

# **Brief for the Pre-Budget Consultations in Advance of the Upcoming 2025 Federal Budget**

**from:**



**The Writers' Union of Canada (TWUC)**

## List of TWUC's Recommendations

**Recommendation 1:** That the government provide additional annual funding in the amount of \$15 million for the Public Lending Right program, bringing the program's budget to \$30 million annually. This should be in the form of a directed allocation to the Canada Council for the Arts.

**Recommendation 2:** That the government immediately amend the Copyright Act to repair the damage to the cultural economy from unregulated educational copying of published works.

**Recommendation 3:** That the government declare public-funding grants for cultural work tax-exempt.

## Policy Principles Served by TWUC's Recommendations

### *Rebuilding a Cultural Middle Class*

Canada's published [writers earn on average less than \\$10,000 per year](#) from their writing, despite producing a globally-acclaimed national literature. Writers with successful books in a given year, or a successful run of books, can and do make a reasonable middle class living, but only if the delicate web of income streams required for this work is respected and protected. The Union's recommendations are all aimed at shoring up and strengthening that web of income for writers.

The Public Lending Right is one of the vital income streams for published authors providing their labour and work to Canada's public library systems. It is currently underfunded, and this government has promised *but not delivered* a 50% increase. We are recommending a 100% increase at this time — from an annual budget of \$15 million to one of \$30 million — to make up for historic shortfall and the long delay in the promised increase.

For a dozen years, an ill-conceived loophole in the Copyright Act has encouraged the education sector to sidestep licensing and tariffs for largescale copying. The Federal Court of Canada found this unlicensed copying to be illegal and markedly unfair, and that decision has never been overturned, not even at the Supreme Court, which has ruled that Canada's Parliament holds the responsibility for clarifying the rules around copyright licensing. This situation is an income destroyer for middle class cultural workers, and has removed over \$200 million in earned income from a struggling writing and publishing industry without any attendant reduction in tuition or student costs. This money has simply disappeared into already bloated administration budgets.

It can take many years of application for a writer in Canada to receive a single public funding grant for their work. These grants are critical encouragement, and pay for time away from other work in order to write and produce. This is vital support for an undervalued and under-

protected industry doing so much for Canada's international reputation. The Writers' Union recommends that arts grants be made tax-exempt income as an encouragement to use all of that support money on creative endeavour.

***Building an Economy That Works for All Canadians***

The 2012 addition of "education" as a category of fair dealing in the Copyright Act, while ill-conceived, was intended to help educators, students, and the parents of students paying for education. It has done none of that. Education across the board, from K-12 to Postsecondary and Graduate levels is more expensive; educational materials budgets are under ever greater pressure; and teachers and students struggle to access Canadian materials.

Canada's authors and other cultural workers are vital partners in education, and should never have been placed in competition with educational budgets. The hundreds of millions of dollars in earned income transferred from writing and publishing to the education sector has simply disappeared into ballooning administration costs. It has done nothing to improve education.

This government has recently challenged the provinces to fund education without exploiting foreign students. That challenge must be extended to stop the exploitation of cultural workers through the mass copying of our work.

**Recommendation 1:**

That the government provide additional annual funding in the amount of \$15 million for the Public Lending Right program, bringing the program's budget to \$30 million annually. This should be in the form of a directed allocation to the Canada Council for the Arts.

Canada's Public Lending Right program, administered by the Canada Council for the Arts, was designed specifically to compensate authors for the collection and ongoing free use of their work in Canada's public libraries. Authors happily see their books freely available in public libraries, and the government provides a nominal payment for that use.

In 2024, Canada's PLR paid out \$14.7 million dollars to just over 18,000 authors and other published artists. The average payment to individual authors was \$805, a decrease from previous years. Authors view these PLR payments as an essential, yet shrinking, part of their annual income mix.

When the program was launched with a much lower budget in 1986, the average payment for authors was \$1,344 (adjusted for inflation). There has, therefore, been a decrease in average payments of approx. 38%. While Canada's writing and publishing sector has itself invested for growth and greatly increased the number of Canadian books in Canadian libraries, the government allocation to the PLR budget has not increased at anywhere near a sustainable rate.

Canada's writers are grateful for this 36-year-old cultural support. Clearly though, the PLR's budget has not kept pace with sectoral need. Furthermore, it is not adequately prepared for the explosive growth of titles that results from the recent acceptance of both e-books and audiobooks into the program.

The number of writers and titles in the program has increased more than fivefold since 1986. While indicative of cultural success for the country, this program pressure has resulted in several constraints placed on PLR payments, including a sliding scale of book-value based on number of years in the program and, beginning last year, the retirement of books from the program after 25 years. These constraints have resulted in over 20,000 titles dropped from the program. What this means is that Canadian classics still in demand are no longer receiving PLR compensation, despite still being present in the library systems.

Put plainly, the value of a PLR payment has shrunk considerably and, with the loss of titles outside naturally occurring attrition, the PLR budget is struggling to maintain the relevance and meaning it once had as a true support program. Combined with the income losses described under TWUC's first recommendation, Canada is in a position where legal and funding supports for the creators of our national literature have shrunk to irrelevance. This is a dire circumstance for Canada's standing in world culture, and must be immediately addressed.

We would like to point out that there is a standing budget promise from the government to increase the PLR budget, and our members anxiously await implementation of the promised increase.

**TWUC calls on the government to provide additional annual funding of at least \$15 million for the Public Lending Right program, bringing the program's budget to sustainable levels. Furthermore, we ask the government to commit to annual increases tied to program growth.**

## **Recommendation 2:**

That the government immediately amend the Copyright Act to repair the damage to the cultural economy from unregulated educational copying of published works.

The [average income for writers has dropped precipitously over the last decade](#), due primarily to the effects of uncompensated educational copying. The writing and publishing sector has lost hundreds of millions of dollars to this copying since schools, colleges, and universities declined to license their copying after ill-advised legislative change in 2012. This is a loss that has held our sector from growing significantly despite increased profile for Canadian writers and books around the world, because domestic markets are crucial for cultural economy development.

Canada's authors would have been much better positioned to withstand the inflation crisis of the last few years had they been properly compensated for the copying of their work in the education sector over the preceding 12 years. According to rates set by the Copyright Board of Canada, approximately \$200 million is owed in arrears by the education sector for copying dating back to 2011 (before passage of 2012's Copyright Modernization Act). Since 2012, neither the K-12 nor Post-Secondary sectors have meaningfully engaged with collective licensing for their copying, refusing licenses and ignoring tariffs set at the Copyright Board.

With the Supreme Court of Canada decision in *York University v. Canadian Copyright Licensing Agency (Access Copyright)*, 2021 SCC 32 released in July 2021, Canada's writers find ourselves in an absurdly unfair situation. The SCC confirmed that the copying practices of the education sector are unfair under the law. But in the same decision, the SCC removed authors' ability to work collectively and enforce their rights through Copyright Board tariffs.

Desperately in need of income to regrow our industry and reach global markets, authors have no access to the hundreds of millions of dollars owed to them, and must now spend more time and money on potential new legal challenges as directed by the court.

The education sector's broad refusal to license the work they copy has been going on now for a dozen years, despite repeated rulings against their copying guidelines. We would like to point out that there is a standing budget promise from the government to rectify this situation, and our members anxiously await implementation of the promised repair.

**TWUC calls on the government to immediately remedy this situation by amending the Copyright Act to clarify that fair dealing does not apply as an exception for educational use when a reasonable licensing solution is available. Furthermore, we ask that the purpose of the Copyright Board be clarified and made explicit (in that tariffs set at the Board are mandatory).**

### **Recommendation 3:**

That the government declare public-funding grants for cultural work tax-exempt.

While working on average below the poverty line in terms of cultural income, Canada's authors and artists often turn to public funding through municipal and provincial arts councils, and federally through the Canada Council for the Arts.

Contrary to popular belief, this funding does not create a fully subsidized cultural sector. Success rates for funding applications are in the low single digits, so it is a relatively rare occurrence that an author will receive a significant grant that can be used as subsistence income — buying time away from other income-producing work in order to focus on cultural creation.

The value of Canada's arts funding is undeniable, but that value is diluted for the individual artist when such rare and unpredictable income comes with a taxation requirement. Given artists are not allowed to apply income-averaging when completing their taxes, a grant year for an author can place them suddenly in a higher tax bracket, meaning an even greater percentage of their funding support must be immediately returned as income tax.

What's more, The Writers' Union of Canada receives complaints from members every year about the Canada Revenue Agency not allowing professional expenses to be applied for deduction against granting income. Authors are in a taxation Catch 22... taxed on grants as though they are earned income, but not allowed to consider them earned income for expense deduction purposes.

**TWUC calls on the government to make publicly funded arts grants tax-exempt income.**

### **Conclusion**

TWUC considers itself to be a partner with government in the support of Canadian authors and readers, having helped to privately raise and distribute more than \$376,000 in emergency relief funding to authors and visual artists at the beginning of the COVID-19 lockdown. The Canadian Writers' Emergency Relief Fund was a joint effort between TWUC and the Writers' Trust of Canada, and benefited from no government support.

Thank you for considering the pre-budget recommendations from The Writers' Union of Canada. We are happy to consult further on the implementation of any of these recommendations, including by providing specific wording for legislative change.

Respectfully submitted on behalf of The Writers' Union of Canada, by:



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## **The Writers' Union of Canada**

The Writers' Union of Canada (TWUC) is the national organization of professionally published writers. Representing over 2600 authors across Canada (members in every province and territory), the Union was founded in 1973 to work with governments, publishers, booksellers, and readers in order to improve the conditions of Canadian writers, and increase legal access to their work.

Because a lively and diverse literary culture is essential in defining Canada and its people, the Union supports its members, and advocates on their behalf for the advancement of their common interests. In so doing we promote the rights, freedoms, and economic well-being of all writers.

Past advocacy work by the Union has led to such notable achievements as the establishment of Public Lending Right and collective copyright licensing through Access Copyright, which provide writers with financial compensation for the use of their work by libraries and through electronic reproduction. Members of the Union benefit from a range of services that are not otherwise easily available to writers working in isolation. This includes collective legal action such as the 2006 Heather Robertson v. Thompson Corp. class action lawsuit, and the 2013 Access Copyright v. York University case, as well as support for international action such as Authors Guild v. Google, and the recent successful publisher lawsuit against the Internet Archive's Open Library book-scanning and lending program.

The Union has been a leading voice in Canada's copyright reform process, and chairs the International Authors Forum (est. 2014), an umbrella group representing over 700,000 authors worldwide in the ongoing discussion around creators' rights and broad access to published literature.