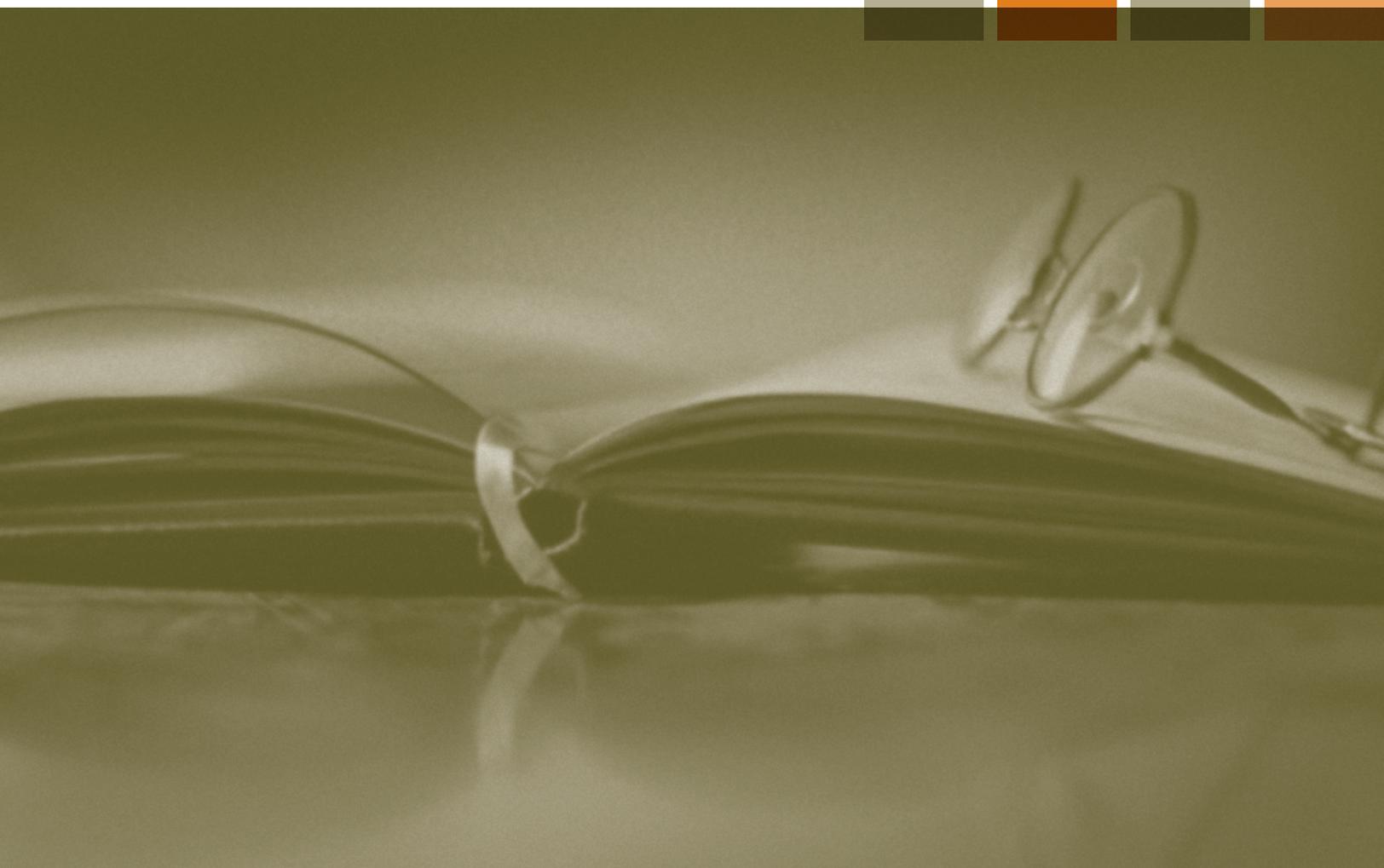


TELLING OUR OWN STORIES:

A Report on the Success of Manitoba Book Publishers



Prepared by Jack David,
for the Association of Manitoba Book Publishers

Includes Manitoba Book Publishing Industry Economic Impact
Assessment prepared by the Manitoba Bureau of Statistics.

**PART I: TELLING OUR OWN STORIES: A REPORT ON THE
SUCCESS OF MANITOBA BOOK PUBLISHERS BY JACK DAVID**

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A report prepared for the Association of Manitoba Book Publishers by Jack David, publisher of ECW Press in Toronto. Jack has been the president of the Organization of Book Publishers of Ontario, chair of the Literary Press Group of Canada, and has served on Council at the Association of Canadian Publishers. As well, he has been a juror for many arts organizations, including the Manitoba Arts Council and the Canada Council for the Arts.

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Prepared by the Manitoba Bureau of Statistics



EXECUTIVE SUMMARY

Manitobans want to create and hear their own stories – stories that preserve and develop the history, culture, and social fabric of the Manitoba community. Without Manitoba publishers, many of those essential elements of a strong community would be lost – that is the consensus of writers, printers, librarians, booksellers, newspapers in Manitoba.

All Canadian publishers, including those in Manitoba, have faced a series of serious challenges in recent years: the move away from a paper to an electronic process encompassing writing and editing to production, and more recently to Internet retailing and electronic books; the loss of the network of local independent booksellers to a consolidated retail network where publisher discounts are reaching 50% and more; the demise of many large and small Canadian publishers.

Despite the serious global challenges, Manitoba's publishers have come through this period largely intact and ready to face current and future challenges. While other larger Canadian publishers have shuttered, Manitoba's publishing industry has basically remained intact over the difficult last two decades.

Manitoba publishers represent a \$4 million locally owned and run industry that over the past five years have produced over 430 titles, including works by over 110 new authors, with 1500+ books in print.

Manitoba publishers provide opportunities for Manitoba writers that quite simply would not exist otherwise. Without local publishers many well-known Manitoba authors (including Miriam Toews, David Bergen, Lawrence Hill, and Karen Connelly), would not have had that first important book and other writers, as David Bergen attests, would not have been able to stay in Manitoba and make a career out of writing.

Manitoba publishers are participating in giving voice to, preserving and developing Manitoba culture and history. In particular, two important and unique features of Manitoba's cultural landscape – its francophone and Aboriginal communities – are not only well represented by Manitoba publishers, but authors from those communities would find it exceedingly difficult to be published otherwise. For example, over the past five years over 20% of new Manitoba-published titles are by Aboriginal authors or about Aboriginal issues, many of which have become Canada-wide successes.

In economic terms, Manitoba publishers provide employment for both in-house and contracted work, including editing, designing, and marketing and promotion. While the wage rates in publishing are moderate (averaging about \$45,000/year), publishing jobs require highly skilled people in challenging, creative, and responsible positions, and are much sought after. Manitoba publishers also support the printing business in Manitoba – both Friesens Corporation of Altona and Hignell Printing of Winnipeg, firms with cross-country reputations, see Manitoba publishers as a crucial part of their business.

While not a huge part of the Manitoba economy – with a total net economic impact of \$4.16 million on \$3.74 million of direct expenditure – Manitoba publisher dollars stay in Manitoba at a level higher than in most other industries. 76% of direct spending is in Manitoba, 84% of spending is on wages and salaries, and 70% to 85% of revenue is brought into Manitoba from elsewhere.

An extremely small public investment of \$743,000 (.0001% of provincial government spending) is returned in taxes and is crucial to giving Manitoba a creative, unique, vibrant cultural industry; one that creates good jobs, sustains its culture, and provides opportunities for writers.



TELLING OUR OWN STORIES: A Report on the Success of Manitoba Book Publishers by Jack David

Throughout the world, the book publishing industry has been going through a major transformation, and Manitoba book publishers are directly affected by these changes. In order to develop quality books about Manitoba and books by Manitoba authors, the need for public support is more crucial now than ever before. This report demonstrates that ongoing and substantial Manitoba governmental assistance is vital.

Global Challenges to Canadian Book Publishing

Not since the invention of movable type five hundred years ago has a significant revolution altered the world of books. Until the 1970s, things had remained more or less the same for hundreds of years. The scene at a British publisher such as Macmillan or Oxford in 1850 would not have been substantially different from the one at McClelland & Stewart in 1965. Then came the electronic information age.

The first sweeping change was typesetting companies being replaced by in-house computers and software. This happened in less than ten years from the early 1980s to the early 1990s. Thousands of people lost their jobs and huge companies were shuttered. The personal computer allowed publishers to take control of the production process, including design, typesetting, and other pre-press functions. All publishers needed new equipment and highly technical training.

By the mid-1990s, while book production technology continued to develop, another change loomed into sight: the Internet. Publishers were alert to the possibility that this medium for transmitting the words and pictures of their authors might change things. At first, the future appeared to be the CD-ROM, and large publishers invested a lot of money in this technology. But by 1997 or so, the CD-ROM as a preeminent device for distributing intellectual content in words and pictures had evaporated.

In 1995, a new company, first called Cadabra, appeared on the Internet, and quickly became Amazon when the name became confused with “cadaver.” As Internet usage became more common, Amazon morphed into the source for all new and used books, whether in print or out of print. Publishers had to learn how to deal with this new selling method.

As Amazon rapidly grew, a wave of simultaneous consolidation occurred in the Canadian retail bookstore market. From three distinct and separately owned chains (Coles, SmithBooks, Classic Bookshops), and hundreds of independents, one company (Indigo/Chapters) emerged as the monolith—buying the chains and simultaneously opening big-box bookstores with 50,000–100,000 titles in stock. Publishers now had to sell into a single chain that demanded higher and higher discounts from an average of 40% to 44%, then 46%, and then 48%—with an additional marketing fee if the publisher wanted its books prominently displayed. This trend was led by Amazon which is now demanding discounts of 50% and more. The publishers’ margins were squeezed. In addition, the consolidation of the retail market saw many independent bookstores driven out of business, unable to compete with massive discounting and

“If it weren’t for book publishing in Manitoba, it would be unlikely that our own stories would be told. It’s true that there are ephemeral ways of telling stories, such as TV and the Internet, but they don’t carry the gravitas of publishing books.”

— Paul McNally,
McNally Robinson
Booksellers

huge selection. As a result, publishers had fewer and fewer bricks-and-mortar outlets in which to sell their books.

This consolidation made it even more difficult for smaller and independent publishers to get attention and sales for their books. With longer print runs reducing production costs, the major international publishers are able to offer the large discounts to retailers, and have in turn more marketing clout. Independent Manitoba publishers have found it harder to get access to the Canadian retail book market faced with the dominance of the multinationals and the reduction in bricks-and-mortar stores.

At the same time as bookstores were either consolidating or disappearing, the era of digital transformation took root in the music business, and this generated growing anxiety for book publishers. Would the same thing happen to books? Would people buy books primarily in digital format, and abandon paper-and-ink versions? How could publishers prepare for such an eventuality?

The Canadian book publishing industry has gone through some drastic changes in the past ten to fifteen years. Many of the larger Canadian-owned firms were seriously damaged when Canada's then largest distributor, General Distribution Services (GDS), went bankrupt in 2002. In addition to warehousing, shipping, and collecting on sales for its own divisions, most notably Stoddart Publishing, GDS also handled Key Porter, Douglas & McIntyre, McGill-Queen's University Press, ECW Press, most of the Literary Press Group, and many others. Several Manitoba publishers were caught in the disaster, including Turnstone, Signature, ARP Books, and Great Plains. There are many reasons for GDS's failure, but the end result was that book sales revenues, collected by GDS, were not remitted to the publishers. Key Porter did not fully recover, and was bought by H.B. Fenn, which in turn declared bankruptcy in 2011. Those companies that survived became more cautious.

McClelland & Stewart, self-described as "The Canadian Publisher," was parceled off in 2000 to the University of Toronto (75%) and Random House (25%). Gradually it became clear that Random House controlled the operation, taking in most of M&S's activities, except for a rump group of editors. And finally, in 2012, Random bought out the 75% held by the University of Toronto, and now M&S will become just another imprint of the world's largest trade publisher, ultimately owned by the German company Bertelsmann.

Only Douglas & McIntyre emerged with its business more or less intact, and that only because British Columbia initiated a supportive tax credit program. However, D&M has since succumbed to this global juggernaut, giving notice, in October 2012, that they would file for bankruptcy protection.

Overall, the largest Canadian-owned publishers have been decimated over the past decade.

Despite the problems, there is good news for small, mid-sized, and regional Canadian publishers. Authors will be available, and for reasonable advances. As well, competition for available shelf space might possibly be lessened, although there will be less shelf space overall since Indigo is moving towards a model of 50% books, 50% non-books. Readers looking for Canadian and local books will have to rely more and more on local Canadian publishers.



Manitoba's Book Publishers

Manitoba book publishers are very well positioned to take advantage of this new environment.

From a standing start in the late 1960s/early 1970s, Manitoba book publishing has developed into a \$4 million business, employing directly or indirectly hundreds of Manitobans, including writers, editors, designers, and publicists. Concurrently with this growth arrived the computer and Internet revolutions. Trying to build an industry when external factors are constant is one matter; but when there is turmoil and uncertainty, such building requires vigilance and determination.

There are thirteen members in the Association of Manitoba Book Publishers, as well as several self-publishers in the province. These publishers represent a microcosm of the industry as a whole, including trade (literary and non-fiction), educational and scholarly writing. Over the past five years, these publishers have produced 430 new titles, including works by 110 first-time authors. Overall, Manitoba publishers have well over 1,500 titles in print. The publishers include: ARP Books (non-fiction, literature); Les Éditions du Blé (fiction, non-fiction); CMU (Canadian Mennonite University) Press (academic, non-fiction); Fernwood Publishing (academic, non-fiction); Great Plains Publications (fiction, non-fiction); Heartland Publishing (non-fiction); Pemican Publications (Aboriginal children's, fiction, non-fiction); Les Éditions des Plaines (fiction, non-fiction, poetry); Portage & Main (educational, fiction); J. Gordon Shillingford (drama, non-fiction); Signature Editions (literature); Turnstone Press (fiction, poetry, non-fiction); University of Manitoba Press (scholarly, non-fiction). [A fuller description of each publisher is given at the end of the report.]

Each of these publishers supports a variety of jobs, either in-house or freelance. These include editors, proofreaders, designers, typesetters, illustrators, marketers, managers, sales representatives, printers, and shippers. The social, cultural, and economic impacts are wide-ranging and impressive.

Opportunities for Manitoba Writers

Many seeds are planted, some germinate, and a few flourish. Most don't. But without that wide planting, nothing would grow at all.

Writers are at the core of the book-publishing industry. In 2010, Manitoba publishers paid out almost \$300,000 in royalties to their writers. Yet, prior to the late 1960s, there was no opportunity for Manitoba writers to be published in their home province. Authors had to send their manuscripts to Toronto or New York or London, because there were no publishers operating in the province. Gradually, writers began to be published at home, and to be directly involved with editors, designers, and publicists in their own province. Knowing that there was a potential local home for their work meant that they became more confident.

Some of Canada's best-known writers had their first books published by a local Manitoba publisher. Turnstone Press, for example, first published David Bergen, Miriam Toews, Lawrence Hill, and Karen Connelly. Imagine what opportunities such writers would have faced in 1970 vs. 1990 or 2012. The publication of a first book is crucial

"I have been studying (and writing about) immigration in prairie cities. For the big commercial publishers, if the book is not about the GTA [Greater Toronto Area], then they don't care. But Manitoba book publishers think first about the local market, and then about the national market."

— Professor Gerald Friesen, University of Manitoba

in a writer's development. An author needs to learn about the production process, to learn about reviews, audience responses, and sales. Without a publisher like Turnstone, how would things have turned out for these four writers? Would any of them have become internationally known, with filmed versions of their books?

Another measure of the success of the publishers is that, apart from writers who have gone on to broader success and increased sales, many writers have continued to be published by their originating Manitoba publisher. This loyalty, which flows both ways, is a key indicator that both author and publisher are satisfied with the arrangement. An examination of publishers' catalogues can demonstrate how effectively Manitoba publishers have continued to retain Manitoba authors.

"The beginnings of the Manitoba publishing community can be dated to the 1970s with Prairie Fire and Turnstone Press. The possibility of being published in Manitoba just didn't exist before that. I wanted to stay in Winnipeg and make a career out of writing. I didn't want to leave, and now there is lots of support that allows me to stay, and to thrive.

If you're going to be a fiction writer, Manitoba is the healthiest place to be. There is support for publishers and for individual writers. In fact, the major grants in Manitoba are equal to Canada Council Senior grants. Given the current climate regarding arts support, Manitoba really sustains its artists. And there is a flourishing community in film, drama, and writing. Overall, there is a respect for artists that is not common in all provinces."

— David Bergen, author

Before the late 1960s, there was little or no possibility of a Manitoba author connecting with a Manitoba publisher. Along with the development of independent Canadian publishers in Toronto and Vancouver (such as Coach House Press, House of Anansi, and Talonbooks), from the prairies emerged NeWest in Alberta, Coteau and Thistledown in Saskatchewan, and Peguis (now Portage & Main), Éditions du Blé, and Turnstone in Manitoba. Unlike the Ontario and B.C. companies, the prairie companies were collectives or cooperatives created by writers and academics out of a genuine desire tell their own stories.

"Turnstone's mandate has been to intervene in the culture, to look for writers who had previous magazine publication, and to encourage them to think about publishing a book. Turnstone has always allowed for new poetry and fiction to be published, and for people to come out of nowhere.

Book publishing in Manitoba has been an incredibly important part of the literary community. For writers, it provides an authentication, and gives them cultural capital. This allows them to go to conferences around the country, to apply for prizes, to get jobs teaching writing. In the literary culture, there is an enormous amount of free and volunteer work. Most are underpaid or unpaid."

— David Arnason, Turnstone Press

Francophone Publishing in Manitoba

A unique cultural feature of Manitoba is the presence of a dynamic francophone community. Historically, Manitoba has recognized and supported this community. Francophone writers are represented, not exclusively but importantly, by two publishers: Éditions du Blé and Éditions des Plaines. The former has 160 books in print and publishes six new books every year, including new authors. Éditions des Plaines has over 100 books in print and produces about five books a year. Just as English-language authors had previously been forced to seek publishers outside the province, so it was with their francophone colleagues. But now there is a thriving publishing community to produce the best of Manitoba French-language writers.

The two francophone publishers provide a home for the creative output of authors intending to reach a francophone audience. These companies allow poets, novelists, short story writers, and non-fiction authors to have a local base. Often the books receive national and international attention.

Aboriginal Authors and Books in Manitoba

Equally significant to Manitoba culture and history is the large and growing Aboriginal community. Manitoba publishers are committed to publishing Aboriginal authors and books concerning Aboriginal issues. Over the past five years, 20% (73 of 361) of the new titles generated by Manitoba publishers have been written by Aboriginal authors or about the Aboriginal community. Virtually all Manitoba publishers have strong Canada-wide reputations in this area. Literary, scholarly, educational, and trade publishers all make books by and about Aboriginals a key part of their program. No other province can say the same.

Let's examine in more detail some of the successes in this genre. First and foremost is Pemmican Publications whose mandate is to promote Metis artists and stories. Pemmican not only publishes Aboriginal authors and issues, it is an Aboriginal publisher, being affiliated with the Manitoba Metis Federation. Among their important books are *Metis Legacy II*, the Nanabosho series of illustrated titles (written by Joe McLellan) and *Spirit of the North* (by Linda Ducharme). They have published several books on the Michif language, and a series of four children's books printed bilingually in English and Michif.

ARP Books has produced six Aboriginal books in the last five years. Their book *This Is an Honour Song*, one of the few books that commemorated the Oka Crisis, is based on a wide range of voices and writing styles.

Les Éditions du Blé lists among their important Aboriginal titles *Sous le Ciel de la Prairie*, a history of Manitoba up to 1870, and a book of the early poems of Louis Riel.

Fernwood Publishing has produced ten Aboriginal books in the last five years. Three books, the first of their kind to focus on Aboriginal approaches to helping and to social research, have been sales successes and are being used in training programs across Canada. These are *Seeking Mino-Pimatisiwin* (2002), *Research Is Ceremony* (2008), and *Wichitowin* (2009).

"The two francophone publishers in Manitoba, Éditions du Blé and Éditions des Plaines, are both very active and supported by their community. They are a mecca for Western Canada writers, and receive many manuscript submissions from Saskatchewan, Alberta and B.C. The publishers have good credibility, and because of them, we don't need to send our manuscripts to Quebec. We have been receiving more recognition from outside the province for books written by Manitoba francophone writers, particularly from Quebec. And we've received financial support from the Manitoba Arts Council.

"Manitoba government support has allowed francophones in Manitoba to hear about artists in their own home. Writers can live in French, create in French and produce in French. And francophones can read these books in their schools. The publishers and writers do a lot with a little."

— Lise Gaboury-Diallo, a francophone author and teacher

"If it weren't for Manitoba publishers, we wouldn't hear much about Manitoba. The book publishing industry is designed to get material out to readers. This is a small market where an analysis of local issues needs to be supported. We need the Manitoba government support to investigate Manitoba issues, and then to disseminate the results."

— Professor Gerald Friesen, University of Manitoba

Portage & Main Press has published nine Aboriginal books in the last five years, and such titles have been part of their publishing program since the founding of the company. Their classic, *In Search of April Raintree*, has been widely translated since its 1983 publication. A current title is *Manitowapow: Aboriginal Writings from the Land of the Water*, which presents Aboriginal writings from early pictographs until the present. Portage & Main recently announced the Debwe series of exceptional Aboriginal writing from across Canada.

Turnstone Press is proud of *City Treaty* by Marvin Francis, a book considered to be one of the best expressions of the urban Aboriginal experience, and a book widely taught in Native studies programs across Canada.

University of Manitoba Press has published ten titles by and about Aboriginals in the past five years. *A National Crime* is a major history of the residential school system, and was voted one of the 100 most important Canadian books by the *Literary Review of Canada*. A selection was read into the Parliamentary Record as part of the federal government's official apology.

Academic and Scholarly Publishing

Rounding out the range of publishing occurring in Manitoba, the following publishers specialize in scholarly, academic, and educational writing: University of Manitoba Press, Portage & Main Press, Fernwood Publishing, and CMU Press. In addition to writers of poetry and fiction, a wide range of academics and scholars have also been able to write about Manitoba issues, and have their work published, distributed, and publicized right here.

Succession in Manitoba Publishing

One measure of the success of publishing, in Manitoba and elsewhere, is the transition from the founders of a company to the next generation. A book publisher runs a business, and the stability of the industry is demonstrated by the new blood that enters the field and continues to develop the culture that was initiated. This transition has happened with many publishers. Part of the reason for this process is that government support continues to foster the industry and make it possible for people to enter the field. In some ways, book publishers in Manitoba are similar to dance or theatre companies; although usually for-profit, publishers run very close to the bottom line, with dedicated workers who are not well compensated for their efforts. Grants and tax credits have eased the way for a new generation of publishers and a new generation of writers and readers.

Manitoba Publishers Support Freelance Editors and Designers

The writers research and write, then publishers begin to make their contribution. Part of a publisher's responsibility is to read unsolicited manuscripts and to encourage inexperienced writers who may not yet be at a publishable stage. Each Manitoba publisher deals with hundreds of unsolicited manuscripts every year, but accepts only a few. If a promising author sends in a submission, the publisher will acknowledge the author, perhaps making suggestions about their manuscript or recommending other

avenues to follow. Sometimes a word of encouragement can be the trigger to keep a young writer hopeful. With smaller companies, it is often the publisher who handles these submissions; apart from finding a rough gem, there is no financial incentive to provide this professional help.

With a manuscript accepted, the publisher contemplates a cover design. This is where Suzanne Braun comes in. She is one of the many freelancers on whom book publishers spent \$154,000 in 2010 for design, art, and typesetting services.

Various freelance editors and proofreaders work on the manuscript to improve it and to make it grammatically sound. These people earned over \$150,000 in 2010 from publishers. There is much back and forth between the publisher and the author at this stage, until the files are ready to go to a printer.

Manitoba Publishers Support Manitoba Printers

Expenditures on printing in Manitoba were \$745,000 in 2010, including \$533,000 spent on books printed on paper that is at least 30% recycled material. Many Manitoba books are printed by Friesens in Altona. Doug Symington is the Sales Manager, who also sits on the Friesens board.

"Friesens is one of the biggest employers in southern Manitoba, with 600 employees and \$70 million in sales. Although only about 5% of our revenue comes from Manitoba publishers, it is a crucial part of our business. As well, we have a warm spot in our corporate heart for Manitoba book publishers, and offer them generous credit terms and free shipping. We appreciate that they are spending their money in Manitoba, and we feel we are supporting the artistic community as well. In good times and bad, we continue to support Manitoba book publishers. In addition, Friesens supports a wide range of charities, including the Manitoba Book Awards."

In fact, Manitoba is one of three provinces (Ontario and Quebec are the others) that combined do most of the book printing in Canada. Friesens does most of the colour printing in Canada, and also does a significant business with U.S. publishers.

One of Manitoba's other printers is Hignell Printing. The Sales Manager at Hignell is Dave Friesen (by the way, not related to the Altona Friesens):

"A vast majority of our business comes from Manitoba clients, including book publishers. This includes posters and promotional material as well as books and journals. Although we used to print in larger runs, the industry has changed and the runs are now more commonly in the 1200-1500 copy range (from 1700-2000 in the past). Publishers from Manitoba are very loyal to printers in Manitoba, just as Manitoba writers are loyal to Manitoba publishers. This is a community that supports each other, and it's important that government policy continue to show faith in Manitoba writers and publishers."

Most publishers outside Manitoba, whether in Canada or the U.S., recognize Manitoba as a centre of printing quality books. The industry has a great reputation for service and quality throughout North America, and has printed most of the books for the Manitoba book publishers.

"I've been designing and helping publishers to market their books, and working on events and award ceremonies. I enjoy working for smaller publishers because I am allowed more creativity than when I work with larger publishers. The Winnipeg artistic community is small but spirited. It is excellent to be involved with such an energetic group that is also very supportive of each other."

— Suzanne Braun,
Relish New Brand
Experience

“There is a reciprocal relationship between McNally Robinson and Manitoba publishers. The publishers drive people to the store, and the store makes a market for the books. It’s a symbiotic relationship. Our unique stories are best embodied in regional publishing. Manitoba stories can find their audience in a smallish community; there is much that can be done by well-meaning people who are dedicated to telling the province’s stories. Support for book publishing, and for culture in general, is not a massive investment, but it allows Manitoba stories to reach Manitobans.”

— Paul McNally,
McNally Robinson
Booksellers

Engaging Manitoba Readers

From writer to publisher to editor to designer to printer. Along the way, many Manitobans are responsible for getting a book printed. But what happens to those books once they are printed? Many go into bookstores, the most prominent being McNally Robinson Booksellers.

How does the general public hear about these books? Publishers have numerous ways to get the buzz going. These include advertising in newspapers and magazines, printing advance reading copies, seasonal catalogues and flyers, distributing review copies, traveling to specialty and book trade shows, paying sales reps to visit bookstores and libraries, and sponsoring book events and launches. Taken as a whole, these marketing/sales efforts cost close to \$1 million per year. And the vast majority of that expense stays in Manitoba.

Another avenue for people to discover Manitoba authors and stories is through the library system. Rick Walker, Manager of Library Services, City of Winnipeg, is someone who recognizes the value of local subjects:

“The job of public libraries is to provide access to books and to encourage literacy. We’re all about bringing access to material, especially local history and culture. There is a richness in local stories that adds to the overall quality of our life, and that makes us better informed as citizens. Often there are books on people and topics that may not get published otherwise, if it weren’t for the Manitoba book publishing community. These are insights that would not otherwise exist.

“The Public Library partners with authors and publishers to provide access to material in various ways. There is a spike in usage once demand has been created, often by the publisher, or the author, or the media. The library is responsible for allowing access to the new material, whether fiction or non-fiction. Overall, it is much more difficult for Manitobans to have access to local material. The public wants to read local Manitoba stories. We have a rich literary history, and it needs to be supported.”

Supporting Manitoba Culture

“The public wants to read local Manitoba stories” — that comment is at the heart of why Manitoba publishers effectively utilize ongoing support. Without the publishers, there would be a disconnection between the writer and the reader. Manitoba stories would rarely find a home with a publisher seeking an international or even a national audience. But many of these stories rooted in Manitoba resonate throughout the prairies, the rest of Canada, and around the world.

Morley Walker is the Books Editor of the *Winnipeg Free Press*, one of the last Canadian newspapers to support Canadian writers and culture in a vigorous way:

“There is a social value to having an active community of writers and publishers in Winnipeg. There is a strong knowledge industry group of workers, including designers, typesetters, artists of all types. Many Manitoba writers have created important careers, including Sandra Birdsell, David Bergen, and Miriam Toews.



“Manitoba has a strong do-it-yourself mentality. Because we on the prairies live in an isolated and cold environment, there is a history of communitarian support. As well, artists in Manitoba gravitate towards artistic capitalism. The least expensive art forms are popular music and literature; think of The Guess Who, or more recently John K. Samson—a brilliant young man with feet in both areas. And in those categories, Manitoba artists have developed a national, even international, reputation.

“There used to be a phrase, ‘Please, God, don’t let me die a local writer.’ But today, Manitoba writers and musicians can finally stay home and gain success. And the Free Press makes it a point to provide information to our readers that is not available anywhere else. We review, as a matter of course, anything that is published locally. With government support and with the interest of the public, Manitoba has developed a strong artistic culture.”

The Economic Impact of Manitoba Book Publishing

For every dollar the Manitoba government invested in 2010 in the book publishing industry, the province received a dollar back in taxes — \$743,000 invested, \$740,000 in taxes paid (the federal government invested \$876,000 in grants, and the publishers paid out \$690,000 in federal taxes). This subsidy is less than .0001% of total government spending. For such an insignificant outlay, the province receives in return a creative, vibrant cultural industry; an industry that sustains Manitoba culture and provides opportunities for writers who would not be able to stay at home and manage.

This public investment helps to create a gross economic impact of \$5.91 million and the net monetary impact of \$4.16 million to the Manitoba economy. Manitoba’s thirteen book publishers spent \$3.6 million directly on Manitoba goods and services (an additional \$1.15 million was spent outside the province). That is, 76% of direct expenditures by publishers actually stayed in Manitoba. In many other Manitoba industries, the economic “leakage” is proportionally much higher than it is in publishing. Manitoba publishers spend most of their money in the Manitoba economy.

Manitoba publisher spending generated 72 person-years of employment, with a direct labour impact of \$3.06 million. Book publishing is labour intensive —84% of the direct expenditures were labour costs. These are good and sustainable jobs. Although the wage rates are moderate (averaging about \$45,000/year), the particular jobs require highly skilled people, in challenging, creative, and responsible positions. These jobs are in high demand. The indirect jobs, especially in design and editing, also need talented workers, as do the more technical opportunities in typesetting and printing.

Approximately 70% of Manitoba book publisher revenue is generated by sales of their books outside the province, and outside the country, with some firms reaching 85%. This is revenue that is not re-circulated Manitoba spending. Without local publishers, this economic activity would not occur in Manitoba. That is, in those industries where most of the revenue is generated within the province, should those firms disappear, the revenue would reappear elsewhere in the Manitoba economy. But with Manitoba publishers, this is effectively new revenue; without Manitoba publishers, that revenue would not come to Manitoba.

[These figures are taken from the “Manitoba Book Publishing Industry Economic Impact Assessment,” Manitoba Bureau of Statistics (August 2011).]

Bringing Manitoba Stories to Manitoba Readers

We'll leave the closing comments for publishers themselves. From a wide range, represented here are a publisher of educational material, a publisher of books about social justice, and a trade publisher with a literary list.

Annalee Greenberg is co-owner of Portage & Main Press.

"We publish professional material for teachers, as well as curriculum material. We recently completed a history textbook with the Department of Education in the Northwest Territories. We also have done specialized texts on Canadian history and geography, especially in Western Canada. Just recently, some of the multinational educational publishers have chosen to enter into provincial-only books, possibly because the educational market for traditional books is changing rapidly, and shrinking.

"We have a focus also on Aboriginal titles, and have set up an imprint called HighWater Press to publish culturally significant titles in this area. Recently we've published an anthology of Manitoba Aboriginal writing from the 16th century to Tomson Highway and beyond.

"The new Manitoba Tax Credit has allowed us to do research and planning with consultants about our company's direction in terms of new technology. We are trying to figure out where we should head in terms of digital books and complex learning tools. Portage & Main Press has recently ventured into developing interactive learning materials as a result of this support."

Fernwood Publishing also praises the new tax credit, and how Fernwood has been strengthened as a result. Wayne Antony is co-publisher.

"Funding is very important to us, and has allowed us to hire a marketing assistant. With the tax credit support, we have been able to identify our audience much more closely, and to tailor our projects to their courses.

"Being based in Winnipeg has allowed the community to know who we are and what we do. There is a tradition and culture here that is compatible with what we are publishing. For example, both McNally Robinson and Mondragon bookstores carry most of our titles, and this helps a lot with our visibility to the public.

"The vast majority of our books are printed in Manitoba, and we have a group of freelance editors who we work with on a regular basis, all of whom are based in Manitoba. We'd like to see an ongoing commitment to government support to enable us to publish our kind of books."



We'll let David Arnason have the final words.

*"One of the things that Turnstone has done is to bring the Mennonite community into the larger world. Writers such as David Bergen and Miriam Toews were initially published by Turnstone. In fact, if you attend conferences on Mennonite writing, something like 90% of the writers are published by Turnstone. Without Turnstone's support, would these writers have gotten started, or achieved success? Turnstone was also the first publisher of Lawrence Hill, whose *Book of Negroes* has been a major bestseller [for a multinational press]."*

"Turnstone has contributed its staff to the national Literary Press Group, and to the provincial Association of Manitoba Book Publishers. Dennis Cooley, Wayne Tefs, Robert Enright, and myself have donated our time to these organizations."

"Manitoba is the dominant artistic community on the prairies, with the opera, ballet, and museums. And Turnstone was part of ArtSpace [a non-profit multi-disciplinary arts building housing a variety of cultural groups in Winnipeg's historic Exchange District] from the beginning. The University of Manitoba, especially St. John's College, has long been very supportive of writing and publishing. But this artistic activity can't be accomplished on a starvation diet of grants. The government needs to understand that developing Manitoba artists takes time, and money."

There is an ecology to the book-publishing world. And at the centre are the writers and the publishers and the readers. What matters is that there is a connection, and that readers have access to Manitoba stories. As Rick Walker, from the Winnipeg Public Library, noted: the public wants to read Manitoba stories. And, it is the book publishers of Manitoba who bring these stories to them. This can only be accomplished with the strong support of government policy, through granting programs and tax credits. As the economic impact of Manitoba publishing shows, the support of government for these essential cultural activities is paying off.

APPENDIX

Association of Manitoba Book Publishers – 2013

ARP Books

ARP Books (formerly Arbeiter Ring Publishing) was founded in 1996 by musician John K. Samson and writer/editor Todd Scarth. ARP Books publishes a dynamic combination of cultural, fiction, and non-fiction titles with an emphasis on progressive political analysis of contemporary issues, while encouraging innovative new writing.

The original name, Arbeiter Ring, expressed solidarity with the rich history of social justice movements in Winnipeg. The Arbeiter Ring (Workers' Circle) was a radical Jewish organization especially active in the Winnipeg General Strike of 1919 and instrumental in bringing many great thinkers to speak to the citizens of our city. The Arbeiter Ring's engagement with both ideas and activism is an abiding inspiration.

ARP Books is run by an editorial collective of five artists and academics: Peter Ives, Esvyllt Jones, Kathleen Olmstead, John K. Samson, and Todd Scarth, along with administrator Richard Wood. ARP Books has published an eclectic and engaging list, from *Any Given Power*, a book of short stories by Giller Prize-nominated author Alissa York, to a tragic tale of spin doctoring in the highly acclaimed graphic novel *The Listener* by David Lester, and a best-selling book on the politics of language, *Grammar Matters*, by Jila Ghomeshi.

The wide-ranging concerns of ARP Books are captured in recent titles, which feature poetry, feminist mothering, immigration and culture, suburban development, civil rights, fables, and foreign policy. ARP Books authors are world-renowned academics, first-time novelists, community activists, and established writers who share our firm belief that the written word can change the world, one reader at a time.

Les Éditions du Blé

Fondées à Saint-Boniface (Manitoba) en septembre 1974, les Éditions du Blé sont une maison d'édition francophone communautaire à but non lucratif. Dès sa fondation, la première maison d'édition francophone de l'Ouest canadien s'est donnée comme mandat de publier en français des auteurs de la région et des textes de portée générale qui touchent à l'Ouest canadien. Pour atteindre ce but, les Éditions du Blé publient une variété de genres : poésie, romans, nouvelles, théâtre, essais biographiques et historiques. Les titres de la collection « Rouge » se veulent à l'avant-garde de la littérature tandis que ceux des « Cahiers d'histoire de la Société historique de Saint-Boniface » font connaître le vécu des francophones de l'Ouest canadien. La collection « Blé en poche » rend accessible des classiques de la littérature francophone de l'Ouest canadien.

La maison publie en moyenne six titres par année de nouveaux auteurs et d'auteurs établis. Ses principaux auteurs ont été salués par la critique nationale et internationale, et font partie du répertoire de pointe de la francophonie canadienne.



Founded in Saint-Boniface, Manitoba, in September 1974, Les Éditions du Blé is a community-based, non-profit French-language publisher. From the outset, the mandate of the first French-language publishing house in Western Canada has been to publish, in French, authors from the West or texts about the West. Les Éditions du Blé publish poetry, drama, fiction, and non-fiction. The “Collection Rouge” features cutting-edge literary fiction, while the “Cahiers d’histoire de la Société historique de Saint-Boniface” showcases the history of Francophones in Western Canada. The “Blé en poche” collection reprints classics of French-language literature from Western Canada.

Les Éditions du Blé publish on average six titles a year from new voices and established authors. Our books and authors have received critical acclaim nationally and internationally.

CMU Press

CMU Press is an academic publisher of scholarly, reference, and general interest books at Canadian Mennonite University. Books from CMU Press address and inform interests and issues vital to the university, its constituency, and society. Areas of specialization include Mennonite studies and works that are church-oriented or theologically engaged.

CMU Press emerged from CMBC Publications, established in 1974 at Canadian Mennonite Bible College, one of CMU’s founding colleges.

Fernwood Publishing

Fernwood Publishing produces critical non-fiction that informs, enlightens and challenges readers — critical books for critical thinkers. Fernwood’s publishing goals are not merely economic, but also political. In confronting issues of race, class, gender and sexual inequality, Fernwood hopes to be part of the process of change. Fernwood Publishing aims to provide authentic opportunities to first-time authors and to groups who are often silent or silenced in today’s media. Not afraid to take risks in this regard and, because of confidence in the quality of the works published, many of Fernwood’s first-time authors do not seek other publishers throughout their publishing career. After twenty seasons, Fernwood has published over 450 titles.

Initially, Fernwood Publishing published primarily for an academic audience. To this end, Fernwood publishes books that are intended for undergraduate university and college courses, and monographs intended as supplementary texts in all levels of post-secondary courses. While covering a range of topics and disciplines, the focus is in the social sciences, with an emphasis on sociology, criminology, Aboriginal studies, labour studies, women’s studies, gender studies, critical theory, politics, political economy, cultural studies, and social work.

In recent years Fernwood has expanded its publishing mandate with more books intended for an audience of general readers who are interested in social change and social justice. The acquisition of the Roseway imprint in 2006 launched a modest publishing program more oriented toward fiction. All of Fernwood’s books, non-fiction, fiction, and academic, are designed to appeal to critical thinkers.

Great Plains Publications

Great Plains Publications Ltd. is an independent publisher based in Winnipeg, and committed to bringing out the very best books from the Prairies – a region that has an abundance of quality writers. GPP publishes fiction from authors across the country in two other imprints, Enfield & Wizenty and Great Plains Teen Fiction. In addition, we publish an on-line literary magazine, *The Winnipeg Review*, that is dedicated to reviewing Canadian fiction.

Heartland Publishing

Founded in 1992, and incorporated in 1997, Heartland Associates Inc. is a Winnipeg-based publisher of award-winning history, heritage, travel, politics and, more recently, fiction. Heartland invests in high production values because books should be a treat for the eyes as well as the mind. After the initial flip-through, readers will find the content worth reading from cover to cover.

Responsible for its growing reputation is the Heartland team: writers, editors, designers, photographers, and artists who collaborate to publish books with great affection for the cultural diversity of the peoples of North America and their relationship with the natural history of the continent.

Heartland guidebooks are portals to North America's vibrant history and natural landscapes. Lavishly illustrated, with dozens of archival paintings, art prints, commissioned artwork, photography, and maps, they appeal not only to history buffs, but also to those who love to explore the continent's wild places.

Les Éditions des Plaines

Fier partenaire au service de la littérature et de l'éducation dans l'Ouest canadien depuis 1979, les Éditions des Plaines publient en moyenne huit livres par année; son catalogue compte plus de 250 titres et est le reflet d'un programme de publication variée. Littérature générale et ressources éducatives sont à l'honneur. Depuis bientôt trente ans, la maison s'applique à donner la parole aux écrivains de l'Ouest canadien. Les Éditions des Plaines sont membres du Regroupement des éditeurs canadiens-français (RECF), de l'Association nationale des éditeurs de livres (ANEL) et de l'Association of Manitoba Book Publishers (AMBP).

Éditions des Plaines has been a proud partner in promoting literature and education in Western Canada since 1979, having published an average of eight books a year. Its catalogue of over 250 titles reflects a varied publishing program where general literature and educational resources are prominently featured. For almost thirty years now, des Plaines has been striving to give a voice to Western Canadian writers, who have gone on to reap literary awards time and time again.

Pemmican Publications

Pemmican Publications is a book publisher with a mandate to promote Metis authors, illustrators, and stories. It is a not-for-profit company that operates as an arm's-length affiliate of the Manitoba Metis Federation. Pemmican publishes on average five to six new titles per year, with titles ranging from cultural studies and autobiographies to illustrated titles for children. In all, Pemmican has published close to 150 books.



Over the years, Pemmican has extended its repertoire of stories in exciting ways. *Flight of the Wild Geese* is a young adult novel that not only marks the debut of Edmonton writer T.D. Thompson, but also confirms a new energy on Pemmican's part toward fresh new fiction for teen readers. *River of Tears* is an adult novel, the first from Linda Ducharme, author of two popular titles for children (*The Bannock Book* and *Pepere Played the Fiddle*). Both titles are evidence of our desire to encourage new writing that reflects the Metis experience in Canada in the 21st century.

Portage & Main Press

Portage & Main Press (PMP) publishes professional resources for teachers, as well as curriculum-related materials, including customized textbooks and the comprehensive Hands-On learning series. Its authors, dedicated educators, are recognized for their creative and innovative contributions to education. PMP now publishes interactive learning materials for new digital environments, and continues to develop original materials in multiple formats for the changing classroom.

PMP's trade imprint HighWater Press continues the tradition of PMP's founding company, Peguis Publishers (est. 1967). It focuses on culturally significant titles, with a strong list of Aboriginal books, including an anthology of Manitoba Aboriginal writing, graphic novels, novels, and children's books. Its Debwe series features exceptional Aboriginal writing from across Canada.

J. Gordon Shillingford Publishing

J. Gordon Shillingford Publishing is primarily a literary publisher that publishes under several imprints that include Scirocco Drama (theatre), The Muses' Company (poetry), Watson & Dwyer Publishing (Canadian social history), and J. Gordon Shillingford (politics, religion, true crime, biography). The press publishes, on average, 14 titles per year.

Signature Editions

Signature Editions is a literary press with an eclectic list of quality fiction, non-fiction, poetry, and drama. Originally named Nuage Editions, the press was formed in Montreal in 1986 as a 16-person publishing collective. The first desktop publisher in Quebec, Signature put out two to four books a year for the next five years. For the past sixteen years, the press has operated as a sole proprietorship run by Karen Haughian and has published six to nine titles a year. In 1997, after eleven years of operation in Montreal, the press moved to Winnipeg and in the year 2000 was renamed Signature Editions.

Turnstone Press

Founded in a Winnipeg pub in 1976 to publish chapbooks by Manitoba poets, Turnstone Press has become one of the most highly regarded book publishers in Western Canada, publishing not only poetry but also fiction, literary criticism, and non-fiction. In 1998 Turnstone Press launched Ravenstone Books, an imprint dedicated to mysteries, thrillers, and noir fiction. Turnstone Press is committed to the literature and culture of Manitoba and Canada and its mandate reflects that commitment. Turnstone publishes only Canadian authors or landed immigrants, strives to publish

a significant number of new writers, in a variety of genres, and 50 per cent Manitoba writers and/or books with Manitoba content.

Turnstone Press prides itself on taking chances with new writers and has had a good deal of successes doing so. Turnstone Press has launched the careers of many Canadian writers, including Di Brandt, John Gould, Lawrence Hill, Sylvia Legris, Margaret Sweatman, Armin Wiebe, and David Bergen. Turnstone books and authors have won or been nominated for Governor General's Literary Awards, the Commonwealth Writers' Prize, the Giller Prize, the Leacock Prize, the IMPAC Dublin Literary Award, the Lambda Awards, the Rogers Writers' Trust Prize, the Relit Awards, and numerous regional awards. Despite the risk inherent in publishing new Canadian literary writing, Turnstone Press remains committed to pursuing and promoting new, thought-provoking authors and books. Canadian writing has never been more exciting, and Turnstone Press is proud to have been a part of its history and keenly looks forward to the future.

University of Manitoba Press

University of Manitoba Press is dedicated to producing books that combine important new scholarship with a deep engagement in issues and events that affect our lives. Founded in 1967, the Press is widely recognized as a leading publisher of books on Aboriginal history, Native studies, and Canadian history. As well, U of M Press is proud of its contribution to immigration studies, ethnic studies, and the study of Canadian literature, culture, politics, and Aboriginal languages. It also publishes a wide-ranging list of books on the heritage of the peoples and land of the Canadian prairies.

University of Manitoba Press is committed to working closely with its authors and to the wide dissemination of scholarly research. It sells its books through independent and national bookstore chains, to public and research libraries, and through the on-line community. The press has international distribution, and aggressively promotes its books to both the scholarly and trade markets to ensure the widest possible reach for its authors' work.



MANITOBA BOOK PUBLISHING INDUSTRY ECONOMIC IMPACT ASSESSMENT

MANITOBA BUREAU OF STATISTICS

August, 2011



MANITOBA BOOK PUBLISHING INDUSTRY MANITOBA ECONOMIC IMPACT ASSESSMENT

This economic impact assessment of the Manitoba book publishing industry has been commissioned by the Association of Manitoba Book Publishers (AMBP). For the purpose of analysis, 2010 operating data for the 12 AMBP member organizations was provided to the Manitoba Bureau of Statistics (MBS). Appendix A presents the reporting form used, which illustrates the structure of data provided.

Manitoba economic impacts have been produced using the book publishers' Manitoba based operating expenditures with the MBS Economic Impact Assessment Model and MBS Tax Revenue Impact Assessment Model.

The MBS Economic Impact Assessment Model uses inter-industry linkages in the Manitoba economy to estimate the total impacts to Manitoba Gross Domestic Product (GDP), Labour Income, and Employment, derived from the direct Manitoba expenditures of a project or activity. The Total Impacts on the economy include direct project expenditure impacts, direct industry impacts, indirect industry impacts, and the induced impacts expected to result from re-spending of labour income.

The MBS Tax Revenue Impact Assessment Model estimates total taxes collected in Manitoba by the three levels of government. Estimates are based on GDP, labour income, and employment impacts produced by the MBS Economic Impact Assessment Model, and historical relationships between various taxes. Additional explanation of the MBS models and a glossary of terms are presented in Appendix B.

As with any modeling exercise, please note that all impacts presented are to be used as general estimates only, not absolute fact.

Economic Impact Assessment Highlights:

- Total 2010 operations expenditures for the 12 members of the AMBP are \$4.79 million, \$3.64 million of which are estimated as direct Manitoba expenditures.
- Through the economic multiplying process, the total impact to Manitoba Gross Domestic Product at Market Prices (GDP) is estimated at \$4.16 million.
- The total Manitoba labour income impact is estimated at \$3.06 million. This includes \$1.71 million in publishers' direct labour income and \$1.35 million in spin-off labour income.
- The total Manitoba employment impact associated with this level of labour income is 72 person-years of employment, consisting of 38 person-years of direct operations employment and 34 spin-off person-years.
- Total Taxes Collected in Manitoba are estimated at \$1.44 million. This includes Total Provincial Taxes of \$0.58 million, Manitoba Local Taxes of \$0.16 million, and Total Federal Taxes of \$0.69 million.

Economic Impact Assessment Data & Assumptions:

Data provided for the MBS economic impact assessment of the Manitoba book publishing industry consisted of statements of revenue and expenditures (2010) for the 12 Manitoba book publisher members of the AMBP. (For reference, the Financial Form Template is presented in Appendix A.)

In terms of revenue, the financial reports specified Total Earned Revenue (actual or projected) of \$3.15 million, Grants of \$1.35 million and Book Publishing Tax Credit of \$0.29 million, for Total 2010 Revenue of \$4.79 million.

In terms of expenditures, the 12 book publishers reported Cost of Sales of \$2.22 million, Marketing Costs of \$0.94 million, Operating/Administration Costs of \$0.93 million, and additional Direct Labour Costs of \$0.49 million. Total 2010 Expenditures are therefore \$4.58 million, and revenue minus expenditures (which is also included in the analysis) yields combined Operating Profits of \$0.21 million for 2010.

In addition to providing total expenditures, 6 of the 12 publishers (representing over 70% of the publishers' total expenditures) provided estimates of their direct Manitoba expenditures for each line item. This is an important point, as the MBS Economic Impact Assessment Model is designed to estimate the economic activity generated in the province, exclusively from the direct Manitoba based expenditures of a project or activity.

The 6 publishing companies which provided estimates of their direct Manitoba expenditures had total 2010 expenditures of \$3.27 million, of which \$2.43 million was expended directly in Manitoba. The direct Manitoba expenditures for the other 6 publishers was estimated on a line by line basis, and from their total \$1.31 million expenditure, \$1.00 million was estimated to be Manitoba based.

Following this exercise, Direct Manitoba Expenditures were assessed at \$3.42 million. Adding the reported operating profits for 2010 (\$0.21 million) provides a total of \$3.64 million for analysis using the MBS models.

| Manitoba Book Publishers 2010 Operating Expenditures (\$000's) | Total Expenditures | Direct Manitoba Expenditures | % Manitoba Expenditures |
|---|-------------------------------|---|------------------------------------|
| Cost of Sales | 2,218 | 1,713 | 77% |
| Marketing Costs | 940 | 642 | 68% |
| Operating/Administration Costs | 934 | 589 | 63% |
| Additional Direct Labour Costs | 487 | 487 | 100% |
| Total Direct Expenditures | 4,579 | 3,432 | 75% |
| 2010 Profit/Loss | 210 | 210 | 100% |
| Total For Analysis | 4,789 | 3,641 | 76% |

Through consultation with the AMBP, MBS proceeded to associate the various expenditure items presented in the financial forms to the appropriate goods and services available in the MBS Economic Impact Assessment Model.

In addition to the \$0.49 million for direct labour costs (specified above), Manitoba book publishers' expenditures contained substantial other labour income, for both regular staff and contract work. Of the \$3.43 million in direct Manitoba expenditures, \$1.71 million (50%) was coded to labour income of one type or another for use with the MBS model.

In order to produce meaningful estimates of the number of jobs produced, the MBS analysis expresses employment impacts in terms of person-years (which is synonymous with the idea of full-time-equivalent employment). Such calculation requires an estimate of the average annual earnings (including benefits) for an average person-year in the industry. After consultation with the AMBP it was determined to use average annual earnings of \$45,000. Therefore, given \$1.71 million direct labour costs, direct employment in the industry is estimated at 38 person-years.

This is not the only employment directly generated from book publishers' expenditures. The various goods and services (primarily services) used by the book publishing industry contribute additional labour income and employment which is closely associated with the industry, and is identified as Other Direct Employment in the impact assessment results.

Other important goods and services used by the book publishers are printing of books, other printing, various contract services, and general operating and administrative needs. Manitoba employment impacts attributable to industries directly engaged by the book publishers (i.e., Other Direct Employment) is estimated at 13 person-years, with 5 of these jobs being in the printing industry.

Economic Impact Assessment Results:

The 12 book publishing members of the AMBP reported 2010 expenditures of \$4.79 million, including operating profits (i.e., revenue minus expenditures) of \$0.21 million.

Of this total, \$3.64 million (76%) was determined to be expended for goods and services in Manitoba. These direct Manitoba expenditures initiate the economic multiplying process, while publishers' expenditures outside the province (a direct leakage of \$1.15 million) have essentially no potential to produce further economic effects in Manitoba, and are thus excluded from analysis.

Based on the specific goods and services purchased, the MBS Model estimates \$3.54 million of the direct Manitoba demand (\$3.64 million) to be supplied by Manitoba industry. This is referred to as Direct Manitoba Supply. Production and supply of these goods and services requires additional labour and industry specific inputs, which create further economic spin-offs in the province.

In total, this level of Direct Manitoba Supply (\$3.54 million) levers an estimated \$2.37 million in additional Manitoba based expenditures, yielding Gross Manitoba Expenditures of \$5.91 million. This is the gross monetary impact to the province.

As the gross expenditures statistic registers all transactions in the supply chain, it counts the same dollars being spent and respent, thus containing a fair amount of double-counting. Measurements of Gross Domestic Product (GDP), however, remove this double-counting to present an estimate of the unduplicated value-added in the economy.

The total impact to GDP at Market Prices resulting from 2010 book publishing operations is estimated at \$4.16 million. This is the net monetary impact to the provincial economy.

Labour Income is typically the largest component of GDP. The total impact to Manitoba labour income is estimated at \$3.06 million, which consists of \$1.71 million direct operations labour income and \$1.35 million in spin-off labour income.

Total Manitoba employment associated with this level of labour income is estimated at 72 person-years, which consists of 38 direct operations jobs, 13 jobs among direct suppliers and 21 other spin-off jobs.

Total taxes collected in Manitoba resulting from Manitoba book publishers' operations, and associated spin-off activities, are estimated at \$1.44 million. This includes \$0.58 million in Manitoba provincial taxes, \$0.16 million in local Manitoba taxes and \$0.69 million in federal taxes collected in Manitoba.

Please note these are gross tax estimates not net estimates, which would likely require backing out some portion of the 2010 grants and tax credits received.

MANITOBA BOOK PUBLISHERS OPERATIONS IMPACTS

TOTAL MANITOBA ECONOMIC IMPACT ESTIMATES (\$'000'S)

| | MANITOBA IMPACTS | EXPENDITURE MULTIPLIER |
|----------------------------------|---------------------|----------------------------|
| Total Direct Expenditure | 4,789 | |
| Direct Expenditure in Manitoba | 3,641 | 1.00 |
| Direct Manitoba Supply | 3,538 | 0.97 |
| Gross Expenditure | 5,911 | 1.62 |
| GDP at Market Price | 4,162 | 1.14 |
| GDP at Factor Cost | 4,001 | 1.10 |
| Labour Income | 3,063 | 0.84 |
| Employment (Person-Years) | | (Per \$1.0 Million) |
| Project Direct | 38 | 10.4 |
| Other Direct | 13 | 3.5 |
| <u>Indirect & Induced</u> | 21 | 5.8 |
| Total Employment | 72 | 19.8 |

- Notes: (1) GDP at Market Prices is the total value of goods and services produced in the Manitoba economy.
 (2) GDP at Factor Cost is the total value of goods and services produced by Manitoba industries (i.e., GDP at Market Prices less indirect taxes plus subsidies).
 (3) All Economic impact estimates presented are in current dollars.
 (4) Employment impacts are presented in terms of "Person-Years". A Person-Year is defined as one person being fully employed for a period of one year.
 (5) Figures may not add to total, due to rounding.

TOTAL MANITOBA TAX REVENUE IMPACT ESTIMATES

(\$000'S)

| | MANITOBA IMPACTS | EXPENDITURE MULTIPLIER |
|------------------------------------|---------------------|---------------------------|
| <u>Income Taxes</u> | | |
| Individuals | 195 | 0.05 |
| Corporations | 29 | 0.01 |
| Other Direct Taxes | 269 | 0.07 |
| <u>Indirect Taxes</u> | 86 | 0.02 |
| Total Provincial Taxes | 580 | 0.16 |
| Local Taxes | 164 | 0.05 |
| <u>Federal Taxes</u> | 693 | 0.19 |
| Total Collected in Manitoba | 1,437 | 0.39 |

- Notes: (1) Other Direct Taxes includes Retail Sales Tax, Gasoline Tax, Tobacco Tax, Environmental Protection Tax, Lottery Transfers and Crown Corporation Revenue.
 (2) Indirect Taxes includes Insurance Corporation Tax, Land Transfer Tax, Corporation Capital Tax, Motive Fuel Tax and the Health and Education Levy.
 (3) Tax revenue impact estimates are based on 2009-10 Manitoba Budget and 2006 income tax data adjusted to 2010 rates.
 (4) Figures may not add to total, due to rounding.

Data Source: Manitoba Bureau of Statistics
 Economic Impact Assessment Model
 Tax Revenue Impact Assessment Model

APPENDIX - A

BOOK PUBLISHERS' FINANCIAL FORM TEMPLATE

Form used by Arts Branch

| | |
|---|-------------|
| DATE: | |
| MANITOBA BOOK PUBLISHER : | |
| FINANCIAL YEAR END REPORT | 2010 |
| Completed by: | Actuals |
| Earned Revenue | |
| A.1. Eligible Sales | |
| A.2. Non-eligible sales | |
| A.3. Service Contracts | |
| A.4. Sub-rights, licenses | |
| A.5 Other (Specify) Fulfillment revenue | |
| A. Subtotal Earned Revenue | - |
| Manitoba Portion | |
| Grants | |
| B.1. Municipal | |
| B.2. Provincial CHTS | |
| B.3. Provincial MAC | |
| D.4 Provincial Other | |
| B.5. Subtotal Provincial Grants | |
| B.6. Federal Canada Council | |
| B.7 Federal Canadian Heritage (Canada Book Fund) | |
| B.8. Federal (AECB) | |
| B.9. Federal Other (specify) | |
| B.10. Subtotal Federal Grants | - |
| B.11 Subtotal Grants | - |
| C. Book Publishing Tax Credit (in the year earned) | |
| Revenue percentage totals | |
| EXPENSES | |
| Cost of sales | |
| D.1 Non-recoverable advances | |
| D.2. Royalties | |
| D.3. Manitoba In-house wages (excluding marketing accounting & legal costs) | |
| D.4. Manitoba Editorial Contract Services | |
| D.5. Manitoba Design/Art/Type Contract Services | |
| D.6. Other Editorial Contract Services | |
| D.7. Other Design/Art/Type Contract Services | |
| D.8. Manitoba Printing on 30% or more recycled paper | |
| D.9. Other Printing and Binding | |
| D: Subtotal Cost of Sales | |

| | |
|--|---|
| PUBLISHER FINAL REPORT (continued) | |
| | |
| Labour Costs | |
| E.1. Manitoba Labour costs** | |
| E.2. Other (Please specify) | |
| E. Total Salaries | |
| ** Exclude all included in cost of sales, marketing, legal and accounting | |
| | |
| Marketing | |
| F.1 Manitoba salaries directly related to marketing | |
| F.2 Manitoba contracted marketing services | |
| F.3 Other marketing salaries or contracted services | |
| F.4. Advertising | |
| F.5 Marketing Materials | |
| F.6. Review and Complimentary copies | |
| F.7. Travel | |
| F.8. Trade show and book fair costs | |
| F.9. Sales Rep Commissions & Fees | |
| F.10. Other Marketing Costs | |
| F. Total Marketing Costs | - |
| | |
| Operating/Administration | |
| G.1 Fulfillment | |
| G.2. Operating and Administration excluding salaries | |
| G.3 Accounting & Legal services | |
| G. Subtotal Operating/Administration | |
| | |
| Inventory | |
| G. 1 Beginning of Year | |
| G.2.End of Year of year | |
| G. Inventory Change | - |
| | |
| | |
| Profit/(Loss) Current Year | |
| Expense percentages | |
| TOTAL REVENUES (A+B+C) | - |
| TOTAL EXPENSES (D+E+F+G) | - |
| Profit/(Loss) Revenue - Expenses | - |
| P/L Beginning of year | |
| | |
| TOTAL ACCUMULATED P/L | - |

APPENDIX - B

MBS IMPACT ASSESSMENT MODELS & GLOSSARY OF TERMS

MBs Economic & Tax Revenue Impact Assessment Models:

Economic impact estimates have been derived from the MBS Economic Impact Assessment Model.

The current MBS model is based on Statistics Canada's Input Output Tables for 2006. These tables contain detailed information on the inter industry flow of goods and services within the economy of Manitoba. The 2006 Input Output Tables track the production and use of 727 specific commodities by 304 industries and 170 final demand categories (e.g., personal consumption, capital investment, inter-provincial or international trade, etc).

Within the model, any direct change in demand, such as increased production of buses, or reduced demand for potatoes, has three levels of impact; Direct Industry effects, Indirect Industry effects and Induced effects.

- 1) Direct effects refers to the impact on firms assumed to expand/reduce production in response to a direct change in demand. Positive or negative changes in production outputs are assumed to require corresponding changes to production inputs from suppliers – the indirectly effected industries.
- 2) Indirect effects are therefore the ripple effect assumed to occur from directly impacted firms placing increased/decreased demands on their suppliers.
- 3) Induced effects are the result of consumer spending in the economy, which is a function of available labour income. Available labour income is scaled up or down with the level of direct and indirect production. The induced effect is also referred to as the "household" or "consumer" effect.

Total Manitoba economic impacts are the sum of the above impacts estimated by the model, plus Direct Project Impacts, such as direct contributions to Gross Domestic Product (GDP), Labour Income and Employment associated with Direct Project Expenditures.

It should be noted that the level of direct expenditures in Manitoba limits the magnitude of Manitoba economic impacts. Expenditures made directly to suppliers outside Manitoba are generally excluded from the analysis - production of goods and services sourced directly outside Manitoba have no multiplying effect on the Manitoba economy.

Input-Output models, such the MBS Economic Impact Assessment Model can be a useful component in the decision making process. However they do have certain limitations:

- 1) The model is Static: It is based on technologies and business practices at a fixed point in time, including where increased commodity demand will be procured (Manitoba/Non-Manitoba) and with no provision for the effects of supply and demand on commodity prices.

- 2) The Model is Linear: It assumes a 10% increase in output from some industry, would require 10% greater expenditure on all inputs, and result in a 10% increase to direct labour costs, employment and profits. Therefore, it assumes production capacity is always at 100%, and changes in demand fuel immediate response. Moreover, the model assumes infinite production capacity – that industries are able to respond to increased demand without need to add infrastructure.
- 3) The Model is based on Averages: Construction of a particular non-residential building, such as a strip-mall, or large office tower, are both treated the same; as average non-residential building projects. If all that is known about each of these projects is the construction cost, they will be treated as scalable projects based on the input requirements of the average non-residential building project. In reality, few projects are average. The analysis can be refined by specifying the value of specific commodities used in the construction of each of these projects. However, the model still must revert to using averages in terms of the average source of each commodity used (Manitoba/non-Manitoba), the average transportation cost, wholesale and retail mark-ups, the average market share different industries may have for production of commodities, average wage rates for different industries etc.

Understanding these limitations, and given sufficient information about a project, MBS is able to compensate for model effects. However, while data inputs, commodity supply ratios, wage rates and various special treatments can all be applied to a particular project, there is never perfect knowledge. As a result, the model cannot provide a complete or absolute measure of the impact of economic change. The resultant impacts should be treated as general estimates only and never as absolutes.

Provincial, Local and Federal taxation estimates have been prepared using the MBS Tax Revenue Impact Assessment Model. The MBS tax model's structure is based on 2009-10 Manitoba Budget data, 2006 Income Tax data adjusted for the latest income tax rate changes, and MBS Manitoba Provincial Economic Accounts 2008 data.

The MBS Tax Revenue Impact Assessment Model utilizes output from the MBS Economic Impact Assessment Model, such as the estimated impacts on GDP at Market Prices, Labour Income and Employment, as well as information on average wage rates for direct and spin-off jobs.

Federal and local taxes accruing in Manitoba are estimated, in part, by utilizing their average relationships to Manitoba provincial taxes. As with the economic impacts, tax revenue impacts should also be treated as general estimates only.

It is noted that the local tax revenue is the "softest" of the three tax estimates.

GLOSSARY OF TERMS:

Direct Expenditure Impacts – Direct Expenditure Impacts are economic impacts that are inherent in the direct expenditures associated with the project or activity being assessed, such as the identified labour content of the project, which contributes to Employment, Labour Income and GDP impacts. Direct Expenditure Impacts Are not estimated by the MBS model; they exist external to the model.

Direct Industry Impacts – Direct Industry Impacts are derived from the Direct Suppliers to the Project. In working to supply the various goods and services required for the project, directly impacted firms generate revenue, pay out wages and place additional demands on their own suppliers.

Indirect Industry Impacts – Indirect Impacts are the second level of economic impacts resulting from Project Expenditures. Indirect Impacts result when Directly Impacted firms require additional inputs from other firms in order to meet the demands of the Project, or to “restock shelves” in preparation for future demands.

Induced Impacts – Induced Impacts are the “Consumer” or “Household” effect, which occurs as a result of wage re-spending. It is assumed that most of the Labour Income in the Direct Expenditures and resulting Industry Impacts is spent on consumable or household items. This is the third level of economic activity resulting from Direct Project Expenditures.

Total Direct Impacts – Total Direct Impacts are the sum of Direct Expenditure Impacts and Direct Industry Impacts.

Total Impacts – Total Impacts are the sum of Total Direct Impacts, Indirect Industry Impacts and Induced Impacts.

Total Expenditures – Refers to the Total Expenditures specified for the project or activity being assessed (such as Operations or Construction). Total Expenditures are the initial expenditures from which all other economic impacts ultimately result (be they in Manitoba, the Rest-of-Canada or the Rest-of-the-World).

Direct Manitoba Expenditures – Direct Manitoba Expenditures identifies the volume of Total Expenditures estimated to be spent directly in Manitoba. Only Expenditures in Manitoba can impact Manitoba GDP, Labour Income and Employment etc. Direct Expenditures outside of Manitoba are a direct leakage from the economy, and do not impact Manitoba GDP, Labour Income and Employment levels.

Direct Manitoba Supply – The value of Direct Manitoba Expenditures estimated to be produced by Manitoba industry. To yield high impacts relative to direct expenditures, the direct supply should approach the value of direct expenditures. A relatively small direct supply value results in lesser impacts to the economy. The MBS model has estimates of the Manitoba Supply Ratio for each commodity contained in the Model. These can be adjusted if necessary.

Gross Expenditures – Additional expenditures by businesses and persons are levered by the Direct Expenditures. The Gross Expenditures statistic provides a measure of these expenditures, which includes re-spending of the initial direct expenditures by suppliers and wage earners. It represents the gross monetary benefit to the economy.

GDP at Market Prices – A measure of the total value of goods and services produced in the economy, GDP at Market Prices is the net monetary benefit to the economy. This statistic removes the double counting of expenditures and expenditure leakages from the economy, which are included in the Gross Expenditures statistic.

GDP at Factor Cost – A measure of the total value of goods and services produced by industry. GDP at Factor Cost is equal to GDP at Market Prices minus the effects of Indirect Taxes and Subsidies.

Labour Income – The sum of all Wages, Salaries, Supplementary Labour Income and Net Income of Unincorporated Businesses. Any or all of these may be present in the Direct Expenditures and resultant Direct, Indirect and Induced Impacts.

Employment – The Employment estimated to result from the above Labour Income. Jobs are presented as “full-time equivalent person-years” (i.e. one job represents the equivalent of one person being employed on a full-time basis for a period of one-year).

Federal Taxes – The sum of Federal Income Taxes (Corporate and Personal), Other Direct Federal Taxes and Indirect Federal Taxes, estimated to be collected in Manitoba.

Provincial Taxes – The sum of Provincial Income Taxes (Corporate and Personal), Other Direct Provincial Taxes and Indirect Provincial Taxes, estimated to be collected in Manitoba.

Local Taxes – An estimate of the total taxes, of any description, accruing to all Local Municipalities in Manitoba as a result of the project or activity being assessed and its spin-off activities.

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Association of
Manitoba Book
Publishers

404-100 Arthur St. Winnipeg, MB R3B 1H3

Phone: 204.947.3335

E-mail: ambp@mymts.net

www.bookpublishers.mb.ca