

Economic Impacts of the Canadian Educational Sector's Fair Dealing Guidelines

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The Educational Market in Canada

Key issues:

- Transition to digital
- Increased spending on technology hardware
- Movement away from traditional post-secondary textbooks
- The education sector's new position on the payment of licensing royalties

Copyright Modernization Act (2012)

“Fair dealing for the purpose of research, private study, **education**, parody or satire does not infringe copyright.”

Section 29.1

Fair Dealing Guidelines

- Announced in 2012
- Adopted by all public schools, some independent schools, and numerous post-secondary institutions
- Authorize the copying of portions of works to the same extent as was permitted under collective licences offered by Access Copyright, English Canada's copyright collective.

PwC Research Report

- Commissioned by Access Copyright
- Includes analysis of:
 - industry research
 - interviews
 - financial data provided by publishers and Access Copyright
 - surveys of publishers and creators

Nine key findings

1. Without licensing income—a significant source of income for content producers, especially SME publishers and creators—many Canadian publishers will not only reduce their content output, but may be forced to exit the educational publishing market.

2. The Guidelines are expected to cause a further decline in sales in the educational publishing market.

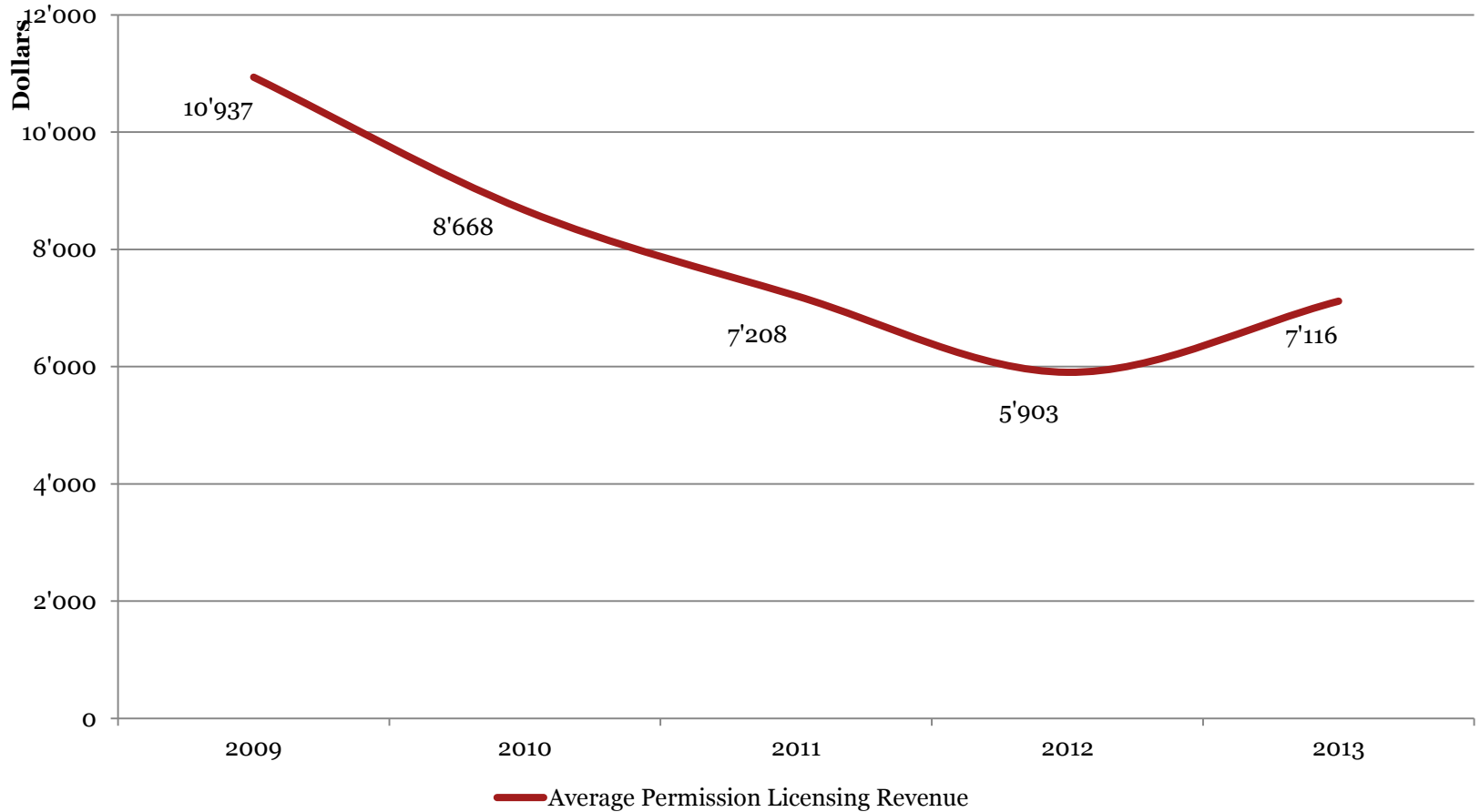
Value of Distributions from Access Copyright to Content Producers of Works Used in Post-Secondary Institutions and K-12 Schools



3. The Guidelines were introduced following a period of substantial loss of sales in the K-12 sector, resulting mainly from limited public funding of educational resources. Thus, the introduction of the Guidelines is expected, over time, to result in the elimination of much of the Canadian K-12 publishing industry.

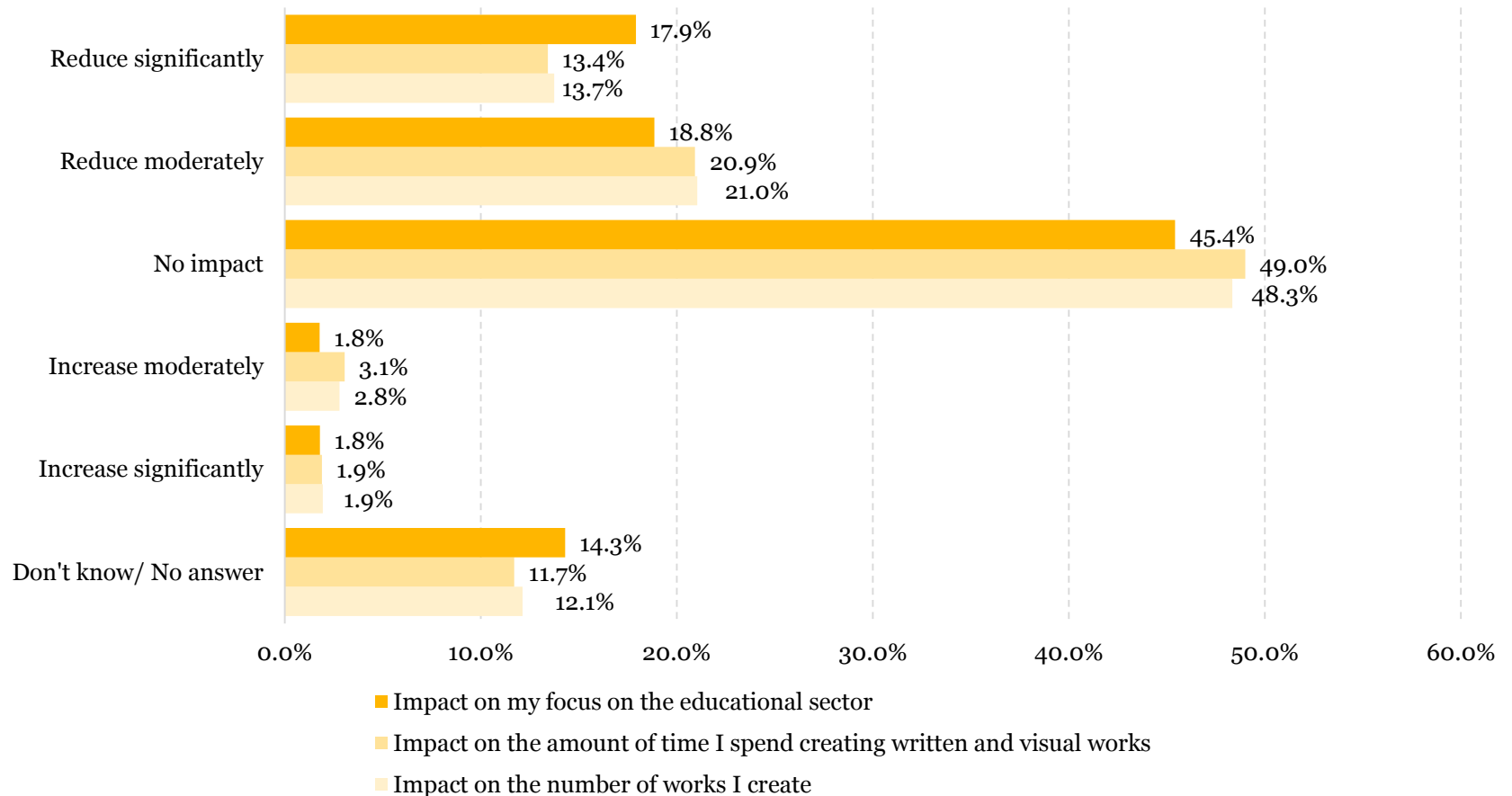
4. Canadian SME publishers are especially hard hit by the reduction in sales and licensing revenues precipitated by the Guidelines.

Average Permissions Licensing Revenues for SME Publishers



5. Under the Guidelines, creators have significantly lower incentives to create content for the educational publishing market, or, indeed, to remain in the education sector. As a result, we expect a reduction in the number of works and amount of Canadian content.

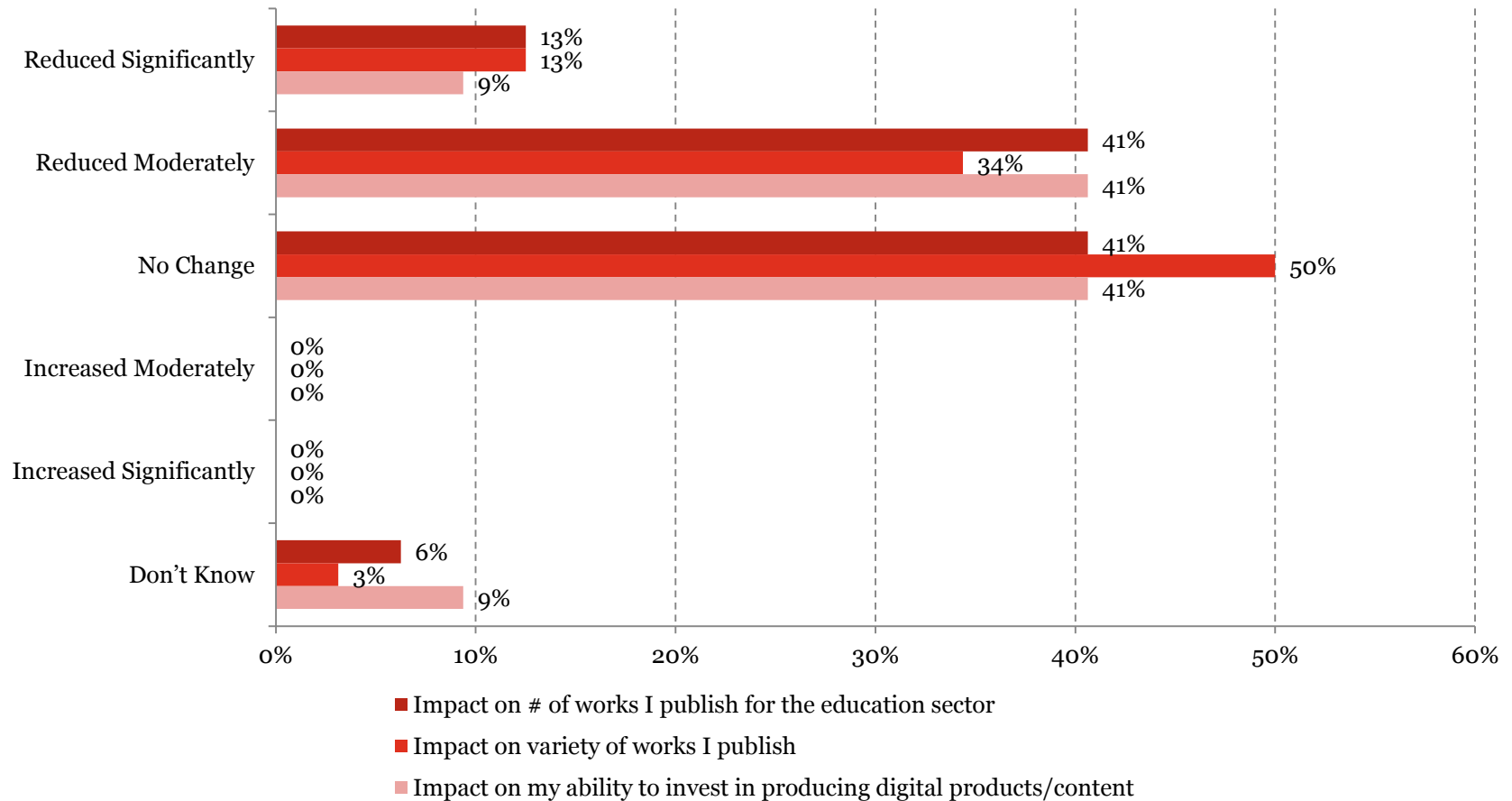
Impact on Creators' Work in Response to Adoption of the Guidelines by Educational Institutions



6. The Guidelines and weak market are expected to cause educational publishers to reduce their investments in Canada; in turn, there will be fewer titles, including fewer titles tailored for the Canadian market, and less variety in titles produced. The pace and move towards innovative digital publishing will slow.

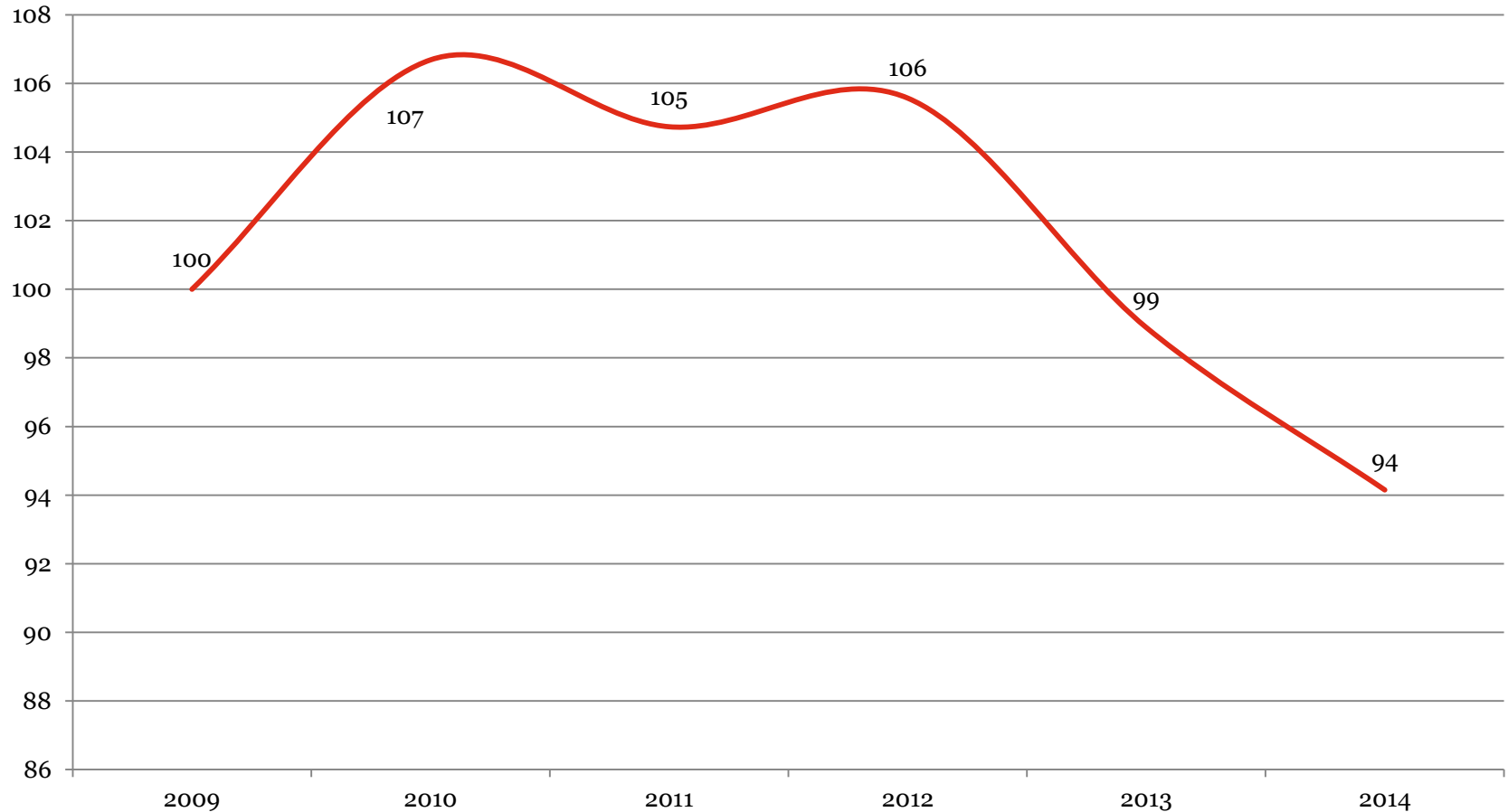
7. The Guidelines are expected to lead to a reduction in the diversity and quality of content produced for the educational publishing market, with certain courses or subject-areas becoming underserved.

As a result of the implementation of the fair dealing policies, the revenue you receive from Access Copyright may diminish or cease entirely. What will be the likely impacts of this situation on your business over the next five years?



8. The implementation of the Guidelines contributed to a significant decline in the economic footprint of the educational publishing industry between 2011 and 2013. Jobs in the publishing industry, particularly in the K-12 sector, and the overall future of the industry are at risk of further decline.

Annual Change in Headcount at Large Publishers (Index using 2009 as base year)



9. The apparent short-term gains that Ministries of Education, universities and colleges receive through the Guidelines mean higher prices, more work for teachers and professors, and compromised content of variable quality for their students.

Where do we go from here?

- Federal election October 19
- 2017 review
- Access Copyright v. York University
- Copyright Board

Questions?

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