



Canadian
Heritage

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canadien



Publishing Programs
**Book Publishing
Industry Development
Program
(BPIDP)**

Applicant's Guide 2001-2002

Canada



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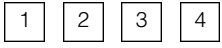


Photo 4: Health Canada



INTRODUCTION

PROGRAM OBJECTIVES

The principal objective of the Book Publishing Industry Development Program (BPIDP) is to strengthen the capacity of the Canadian-owned and -controlled sector of the industry to publish and market Canadian books in both domestic and international markets.

More specifically, the BPIDP is designed to:

1. provide an incentive to Canadian-owned and -controlled firms to increase their efficiency and to reward those firms that succeed in enhancing their long-term economic viability;
2. provide Canadian-owned and -controlled firms with the tools required to become more competitive, to build equity, and to finance growth and expansion;
3. facilitate market expansion, especially through the use of new technologies in publishing;
4. favour Canadian ownership;
5. preserve the diversity of genres in the publishing of Canadian-authored titles.

STRUCTURE AND DEADLINES

To meet these objectives, the BPIDP will provide contribution assistance through the following four funding initiatives:

Aid to Publishers

Deadline: May 1, 2001

Aid to Industry and Associations

Application Period: May 1 to August 31, 2001

Distribution Assistance

Application Period: May 1 to August 31, 2001

International Marketing Assistance

For complete information and an application form, contact the Association for the Export of Canadian Books (AECB). See page 15.

Please consult pages 16 to 18 for definitions of terms used in the BPIDP Applicant's Guide and Application Form.

OBLIGATIONS

All BPIDP recipients will be required to account for any contributions received and to provide a report evaluating the impact and results of any project undertaken, as well as a final accounting of the use of Program funds.

Under the Aid to Publishers component, recipients must demonstrate how all monies received from the Program have been invested in the business and how this investment has strengthened the financial position of the publisher. A company's performance will be taken into consideration for future eligibility to the Program.

All recipients must recognize the financial support provided by the Government of Canada. Under the Aid to Publishers component, recipients must acknowledge the financial support of the Government of Canada through the BPIDP in all eligible titles published in the year in which a BPIDP contribution is received.

The acknowledgement is: **"We acknowledge the financial support of the Government of Canada through the Book Publishing Industry Development Program (BPIDP) for our publishing activities."** The Program encourages the use of the Canada WordMark.

For projects funded through the BPIDP, recipients must print the Canada WordMark in all public announcements, news releases and publicity related to the project and print the text acknowledgement where applicable.

The Canada WordMark and the Department of Canadian Heritage signature are available in electronic format at: www.pch.gc.ca/logos

Applicants must inform the BPIDP of the existence of any recently resolved or still unresolved litigation in which they are directly or indirectly implicated and in which the outcome could have an impact on their acceptance into the Program or the amount of their financial support. Applicants not providing this information to the BPIDP may have their contribution withheld, their application refused, or may have to refund any BPIDP contribution already received.

Recipients under the Aid to Publishers component of the Program must reimburse the total amount of any contribution received under the BPIDP if, within 24 months following receipt of the contribution, the publisher ceases to satisfy the Program's definition of a Canadian-owned and -controlled firm.

REPAYABLE CONTRIBUTIONS POLICY

Consistent with the government's repayable contributions policy, recipients under the Aid to Publishers component must reimburse any financial assistance received, if:

- the contribution from the Aid to Publishers component equals or is greater than \$100,000;

AND IF

- the average profit margin, for the three-year period following receipt of funds equals or is greater than 10 percent. The profit margin will be calculated as follows: profit before tax and extraordinary items divided by total company revenues and multiplied by 100. The total company revenues should not include financial assistance received from the BPIDP (including the AECB). In addition, this assistance should be subtracted from profit.

PROGRAM PROVISIONS

Audit

The Department conducts audits of Program recipients each year. In such cases, recipients must make available, during the course of an audit, any records, documents or other information that may be required to perform the audit.

A recipient found to have submitted false information will have to refund the whole of any contributions received and may be declared ineligible for assistance for two years thereafter.

Program Evaluation

The Department conducts periodic evaluations of the Program. In such cases, recipients must make available, during the course of an evaluation, any records, documents or other information that may be required to perform the evaluation.

Statistics Canada

Publishers who participate in the Program must complete the Survey of Book Publishers and Exclusive Agents conducted by Statistics Canada.

Comparative Studies

Publishers receiving financial assistance through BPIDP must agree to participate in financial comparison studies created and funded by the Department of Canadian Heritage.

PROGRAM COMPONENTS

AID TO PUBLISHERS

The principal objectives of this component are to improve the financial position of participating publishers and to support promotional efforts aimed at increasing the presence of Canadian books in the domestic marketplace.

ELIGIBILITY CRITERIA

At the time of application, publishers must satisfy the following general and annual criteria:

GENERAL CRITERIA

- The publisher's principal activity must be book publishing. At least 75 percent of an applicant's revenues must be derived from the publishing and the sale of printed books. Unincorporated divisions of larger organizations are not eligible.
- The company must be owned and controlled by Canadians. The percentage of Canadian ownership and control must be 75 percent or greater. As well, the firm must provide a complete set of financial statements showing a 12-month financial year that reflects the 75 percent ownership and control requirement.
- Company headquarters and at least 75 percent of employees must be based in Canada.
- Publishers must operate in the private sector, including non-profit publishing houses. University presses are an exception and are eligible.
- The publisher must have completed at least 36 months of operation as a business whose principal activity is book publishing.

- The publisher must have published, in print form, a minimum of:
 - 15 Canadian-authored trade titles, with an annual average of at least four new titles published over the three preceding completed financial years;

OR

- 10 Canadian-authored educational or scholarly titles, of which at least two new titles were published in each of the three preceding completed financial years.

New editions of previously published titles are not considered new titles.

- The publisher must have fulfilled all contractual obligations with respect to royalty payments (see *Application Procedure*, page 8).

A publisher is not eligible if any of the following conditions apply:

- the publisher is primarily funded by or affiliated with a public-sector institution or association;
- the publisher derives 25 percent or more of its income from the sale of vanity titles or 50 percent or more from the sale of ineligible titles (see *Definitions*);
- the publisher publishes books written exclusively by its shareholder(s) or owner(s);

In addition, a publisher is not eligible if the following two conditions apply:

- net sales from book publishing activities (own titles) exceeded \$15 million in the publisher's previous financial year;

AND IF

- the average profit margin for the last three financial years is equal to or greater than 12 percent. The profit margin will be calculated as follows: profit before tax and extraordinary items, divided by total company revenues and multiplied by 100. The total company revenues should not include financial assistance received from the BPIDP (including the AECB). In addition, this assistance should be subtracted from profit.

ANNUAL CRITERIA

A publisher must satisfy all general eligibility criteria for the Program, and at least **one of the following two criteria** for the financial year for which application is made (i.e. the latest financial year for which financial statements are available).

■ Net Eligible Sales

The publisher must have attained net eligible sales of at least \$200,000 for the financial year for which application is made.

For minority official language companies (i.e. companies outside Quebec that publish mostly in French and companies in Quebec that publish mostly in English) or aboriginal publishers (i.e. companies that publish mostly aboriginal authors or works in aboriginal languages), the minimum sales requirement is \$130,000;

OR

■ Sales of Own Titles to Inventory of Own Titles

The publisher must demonstrate a sales-to-inventory ratio, for its own titles, equal to or greater than the minimum ratio established for the company's type of publishing (i.e. defined by the commercial category of its own titles):

COMMERCIAL CATEGORY	REQUIRED MINIMUM RATIO
Scholarly books	0.33
Educational, tradebooks, and others	2.0

A weighted ratio, according to sales, will be calculated for companies publishing books in more than one commercial category. For example, a publisher that derives 30 percent of sales of its own titles from educational titles, 20 percent from scholarly books, and 50 percent from trade books and others must achieve, at minimum, the following ratio:

COMMERCIAL CATEGORY	REQUIRED MINIMUM RATIO
Scholarly books	(0.33 x 20%)
Educational, tradebooks, and others	+ (2 x 80%)
Minimum ratio	= 1.66

CRITERIA FOR MAINTAINING ELIGIBILITY UNDER THE AID TO PUBLISHERS COMPONENT

To remain eligible for financial assistance, a publisher must satisfy the general and annual eligibility criteria for the Program, and the following two conditions:

- 1 The publisher must have invested in the company all funds received under the BPIDP in the previous year. To comply with this requirement, the publisher must:
 - a) sign a contribution agreement stipulating that all received funds will be invested in the company and will not be paid out in the form of dividends, bonuses or other budgetary compensation to shareholders or proprietors;
 - b) provide a detailed accounting of the utilization of funds received in the previous year and demonstrate how that support has:
 - (i) helped to improve the company's financial position;
 - (ii) contributed to the publisher's ability to market Canadian books.
- 2 The publisher must attain a profit margin equal to or greater than zero percent. The profit margin will be calculated as follows: net profit before tax and extraordinary items, divided by total company revenues and multiplied by 100. In the event that a publisher's profit margin falls below zero percent, the following two conditions apply:

- a) In order to remain in the Program, a publisher whose profit margin is less than zero percent must demonstrate a constant improvement in that margin until such time as it is equal to or greater than zero percent. Should a publisher fail to improve its profit margin from that of the previous year, it will be excluded from the Program. Once excluded, in order to re-enter the Program, a publisher must demonstrate a profit margin greater than the profit margin reported in the last year of participation in the Program.

(In exceptional circumstances, a publisher who has not been able to increase a negative profit margin may be allowed to continue receiving assistance under the Program. However, the publisher must demonstrate satisfactorily that it will be able to remedy the situation during the current year.)

- b) A publisher whose profit margin is equal to or greater than zero percent must continue to meet this performance objective. Should a company's profit margin fall below zero percent during a subsequent year, the conditions outlined above (2 a) will apply.

CONTRIBUTION ASSISTANCE

The formula for distributing financial assistance will be based on eligible sales achieved by publishers, in their most recent financial year, in relation to the total eligible sales of all participating publishers. For example, if the factored eligible sales of a publisher are 0.2 percent of the total factored eligible sales of all applicants, that publisher will receive 0.2 percent of the total assistance available.

The maximum annual contribution to individual or affiliated companies (see *Definitions*) will not exceed \$750,000 under this component per fiscal year. A publisher must allocate 20 percent of the contribution under Aid to Publishers to eligible domestic marketing activities as defined on page 9.

The sales factors to be used in the calculation of the formula are as follows:

SALES FACTORS

ELIGIBLE SALES	FACTOR
CANADIAN-AUTHORED SALES	
■ Up to \$400,000	
• translated by a Canadian from one official language to the other	3.75
• other	3.0
■ Over \$400,000	1.0
FOREIGN-AUTHORED TITLES ORIGINATED IN CANADA	
■ Up to the equivalent of sales of Canadian-authored titles	1.0
■ The portion exceeding sales of Canadian-authored titles	0.0
ADAPTATIONS AND TRANSLATIONS BY CANADIANS OF FOREIGN-AUTHORED TITLES	
■ Up to the equivalent of 25 percent of sales of Canadian-authored titles	0.5
■ The portion exceeding 25 percent of sales of Canadian-authored titles	0.0
NON-PRINT MATERIAL	
■ Up to the equivalent of 50 percent of sales of Canadian-authored titles in print form	1.0
■ The portion exceeding 50 percent of sales of Canadian-authored titles in print form	0.0

APPLICATION PROCEDURE

All publishers applying for assistance must submit original copies of all the following information:

- a completed *Application for Financial Assistance* form including a Business Plan;
- a complete set of audited financial statements for the most recent fiscal period (may not exceed 12 months) from any publisher that received \$50,000 or more from the BPIDP (including AECB funding) in the previous year.

As a minimum, all other publishers receiving less than \$50,000 must provide a Review Engagement Report prepared by an independent external accountant.

Financial statements should not be more than 14 months old. Publishers must obtain Program authorization before switching to the next fiscal period or changing the date of their year end.

- As a note to the financial statements, or in a separate letter, the independent accountant must certify after conducting a sample audit that as at the end of the audited fiscal period, the publisher has issued royalty payments as required.
- the publisher's most recent catalogue;
- a list of all the publisher's eligible titles at the end of the most recent completed financial period, indicating the following:
 - title;
 - author and citizenship;
 - publication date;
 - subject category (see list below);
 - format (book, tape, CD-ROM);
 - whether the book is an adaptation;
 - whether the book is a translation;
 - whether the book is co-published;
 - number of pages;
 - country of printing.

Note: Please identify new titles.

- a copy of the applicant's signed contract with its distributor(s) and any other relevant agreements that will provide information on the nature of the applicant's business activities;
- all applicants must provide:
 - for trade publishers, one copy of their **four** most recent eligible titles from their most recent completed financial period;

OR

- for educational or scholarly publishers, one copy of their **two** most recent eligible titles from their most recent completed financial period.

Note: Publishers may be asked to provide all of their titles from their most recent completed financial period.

- first time applicants to the Program are required to provide one copy of their **10** most recent titles.

Affiliated companies (see *Definitions*, page 16) should submit their individual applications under one cover.

SUBJECT CATEGORIES

EDUCATIONAL (levels: primary, secondary, post-secondary)

- Student textbooks
- Teaching guides
- Workbooks
- Learning kits
- Software, CD-ROMs
- Other (specify)

TRADE

- Novels, short stories
- Poetry
- Plays
- Children's picture books
- Children's fiction
- Other children's (specify)
- Essays, monographs
- Biographies
- How-to books
- Reference works
- Other (specify)

SCHOLARLY

- Scholarly essays, monographs
- Conference proceedings
- Critical surveys
- Critical bibliographies
- Other (specify)

ELIGIBLE MARKETING EXPENSES UNDER THE AID TO PUBLISHERS COMPONENT

- market studies performed by independent consultants;
- costs for the development (up to, but not including, the print stage) of prototypes for the sale of rights, or for the marketing of books in the educational sector only;
- production costs incurred externally for publicity material (e.g. catalogues, displays, pamphlets);
- costs for the purchase of advertising space in media outlets;
- production costs of complimentary and sample copies;
- travel costs for Canadian authors for authors' tours or workshops in Canada (including up to a maximum of \$50 per day for meal allowances);
- workshops given by authors in schools or libraries, or at conferences or conventions.
- booth and space rental required for participation at distinctive fairs, shows or conferences in Canada, solely for the sale of rights and/or for the marketing of books; travel costs for a maximum of two employees responsible for the booth;
- costs related to the purchase, rental, or making of mailing lists;
- costs for freelancers (e.g. press attaches, graphic designers) hired for marketing activities, facilitation, teaching workshops, etc.;
- postal or shipping costs for promotional material;
- salaries of permanent staff employed for the design, production and shipping of publicity material for participation at book fairs and/or conferences;
- costs related to the development and updating of a web site for promotion, information or other purposes.

APPLICATIONS AND INQUIRIES

The Book Publishing Industry
Development Program (BPIDP)
Department of Canadian Heritage
15 Eddy Street, 4th floor
Hull, Quebec
K1A 0M5

Telephone: (819) 997-4944
Fax: (819) 997-4169

E-mail: bpidp_padie@pch.gc.ca
Internet: www.pch.gc.ca/bpidp

AID TO INDUSTRY AND ASSOCIATIONS

The prime objective of this component is to support the viability and growth of Canadian book publishing by equipping the industry with the tools it needs to expand its position in the domestic marketplace. The component provides two forms of assistance: one to support group projects to create structures to strengthen the industry or a segment of the industry in the medium or long term, and the other to promote research and professional development that will enhance the professional character of the production and distribution efforts of Canadian publishers.

1. MARKETING AND PROMOTION PROJECTS

The objective of the first form of assistance is to support a collective approach to marketing, advertising, promotion and distribution, aimed at strengthening one or more segments of the Canadian book trade.

ELIGIBLE CANDIDATES

Eligible candidates are associations, organizations, agencies or companies representing one or more sectors of the book trade.

ELIGIBILITY CRITERIA

Projects should strengthen the book trade in Canada. Particular attention will be given to projects aimed at achieving greater efficiencies through collective efforts and improving domestic marketing and distribution of Canadian titles. Target results should be measurable. Priority will be given to projects with a national scope that strengthen the infrastructure of the industry.

The support of one or more professional trade associations may be required for certain projects.

APPLICATION PROCEDURES

Applicants applying for financial assistance under this component must complete the *Application for Financial Assistance Form: Aid to Industry and Associations and Distribution Assistance*.

CONTRIBUTION ASSISTANCE

The level of financing will be established based on the scope of the project, the estimated benefits for the trade sector involved and the availability of program funding. The maximum annual contribution for an individual project will normally not exceed 50 percent of total eligible expenses (see list of expenses below).

POST-PROJECT REQUIREMENTS

The funds will be paid in instalments according to cash requirements for the project. The 10 percent financial assistance holdback will be issued once the following documents have been received and approved by the BPIDP officer:

- a report on how the funds have been used;
- all necessary supporting documentation;
- an evaluation of project results.

Audited financial statements for the project will be required for any contribution exceeding \$50,000.

ELIGIBLE EXPENSES FOR MARKETING AND PROMOTION PROJECTS

Eligible expenses

- research, analysis and market studies;
- media buys: conception, design and placement of advertisements in print and electronic media;
- design and printing of promotional materials;
- development of marketing strategies, assembling media contact lists, and related promotional activities aimed at media;
- instructional workshops for targeted client groups;
- rental and management of collective stands at industry events;
- other costs associated with marketing, advertising, promotion and distribution in support of collective marketing initiatives;
- administration and general costs (funding up to 15 percent of administration costs).

Ineligible expenses

- salaries of permanent employees;
- costs associated with opening events, catering services and others.

Note: Any other proposed expenses must be discussed with program officers.

2. RESEARCH AND PROFESSIONAL DEVELOPMENT INITIATIVES

The specific objectives of the second form of assistance are to improve industry competitiveness through research and to increase the professionalism of industry members through professional development. Particular attention will be given to initiatives that facilitate learning and skills acquisition, and a better understanding of the book trade.

ELIGIBLE CANDIDATES

Eligible candidates are professional book publishing industry associations, specialized teaching institutions, and research institutions.

ELIGIBILITY CRITERIA

Projects should strengthen the book trade in Canada. Particular attention will be given to projects aimed at implementing professional development initiatives, research projects or feasibility studies. Priority will be given to projects with a national scope that strengthen the infrastructure of the industry.

APPLICATION PROCEDURES

Applicants applying for financial assistance under this component must complete the *Application for Financial Assistance Form: Aid to Industry and Associations and Distribution Assistance*.

For professional development initiatives, applicants must also submit:

- a list of the courses or training services (including names of instructors and facilitators and sites) that the applicant plans to offer to respond to identified needs;
- a detailed budget, including anticipated revenue from all sources.

CONTRIBUTION ASSISTANCE

Travel and accommodation costs for **professional development programs** submitted by an association should not exceed 25 percent of the overall budget.

No more than two staff members from any one publishing house may receive assistance to attend the same course or seminar.

The Department generally finances 50 percent of the eligible expenses for professional development initiatives (see list, page 12) and may cover up to 75 percent of the registration and travel expenses of an aboriginal participant. **For initiatives specifically related to research**, see the list of eligible expenses also on page 12.

POST-PROJECT REQUIREMENTS

The funds will be paid in instalments based on cash requirements for the project. The 10 percent financial assistance holdback will be issued once the following documents have been received and approved by the BPIDP officer:

- for professional development projects, an evaluation report showing the number of participants, their evaluation of the course or program provided and the impact and results of the project;
- for research projects, documents showing the research results and a plan for the use of these results;
- a report on how the funds have been used;
- all necessary supporting documentation.

Audited financial statements for the project will be required for contributions of \$50,000 or more.

ELIGIBLE EXPENSES FOR RESEARCH INITIATIVES

- research, analysis and studies conducted by a private enterprise or an association;
- transportation and accommodations related to research activities;
- costs related to meetings of a training team;
- purchase of documents or relevant resources;
- communications costs;
- costs related to the distribution of research results;
- reproduction of final document;
- administration and general costs (funding up to 15 percent of administration costs).

Note: Any other proposed expenses must be discussed with program officers.

ELIGIBLE EXPENSES FOR PROFESSIONAL DEVELOPMENT INITIATIVES

- organizational fees for training program (hiring specialists, renting rooms, training, etc.) for professional associations;
- registration or tuition fees for specialized educational institutions;
- travel in economy class and accommodations for publishers taking courses or seminars who are required to travel (75 percent for official-language minority publishers and aboriginal publishers);
- the purchase of required textbooks;
- other initiatives submitted by the professional association or the institution and accepted by the BPIDP (such as traineeships abroad);
- administration and general costs (funding up to 15 percent of administration costs).

Note: Any other proposed expenses must be discussed with program officers.

APPLICATIONS AND INQUIRIES

The Book Publishing Industry
Development Program (BPIDP)
Department of Canadian Heritage
15 Eddy Street, 4th floor
Hull, Quebec
K1A 0M5

Telephone: (819) 997-4944
Fax: (819) 997-4169

E-mail: bpidp_padie@pch.gc.ca
Internet: www.pch.gc.ca/bpidp

DISTRIBUTION ASSISTANCE

The specific objective of this component is to encourage the development of an information system infrastructure through the creation and upgrading of title databases and the acquisition of software and hardware appropriate to user needs. Projects which conform with industry standards within the various sectors of the book trade will be considered.

ELIGIBLE CANDIDATES

Professional associations, agencies and organizations that represent the Canadian book publishing industry, as well as Canadian publishers eligible for the Aid to Publishers component of the Program holding distribution rights for at least two other publishers eligible for the BPIDP will be considered for assistance under this component.

ELIGIBLE PROJECTS

To be deemed eligible under this component, the applicant must clearly demonstrate how the project will contribute to the development of the Canadian distribution network.

Eligible projects include the acquisition of hardware and software to improve the efficiency of distribution activities in Canada, studies of distribution networks, the creation of a data bank, and other related initiatives. Special consideration will be given to those projects that involve alliances which represent more than one sector of the book trade.

Certain projects may require the support of one or more professional trade associations.

ELIGIBILITY CRITERIA

Projects should strengthen the book trade in Canada. Particular attention will be given to projects aimed at achieving greater efficiencies through collective efforts and improving domestic marketing and distribution of Canadian books. Target results should be measurable and demonstrate greater efficiency in book distribution activities using the appropriate tools. Priority will be given to projects of national scope with a lasting impact.

APPLICATION PROCEDURE

Applicants applying for financial assistance under this component must complete the *Application for Financial Assistance Form: Aid to Industry and Associations and Distribution Assistance*.

CONTRIBUTION ASSISTANCE

The level of financial assistance will be established based on the scope of the project, the proposed benefits for the industry and the availability of program funding. The Department generally finances 50 percent of the eligible expenses for projects under this component.

In the case of projects proposed by a book publisher/distributor, the maximum contribution will be 50 percent of eligible costs.

POST-PROJECT REQUIREMENTS

The funds will be paid in instalments according to the cash requirements for the project. The 10 percent financial assistance holdback will be issued once the following documents have been received and approved by the BPIDP officer:

- an evaluation of project results;
- a report on how the funds have been used;
- all necessary supporting documentation.

Audited financial statements for the project will be required for contributions exceeding \$50,000.

ELIGIBLE EXPENSES FOR DISTRIBUTION ASSISTANCE

- studies about the distribution networks conducted by a private enterprise or an association;
- hiring of outside consultants to carry out a needs analysis and implement a strategy for the distribution of Canadian books;
- purchase of computer equipment and relevant software or hardware;
- cost of creating databases or an Internet site;
- administration and general costs (funding up to 15 percent of administration costs).

Note: Any other proposed costs must be discussed with program officers.

APPLICATIONS AND INQUIRIES

The Book Publishing Industry
Development Program (BPIDP)
Department of Canadian Heritage
15 Eddy Street, 4th floor
Hull, Quebec
K1A0M5

Telephone: (819) 997-4944
Fax: (819) 997-4169

E-mail: bpidp_padie@pch.gc.ca
Internet: www.pch.gc.ca/bpidp

INTERNATIONAL MARKETING ASSISTANCE

The objective of this component is to increase the distribution and marketing of Canadian titles abroad. The component is administered for the Department of Canadian Heritage by the Association for the Export of Canadian Books (AECB). The specific objectives of the AECB are:

- to familiarize publishers with export markets and to help them to expand their sales through participation in international events, where they can sell foreign rights and finished products, and can negotiate other arrangements with their foreign counterparts;
- to assist publishers in implementing their export strategies to increase the distribution and marketing of Canadian books on the international scene;
- to develop an Information and Research Centre on foreign and export markets, to address all aspects of exportation and assistance programs offered by various levels of government.

This component is made up of two forms of funding assistance:

1. FOREIGN RIGHTS MARKETING ASSISTANCE

The objective of this program is to enable publishers to participate in international events (Book fairs such as Bologna, Frankfurt; *Salons du livre*, specialized book-related international conventions, etc.) for the sale of finished books and rights, and/or for the negotiation of distribution agreements with foreign distributors and publishers in order to develop foreign sales.

2. EXPORT MARKETING ASSISTANCE

The objective of this program is to provide financial assistance to publishers attempting to expand export markets for their Canadian books. The program is designed to help companies develop and increase their export sales.

ELIGIBILITY CRITERIA

For Foreign Rights Marketing Assistance, publishers must at a minimum meet the eligibility criteria of either the Aid to Publishers component of the BPIDP or the Block Grant program of the Canada Council for the Arts. Additional criteria may be established by the AECB.

For Export Marketing Assistance, publishers must at a minimum meet the eligibility criteria of the Aid to Publishers component. Additional criteria may be established by the AECB.

APPLICATIONS AND INQUIRIES

The Association for the Export
of Canadian Books (AECB)
1 Nicholas Street, Suite 504
Ottawa, Ontario
K1N 7B7

Telephone: (613) 562-2324
Fax: (613) 562-2329

E-mail: aecb@aecb.org
Internet: www.aecb.org

DEFINITIONS

For the purposes of this Program, the following definitions apply to the eligibility conditions as outlined in each of the Program components:

Adaptation

Publication of a foreign book in its original language that has been adapted by a Canadian author with substantive editorial changes (at least 25 percent of content) to ensure that it is suitable for the publisher's own market.

Affiliated Companies

A group of entities in which the same person or group of persons holds or controls at least 51% of the shares with full voting rights under all circumstances or has been shown to have control in fact of these entities.

Book Publishing

To solicit, select, edit and assume the risks associated with the production of a work in print or other format, to enter into a contractual agreement with the author or copyright holder, to publish under an original imprint and to market the finished product.

Canadian

Canadian means

- a) a Canadian citizen;
- b) a permanent resident within the meaning of the *Immigration Act*;
- c) a Canadian government, whether federal, provincial or local, or an agency of such a government;

- d) a partnership, trust or joint venture in which a person or any combination of persons referred to paragraph a), b), c), e) or f) beneficially owns or controls, directly or indirectly, interests representing in value at least 75% of the total value of the assets of the partnership, trust or joint venture, as the case may be;
- e) a Canadian corporation; and
- f) a non-profit organization in which 75% of its members are persons referred to in paragraph a) or b).

Canadian-owned corporation

A corporation:

- that is incorporated under the laws of Canada or a province;
- whose principal place of business is in Canada;
- whose chairperson or other presiding officer and at least 75 percent of whose directors or other similar officers are Canadian citizens or permanent residents within the meaning of the *Immigration Act*;
- in the case of a corporation with share capital, of which Canadians beneficially own or control, other than by way of shares held only as security, directly or indirectly, in the aggregate at least 75% of all the issued and outstanding voting shares representing at least 75% of the paid-up capital; and
- in the case of a corporation without share capital, of which Canadians beneficially own or control, directly or indirectly, interests representing in value at least 75% of the total value of the assets.

Commercial Category

Educational Titles: Textbooks, teacher's guides or kits designed for the elementary, secondary or post-secondary school market that support a prescribed program of study as a basic or as a supplementary resource.

For the purposes of the BPIDP, a learning kit must be made up of elements intrinsically linked to each other. The majority of the materials in a learning kit must be Canadian and in print. Related materials, such as workbooks, computer software and audio-visual aids must be ancillary to an eligible educational title.

The mere fact that an item is sold to schools, or is used in schools, is not sufficient to qualify it as an educational title.

Scholarly Books: Books that are the result of research that makes a significant and original contribution to a field of study, and thus to the advancement of knowledge. In order to qualify as scholarly, the title must have undergone peer review prior to publication. Included are: monographs by one or more authors, writing as a team on a single theme; collective works consisting of chapters or papers contributed by several authors; critical editions of texts; commentaries on established texts; and fully critical bibliographies. Textbooks are excluded from the category of scholarly books.

Tradebooks and Others: Books intended for the public at large, literary works, manuals, dictionaries, encyclopaedias, thesauruses, how-to books and reference material intended for professionals (e.g. accountants, lawyers, electricians, etc.).

Control

Where at any time one or more persons that are not described in any of paragraphs a) to f) of the definition "Canadian" have any direct or indirect influence through a trust, an agreement, an arrangement or otherwise that, if exercised, would result in control in fact of the corporation, this corporation is deemed not to be a Canadian corporation at that time.\

Co-publishing

Joint financial investment by two or more publishers to conceive, produce and print, under their respective imprints, individual titles or collections to be sold in their respective markets.

Corporation deemed "non-Canadian"

For the purposes of the definition of "Canadian-owned corporation," when at any time one or more persons that are not described in any of paragraphs a) to f) of the definition "Canadian" have any direct or indirect influence through a trust, an agreement, an arrangement or otherwise that, if exercised, would result in control in fact of the corporation, this corporation is deemed not to be a Canadian corporation.

Eligible Sales

Sales that are defined as the total of the following:

- the revenue received/receivable for eligible titles sold net of discounts and credits for returns and allowances;
- revenues from the sale of rights of eligible titles;
- revenues from the sale of eligible non-print material (e.g. CD-ROMs, audiotapes) derived from Canadian-authored titles;
- gains or losses realized on foreign exchange transactions, which should be reflected as either increases or decreases to the appropriate eligible or non-eligible sales category.

Eligible sales: adjustment for distributor fees

In instances where titles are sold through distributors and the publisher records revenue in its accounts for an amount net of the distributor fee, and the net amount is reflected in the financial statements, the publisher is entitled to increase these net sales of eligible titles by the amount of the fee withheld by the distributor for those books.

In completing the *Application for Financial Assistance*, the publisher should reflect the increase in the appropriate category (or categories) in the *Breakdown of Net Revenues* section and record the same amount as a Distribution expense in the *Operating Expenditures* section.

The publisher is advised that any adjustment is to relate only to the distributor fee and is not to include the amount of "trade discount" that is provided to third parties by the distributor.

To support an adjustment to eligible sales for distributor fees, the publisher must provide:

- a copy of the agreement between the publisher and the distributor; and
- a letter from the distributor confirming both the amount of the distributor fee and the amount of sales net of the "trade discount" for the reporting period.

Eligible Titles

To be considered eligible, titles must:

- have an ISBN number, be published under the publisher's own imprint or under an imprint for which the publisher has acquired publishing and management rights;
- be printed in Canada, except when the publisher can demonstrate that printing at a competitive price or specific printing services were not available in Canada;
- have a minimum of 48 bound pages, except in the case of children's books;
- belong to one or more of the following categories:
 - written by a Canadian author;
 - edited by a Canadian (e.g. anthology with substantive editorial content);
 - written by a foreign author and adapted or translated by a Canadian author (see definition of "adaptation");
 - written by a Canadian or foreign author co-published by a Canadian publisher (see definition of "co-publishing");
 - foreign-authored titles originated (for the first time), in book format, by a Canadian publisher;
 - non-print material (e.g. CD-ROMs, audiotapes) derived from Canadian-authored titles;
- belong to one of the commercial categories as defined on page 16.

Entity

A corporation with or without share capital, a partnership, a trust or a joint venture.

Ineligible Titles

Titles which do not meet the conditions for eligible titles will be considered ineligible, in addition to titles in any of the following categories:

- titles containing hate propaganda, sexual exploitation, excessive violence or titles denigrating an identifiable group;
- vanity titles (i.e. titles for which publication is dependent on a financial contribution from the author);
- Canadian or foreign-authored titles originated outside of Canada for which the company holds territorial rights;
- directories, agendas, horoscopes, catalogues, maps, colouring and/or activity books, games or other books with no editorial content;
- non-authored works or works not explicitly attributed to an author;
- any material that contains advertising other than the publisher's own promotional material;
- any periodical published two or more times a year at regular intervals as of the date of application (e.g. newspaper, magazine, etc.).

Own Titles

Titles for which the applicant holds publishing rights.