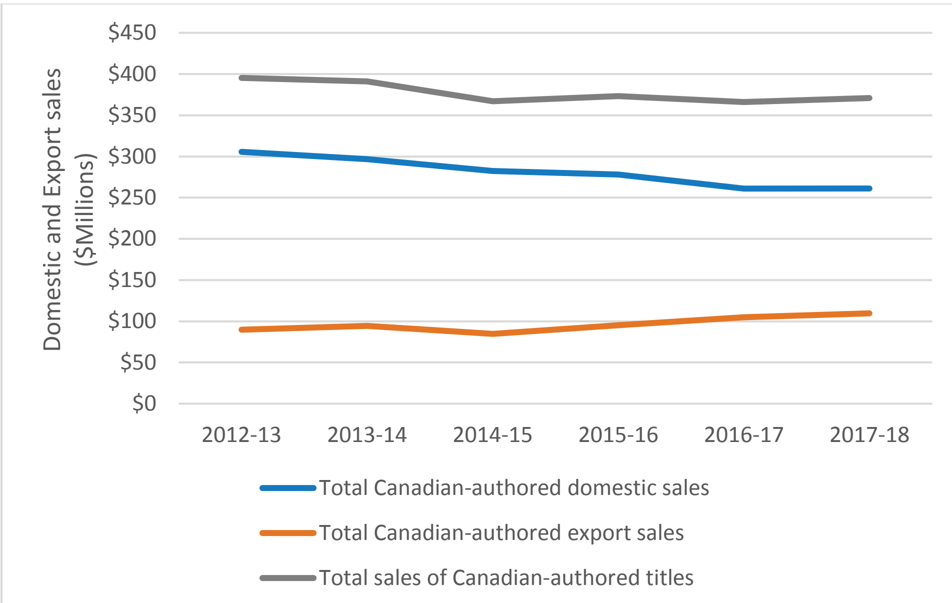
As shown in Annex B, Table F: Total Canadian-authored domestic and export sales (2012-13 to 2017-18), the sales of Canadian-authored books were lower than the target of $425M in 2012-13 and 2013-14. The Program lowered its target in 2014-15 to $350M. The sales target of $350M was achieved between 2014-15 and 2017-18.

The majority of publishers' sales resulted from the sales of Canadian-authored books. During the period of the evaluation, CBF-SFP recipients generated a total domestic and export sales of $2.2B. The sales of Canadian-authored books (both domestic and export) made up 91% of the CBF recipients' sales. This percentage was relatively stable over the period ranging from 88.8% to 93.2%.

As shown in Figure 9, there was a general decline in domestic sales of Canadian-authored books. During this period, domestic and export sales began to converge. Domestic sales of Canadian authored books declined each year starting at $305.5M in 2012-13 to $261.1M in 2017-18.

Between 2012-13 and 2017-18 approximately 85% of recipients realized export sales. Export sales increased from $89.7M in 2012-13 to $109.6M in 2017-18. There was an exceptional year in 2014-15 where export sales dipped below the 2012-13 levels to $84.6M.

Figure 9: SFP –Recipients' domestic and export sales, 2012-13 to 2017-18



Source: CBF administrative data

Domestic sales of Canadian-authored books by the French-language market was almost two and a half times greater than the domestic sales of Canadian-authored books by the English-language market. However, both language markets experienced a decline in domestic sales during the evaluation period and a corresponding increase in export sales (Annex B, Figure G: French and English-language markets – domestic and export sales of Canadian-authored titles, 2012-13 to 2017-18).

The French-language market experienced an 8.6% decline in domestic sales in 2017-18 when compared to 2012-13 and an 8.9% increase in export sales. The English-language market experienced a 27% decrease in domestic sales in 2017-18 compared to 2012-13 and a 39% increase in export sales.

The decline in domestic sales was experienced in all market segments. The increase in export sales was also experienced in all market segments (Annex B, Figure H: CBF recipients: domestic and export sales of Canadian-authored titles by market segment).

The 2014 Cultural Industries Cluster Evaluation of the Canada Music Fund and the CBF recommended that the Program give CBF recipients support that "further encourages the production, marketing and sale of digital books based on the growth and changes observed in the market regarding digital content."[49] In response, the Program introduced incentives to encourage greater production of digital books, including introducing the requirement to publish at least one new, eligible digital title or digital edition annually.

Publishers have made significant investments in digital technology, but have had a low return on investment. There has been a slow increase in digital sales between 2012-13 to 2017-18, however digital sales remain a small portion of total sales. [50] According to BookNet Canada, 64% of English-language Canadian-based book publishers brought in between 1-10% of their revenues from digital book sales. Key informants observed that the demand for and sale of e-books has been lower than anticipated, both in Canada and abroad and there is a perception that digital sales may have plateaued.

As shown in Table 13, CBF recipients' digital sales have increased from 1.9% of total sales in 2012-13 to 4.9% in 2017-18. While this represents an almost threefold increase (2.6x), print sales represent the greatest proportion of total sales.

Table 13: SFP – Digital sales as a proportion of total eligible sales

Year	Total Print Sales	Total Digital Sales	Total digital and print	Digital as a proportion of total sales
2012-13	$336.6M	$6.6M	$343.3M	1.93%
2013-14	$336.5M	$6.4M	$343.0M	2.28%
2014-15	$332.4M	$10.8M	$343.2M	3.71%
2015-16	$332.3M	$12.4M	$344.8M	3.81%
2016-17	$323.8M	$14.3M	$338.1M	4.41%
2017-18	$352.5M	$18.1M	$370.7M	4.91%
Total	$2,0B	$69.0M	$2.0B	3.48%

Source: CBF administrative data

The proportion of sales that are digital from English-language publishers has been consistently higher than their French-language counterparts. While French-language publishers have experienced an increase in the proportion of their sales that are digital each year, English-language publishers actually experienced a decrease between 2014-15 and 2015-16, before seeing consistent increases in each of the following years (Annex B, Table G: Sales in English (upper table) compared to sales in French (lower table)).

[49] Canadian Heritage. 2014. Cultural Industries Cluster Evaluation: Canada Music Fud and Canada Book Fund for the period 2007-08 to 2011-12.
[50] BookNet Canada. 2017. The State of Digital Publishing in Canada 2016.

Evaluation question:
Is the Program's design and delivery model effective for achieving the Program's objective and expected results?
Key findings: **The flexibility inherent in the SFP funding formula effectively contributed to the Program's objective to ensure 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.** **During the period of the evaluation, SFO had a high level of commitment to supporting recurrent applicants and established ongoing or recurrent projects. As a result, SFO encountered a challenge in terms of its ability to fund new applicants and new or innovative projects.** **There was no consistency among key informants with regard to design and delivery improvements to better support the publishing industry in achieving the Program's objective and expected results. Suggestions made by key informants included: measures to support the export of Canadian books; tax credits, printing subsidies, a model of accreditation like the one currently in place in Quebec; a "culture pass" for youth; management of the National Translation Program for Book Publishing by the CBF, inventory management, fixed pricing book fairs and reintroduction of support for travel expenses associated with participation in courses and seminars.** **The literature review identified best practices relevant to the objective of the CBF, including innovations in e-commerce solutions and collaborative marketing.** **In terms of provincial support, many provinces offer both operational support and project-specific support to book publishers; British Columbia, Manitoba, Ontario and Quebec also provide tax credits to eligible book publishers. None of the territorial government's offer tailored support to the book publishing industry, instead supporting writers in their efforts to publish and share their works.**

There was a high level of satisfaction with the SFP stream. The majority of recipients indicated that the SFP was well designed and well structured. It provided a stable source of funding as well as the flexibility for publishers to direct funding to where it is needed. According to recipients, key strengths of the design and delivery of the SFP stream included: a sales-based formula that rewarded publishers' success in reaching readers; funding for export activities; support for different types of publishers (trade, educational and scholarly); flexibility to address the needs of smaller publishers and OLM and indigenous publishers; a flexible funding approach that can adapt to industry changes as needed; and efficient program delivery.

Recipients identified several collective projects funded through the SFO stream which effectively contributed to the achievement of the Program's objective and expected results. However, the SFO stream was oversubscribed. During the period covered by the evaluation, the demand for funding exceeded the availability of funds. SFO had a high level of commitment to supporting recurrent applicants and established ongoing or recurrent projects. Therefore, a large proportion of available funding was pre-committed annually. As a result, the SFO stream encountered a challenge to fund new applicants and new, innovative projects. This situation will constrain SFO's ability to contribute to addressing the discoverability and marketing and promotion challenges currently faced by the industry and, ultimately, the ability to more effectively contribute to the achievement of the Program's objective and expected results.

Some key informants observed that the support provided to the industry by the CBF is the envy of publishers in other jurisdictions around the world. Key informants identified areas that could improve the support to the industry; however, there were no strong trends:

- Support the export of Canadian books printed in Canada. Suggested measures included greater weighting of export sales through the funding formula; subsidizing shipping costs; negotiating with Canada Post to provide media rates to ship books; working more closely with Global Affairs Canada to develop new markets; establish offices in major international markets to represent the Canadian publishing industry; and helping publishers to create permanent positions dedicated to export.
- Introduce tax credits at the national level, particularly for larger publishers.
- Introduce printing subsidies. Manitoba, for example, has a cultural industries printing tax credit to support Manitoba printers;
- Adopt the model of accreditation that is currently in place in Quebec. According to the scan of provincial jurisdictions conducted by PRG as part of the literature review, the Quebec publishing industry and independent bookstores have greater stability as a result of legislative support for the establishment of a network of accredited bookstores throughout Quebec. Institutions such as schools and libraries are required to buy books from accredited bookstores.
- Introduce a "culture pass" as currently available in France and Italy to encourage youth to spend on Canadian cultural products.
- Assume management of the National Translation Program for Book Publishing. This program is currently delivered by the CCA, under a Memorandum of Understanding between PCH and the CCA. Publishers can apply for a grant through CCA for the translation of Canadian literary works.

However, a few key informants indicated that they had difficulty meeting eligibility criteria as translation funds are only available to recipients of CCA's core funding.

- Provide incentives to publishers to focus on managing their inventory to avoid situations where they are maintaining a huge inventory. For example, it was suggested that publishers be encouraged to have smaller print runs and to make greater use of print-on-demand.
- Consider Germany's model of fixed pricing book fairs, which allows book stores to stock books that will sell well for them along with lessor known titles so that they are not competing with downward pressures on pricing associated with big retailers.
- Reintroduce support for travel expenses. The Program eliminated travel expenses, except in cases where expenses were directly business-oriented. Specifically, support was eliminated for expenses for travel and accommodation for participants taking courses and seminars and expenses for travel and accommodation for an intern's participation in professional development or book industry events.

Most key informants were satisfied with other aspects of design and delivery, including the application and reporting processes. Some key informants acknowledged improvements in terms of the Program's timelines to reach a funding decision. However, a few key informants indicated that the funding application could be automated or more streamlined. A few also commented on the costs associated with the requirement for audited financial statements.

The literature review identified a number of industry best practices relevant to the objectives of the CBF. Innovations in developing e-commerce solutions and selling Canadian expertise in e-book design and production to foreign publishers were highlighted as measures that demonstrate how the Canadian industry is adapting to the digital shift. Collaborative marketing efforts by groups of publishers at book fairs, such as the Salon du livre de Montréal, and internationally as does the ANEL through Québec Édition, were also highlighted in the literature. Unconventional collaborations and ventures, such as Radio-Canada's decision to promote and distribute a selection of audiobooks and the collaboration between Firefly Books, *Canadian Geographic*, Tim Hortons and Cineplex, were highlighted as practices that may become increasingly common as publishers seek new ways to engage with and spark the interest of readers.

In examining provincial support to the book publishing industry, the models vary across the country. Some provinces have programs specifically directed to the book publishing industry, which may include operational support to publishers and/or project-specific support for activities such as marketing, export, professional development, author tools and participation in conferences and books fairs. Other provinces provide support to the publishing industry under cultural industries/arts programs. British-Columbia, Manitoba, Ontario and Quebec also provide tax credits to eligible book publishers. None of the territorial government's offer tailored support to the book publishing industry, instead supporting writers in their efforts to publish and share their works. For those jurisdictions for which information on policies supporting the book publishing industry was available, the policy rationales are consistently conceived as measures to support a creative industry as a contributor to both the economic and cultural vitality of the province in question.[51]

Finally, the literature review examined the approach to processing applications used by the CCA and by Ontario Creates to support the Canadian book publishing industry. The Council's programs are delivered in slightly different ways. Those targeted to publishers are peer-reviewed while grants for international promotional activities, to which publishers and other applicants are eligible, are assessed internally. The CCA offers both operational and project-based support to publishers. The suite of programs offered by Ontario Creates, each with a clear, activity-based goal, are also delivered in slightly different ways; grants for business development are reviewed externally while other types of grants are assessed internally. Also relevant is that the Ontario Creates programs have one intake per year and limit each applicant to one application per intake, the Industry Development program has three yearly intakes and allows each applicant to submit multiple applications per year. It is particularly noteworthy that the latter program may enhance the score of an application for projects that support and reflect diversity in Ontario and/or gender parity, or if the applicant is primarily Francophone, Indigenous, or culturally diverse.[52]

4.3. Efficiency: demonstration of efficiency

This section provides findings on the efficiency of the CBF.

Evaluation question: Are adequate management and administrative practices in place for efficient delivery of the Program?
Key finding: **The administrative cost of CBF incurred during the evaluation period remained consistent over the period of the evaluation. The Program achieved its service standards for acknowledgement of receipt of applications, and improved the timeliness of funding decisions as a result of administrative improvements including on-line application process for CBF-Business Development Support and the delegation of authority for approval of SFP-Publishing Support applications (formula funding) and projects with a value of less than $75,000. However, SFO could achieve greater efficiency by increased use of a streamlined review process, the continued use of multi-year funding and grants for low-risk applicants with recurrent projects and recurrent activities.**

[51] Canadian Heritage. Policy Research Group. 2019.Literature Review to Support the 2019 Evaluation of the Canada Book Fund.
[52] Ibid.

A total of $239.7M was spent between 2012-13 to 2017-18, including $19M in operating costs and $220.6M in grants and contributions. As indicated in Table 14, the administrative ratio, which represents O&M expenditures as a percentage of total expenditures was relatively consistent across the years averaging 8.0% of total program expenditures for the period of the evaluation. Similarly, O&M as a percentage of Gs&Cs delivered remained relatively consistent, averaging 8.7% over the years covered by the evaluation.

Table 14: CBF Administrative Ratio and O&M as a % of Gs&Cs delivered

Resources	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	Total
Operating expenditures (Total Vote 1)	$3.1M	$3.3M	$3.2M	$3.1M	$2.9M	$3.2M	$19.0M
G&C expenditures (Total Vote 5)	$36.3M	$36.6M	$36.0M	$36.5M	$37.0M	$38.0M	$220.6M
Total expenditures	$39.4M	$39.9M	$39.2M	$39.7M	$39.9M	$41.2M	$239.7M
Administrative ratio (O&M as a % of total expenditures)	7.9%	8.4%	8.2%	8.0%	7.4%	7.9%	8.0%
O&M as a % of Gs&Cs delivered	8.5%	9.1%	9.0%	8.7%	8.0%	8.6%	8.7%

Source: PCH FMB

As shown in Table 15, below, the CBF exceeded its planned spending by $0.7M between 2014-15 and 2017-18. Almost 62% of the variance between planned and actual expenditure was incurred in Vote 5. In 2017-18, Vote 5 actual spending exceed planned spending by 2.3%.

Table 15: CBF planned (reference levels) versus actual spending ($), 2014-15 to 2017-18

Fiscal year	Reference Levels Vote 1	Reference Levels Vote 5	Reference Levels Total	Actual Spending Vote 1	Actual Spending Vote 5	Actual Spending Total
2012-13	N/A	$36.6M	$36.6M	$3.1M	$36.3M	$39.4M
2013-14	N/A	$36.6M	$36.6M	$3.3M	$36.6M	$39.9M
2014-15	$2.9M	$36.6M	$36.6M	$3.2M	$36.0M	$39.2M
2015-16	$3.0M	$36.6M	$36.6M	$3.1M	$36.5M	$39.7M
2016-17	$2.9M	$36.6M	$36.6M	$2.9M	$37.0M	$39.9M
2017-18	$3.4M	$37.1M	$40.5M	$3.2M	$38.0M	$41.2M
Total	$12.3M	$220.4M	$232.8M	$19.0M	$220.6M	$239.7M

Source: PCH FMB

Between 2014-15 and 2016-17, CBF actual salary expenditures exceeded planned by 6.9%. In 2017-18, the program contained its Vote 1 expenses (Table 16).

Table 16: CBF planned versus actual salary spending ($), 2012-13 to 2017-18

Fiscal year	Planned ($)	Actual ($)	Variance ($) (Planned-Actual)	% difference
2014-15	$2.3M	$2,618,728	$ -316,919	-14%
2015-16	$2.3M	$2,587,252	$ -276,060	-12%
2016-17	$2.2M	$2,410049	$ -122,344	-5%
2017-18	$2.6M	$2,648,218	$51,158	2%
Total	$9.6M	$10,264,247	$ -664,165	-6.9%

Source: PCH FMB

Between 2013-14 and 2017-18, for every $1 of SFP funding, recipients of SFP generated approximately $18 of other revenue (Table 17).

Table 17: Ratio of SFP Gs&Cs relative to other sources of revenue, 2013-14 to 2017-18

	2013-14	2014-15	2015-16	2016-17	2017-18	5 year
Total revenue	$590.3M	$581.8M	$593.0M	$579.1M	$585.5M	$2.9B
CBF Gs&Cs	$30.5M	$30.0M	$30.7M	$30.6M	$31.1M	$153.0M
Other revenue (Total revenue minus CBF Gs&Cs)	$559.8M	$551.7M	$562.3M	$548.4M	$554.4M	$2.7B
Ratio of CBF support relative to other sources of revenue	18.3	18.4	18.3	17.9	17.8	18.1

Source: PCH Financial Administration Branch and CBF administrative data

CBF achieved the PCH service standard for acknowledgement of receipt of applications. During the evaluation period, SFP – Business Development Support achieved its service standard to reach a funding decision and SFP Publishing Support and SFO improved the timeliness of funding decisions.

The Program became more efficient in terms of timeliness to reach a funding decision:

- SFP – Publishing Support reduced its time to reach a funding decision from a high of 35 weeks in 2014-15 to 26 weeks between 2015-16 and 2017-18. The service standard to reach a funding decision for SFP was 28 weeks.

- Between 2012-13 to 2016-17, SFP – Business Development Support improved the timeliness of its funding decisions. The Business Development Support continued to achieve its service standard following a decrease in the decision standard from 28 weeks to 18 weeks in 2015-16 and a further reduction in 2017-18 to 14 weeks.

- SFO improved the timeliness of its funding decisions and, in the last two years of the evaluation period, met its service standard and achieved the PCH target (80%). SFO met its funding decision service standard in spite of reductions in their service standard from 29 weeks to 27 weeks in 2015-16 and a further reduction to 26 weeks in 2017-18.

Program documentation and interviews with Program staff indicated that the CBF has applied strategies to operate more efficiently, including:

- Multi-year funding;

- Introduction of delegated authority for SFP-Publishing Support and for projects of a value of less than $75,000;

- Introduction of online application portal for SFP-Business Development Support;

- Submission of one application for SFO applicants who apply for two or more projects for one deadline. Applicants can combine their requests into one application.

- Introduction of a number of efficiency measures through the GCMI. As an early adopter of GCMI, SFO introduced new budget categories to assist with budget analysis and direct deposit.

Although SFO has increased its use of the more streamlined approach to processing recurrent applicants and increased its use of multi-year funding and grants instead of contributions, there are opportunities for SFO to further increase efficiency by making greater use of these existing mechanisms or by considering an alternate process for the review and approval of recurrent, low-risk applicants who reapply annually for the same or similar activities.

SFO has participated in the GCMI[53], a corporate initiative directed at increasing efficiency by simplifying, standardizing and streamlining Gs&Cs business processes using a risk-based approach. One of the

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[53] Instead of processing all files in the same way regardless of level of risk or complexity, the triage process assigns, as part of the initial risk assessment of a file, the level of treatment (Basic, Regular or Enhanced) for each file, based on a series of ten questions. The determination of the level of treatment defines the level of effort the file receives. Applications that receive Basic treatment are repeat recipients with similar activities and similar budgets, who have demonstrated the capacity to successfully deliver in the past, and for whom no associated signs of public sensitivity are apparent. Efficiencies for the basic treatment is derived from a streamlined process including a limited assessment. Applications that receive Regular treatment are multi-year files, new applicants, applicants who did not meet the criteria established in triage and most rejected files, unless

aspects of GCMI was the triage process for the treatment of files. The GCMI target was to achieve efficiencies by treating 40% of its applications as basic. The basic option was intended for repeat recipients with similar activities and similar budgets, who have demonstrated the capacity to successfully deliver in the past, and for whom no associated signs of public sensitivity are apparent. Basic applications are subject to a streamlined process including limited assessment.

Table 18 indicates that between 2012-14 and 2017-18, there was increased use of the streamlined assessment process, from 4.9% in 2013-14 to 18.5% in 2017-18. However, the majority of SFO applicants were recurrent clients (ranging from 86% to 100% in any given year). These recipients reapply and are reassessed annually. Most undertake similar marketing and promotion activities (e.g., book fairs, salons du livre, book awards or professional development activities) annually and are classified as low-risk, yet the majority (86%) of these applicants were treated as regular during the assessment process. Given the profile of these applicants, an opportunity exists to make greater use of the streamlined process.

Table 18: SFO – Treatment of files by application fiscal year

Application FY	Basic	Enhanced	Regular	Total
2013-14	4.9%	0.0%	95.1%	100.0%
2014-15	13.9%	1.3%	84.8%	100.0%
2015-16	13.9%	1.3%	84.8%	100.0%
2016-17	14.5%	1.4%	84.1%	100.0%
2017-18	18.5%	0.0%	81.5%	100.0%
Average	13.1%	0.8%	86.1%	100.0%

Source: GCIMS

SFO has increased its use of multi-year funding from 30.4% in 2012-13 to 40.4% in 2017-18. However, given the number of recurrent applicants, with recurrent activities, greater use of multi-year funding would further increase efficiency (Table 19).

they are rejected because the activities are ineligible. Regular treatment is still a streamlined process in comparison to current practice.

Table 19: SFO – Use of multi-year funding

Application FY	Multi-year funding – Not approved	Multi-year funding – Approved	Total
2012-13	69.6%	30.4%	100.0%
2013-14	62.5%	37.5%	100.0%
2014-15	64.2%	35.8%	100.0%
2015-16	63.0%	37.0%	100.0%
2016-17	63.6%	36.4%	100.0%
2017-18	59.6%	40.4%	100.0%
Average	63.8%	36.3%	100.0%

Source: GCIMS

A review of approved applications found that over the period of the evaluation, a higher proportion of approved applications (55.5%) were grants. To increase efficiency, there may be an opportunity to increase the number of grants (Annex B, Table H: SFO – approved grants and contributions 2012-13 to 2017-18).

4.4. Other evaluation questions

Evaluation question:

Does CBF support government priority groups such as indigenous groups, OLMC, and GBA+?

Key findings:

The CBF supported the GC in fulfilling its responsibility to promote both official languages and to support Indigenous and OLM communities. However, the extent to which the CBF can further support the GC's diversity priority is limited by a lack of information about diversity within the Canadian book publishing industry.

Canada adopted the Marrakesh Treaty in 2016. Given recent announcements in Budget 2019, the CBF has a direct role to play to support publishers and industry stakeholders to take concrete action to ensure the production and distribution of accessible books in digital formats (e-books and audiobooks).

CBF guidelines and operating procedures ensure that the unique realities of Indigenous and OLM communities can be accommodated. In line with departmental and government priorities, the development of Indigenous book publishers is promoted, for example, through adjustments to eligibility criteria facilitating the entry of Indigenous and OLM publishers to the program and further prioritizing internships for Indigenous and OLM applicants. The CBF also contributes to the growth and development of OLMC and the promotion of linguistic duality. As such, it is consistent with the Department's obligations under Part VII of the *Official Languages Act*.

The CBF does not collect data that would generate a profile of the diversity of the book publishing industry, which constrains its ability to report on and support the GC diversity and inclusion priority.

The literature review conducted by PRG noted that diversity in the literary publishing industry has only recently gained attention[54] and that the impetus has come from the We Need Diverse Books movement, launched on Twitter in 2014 to draw attention to the need for greater representation in literature and publishing.[55]

The literature review also revealed that only a few studies have been conducted on diversity in Canadian literature and these are primarily focused on literature or textbooks for children. The review noted that the quantity of books by people of color and Indigenous people is disproportionately low and that other groups, including people with queer identities, those with disabilities and members of minority religions also go underrepresented in the publishing industry.[56]

Women make up the majority of Canadian publishing professionals. Quill and Quire's 2018 Salary Survey of Canadian publishing professionals (345 responses) found that approximately 84% of respondents were female and 15% were male. The average reported salary was $45,000 for women and $60,000 for men.[57]

The Diversity and Inclusion Working Group of the ACP, recognizing the under-representation of Indigenous and racialized peoples in the Canadian publishing industry, recently conducted a baseline survey of the English-language industry to identify challenges with respect to building a diverse and inclusive workplace and to solicit initiatives that could help encourage a diverse and inclusive industry.[58] The survey found that of the 372 publishing professionals who responded to the survey, 82% identified as white.

The Program can have a role to play, not only in supporting PCH efforts to integrate GBA+ and diversity in its program design, but also by working with industry associations to promote awareness of diversity and to support the industry in promoting the participation of diverse groups in the industry.

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[54] Galit, Rodan. November 12, 2017. "How the publishing industry is addressing the need for diversity." Globe and Mail. https://beta.theglobeandmail.com/arts/books-and-media/how-the-publishing-industry-is-addressing-the-need-fordiversity/article35826395/?ref=http://www.theglobeandmail.com&

[55] Uzma, Jalaluddin. January 4, 2018. "Putting diversity into a diverse reading list." The Toronto Star.

[56] Canadian Heritage, Policy Research Group. 2019. Literature review in support of the 2019 Evaluation of the Canada Book Fund.

[57] Sue Carter. May 17, 2018. "2018 Salary Survey: The good, the bad, and the hopeful," Quill & Quire.

[58] Association of Canadian Publishers. 2018. The Diversity Baseline Survey. https://www.leeandlow.com/about-us/the-diversity-baseline-survey

Having adopted the Marrakesh Treaty in 2016, the GC has committed to developing a strategy to ensure production and distribution of accessible reading material for consumers with a print disability. [59] The Program, therefore, has a direct role to play with regard to supporting the industry in implementing concrete actions to fulfill commitments under the Marrakesh Treaty to facilitate access to published works for persons who are blind, visually impaired or otherwise print disabled. The Marrakesh Treaty was adopted at a diplomatic conference of the World Intellectual Property Organization (WIPO) in June 2013. The *Copyright Act* was amended in June 2016 to fully conform to the Treaty.[60]

Based on the 2017 Canadian Survey on Disability, an estimated 2.4 million Canadians over the age of 15 have a print disability. Accessible reading materials (e.g. braille, accessible electronic documents and accessible audiobooks) allow individuals with print disabilities to read and learn, improving their quality of life and opening the door to more opportunities to work, and contribute to their own success and Canada's economy. Many Canadians with print disabilities find it difficult to access books in fully accessible formats—according to stakeholders, only 10% of published books are made available in an accessible format.[61]

Evaluation question: **Evidence of participation in PCH's experimentation initiative.**
Key finding: **The Program participated in the PCH experimentation initiative by implementing three experimentation projects in 2017-18. However, at this time, it is premature to report on the outcomes of these projects.**

The CBF implemented three experiments during the period covered by the evaluation:

1. Streamlining application and funding allocation processes, as an early adopter of measures aimed at improving the delivery mechanisms of Gs&Cs programs. The program is testing two new approaches that could simplify the application process and allocation of funds:
    - A common budget template, that when finalized will be integrated into the modernized

[59] Through Budget 2019 the Government committed to putting in place a strategy that will ensure the sustainable production and distribution of accessible reading material over the longer term. To that end, Budget 2019 proposed to invest $22.8 million over five years, starting in 2019–20, to assist Canada's independent book publishing industry in increasing their production of accessible books for persons with print disabilities.
[60] Innovation, Science and Economic Development. 2018. The Marrakesh Treaty: Frequently asked questions. https://www.ic.gc.ca/eic/site/064.nsf/eng/08172.html
[61] Government of Canada. 2019. Investing in the Middle Class: Budget 2019. https://www.budget.gc.ca/2019/docs/plan/budget-2019-en.pdf

grants and contributions management system. It is hypothesized that the common template will reduce error rates by applicants and improve the quality of their applications. This will reduce the time spent on analysis by program officers, and simplify and accelerate the workflow for the program.

- Development of a tool to streamline the allocation of funding for projects that are similar in nature, using the program's professional development and salons du livre applications as pilot projects. The purpose of this initiative is to make the evaluation process more efficient (e.g. less case-by-case) and to allocate funding in a more objective and equitable manner.

2. Participation of authors in the promotion of their books to increase the discoverability of Canadian-authored books. The Program is testing the hypotheses, based on research and anecdotal evidence, that the promotion by the authors themselves can contribute positively to the discovery of books. This experiment is designed in phases. In phase 1, the Program is conducting preliminary analysis to determine the level of interest among publishers for promotion by authors. If, based on the results, the promotion of books by their authors is determined to be an important and effective marketing tool, the Program may proceed to phase 2, to potentially design and implement an experimentation project that could provide changes to the program to encourage publishers to invest more in this marketing method. Possible adjustments to various components of the Program would occur after phase 2.

3. Relative sales results for collective promotion projects (the current CBF approach) versus direct support to publishers. The CBF designed an experiment that compared the sales results of an experimental group with those of a control group. The experimental group consisted of six publishers who each received $5,000 in funding to promote five of their books (a total of $30,000 to promote 30 books). The control group consisted of a collective project (promoting books from six publishers) led by a partner association, according to the traditional model of CBF projects. The collective project also promoted 30 books. Analysis of results was planned for September to December 2018. Receipt, compilation and analysis of sales results of books promoted under the project are currently underway.

Given the phased approach to the experiments, further information is required before the evaluation can report on the results of these experiments or lessons learned.

5. Conclusions

5.1. Relevance

The relevance of the CBF has been clearly demonstrated. The book publishing industry delivers economic returns and also cultural value by ensuring access to a rich and diverse body of Canadian content produced by Canadians and for consumption in Canada and abroad. Continued CBF investment in the publishing industry is needed to foster an environment where Canadian-owned publishers can continue to adapt, grow, be innovative, take risks and compete in today's challenging market conditions.

The GC has demonstrated ongoing support for the cultural industries generally, and for the CBF specifically as one means to advance the Government's vision and priorities for the cultural sector. The CBF supports two of the key pillars of the Government's Creative Canada Policy Framework, announced in 2017: invest in Canadian creators and their stories and promote discovery and distribution globally. The CBF also helps advance PCH priorities to support the creative sector to adapt to the digital shift and to promote Canadian culture that reflect Canada's diversity at home and abroad.

Digital technologies have been a driving force behind many changes that have occurred and continue to evolve in the industry, in particular the demand for e-books and on-line shopping. The evidence indicates that while traditional markets and business models continue to generate the majority of sales, the concentrated, digital and on-line marketplace has introduced new opportunities as well as challenges. Fewer traditional bookstores, the emergence of non-traditional retail, online markets and e-books have reduced the visibility of Canadian books, particularly in Canada, as shown by declining domestic sales.

A theme that emerged across all lines of evidence is the challenges associated with getting Canadian-authored books discovered in these new channels and how to market and promote them in the concentrated digital and on-line marketplace. Digital infrastructure, largely created by US companies, does not effectively recognize Canadian books.

Publishers seem to be experimenting with various approaches, without having reliable information to guide them in terms of what works and in many cases lacking the capacity in terms of resources and expertise. Publishers are navigating new and different markets and need new competencies and skill sets, new business relationships, market intelligence and new ways and strategies to market content. It may also require the development of supportive sales and marketing infrastructure tailored to meet Canadian needs.

The need for SFP support is further demonstrated by the fact that the CBF is the largest source of government support for publishers. Without this support, several key indicators of financial health (revenues, expenses, profit margins) indicate that some CBF recipients, in particular the smaller publishers, would be vulnerable. The annual profit margin of CBF-recipients averaged 4.47% over the evaluation period, while that of the Canadian book publishing industry overall in 2016, was 10.2% (Statistics Canada). Revenues remain flat.

Among book publishers and book publishing associations consulted during the evaluation, there was agreement that the CBF has evolved to respond to the challenges and opportunities digital publishing presents. Adjustments to the application guidelines and funding formula further demonstrated responsiveness to industry challenges as well as alignment with CBF, PCH and GC priorities. The Program conducted consultations with book publishing stakeholders, conducted surveys and undertook research before making changes to the program.

The CBF has responded to the needs of publishers by providing approximately $220.7M in Gs&Cs between 2012-13 and 2017-18.[62] Approximately 80% of this funding was allocated to publishers though a sales-based funding formula administered by the SFP stream of the Program. The majority of applicants from all sectors of the industry (97.6%) received funding.

SFP is a vital source of support as it offers publishers the flexibility to allocate their contribution to areas where they need it. By setting funding priorities, and in the case of SFP through the funding formula, the Program has the flexibility to direct proportionately more funding to small publishers, to facilitate entry into the program for certain groups (e.g. Indigenous, OLM), or to support GC or PCH priorities.

The SFO stream has been less responsive within its current budget envelope. Therefore, the ability of the SFO stream to support collaborative projects of broad benefit to the industry has been reduced due to oversubscription. While there have been increased funding pressures on SFO, the program has a high level of commitment to recurring projects. As a result, there is little flexibility to accept new innovative projects or new applicants. In 2017-18, for example, the value of applications received exceeded the available budget by 30%.

5.2. Effectiveness

Overall, the CBF has been successful in contributing to the achievement of its expected outcomes. This in spite of the fact that the Program budget has remained essentially the same since 2001. However, the Program has periodically received time-limited funding to support GC priorities.

The CBF has contributed to the viability of the industry by supporting a broad range of small to medium-sized Canadian-owned publishers, representing the French and English-language sectors, all provinces and one territory, diverse market segments and literary genres and including OLM and Indigenous publishers.

The CBF made direct investments in marketing through a formula-based export supplement administered through SFP, FRMAP administered on behalf of the CBF by LCB and through SFO marketing

[62] Data for 2012-14 – 2017-18 was provided by Canadian Heritage, Financial Management Branch.

projects. It also received additional funding through the Creative Export Strategy for international marketing activities in 2016-17 ($500,000) and 2017-18 ($1.3 million).

The extent to which SFO's collective marketing initiatives such as, for example, book fairs, salons du livre or catalogues are effective mechanisms to build the demand for Canadian-authored books is unclear. Domestic sales of Canadian-authored books declined during the period of the evaluation while export sales increased.

Several collective technology-based SFO-funded projects were consistently cited by interviewees as having contributed to industry-wide efficiencies and to the marketing of Canadian-authored books.

The CBF exceeded its annual target for its intermediate result: readers everywhere have access to a broad range of Canadian-authored books by producing 45,313 new titles between 2012-13 and 2017-18, for an annual average of 6,575 new titles. This was 9.6% above the 6000 target. CBF recipients across the country produced a diverse range of titles including adult and children's fiction and non-fiction and textbooks, as well as titles in both official languages. Although books are being produced, the extent to which they are actually being accessed by Canadians is constrained by issues associated with the discoverability of Canadian-authored books. While publishers have increased their production of Canadian-authored books, there has been a decrease in domestic sales, supporting the observation made by key informants that discoverability of Canadian-authored books is an issue and suggesting the need for greater investment in marketing and promotion of Canadian-authored books.

The CBF contributed to the consumption of a diverse range of Canadian-authored book. Between 2012-13 and 2017-18, CBF recipients generated approximately $2.3B of domestic and export sales of Canadian-authored books, thereby contributing to the availability of a diversity of Canadian cultural content domestically and internationally.

The sales target of $425M in annual sales was not met in 2012-13 and 2013-14 but after lowering the target to $350M, the target was achieved between 2014-15 and 2017-18. Canadian-authored books represented 91% of publishers' total sales. While domestic sales of Canadian-authored books have generally declined during the period of the evaluation, export sales have increased for both the English and French-language markets, suggesting that marketing efforts are contributing to the sale of Canadian-authored books internationally.

In response to a recommendation of the 2014 evaluation, the Program introduced incentives to encourage greater production of digital books, including introducing the requirement to publish at least one new, eligible authored title or digital edition annually. During the period covered by the evaluation, publishers have made significant investments in digital technology. However, they have experienced a low return on their investment.

Overall, the design and delivery of the program contributed to achievement of the Program's objective to ensure 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.

The flexibility inherent in the SFP funding formula effectively provided stability for publishers and the flexibility to use funding to address their needs. During the period of the evaluation, SFO had a high level of commitment to supporting recurrent applicants and established ongoing or recurrent projects. As a result, SFO encountered a challenge in terms of its ability to fund new applicants and new or innovative projects. This situation may constrain SFO's ability to contribute to addressing the discoverability and marketing and promotion challenges currently faced by the industry, and, ultimately, the ability to more effectively contribute to the achievement of the Program's objective and expected results.

Key informants suggested a range of design and delivery improvements. However, no strong trend emerged in terms of the options presented. Best practices by CBF recipients included innovations in e-commerce solutions and collaborative marketing.

In terms of provincial support to the book publishing industry, many provinces offer both operational support and project-specific support to book publishers. Four provinces provide tax credits to eligible book publishers.

The approach to the review of applications taken by the CCA and by Ontario Creates differs from the approach taken by the CBF in terms of their review of applications for funding. Whereas the CBF assesses all applications internally, depending on the type of application both organizations use a combination of internal assessment and external peer reviews when assessing applications. The CBF determines funding for individual publishers based on a largely objective formula-funding model, whereas CCA provides funding based on more subjective, literary merit considerations.

5.3. Efficiency

The administrative costs incurred for the management and delivery of the Program averaged 8% of CBF expenditures. During the period of the evaluation, the Program also made progress in containing its salary costs.

Analysis of service standard performance indicates that the SFP and SFO have become more efficient in terms of the time it takes to process applications and to arrive at a funding decision.

There are opportunities, however, for SFO to be more efficient by greater use of multi-year funding, by applying a more streamlined approach to processing recurrent clients with recurrent activities, increasing the use of grants and/or by introducing an alternate mechanism for managing SFO applications.

5.4. Other evaluation questions

5.4.1. Diversity

The CBF supports the GC to fulfill its responsibility to promote both official languages and to support Indigenous and OLM communities. However, the extent to which the CBF can further support the GC's diversity priority is limited by a lack of information on diversity within the publishing industry. The Program can have a role to play in supporting PCH efforts to integrate GBA+ in its program design and by working with industry associations to promote awareness of GBA+ and diversity.

As a signatory to the Marrakesh Treaty, the GC has committed to developing a strategy to ensure production and distribution of accessible reading material for consumers with a print disability. The CBF has a direct role to play in working with publishers and industry stakeholders to promote concrete actions to ensure the production and distribution of accessible reading material.

5.4.2. Experimentation

The CBF has supported PCH experimentation priority, by undertaking three experiments; however, at this time it is premature to arrive at conclusions on the outcomes of these experimentation projects.

6. Recommendations, management response and action plan

Redirect focus from production to marketing and promotion

Canadian-authored books compete for attention in a crowded marketplace and on a variety of platforms. In addition, digital infrastructure, created by US companies, does not effectively recognize Canadian books. Dedicating support to discovery, marketing and promotion is essential to grow the sales of Canadian-authored books.

Publishers are experimenting with various approaches to market and promote their books in a concentrated digital and on-line marketplace without reliable information to guide them in terms of what marketing strategies are most effective. Many small publishers also lack capacity in terms of resources and marketing expertise. The CBF has the opportunity to provide leadership by helping the industry to identify and implement innovative and effective strategies for the discovery, marketing and promotion of Canadian-authored books.

Recommendation 1
It is recommended that the Senior Assistant Deputy Minister for the Cultural Affairs Sector take measures to support the Canadian-owned book publishing industry to address issues associated with the discovery, marketing and promotion of their Canadian-authored books, including addressing information need, the capacity and skills gaps and issues related to marketing infrastructure.
Management response
Accepted One of the main issues for Canadian cultural products, including books, is the sheer volume of content that is now available in the global, digital marketplace, which makes it extremely difficult for an individual cultural work to attract an audience. As the availability of content increases at an exponential rate, the challenge for Canadian creators and producers, including book publishers, is to stand out in the crowd so that their works are discovered by consumers. In a context where domestic book sales have slightly declined over the past decade, it is becoming more difficult for Canadian independent book publishers to allocate additional financial resources to domestic marketing and promotion. Dominant on-line sales platforms have played a significant role in changing purchasing habits and contributed to a more competitive market.

It is widely recognized that discoverability is related to the quality of product metadata. The Canadian book industry relies on collective data service providers in both language markets to provide it with the data it needs to make informed business decisions. The CBF will continue to support the improvement of available metadata and their use by all members of the industry. This could increase the industry's ability to reach readers and ultimately increase its sales.

Table 20: Recommendation 1 – action plan

Measure	Deliverables	Timeline	Responsible
1.1 The CBF will encourage recipients to make better use of existing sales data by prioritizing projects that use the ones produced by collective data service providers (and other sources if relevant).	Update SFO guidelines to indicate that projects making use of sales data and demonstrating efforts to use such data in order to better market and promote books will be considered in priority.	September 2020	Book Policy and Programs Directorate
1.2 Explore ways to better support publishers with respect to marketing and promotion.	Carry out a study on best practices regarding marketing and promotion of books and produce a report.	December 2020	Book Policy and Programs Directorate
1.2 Explore ways to better support publishers with respect to marketing and promotion.	Review and refine criteria used to define Canadian-authored books in SFP and develop options to optimize the formula to redirect efforts	October 2020	Book Policy and Programs Directorate

Measure	Deliverables	Timeline	Responsible
	towards marketing and promotion.		
1.3 Undertake research to better understand the role of public libraries in promoting Canadian books and explore measures to facilitate collaboration between Canadian publishers and public libraries.	Conversations with industry and library stakeholders will take place. The outcome of these discussions will inform the program's priority setting as well as future policy development work.	April 2021	Book Policy and Programs Directorate
Full implementation date: April 2021			

Address the oversubscription in SFO

SFO is oversubscribed. A large portion of the SFO spending is committed to supporting annually recurring or ongoing projects, so there is little flexibility to accept new and innovative projects that could support the industry in addressing the issues associated with the discovery, marketing and promotion of Canadian-authored books. There is limited evidence to conclude that some of the recurrent marketing projects/activities currently funded through SFO contribute to the consumption of Canadian-authored books.

Recommendation 2
It is recommended that the Senior Assistant Deputy Minister for the Cultural Affairs Sector assess opportunities to enable the entry of new and innovative projects to the SFO stream.
Management response
Accepted The program is conscious of the problem identified in the evaluation. In the absence of new resources, managing the SFO stream's oversubscription and welcoming new and innovative projects will remain a

difficult task. One of the measures taken so far to address oversubscription in the SFO stream has been to reduce the contribution amounts for some repeat recipients, which allows the program to allocate some money to priority projects and new applicants. Most of the CBF's grants and contributions budget is allocated to individual publishers through the formula-based SFP stream, giving publishers much-appreciated flexibility. However, considering the challenges brought on by the oversubscription of the SFO stream, the program is ready to examine new approaches to balancing the funding envelopes of its two streams in order to enable entry of new and innovative projects to the program.

Table 21: Recommendation 2 – action plan

Measure	Deliverables	Timeline	Responsible
2.1 Assess different ways of allocating CBF funds.	Options outlining different approaches for optimizing the allocation of funds between the SFP and SFO streams and within each of these streams will be developed.	September 2020	Book Policy and Programs Directorate
2.2 Assess the feasibility of dedicating a portion of the SFO stream budget to new non-recurrent innovative projects.	Options developed in 2.1 will include a proposal to dedicate an envelope for new non-recurrent innovative projects.	September 2020	Book Policy and Programs Directorate
Full implementation date: September 2020			

Further increase the efficiency of the SFO application assessment process

The SFO stream has increased its efficiency and has made some progress in its use of multi-year funding and the more streamlined review process. However, the majority of SFO applicants are low risk recurrent clients with recurrent activities that are applying and being assessed annually. To further increase efficiency, consideration should be given to greater use of multi-year funding, greater application of the existing streamlined assessment process or to the introduction of another mechanism to assess applications from recurrent, low-risk clients whose activities are recurrent.

Recommendation 3
It is recommended that the Senior Assistant Deputy Minister for the Cultural Affairs Sector continue to increase the efficiency of the assessment process for recurrent, low risk SFO applications with annually recurring activities.
Management response
Accepted. The program appreciates that the evaluation report noted the improvements achieved in managing the SFO stream of the Canada Book Fund. The program is conscious that there is still room for improvement and is determined to improve its efficiency. In particular, the CBF will examine ways to streamline analysis for recurrent low-risk projects like salons du livre and literary festivals and some projects from regional and national associations. The program is working on a simplified application form. We will also review application requirements to see if they could be simplified. It should, however, be noted that some program administrative decisions (in terms of how applications are assessed) are beyond the control of the CBF. The program will commit to working towards modernizing its administration in collaboration with the Centre of Expertise on Grants and Contributions and other departmental partners.

Table 22: Recommendation 3 – action plan

Measure	Deliverables	Timeline	Responsible
3.1 Explore how applications from national, regional and provincial associations could be assessed more efficiently and with greater flexibility.	Assess the feasibility of allocating funding to national, regional and provincial associations based on the submission of a business plan, similar to how the Aid to Canadian Music Industry National Service	October 2019	Book Policy and Programs Directorate

Measure	Deliverables	Timeline	Responsible
	Organisations sub-component of the Music Entrepreneur stream of the Canada Music Fund functions.		
3.2 Eliminate the requirement to submit an evaluation framework with project applications in order to simplify all processes for stakeholders and program employees, while ensuring the program continues to receive all the necessary information to assess applications and reports.	Develop simplified data collection strategy and tools.	December 2019	Book Policy and Programs Directorate
3.3 Explore with departmental partners ways to streamline the assessment process, especially for low-risk recurrent projects.	Initiate discussion with the Centre of expertise on Grants and Contributions. Points of discussion could include low-risk recurrent projects being assessed at the basic level, simplification of the project budget, simplified grants or contribution agreements and adoption of a simplified assessment model for salons du livre and literary festivals.	April 2020	Book Policy and Programs Directorate

Measure	Deliverables	Timeline	Responsible
Full implementation date: April 2020			

Annex A: Evaluation framework

Relevance - issue #1: continued need for program

Questions	Indicators	Methods of data collection
• Is there a need for continued federal investment in the Canadian-owned book publishing industry?	• Evidence of the major challenges affecting the Canadian-owned book publishing industry suggesting the need for continued federal investment in the book publishing industry • Trends in Canadian and provincial spending per capita on books, digital books • Viability of the book industry o Trends in profit margins of Canadian-owned book publishers o Evidence of recipients' participation in new technologies and best practices o Evidence of recipients' innovation and partnerships o Availability of sources of funding (in addition to the CBF) for Canadian book publishers (other Federal, provincial/territorial and municipal) o Perspectives on the viability of the Canadian-owned book publishing industry o Trends in the demand for CBF funding by stream (SFO and SFP) relative to availability of CBF funding o Alignment of the CBF objective and activities with federal government/PCH policies and priorities (e.g. Creative Canada Policy Framework & Canadian Content in a Digital World)	• Document review • Key informant interviews • Literature review • Data scan
• Is the CBF responsive to the challenges/needs of the Canadian-owned book publishing industry?	• Evidence and views about the degree of alignment between industry needs/challenges (e.g. declining book sales, discoverability of Canadian authored books, impact of the fair dealing exception for educational use in the 2012 modernization of the Copyright Act) and the support provided by the CBF, by stream (SFP and SFO) • Demand for CBF support relative to availability of funds • Access to funding (e.g. for new publishers or organizations, and priority groups such as indigenous groups, OLMC, and GBA+)	• Document review • Administrative data review • File review • Key informant interviews • Literature review • Data scan

	• Contribution of Canadian books to Canada's economy and culture o Employment #s for CBF supported publishers o Net sales (domestic and export) and by genre • Has the program taken into account and implemented recommendations from the previous evaluation – encouraging the production, marketing and sale of digital books?	

Performance – issue #4: achievement of expected outcomes – immediate outcome

Questions	Indicators	Methods of data collection
• Has CFB support enabled Canadian-owned publishers to invest in ongoing publishing operations?	• Trends in the # and diversity of Canadian-owned publishers receiving CBF support (by region, market segment, Indigenous publishers, official language minority publishers, etc.) • Trends in the total CBF investment ($) in the publishing industry (by small/medium/large publisher) • CBF funding (SFP) as a percentage of total government funding sources (small/medium/large publishers)	• Document review • Administrative data review
• Have marketing initiatives built the demand for Canadian authored books?	• Trends in CBF investment in marketing and promotion of Canadian authored books domestically • Trends in CBF investment in promotion and support for the export of Canadian authored books (Creative Export Strategy) • Sales of Canadian authored books domestically and overseas • Perceptions of the effectiveness of promotion and marketing	• Document review • Administrative data review • Key informant interviews
• Have collective projects fostered technological innovation and encouraged the adoption of the industry's best practices	• Trends in the # and diversity of collective industry-development projects undertaken with support from the SFO stream (by project type – marketing, professional development, technology and internships) • Evidence that the publishing industry has benefited from CBF-supported new technologies by adopting new technologies and best practices (increased efficiency, level of sales/revenues, knowledge and professional skills)	• Document review • Administrative data review • File review • Key informant interviews

Performance – issue #4: achievement of expected outcomes – intermediate outcomes

Questions	Indicators	Methods of data collection
• Did the CBF contribute to readers in Canada and abroad having access to a broad range of Canadian-authored books?	• Trends in total # and diversity of new Canadian-authored titles published (by type) with CBF support (language, Indigenous, region, genre, and market segment) • Trends in the #/% of new Canadian authored titles published in digital form with CBF support	• Document review • Administrative data review • Literature review • Data scan

Performance – issue #4: achievement of expected outcomes – ultimate outcomes

Questions	Indicators	Methods of data collection
• Did the CBF contribute to the consumption of a broad range of Canadian-authored books in Canada and abroad?	• Trends in domestic sales ($) of Canadian-authored books published by CBF recipients • Trends in export sales ($) of Canadian-authored books published by CBF recipients • Perspectives on the CBF's achievement of outcomes	• Document review • Administrative data review • Key informant interviews
• Is the program delivery model effective for achieving the Program's objective and expected results?	• Evidence of effective program design and delivery, including: o SFO and SFP application and approval processes o The formula for the SFP stream, including how effectively the formula supports the program objectives and addresses the needs/challenges of the Canadian book industry	• Document review • Administrative data review • Key informant interviews

Performance – issue #5: efficiency

Questions	Indicators	Methods of data collection
• Are adequate management and administrative practices in place for efficient delivery of the	• Program administrative/operational costs in relation to overall budget (by stream SFO and SFP) • Funding applications processed by FTE (by stream SFO and SFP) • Trends in planned vs utilized (actual) financial and human resources	• Document review • Administrative data review

CBF? Can efficiency be improved	• Achievement of service standards (SFP and SFO) • Proportion of files by triage levels	

Other questions

Questions	Indicators	Methods of data collection
• Does CBF support government priority groups such as indigenous groups, OLMC, and GBA+?	• Number of publishers /organizations representing priority groups who request and receive CBF funding (SFP and SFO) • Have priority groups been incorporated into CBF's policies, services, funding mechanisms, etc. • Number and types of Canadian-authored books produced by publishers representing priority groups	• Document review • Administrative data review • Key informant interviews
• Experimentation	• What have been the lessons learned, to date, from the following experiments: ○ Streamlining application and funding allocation processes to improve the delivery mechanisms of grants and contributions; ○ Collective promotion projects (the current CBF approach) versus direct support to publishers; and ○ Survey on the participation of authors in the promotion of their books.	• Document review • Administrative data review • Key informant interviews

Annex B: Additional tables and figures

Tables

Table A: Distribution of employees by province and territory, 2012-13 to 2017-18

Province	2013-14	2014-15	2015-16	2016-17	2017-18	Average 2013-14 - 2017-18	% by province
Alberta	59	58	55	54	55	56	2.2%
British Columbia	237	190	188	189	186	198	7.9%
Manitoba	41	37	38	39	43	40	1.6%
New Brunswick	22	14	13	14	13	15	0.6%
Newfoundland and Labrador	27	29	25	24	23	26	1.0%
Nova Scotia	36	38	36	33	42	37	1.5%
Nunavut	4	4	5	5	8	5	0.2%
Ontario	1011	895	941	920	868	927	36.9%
Prince Edward Island	1	1	1	1	1	1	0.0%
Quebec	1258	1217	1165	1156	1145	1188	47.3%
Saskatchewan	19	16	19	16	21	18	0.7%
Total	2715	2499	2486	2451	2405	2511	100.0%

Source: CBF administrative data

Table B: CBF as a % of total government funding and % total net revenues, 2013-14 to 2017-18

	Revenue range	Number of publishers	% of publishers	Average Revenue	Average Total government assistance	Average CBF contribution	CBF as % of Revenue
2013-14	149,000 and under	9	3.7%	$103,923	$42,204	$14,541	14.0%
2013-14	150,000 - 499,999	85	34.8%	$298,564	$102,639	$30,398	10.2%
2013-14	500,000 - 999,999	47	19.3%	$700,883	$185,357	$76,514	10.9%
2013-14	1,000,000 - 2,999,999	51	20.9%	$1.8M	$268,079	$137,470	7.6%
2013-14	3,000,000 and up	52	21.3%	$8.4M	$678,004	$350,710	4.2%

	Revenue range	Number of publishers	% of publishers	Average Revenue	Average Total government assistance	Average CBF contribution	CBF as % of Revenue
2014-15	149,000 and under	10	4.0%	$110,694	$39,931	$14,877	13.4%
2014-15	150,000 - 499,999	90	36.4%	$302,427	$104,437	$40,018	13.2%
2014-15	500,000 - 999,999	38	15.4%	$706,734	$194,474	$82,163	11.6%
2014-15	1,000,000 - 2,999,999	63	25.5%	$1.7M	$246,490	$138,318	7.7%
2014-15	3,000,000 and up	46	18.6%	$8.9M	$681,067	$348,872	3.9%
2015-16	149,000 and under	12	4.8%	$112,588	$29,822	$20,906	18.6%
2015-16	150,000 - 499,999	83	33.1%	$295,369	$103,273	$35,427	12.0%
2015-16	500,000 - 999,999	44	17.5%	$675,006	$183,323	$68,713	10.2%
2015-16	1,000,000 - 2,999,999	64	25.5%	$1.8M	$285,416	$149,974	8.3%
2015-16	3,000,000 and up	48	19.1%	$8.7M	$632,486	$326,228	3.7%
2016-17	149,000 and under	12	4.8%	$119,114	$39,937	$12,938	10.9%
2016-17	150,000 - 499,999	90	36.0%	$307,568	$107,373	$36,610	11.9%
2016-17	500,000 - 999,999	41	16.4%	$743,051	$200,949	$77,950	10.5%
2016-17	1,000,000 - 2,999,999	60	24.0%	$1.8M	$314,729	$157,996	8.4%
2016-17	3,000,000 and up	47	18.8%	$8.6M	$618,710	$320,466	3.7%
2017-18	149,000 and under	11	4.5%	$110,965	$29,360	$17,300	15.6%
2017-18	150,000 - 499,999	83	34.2%	$308,253	$116,585	$36,999	12.0%
2017-18	500,000 - 999,999	36	14.8%	$762,559	$179,823	$80,224	10.5%

	Revenue range	Number of publishers	% of publishers	Average Revenue	Average Total government assistance	Average CBF contribution	CBF as % of Revenue
2017-18	1,000,000 - 2,999,999	63	25.9%	$1.7M	$292,195	$141,001	8.3%
2017-18	3,000,000 and up	50	20.6%	$8.4M	$591,249	$301,869	3.6%

Source: CBF administrative data

Table C: Profit margin by company size

Revenues	2013-14 (%) Avg. Profit Margin	2013-14 # of publishers	2014-15 (%) Avg. Profit Margin	2014-15 # of publishers	2015-16 (%) Avg. Profit Margin	2015-16 # of publishers	2016-17 (%) Avg. Profit Margin	2016-17 # of publishers	2017-18 (%) Avg. Profit Margin	2017-18 # of publishers
$0 to $149K	6.2	9	-3.0	10	-4.6	12	-7.4	12	-8.4	11
$150K to $499K	3.4	85	3.8	90	3.9	83	2.5	90	2.2	83
$500K to $999K	-0.8	47	3.1	38	5.5	44	0.0	41	5.0	36
$1.0M to $2.99M	3.0	51	5.6	63	3.4	64	4.6	60	5.0	63
$3.0 M or greater	6.9	52	6.1	46	4.6	48	4.1	47	5.4	50
Total	3.4	244	4.3	247	3.8	251	2.4	250	3.5	243

Source: CBF administrative data

Table D: Number of new Canadian-authored titles by province/territory

Province	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2012-13 to 2017-18	Average # of titles 2012-13 to 2017-18	% of total titles 2012-13 to 2017-18
Alberta	250	300	414	377	492	553	2,386	398	6.0%
British Columbia	412	381	427	397	435	422	2,474	412	6.3%
Manitoba	96	98	119	103	96	96	608	101	1.5%
New Brunswick	51	46	32	37	39	51	256	43	0.6%
Newfoundland and Labrador	63	64	63	64	69	45	368	61	0.9%
Nova Scotia	80	81	85	103	84	100	533	89	1.4%
Ontario	1,217	1,262	1,197	1,290	1,159	1,204	7,329	1,222	18.6%
Prince Edward Island	7	13	14	15	9	11	69	12	0.2%
Quebec	4,113	4,471	4,033	4,522	4,079	3,855	25,073	4,179	63.6%
Saskatchewan	41	42	33	41	36	35	228	38	0.6%
Nunavut	0	16	20	24	35	29	124	21	0.3%
Total	6,330	6,774	6,437	6,973	6,533	6,401	39,448	6,575	100.0%

Source: CBF administrative data

Table E: Total new Canadian-authored titles by genre

Genre	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	Total 2012-13 to 2017-18	%
Children's Fiction (including poetry)	1,284	1,206	1,188	1,630	1,308	1,618	8,234	20.9%
Children's Non-Fiction	521	791	613	1,285	528	988	4,726	12.0%
Adult Fiction (including poetry)	955	897	863	1,010	1,148	1,030	5,903	15.0%
Adult Non-Fiction	1,886	1,939	1,866	1,762	1,978	1,565	10,996	27.9%
Scholarly	479	399	497	519	415	414	2,723	6.9%
Educational (primary and secondary)	1,018	1,390	1,217	583	996	540	5,744	14.6%
Educational (CEGEP and post-secondary)	187	152	193	184	160	246	1,122	2.8%
Total	6,330	6,774	6,437	6,973	6,533	6,401	39,448	100.0%

Source: CBF administrative data

Table F: Total Canadian-authored domestic and export sales (2012-13 to 2017-18)

Sales	Total Canadian authored domestic sales	Total Canadian authored export sales	Total Canadian authored sales	Total sales	Canadian authored as a % of total sales
2012-13	$305.5M	$89.7M	$395.2M	$424.9M	93.00%
2013-14	$296.5M	$94.4M	$391.0M	$419.7M	93.20%
2014-15	$282.2M	$84.6M	$366.9M	$413.1M	88.80%
2015-16	$277.9M	$95.1M	$373.1M	$414.8M	90.00%
2016-17	$261.1M	$104.8M	$366.0M	$404.7M	90.40%
2017-18	$261.1M	$109.6M	$370.7M	$409.8M	90.40%
Total	$1.6B	$578.5M	$2.2B	$2.4B	91.00%

CBF administrative data

Table G: Sales in English (upper table) compared to sales in French (lower table)

Sales in English	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	Total
Total Print	$132.1M	$125.1M	$115.2M	$117.2M	$116.0M	$117.6M	$723.5M
Total Digital	$4.6M	$4.8M	$6.7M	$6.1M	$7.3M	$8.1M	$37.9M
Total digital and print	$136.9M	$129.9M	$121.9M	$123.4M	$123.4M	$125.7M	$761.4M
Digital as a proportion of total sales	3.48%	3.71%	5.50%	4.98%	5.96%	6.46%	4.98%

Source: CBF administrative data

Sales in French	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	Total
Total Print	$255.5M	$256.9M	$238.1M	$241.6M	$233.8M	$234.8M	$1.4B
Total Digital	$2.8M	$4.0M	$6.9M	$8.0M	$8.7M	$10.0M	$40.7M
Total digital and print	$258.3M	$261.0M	$245.0M	$249.7M	$242.6M	$244.9M	$1.5B
Digital as a proportion of total sales	1.11%	1.57%	2.82%	3.23%	3.62%	4.11%	2.72%

Source: CBF administrative data

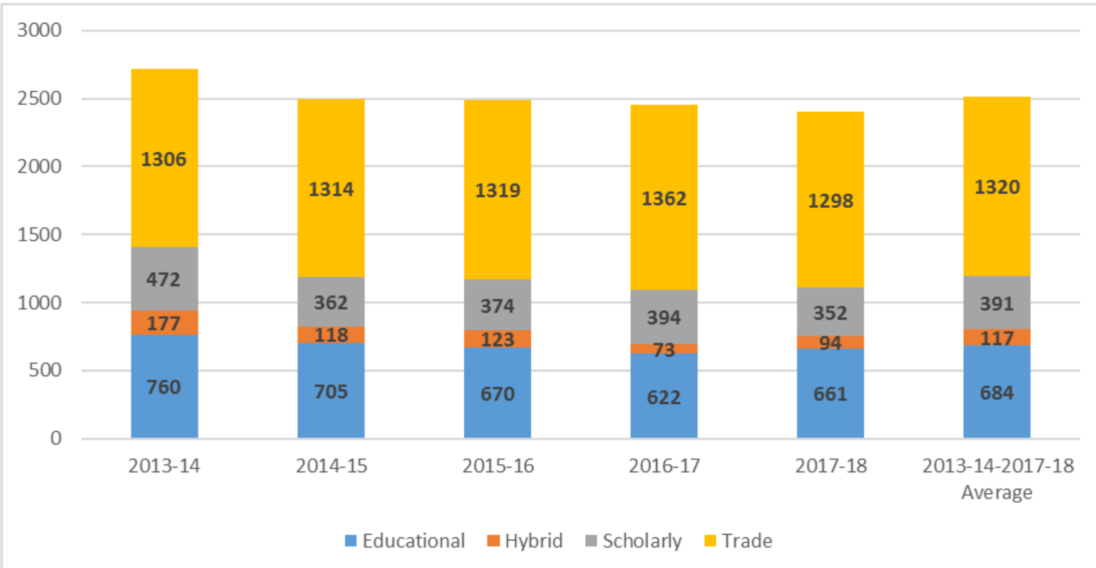
Table H: SFO – approved grants and contributions 2012-13 to 2017-18

SFO Approved Applications	Contributions	Grants	Total
2012-13 (#)	21	35	56
2012-13 (%)	37.5%	62.5%	100.0%
2013-14 (#)	33	31	64
2013-14 (%)	51.6%	48.4%	100.0%
2014-15 (#)	26	27	53
2014-15 (%)	49.1%	50.9%	100.0%
2015-16 (#)	21	33	54
2015-16 (%)	38.9%	61.1%	100.0%
2016-17 (#)	27	28	55
2016-17 (%)	49.1%	50.9%	100.0%
2017-18 (#)	23	34	57
2017-18 (%)	40.4%	59.6%	100.0%
Grand Total	151	188	339
Grand Total	44.5%	55.5%	100.0%

Source: GCIMS

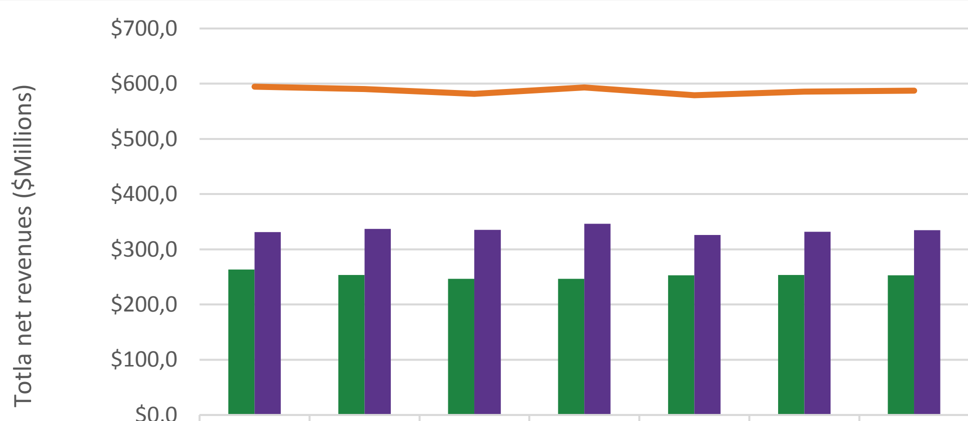
Figures

Figure A: Distribution of employees in Canada (full-time, part-time, interns) by market segment, 2013-14 to 2017-18



Source: CBF administrative data

Figure B: Revenues of CBF recipients, 2012-13 to 2017-18

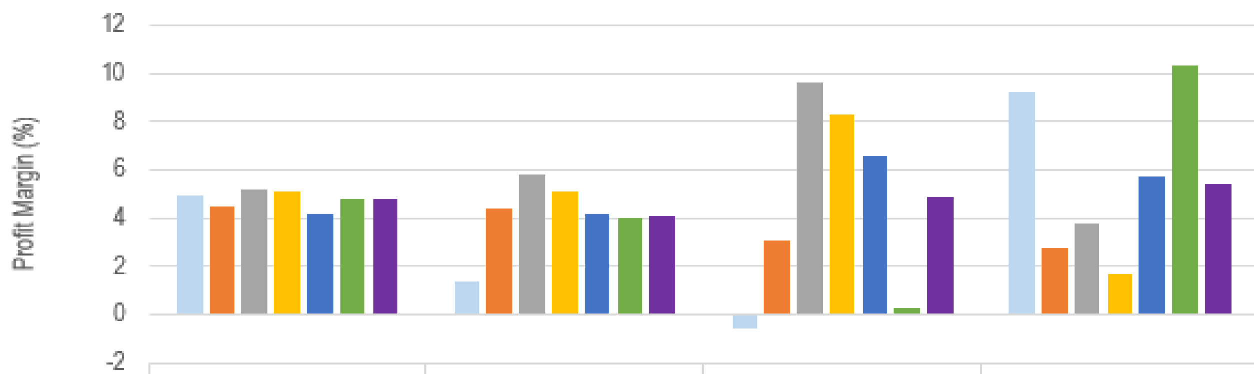


	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	Average 2012-13-2017-18
Total Net Revenues ($M) (English)	263,5	253,5	246,6	246,7	253,2	253,5	252,8
Total Net Revenues ($M)(French)	331,1	336,8	335,2	346,3	325,9	332,0	334,6
Total Revenues ($M)	594,6	590,3	581,8	593,1	579,1	585,6	587,4

Total Net Revenues ($M) (English) Total Net Revenues ($M)(French) Total Revenues ($M)

Source: CBF administrative data

Figure C: Profit margins of English and French-language markets and Indigenous and OLM publishers

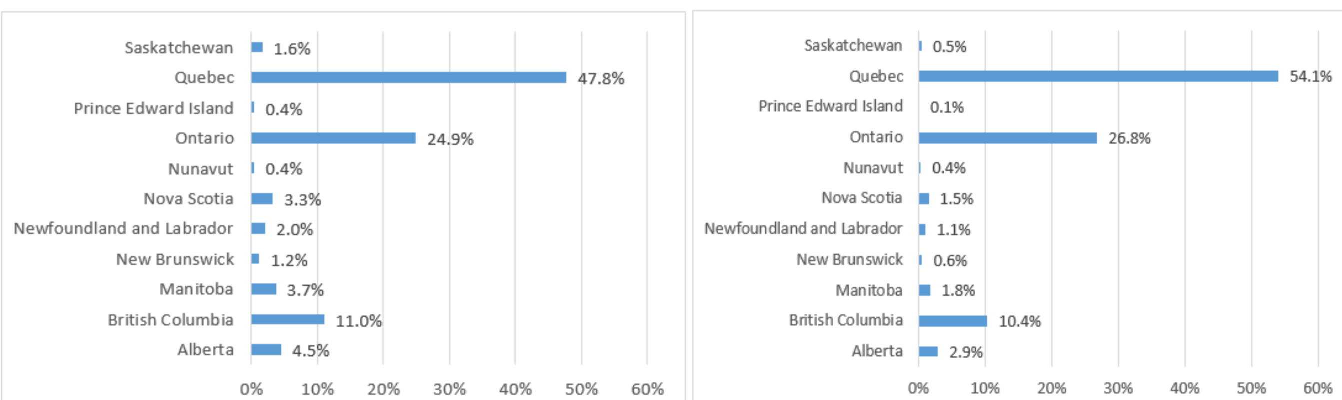


	French Language	English Language	Indigenous	OLM
2012-13	4.94	1.36	-0.58	9.27
2013-14	4.52	4.41	3.05	2.75
2014-15	5.22	5.8	9.65	3.77
2015-16	5.14	5.08	8.31	1.66
2016-17	4.17	4.14	6.62	5.75
2017-18	4.78	4.05	0.3	10.36
Average	4.80	4.10	4.90	5.40

2012-13 2013-14 2014-15 2015-16 2016-17 2017-18 Average

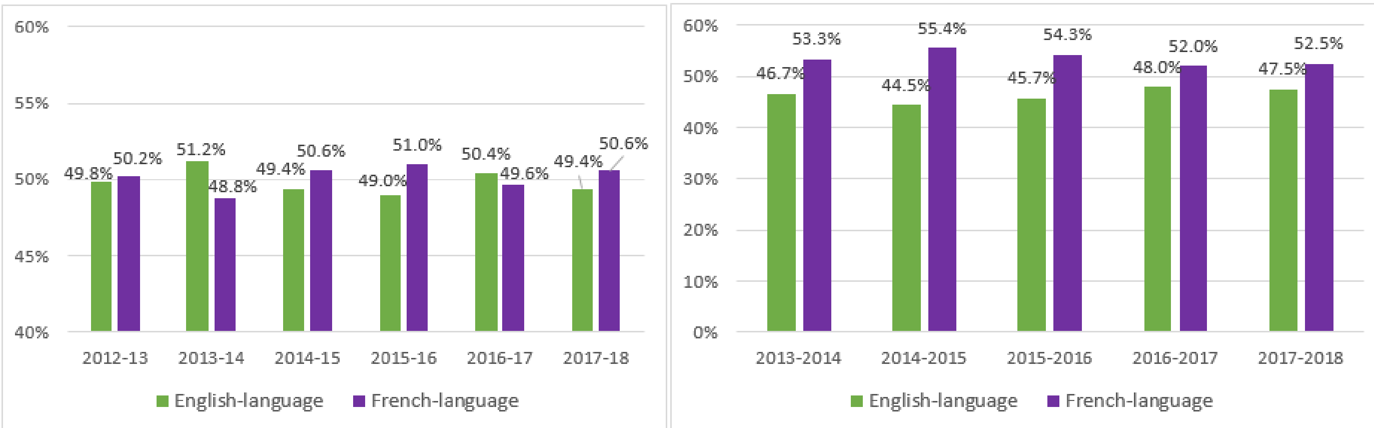
Source: CBF administrative data

Figure D: Distribution of recipients by province (left) and distribution of funding by province (right)



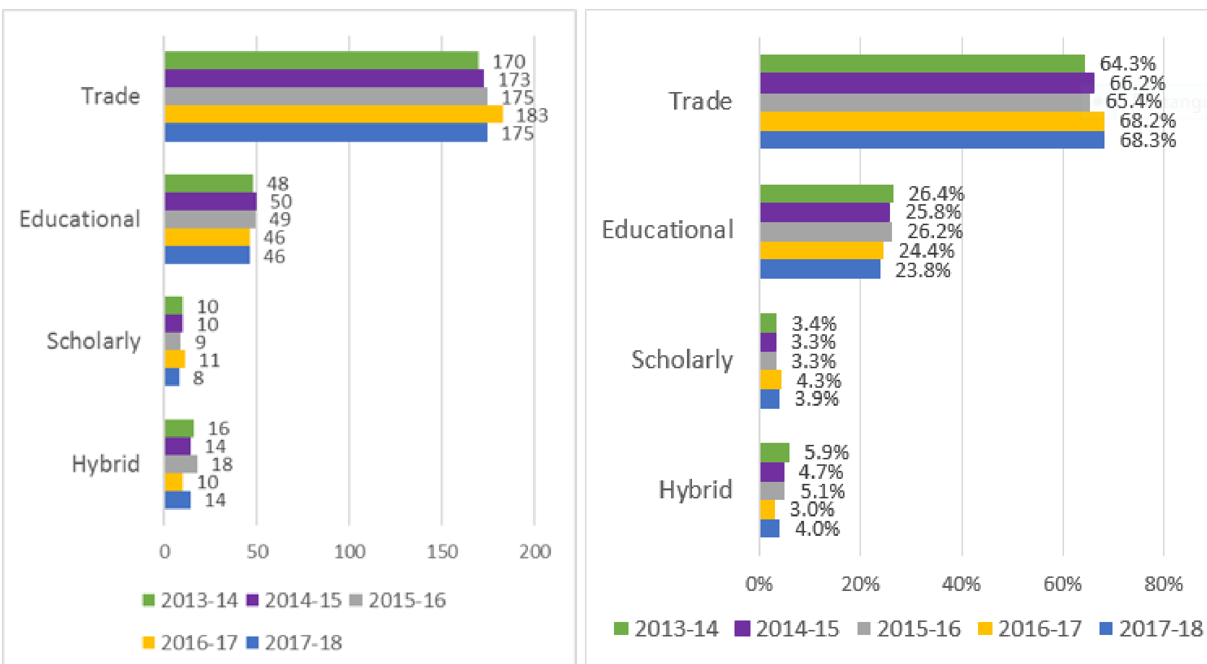
Source: GCIMS

Figure E: Distribution of recipients, by language sector (left) and distribution of funding, by language sector (right)



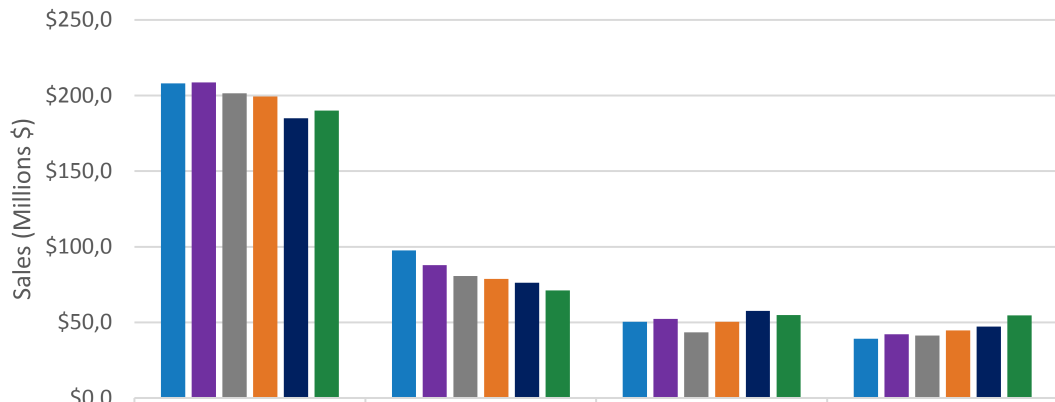
Source: CBF administrative data

Figure F: Distribution of recipients, by market segment (left), compared to distribution of funding, by market segment (right)



Source: CBF administrative data

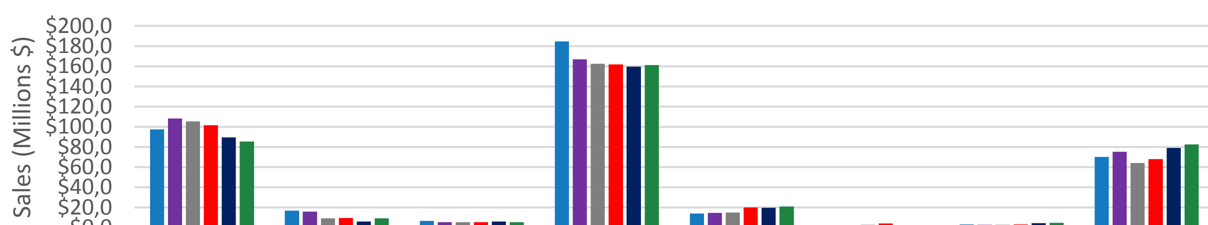
Figure G: French and English-language markets – domestic and export sales of Canadian-authored titles, 2012-13 to 2017-18



	French-language market domestic sales	English-language market domestic sales	French-language market export sales	English-language market export sales
2012-13	$208,0	$97,6	$50,4	$39,3
2013-14	$208,7	$87,8	$52,3	$42,1
2014-15	$201,6	$80,7	$43,4	$41,2
2015-16	$199,3	$78,7	$50,4	$44,8
2016-17	$185,0	$76,2	$57,6	$47,2
2017-18	$190,0	$71,1	$54,9	$54,7

Source: CBF administrative data

Figure H: CBF recipients: domestic and export sales of Canadian-authored titles by market segment



	Domestic sales (Millions $)				Export sales (Millions $)			
	Educational	Hybrid	Scholarly	Trade	Educational	Hybrid	Scholarly	Trade
2012-13	$97,3	$16,9	$6,7	$184,7	$13,9	$2,6	$3,2	$70,1
2013-14	$108,3	$15,9	$5,4	$167,0	$14,5	$1,7	$3,0	$75,3
2014-15	$105,2	$9,1	$5,4	$162,5	$15,0	$2,8	$2,7	$64,1
2015-16	$101,4	$9,4	$5,3	$161,8	$19,8	$4,2	$3,2	$67,9
2016-17	$89,4	$6,0	$6,0	$159,7	$19,5	$1,7	$4,5	$79,1
2017-18	$85,3	$9,2	$5,4	$161,2	$20,8	$1,8	$4,6	$82,4

Source: CBF administrative data

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