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Canada's Public Lending
Right Program

Program Design, International Comparisons, and the Impact of Technology

Research paper

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by Roy MacSkimming

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Bringing the arts to life
De l'art plein la vie

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Executive Summary

By examining Canada's Public Lending Right (PLR) program from three different perspectives, this paper attempts to collate and analyze available information and provide domestic and international context for the program.

Following some background to the paper, Part 2, Program Design and Evolution, shows that PLR's initial design adopted in 1986 has been maintained with relatively few changes over the past 26 years. The most significant design modifications occurred in the library sampling process in 2004-05 and through introduction of the Growth Management Strategy (GMS) in 2009-10. That strategy was the PLR Commission's response to the most formidable challenge facing it throughout its history: relentless annual growth in authors and titles participating in the program. That growth has not been accompanied by commensurate increases in the program budget, particularly in the past 10 years. Hence, although the GMS has contributed to bolstering payments to authors for more recently published titles, the real purchasing power of average PLR payments has been steadily eroding for a decade.

Part 3, International Comparisons, situates Canada's PLR program in the context of 29 working PLR programs around the world. Since no two national PLR schemes are exactly alike, Canada's system bears many similarities to these other programs yet exhibits certain differences. Canada is one of seven countries practicing a holdings-based system, whereas 19 other systems are loans-based, and two are based on annual library book purchases. In terms of average payment to authors and payment per capita of population, Canada's program is comparable to those of several other countries, including Belgium, France, New Zealand and the U.K. However, it is considerably less generous than several other systems, in countries such as Australia, Denmark, the Netherlands, Norway and Sweden.

Part 4, Impact of Technology, shows that digital technology has been instrumental in maintaining the efficiency and lean administrative structure of Canada's PLR program. In particular, it has made possible improvements in the library sampling process. In the near term, technology will continue to be central to the program as it explores the potential for expanding services to authors, such as introducing online registration and electronic direct deposit. Most significantly, the program must come to grips with the rapidly growing presence of eBooks in Canadian library collections, as the PLRC works toward implementing its intent of including eBooks in the program by 2013-14.

It is hoped that the paper will be a useful tool for both the Public Lending Right Commission and the Canada Council for the Arts in informing and facilitating future program design.

1 Background

This research paper was commissioned by the Canada Council for the Arts as a sequel to “The Policy Foundations of Public Lending Right in Canada,” a paper by the same author (Canada Council for the Arts, November 2011).

The earlier paper dealt with the origins of the Public Lending Right (PLR) program in Canadian public policy. Covering the period leading up to the program’s adoption by the federal government in 1986, it documented the policy development process and the roles played by the various stakeholders. The paper established PLR’s core objective as stated in the Treasury Board document authorizing the program: “*to compensate authors for the use of their works through Canadian libraries.*” An ancillary purpose stated by Treasury Board was “to increase the revenues and improve the financial situation of Canadian writers and give public recognition to their important contribution to protecting Canada’s cultural identity.”

The paper concluded that the following principles and needs fundamentally shaped the program and its mandate:

- The principles of fairness, equity, and recognition of a public service provided by authors, for which a public benefit is paid; and
- The needs to improve authors’ financial return from their creative work, recognize their contribution to Canadian culture, and reinforce their creativity.

The present paper continues this examination of Canada’s PLR program by focusing on three key areas of interest:

1. The initial PLR program design and its subsequent evolution over 25 years;
2. Comparisons with international counterparts of Canada’s PLR program;
3. The present and future impacts of technology on the program.

The paper’s intent is to collate and analyze information: to be descriptive, not prescriptive. Research for the paper builds upon research conducted for the earlier study and also includes: a review of Public Lending Right Commission (PLRC) documents recording developments in the program’s design and evolution, e.g. Commission minutes, annual reports and statistical reports; a review of PLR program evaluations; an examination of various conference proceedings, including several international PLR conferences; a study of the comprehensive analysis of PLR programs worldwide on the PLR International Network website; a recent report prepared for the PLRC, “EBooks and Public Lending Right in Canada,” as well as articles on ebooks in Canada and internationally; and personal interviews with PLR program staff, former and current PLR Commission members, and other individuals in Canada and abroad knowledgeable about the paper’s three areas of interest.

Research sources are identified in the appendices. Where particular sources of information are cited in the text, the source may be identified in square brackets directly following the information.

2 Program Design and Evolution

“Managing program growth, then, is our most formidable challenge, given the expectation...of government restraint.”

*Douglas Burnet Smith, PLRC Chair
Proceedings of the 1995 International PLR Conference*

Overview

As described in “The Policy Foundations of Public Lending Right in Canada,” the PLR program design was greatly influenced by the work of the Consultative Committee on Payment for Public Use. Convened by the Canada Council from 1977 to 1981, the Consultative Committee was created to examine ways of paying authors for the free lending of their books in Canadian libraries – a policy implemented in some other countries under the rubric of Public Lending Right. The Committee had a mandate to advise the Council on the feasibility, design and implementation of a national program. Committee members included a representative balance among the stakeholder groups most immediately concerned: Anglophone and Francophone authors, librarians and book publishers.

Long before the federal government committed budgetary resources to PLR, the Consultative Committee developed a program framework. It examined international precedents; conducted an extensive national survey of writers in both official languages to determine potentially eligible authors and titles; conceptualized the program architecture; and tested the feasibility of implementing the program in cooperation with a sample of libraries across the country.

In mid-1981 the Canada Council board approved the Consultative Committee’s program recommendations and submitted them for consideration by the federal government through the Minister of Communications. Government authorization and funding for PLR took another five years, requiring intense lobbying by national writers’ organizations. That long campaign is often characterized as “a crusade,” as founding PLRC Chair Andreas Schroeder called it in his speech to the 2011 annual general meeting of the Writers’ Union of Canada, “Canada’s PLR Program: The Untold Story”.

The Consultative Committee’s advance work enabled PLR to be up and running in a remarkably short time – a matter of months – once the program was established. The newly formed Public Lending Right Commission (see “Governance” below) basically accepted the structure designed by the Committee.

Like other longstanding arts and culture programs, PLR’s design has subsequently become modified over time. But considering that PLR has operated for a quarter-century – the first annual payments to authors were issued in March 1987 – its design has remained relatively stable. Although the criteria and methodology have evolved somewhat, the program’s broad lines have not changed a great deal since the program’s inception.

Constant pressure on the program's ability to maintain its level of payments to authors has triggered the most significant design changes. Budgetary increases have not kept pace with relentless annual growth in the numbers of authors and titles eligible to participate. The PLRC's most substantive response to these pressures has been the "Growth Management Strategy" introduced in 2009-10, to be discussed below.

Participation growth between 1987 and 2011 more than quadrupled the number of registered authors, by a factor of 4.1. And the number of registered titles grew even more in the same period, by a factor of 5.8 [source: PLRC, *Statistical Report, 2010-11*].

Meanwhile the program's total payments to authors have grown much more slowly, by a factor of 3.6 – from \$2.75 million in 1987 to \$9.9 million in 2011 (and in 2012). And when adjusted for inflation using the Consumer Price Index Inflation Calculator, total payments have grown by a factor of only 1.8 (\$2.75 million in 1987 dollars equals \$5.51 million in 2012 dollars). Thus the gap between the program's mandated growth and its financial resources has widened considerably over the years.

Governance

Another influence on the evolution of PLR's program design has been its administrative and governance structure. The program receives its funding through the Canada Council's annual parliamentary appropriation and operates under the Council's administrative aegis. Its staff members are Council employees. But PLR is unlike other Council programs, in the sense that its policies come under the direction of the Public Lending Right Commission.

As stipulated in the Treasury Board document authorizing the program, the Commission's "voting members are writers, publishers, librarians and a literary translator." PLR was and is regarded as a program for which writers' organizations fought for many years as a matter of fairness and equity. Writer representatives have always been in a majority on the Commission.

The Canada Council established the PLRC after holding a formal consultation with the national literary organizations about the new Commission's role, membership and staffing. The PLRC's constitution provides for a board of fifteen voting members, of whom ten are writers. Each of the following seven writers' organizations has a right to appoint one voting member to the board:

Canadian Authors' Association
Écrivains francophones d'Amérique
League of Canadian Poets
Playwrights Guild of Canada
Regroupement des écrivains acadiens
Union des écrivaines et écrivains québécois
Writers' Union of Canada

In addition, the Commission may appoint up to three writers as voting members “in order to maintain a linguistic balance and as much as possible a regional representation of writers on the Commission, and to represent the interests of writers not belonging” to the organizations listed above.

Each of the following five organizations also appoints a voting member to the Commission:

Association nationale des éditeurs de livres
Association of Canadian Publishers
Association pour l’avancement des sciences et des techniques de la documentation
Canadian Library Association
Literary Translators Association of Canada/Association des traducteurs et traductrices littéraires du Canada

Also represented on the board, but without a vote, are four government bodies:

Bibliothèque et Archives nationales du Québec
Canada Council for the Arts/Conseil des arts du Canada
Department of Canadian Heritage/Ministère du Patrimoine Canadian
Library and Archives Canada/ Bibliothèque et Archives Canada

The writer-led Commission has attempted to ensure that PLR’s program design serves authors’ interests. Since the majority of Canadian writers are believed to be satisfied with the program’s design (although not with its level of funding), there has been relatively little pressure from the organized writing community for design changes.

For example, the 2003 program evaluation conducted for the Department of Canadian Heritage found that: “The results of the survey of PLRP [Public Lending Right Program] beneficiaries in June 2002 indicate that beneficiaries are generally satisfied.... When asked to identify ‘negative outcomes of the program,’ 73% of respondents indicated that there were no negative outcomes and only 11% identified ‘program under-funded’ as a negative outcome. Furthermore, when asked if changes to the PLRP are needed, 44% of respondents replied that no changes were necessary.” In addition, the evaluation survey determined that 73% of beneficiary respondents felt PLR had “helped increase public recognition of Canadian writers.” A further indication of the program’s popularity among authors is that in PLR’s twenty-fifth year, 2011, the Writers’ Union of Canada, the Union des écrivaines et écrivains québécois, the League of Canadian Poets, the Quebec Writers’ Federation, the Playwrights Guild of Canada, the Literary Translators’ Association and various other associations and literary festivals organized events or activities to celebrate the anniversary, publicizing testimonials to the program.

Minutes of the PLR Commission and executive committee, supported by interviews, indicate that program design modifications were introduced only after considerable discussion and debate. The PLRC has regularly attempted to keep the (sometimes conflicting) interests of authors at heart when making changes that would affect the level or distribution of payments.

Changes substantial enough to have that effect, such as the Growth Management Strategy, were made only after extensive consultation with writers' groups and consideration of the consequences for authors.

The Commission had a history in the late 1980s and 1990s of directly lobbying the responsible Minister for funding increases to the program. In the past decade or so that practice has ceased, as the Department of Canadian Heritage instructed the Commission to discuss the program's funding needs with the Canada Council, through which it receives its budget allocation.

Eligibility Criteria

Key elements in any PLR system are criteria for defining which authors and titles are eligible to receive payments. Responsibility for registering both authors and titles rests with the author, and eligibility is approved by the PLR Commission and staff.

Authors: Authors eligible for Canada's PLR system must be living Canadian citizens, whether residing in Canada or abroad; or, if non-citizens, must be Permanent Residents. These criteria were originally recommended by the Consultative Committee on Payment for Public Use and mirror the Canada Council's own eligibility requirement for artists participating in its programs.

The original author survey completed by the Consultative Committee in 1981 registered as many published authors as possible meeting the above definition. After the program was established in 1986, author registration was updated, and title eligibility criteria finalized and applied to registered books (see next subsection). A total of 4,377 authors received contributions in the first year of payments, 1987. By 2012, there had been no major changes in author eligibility, and the number of authors receiving payments had quadrupled to 17,885.

The individuals aggregated above as "authors" might be more accurately termed "creators," since they include several categories of creative contributors to eligible books. From the beginning, PLR has recognized the eligibility of co-authors, translators, editors, illustrators, photographers, anthology contributors, and editors with an original written contribution. These contributors receive a partial PLR payment per eligible title, depending on the nature or percentage of their contribution to the book.

The PLRC has occasionally adjusted the terms of these partial payments. For example, the division of payment between authors and translators for a translated work was originally 60/40 but later became 50/50 (33 per cent to translators of children's picture books, with the author and illustrator claiming 33 per cent each); and the maximum number of co-authors or anthology contributors was raised in the program's second year from four to six; etc. In no case can the total of eligible contributors' share of PLR payments for a single title exceed 100 per cent.

Eligible contributors' names must appear on the book's title page or copyright page (or in the case of anthology contributors, in the table of contents), and their contributions must comprise at least 10 per cent of the book's length. The PLRC has fine-tuned these and similar eligibility requirements over the years (e.g., conditions for qualifying as an editor or co-editor of an edited volume). But on the whole, author eligibility criteria have remained quite consistent.

Titles: The definition of titles eligible for PLR payments has remained similarly consistent, with minor refinements or clarifications. The criteria originally proposed by the Consultative Committee, and accepted by the PLRC, mirror criteria for books eligible to receive support from the Canada Council's other programs. Books must be in one of six broad categories: poetry, fiction, drama, children's literature, some non-fiction genres, or scholarly work.

In non-fiction, PLR excludes specific genres from eligibility: self-help books, instructional manuals, guidebooks, cookbooks, professional guides, educational textbooks, directories, compilations of information, conference proceedings, exhibition catalogues, government or corporate publications, etc. Under Council guidelines, the rationale is that such genres fall outside the literary arts. They are considered to be generally self-supporting financially – either from the commercial marketplace, the field of education (a provincial jurisdiction), or because they were commissioned by a public or private institution – and therefore have less need of funding from an arts program.

It made sense to the PLR program architects to adopt these same guidelines. Although no financial means test for authors was contemplated, there was broad consensus during the policy development process that works in the literary arts, creative non-fiction and scholarship have the strongest claim on PLR support. Authors in these genres tend to receive the lowest remuneration for their creative work. Authors' financial need – one of the underlying rationales for creating the program – suggested that payments from a limited PLR budget should go to titles in genres that generally provide the lowest financial return. Nonetheless, the PLR Commission decided in 1989-90 that authors in some ineligible genres were "morally entitled" to PLR payments, and that a more "universal" program should include them if sufficient additional funding could be found – a position reiterated in 1996 but not yet acted upon because of insufficient resources.

Additional title eligibility criteria apply. Books must be printed works of at least forty-eight pages, or in the case of children's books, at least twenty-four pages. Subsequent or new-format editions of the same book are not eligible unless they contain at least 50% new text. From 2003 on, all eligible titles have been required to bear an International Standard Book Number (ISBN), which the program uses to identify a book's presence in a library collection. At this time, approximately 3,000 older titles (roughly 4% of the total) previously registered without an ISBN remain in the program, and their presence in library collections is searched manually.

PLR statistics show that the number of registered eligible titles has grown from 14,138 in 1986-7 to 81,663 in 2010-11 – a multiple of nearly 5.8.

A significant criterion for purposes of this study is that non-print formats – initially audiobooks, microforms or CD-ROM formats, and now including eBooks – are not eligible for PLR support. But at its 2011 annual general meeting, the PLR Commission resolved that “PLRC affirm the principle of adopting eBooks in the program and to that end, mandate the Subcommittee on eBooks to study the feasibility of including eBooks in the PLR program.”

The subcommittee also commissioned a report by Paul Whitney, former head of the Vancouver Public Library system and a former PLRC member. Following receipt of Mr. Whitney’s report, “EBooks and Public Lending Right in Canada,” a special general meeting of the PLRC in November 2011 approved a change in the title eligibility criteria as follows: *“to admit eBooks into the program for the 2012 registration period with potential payments being made at the 2014 cheque mailing.”*

EBooks will be discussed below in Section 4, “The Impact of Technology.”

Legal Status

The decision by Cabinet and Treasury Board to create PLR as a program of the Government of Canada is described above and in the author’s earlier paper on PLR. Section 3 of this paper, “International Comparisons,” will describe how numerous other nations have elected to go beyond creating a program and to legislate the existence of PLR within Copyright law or other statutes.

Canada chose not to take that route when the program was introduced in 1986 – a time when the Copyright Act was undergoing one of its periodic, laborious processes of revision. In most eyes, that decision has held up over time. Since then, the PLRC has frequently debated the desirability of seeking legislation to create a more secure, permanent existence for PLR than provided by its present status. But even advocates of that goal have viewed amending the Copyright Act for the purpose as problematic.

The most commonly stated objection is that inclusion in the Act would compel Canada, as a signatory to international Copyright conventions requiring national treatment of all copyright holders, to provide PLR benefits to the many foreign authors with books in Canadian libraries. Given that the great majority of English- and French-language titles in our libraries originate in the U.S., Great Britain, France and other nations, the bulk of PLR funds would have to leave the country. Unless PLR’s budget were vastly larger than it is, such generous treatment of international authors would leave much smaller payments for Canadian writers, and the program would fall commensurately short of fulfilling its objectives.

Retired PLRC member Jules Larivière, a former director of the University of Ottawa’s Law Library, addressed this issue in a paper to PLR’s tenth anniversary conference in 1996. In his paper, “The Political and Legal Environment of PLR in Canada,” M. Larivière argued that inclusion in Copyright would make PLR a universal *right* accessible to *all* Canadian authors, as well as non-Canadians. Creating such a legal right would have prevented the architects of PLR from limiting eligibility not only to Canadian authors, but to specific literary genres as

described above. It would have required the extension of PLR benefits to a much wider population of authors, Canadian as well as foreign, thus frustrating the intent to concentrate scarce funds on authors of literary genres deemed to have the greatest need.

For similar reasons, consultant Keith Kelly in his 2007 report “Assuring the Future of the Public Lending Right,” commissioned by the PLRC, came to this conclusion: “While appealing from a recognition and security point of view, the inclusion of the public lending right within copyright legislation is not a viable option.”

Attempts by the Commission to give PLR the force of law by seeing it enshrined in the 1992 Status of the Artist Act were unsuccessful, producing only an indirect recognition of the program. Once again no explicit “right” to compensation for library use was promulgated in the Act; nor was any specific reference made to PLR itself. But the principle of compensation for public use and lending of artists’ works was recognized. Section 2(e) of the Act states that the Government of Canada recognizes “the importance to artists that they be compensated for the use of their works, including the public lending of them.”

As Keith Kelly pointed out in the report just cited, PLR is “the only federal program that addresses this recognition by the Government of Canada in law” and “the sole instrument by which the federal government can be seen to address Section 2(e) of the Status of the Artist legislation.” This would appear to confer a kind of quasi-legislative status on the program. Such an opinion is not a legal one and may be open to dispute, but it is fair to say that the principle of compensation underlying PLR has been recognized in Canadian law.

Holdings or Loans?

Most PLR programs worldwide, with rare exceptions, are based on an annual count or sampling of eligible titles either *held* in libraries (a *holdings-based* system) or *lent* by libraries (a *loans-based* system). International variations on these two systems are described in section 3 below, “International Comparisons.”

In Canada, PLR operates on a holdings-based system. This was the recommendation initially made to the Canada Council in 1981 by the Consultative Committee on Payment for Public Use. There were several reasons for this. Perhaps the most compelling, at least in political terms, was that the two main stakeholder groups in the long-running PLR debate, authors and librarians, who had previously differed sharply over adopting PLR, agreed that a holdings-based system was the best alternative for Canada.

In the 1970s, Canadian librarians, represented by the Canadian Library Association (CLA) and the Association pour l’avancement des sciences et des techniques de la documentation (ASTED), fundamentally disputed the notion of an authors’ *right* related to library use, for which *compensation* should morally and/or legally be paid. Many librarians rejected what they saw as an allegation that they denied authors’ rights. They considered themselves champions of literature and guardians of free speech and free public access to books and information – the lifeblood of a democratic society. Libraries were not exploiting authors by

depriving them of revenue, but making their books accessible to readers and assuring them of a wider public.

At that time librarians had another, more pragmatic concern about the introduction of PLR: they feared that their institutions or patrons would be required to pay for it. Recognition of an authors' "right" might come at the expense of library users, who could be charged lending fees to cover PLR payments. Or it might come at the expense of libraries' own human and financial resources, if they had to administer PLR by documenting and reporting loans, or even providing authors' compensation out of library budgets. Such burdens would, ironically, reduce libraries' ability to acquire new books for their collections.

On this question of administrative costs, librarians and authors made common cause. The writers' organizations had no interest in seeing libraries stuck with the bill for PLR; they supported a program funded by the federal government. Writers also placed high priority on keeping the program's administrative costs as low as possible, in order to maximize the funds available for author payments.

This meant favouring a holdings-based program over a more costly loans-based program. In an era before universal digitization of library catalogues, a loans-based system would have required manual counts of loans using library card catalogues: a highly labour-intensive process, and much more costly to administer than simply checking a book's presence in library collections. As Andreas Schroeder recalled in his 2011 speech to the Writers' Union, in countries with a loans-based system "over a third of the annual PLR budget went directly into the pockets of clerks, not writers." Whether this was the actual proportion charged for administrative costs in each country with a loans-based system, the statement poses the problem concretely. Another argument often cited by writers, and by the Canada Council itself, was that a loans-based system would mirror the financial rewards of the marketplace and disadvantage literary titles with a typically small readership; whereas a holdings-based system would spread payments to authors more evenly and provide greater remuneration for many literary works.

By 1976, both national library associations declared themselves in favour of a federally funded system of support to authors based on library holdings, not loans – as long as the government also paid for the program's administrative costs, and the program did not represent a legal right and entitlement to compensation for library use. It was on this basis that the process to develop a program went forward.

Canada's PLR program has now operated a holdings-based system for 26 years. Since 1986, digitization of library collections has expanded across the country, reducing the administrative costs of operating either a holdings-based or loans-based system, and making the latter more feasible. The 1986 Treasury Board authorization left this option open, stating in paragraph F under "Remarks": "The Payment for Public Use will be based on the number of Canadian books held by libraries in Canada and perhaps eventually on the number of Canadian books borrowed."

Some observers suggest that a loans-based system would be more closely aligned with PLR's original policy rationale based on public use. Others point out that loans too have limitations as a complete reflection of public use, since readers consult books in libraries without necessarily borrowing them.

Library Sampling

A number of changes have taken place in PLR's methods of sampling the presence of registered titles in Canadian library collections. The validity of using a national sample of holdings was established by the Consultative Committee on Payment for Public Use. The Committee ran a test of the presence of titles in the holdings of six major libraries, three in French and three in English. It also cross-checked for those same titles in smaller libraries in various regions, and found enough consistency in the presence of titles across the country to consider the method nationally representative.

When the PLRC began its work, it expanded the library sampling exercise for the holdings-based system to include 15 libraries: 10 whose main language was English and five whose main language was French. The Commission felt that this would provide a more statistically accurate and regionally representative sample. To provide francophone authors with an equal rate of remuneration per "hit" (each instance of a title's presence in the holdings of a sampled library) as Anglophone authors, the French-language hits were doubled.

The program continued using this method, varying the mix of libraries sampled from year to year, until 2004-05. By then the Commission considered that the collections of francophone library systems had become enhanced to the point where equal numbers of English and French libraries should be sampled. It was agreed to sample six major library systems in either language, and to double hits in the Montreal and Toronto public library systems to reflect population size in the country's two largest urban areas. Consequently, each title could potentially receive up to seven hits out of seven libraries. (It should be noted that, although PLR reporting speaks of sampling "libraries," some of these are major urban library systems comprising numerous branches, and others are "virtual" library collections. One of the latter comprises the entire public library holdings of a single province.)

At the same time, the Commission decided to confine its sampling to public libraries. In the beginning, public and university libraries had been represented more or less equally. That approach had been taken on the grounds that many public libraries contained inadequate collections in such genres as Canadian poetry, drama and scholarly works, which were better represented in university libraries. But by 2004-05, that assessment had changed: the PLRC found that public library collections had become more fully stocked with Canadian titles in these genres. It also concluded that only public libraries could truly reflect public use, since the general public cannot patronize university libraries.

The elimination of university libraries reportedly caused concern among some writers, especially poets and scholars. Since the PLRC felt that poets in particular would suffer from being underrepresented in public library collections, it decided to allow poetry titles a double

hit when found in either the Toronto or Montreal systems. This measure was dropped, however, in 2009-10: the Commission voted at its December 2009 meeting to compensate all genres equally, rather than favouring a particular genre.

A further design change introduced in 2009-10 was the decision to remove from eligibility all titles that have not been found in any sampled library for at least 10 years.

Author Payments

In PLR's first year, the Commission updated the author and title registration carried out five years earlier by the Consultative Committee before issuing the first round of payments. The PLRC then adopted the practice of annual voluntary registration by new authors, and annual registration of new titles by authors already registered.

Annual payments to authors are a function of the number of sampled library catalogues in which eligible titles are found, the percentage share claimed by the author, and the total payment budget. In 2009-10, the Growth Management Strategy introduced a graduated hit rate based on the aging of titles since the year they were registered. Author payments are further affected by the minimum (floor) and maximum (ceiling) amounts available for individual authors.

Hit rate: The hit rate is a variable amount year by year representing the dollar value of each hit, i.e., each instance of a title's presence in a sampled library. If a title is present in more than one edition, e.g., hardcover and paperback, only one hit is recorded. The hit rate varies according to the total number of hits of eligible titles and the total budget for author payments.

Several examples will illustrate the hit rate's variability, which is affected by participation growth and budget. The rate in the program's first year, 1986-7, was \$40 – a figure that would be double that value today, \$80.16, when adjusted for inflation using the CPI Inflation Calculator. A year later, the hit rate fell to \$39 because of substantial growth in registered titles. In 1990-1, as a result of a budget increase, it rose to \$42.

The hit rate continued to wax and wane over the years. PLRC minutes show the Commission setting a rate in 1992-3 of \$43.70, reducing it to \$29.35 in 1996-7, and raising it again to \$39.05 in 1997-8 – a year when the government added \$2 million to PLR's budget. This method of establishing the hit rate continued, with the rate trending gradually downward, prompting the PLRC to introduce its Growth Management Strategy (GMS) in 2009-10. The GMS changed the basis on which payment for hits is calculated.

Growth Management Strategy: Managing the rapid growth of participation in the program was already preoccupying Commission members in the mid-1990s. In his paper "PLR in Practice," given to the first International PLR Conference in 1995, Douglas Burnet Smith, then PLRC Chair, described "a year of exhaustive investigation of numerous possible management scenarios," after which "the Commission reluctantly adopted what it considered

to be the fairest method of managing growth.” This method would have stabilized the declining hit rate by severely reducing payments for the oldest titles in the program. But because of the perceived disadvantages to senior writers, the plan was shelved.

In June 2002 the Commission returned to this perennial, vexatious problem. It created “a committee to study the issue of program growth vis-à-vis the annual funding” of the program. The issue once more was the steep decline in the hit rate, a consequence of the program’s steady growth – roughly 500 newly registered authors and 3,000 new titles every year – and the inability of the PLR budget to keep pace.

(Ever since that point, the PLR budget has continued to decline. Over the decade 2002-2012, it became seriously eroded in both current and constant dollars. Payments to authors in 2002-3 totalled \$9.6 million. That figure would fall by about half a million dollars for the next five years, until 2008-09. Since then, from 2008-9 to 2011-12, payments have remained steady at \$9.9 million. This represents a substantial decline in constant dollars over the past decade: if the 2003 payments level of \$9.6 million were adjusted for inflation, it would now be worth \$11.9 million.)

In June 2003, the Commission received the committee’s “PLR Sliding Hit Rate Plan,” a proposal to manage and mitigate this problem. The Commission agreed to study it “so that the plan may better serve Canadian authors and that we may maintain an equitable hit rate as per the guiding principles of the PLR program” [PLRC Record of Motions, June 2003]. The Commission was concerned to take account of “the impact of this plan on the authors’ revenues, especially those having titles that have been in the program for 20 years.”

The period during which the Commission studied this plan was protracted, and concern over its consequences was high. This is indicated by the fact that a final version, by then known as the Growth Management Strategy, was not introduced until six years later, 2009-10. The GMS was based on varying the hit rate to reflect the number of years a title has been registered for PLR. Four categories of payment replaced the previous single rate. The rate per category was reduced according to the number of years since registration, as follows:

Category I: 0-5 years	Category III: 11-15 years
Category II: 6-10 years	Category IV: 16+ years

One of the rationales for the system was that more recently published titles are more likely to be read by library patrons. The actual rates change from year to year. For 2011-12 they are as follows:

Category I: \$48.00	Category III: \$33.60
Category II: 38.40	Category IV: \$28.80

The PLRC’s intent in applying the GMS is to make the system more sustainable in the face of static budgets, at least for authors of newer titles. Reportedly PLR authors have accepted the system in practice as well as theory.

Minimum and Maximum: The program has always maintained minimum and maximum levels of payment to authors.

The minimum level was \$40 in the first year of operation and was reduced to \$25 in 1995-6, where it remains today.

The maximum or ceiling was adopted to prevent prolific, popular and financially successful authors from “scooping the pool,” in British gambling parlance. By limiting the amount received, this mechanism allows the program to distribute the funding in a more broadly based manner.

The maximum in the program’s first year of operation was \$4,000, based on a formula of 10 titles found in all 10 libraries, multiplied by the \$40 hit rate. Today that maximum would represent \$8,016 in 2012 dollars. By 2011-12, after many fluctuations, the maximum is only \$3,360 – based on a formula of 10 titles found in all seven libraries, multiplied by the \$48 hit rate in Category I. Since application of the GMS in 2009-10, the maximum has been based on the highest category of payment.

Program Budget: The table “Historical Summary, 1986-2011” from the PLRC’s *Statistical Report, 2010-11*, reproduced in the Appendices of this report, demonstrates the singular pattern of PLR funding over the program’s lifetime. That pattern could be described as an ascending arc over the first 16 years, followed by a nearly flat line for the last 10.

In the 16 years between 1986-87 and 2001-02, payments to authors grew from \$2,747,949 to \$9,653,043, an increase (without adjusting for inflation) of \$6,905,094, or 251%.

In the next decade, 2001-02 to 2011-12, the increase in author payments went from \$9,653,043 to \$9,921,248 (source for the latter figure: PLRC letter to authors, Feb. 15, 2012). This represents an increase of only \$268,205, or 2.8%.

Average Payment: Consequently, the average PLR payment per author, which naturally fluctuates from year to year, has declined considerably in the past decade. The main variables influencing the annual fluctuations have been the numbers of new authors and new titles registered for the program each year, and the annual increases or decreases in the program budget.

As shown by the “Historical Summary, 1986-2011” (see Appendices), the average payment in year 1 of the program, 1986-87, was \$628. Over the next six years, the average payment grew by annual increments as the increase in authors and titles was more than matched by substantial budget increases. Average payments reached a historical high point of \$821 in year 7 of the program, 1992-93, as follows:

	<i>Total Payments</i>	<i>Maximum Per Title</i>	<i>Average Payment</i>
1986-87	\$2.7 million	\$400	\$628
1987-88	3.5 million	390	670
1988-89	4 million	400	694
1989-90	4.7 million	400	729
1990-91	5.4 million	420	772
1991-92	6.2 million	432.50	805
1992-93	6.9 million	437	821

From that point on, PLR has experienced budget increases in some years and decreases in others. The figure for total payments in 2011-12, \$9.9 million, is a historic high for the program and represents an increase of 43% in current dollars since 1992-93. But it has remained at that level for four years, since 2008-09. Steady participation growth in every year of the program, for both authors and titles, has far outstripped budget growth, so that the trend for average payments per author has been generally downward.

That trend was temporarily interrupted in three separate years when the PLR budget was increased, 1997-98, 2001-02 and 2008-09: in those years the average payment per author rose. But in every other year, the average has declined. Currently, for year 26 of the program, 2011-12, the average payment is \$551 – the lowest in PLR’s history, and a decline of 33% in unadjusted dollars since the high in 1992-93.

If these figures were adjusted for inflation, of course, the decline in average payments would be seen to be even greater. For example, the current average PLR payment of \$551 would be worth only \$263.26 in 1986 dollars, the first year of the program, when the actual average payment was \$628. This is a measure of how far the purchasing power of the average PLR payment has fallen.

Median Payment: Until recently, PLR statistical reports did not show the median payment: i.e., the level at which an equal number of recipients is below that amount as above it.

In 2011-12 the median is \$268.80, a decline from the previous year’s level of \$281.88, and the level two years earlier of \$296.00.

The relatively low median payment suggests that half the authors participating in the program have either published only a single eligible title, or, if they have published more than one, their books have not been found in large numbers in the libraries sampled.

Another factor in low payments is contributors’ receiving partial shares as co-authors, translators, editors or illustrators.

Payment by Language and Province: The table “Payments by Province and Author’s Language, 2010-11” from the PLRC’s *Statistical Report, 2010-11*, reproduced in the Appendices, reports the number and dollar amount of payments going to authors by language and by province.

The table shows that in 2010-11, English-language recipients received 11,616 payments (66.43%) totaling \$5,845,138 (59.03%). French-language recipients received 5,871 payments (33.57%) totaling \$4,056,197 (40.97%).

The largest recipient province was Quebec, with 40.68% of total payments, French and English combined.

The second-largest was Ontario, where the comparable figure was 29.66%. British Columbia was third with 12.58%.

Administrative Costs

An examination of PLR administrative arrangements and expenses is not within the mandate of this paper. It is difficult, in any case, to compare the program’s administration costs with those of similar programs. As will be seen in section 3 following, International Comparisons, the various national PLR programs are all designed differently and have dissimilar administrative structures. Even within the Canada Council for the Arts, PLR is a unique program in several ways: e.g., it is not a grant program; it operates on an annual data-based payment formula, rather than on a juried, peer-assessment basis; it issues more cheques annually (17,885 in 2012) than all other Council programs combined; etc.

Methods of calculating PLR’s operating overheads have varied over the years, depending on circumstances and the terms of periodic administrative agreements. It is worth noting, however, that PLR continues to function with a staff complement of only four full-time employees – no larger than during its first year of operation. In addition, PLR receives technical and support services from the Canada Council in areas vital to the program, such as information technology, financial management, human resources, mailing, etc., as well as office accommodation.

In general, it is evident that the program has succeeded in avoiding any significant expansion of its office operations – with the consequent benefit that author payments are maximized. The program’s administrative leanness is often attributed to the fact that writers are in a majority on the PLR Commission, ensuring that program design serves authors’ interests as much as possible.

3 International Comparisons

“PLR is not a privilege or a concession; it is an overdue recognition of the service rendered to the community by authors...”

*Prime Minister of Australia Gough Whitlam,
1975*

Overview

Denmark established the world’s first PLR program in 1946. Since then, every other country with a PLR scheme has adopted its own variation on PLR. No two systems are exactly alike. National cultural circumstances, rights-holders’ needs, and social and political values all come into play. Even the Scandinavian countries, which created the first five PLR programs to come into existence, have major divergences among their systems.

In 1986 Canada became the 13th country to implement a Public Lending Right program. With a dozen other PLR systems already in place, Canadian policymakers were able, as PLRC Chair Douglas Burnet Smith told the first International PLR Conference in 1995, to select what they considered “those aspects of a number of systems which would be most suitable for a Canadian scheme.”

At present 29 countries operate working PLR programs. These are systems where payments to authors and other rights-holders are already being made, or at least where PLR exists in legislation, and government has officially committed funding. In 25 other countries, governments have made provision for PLR, but a working system is not yet established. Thus a total of 54 countries recognize the necessity for some sort of PLR system.

A major factor contributing to the increase in the number of PLR systems has been the European Union Lending Right Directive passed in 1992. The Directive requires EU member states to implement a system of payments to authors for library use. It will be discussed in a subsection below under “Legal Status.” Consequently, 25 of the 29 current working systems are in Europe (some of which were established before the Directive was passed). The other four are in Canada, New Zealand (since 1973), Australia (since 1974) and Israel (since 1986).

Areas of divergence among PLR systems include: the programs’ legal standing; the type of body administering the program; methods of calculating payments; eligibility criteria for authors and titles; categories of libraries included; extent of budgetary resources; and uses to which funds are put. These will be described separately below.

Consideration of these variances will provide some context for the ways in which Canada's PLR program now operates or could operate in future.

Legal Status

In terms of legal standing, an examination of data provided by the International PLR Network (www.plrinternational.com) shows the 29 working systems as falling into three broad categories:

1. Programs housed within Copyright law;
2. Programs established with PLR-specific legislation;
3. Programs operated as part of a matrix of national arts and culture support programs but without separate legislation.

Canada falls within the third category, as do Israel and Sweden.

In the first category, 15 nations, representing more than half of working PLR programs, have situated PLR in Copyright law. All 15 are located in Europe.

Two countries, the Netherlands (with PLR since 1971) and Germany (since 1972), linked PLR to Copyright before the EU Directive came into force. Their governments had already accepted the fact that under Copyright, authors of other nationalities with books in libraries would be entitled to payment. The EU Directive requires that national treatment be extended to rights-holders, i.e., restrictions on the basis of nationality are prohibited.

Two other countries, Finland (with PLR since 1963) and Austria (since 1977), moved their existing systems into Copyright after the EU Directive was issued.

The other nations with working PLR programs housed within Copyright (Belgium, the Czech Republic, Estonia, Hungary, Ireland, Latvia, Liechtenstein, Lithuania, Luxembourg, the Slovak Republic and Spain) acted following the EU Directive – although in certain cases reluctantly, and only after the European Commission took legal action against them.

The second category, countries using some other form of PLR legislation, includes 11 nations. Of these, 10 have passed separate PLR or library lending laws (Australia, Denmark, Faroe Islands, France, Iceland, Italy, New Zealand, Norway, Slovenia, U.K.). Greenland legislated PLR through inclusion in its National Library Act.

European states in the second category have used the provision in the EU Directive allowing member states to derogate (opt out) from using Copyright as long as they have an adequate system for paying rights-holders. States that attempted to use this provision, but excluded public libraries from their systems, were challenged by the European Commission and required to comply with the Directive.

EU member states are permitted to give priority to national cultural objectives in their PLR programs. Sweden, for instance, opted out of the Copyright approach. It has restricted eligibility since 1954 to books in the Swedish language. The EU questioned this criterion on the grounds that it discriminated on the basis of nationality. Sweden's government rejected that argument, citing the need to strengthen literature written in Swedish, and in 2007 the European Commission decided not to contest the matter. A similar situation occurred in regard to Norway in 2008. All the Scandinavian countries impose language restrictions as part of their national cultural policies.

Source of Funding

In most countries, PLR funding is provided solely, as in Canada, or in a few cases largely, by government. Usually this is the national government, occasionally supplemented by other sources. Such an arrangement is in place in 26 of the 29 countries with working PLR systems.

Several variations exist on this pattern. In Austria, the provinces also contribute funding, along with the national government. In Belgium, the three linguistic community governments make contributions. In Germany, state governments contribute 90% of the funds and the federal government 10%. In France, national wholesalers of library books contribute more or less equally with the national government. And in Spain, municipal governments contribute along with the central government, although reportedly the Spanish PLR system has experienced difficulties in collecting funds from municipalities.

Exceptions to government financing are Luxembourg and the Netherlands, where libraries provide all the funding. The funding method in Liechtenstein is not known to the International PLR Network.

Administrative Body

Each national PLR system is administered by a body responsible for managing the program, registering eligible recipients and their works, and calculating and distributing payments.

Some of these bodies, as in Canada, are *dedicated offices* created for the purpose of administering PLR. As many as eight countries are in this category, including the U.K. Its Registrar of PLR also coordinates the International PLR Network and frequently advises other states on establishing PLR schemes. Some PLR offices operate under the administrative aegis of a larger organization, such as the Canada Council for the Arts or the Irish Library Council.

A few countries vest management of PLR in an existing *government department* (as in Australia, where the federal Minister for the Arts appoints a PLR Committee, and daily

administration is by departmental staff); or in the *national library* (National Library of Denmark, National Library of Greenland, National Library of New Zealand).

Some 17 countries assign administration of PLR to *collecting societies* representing rights-holders eligible to receive payments. Payments are based on library data, whether in relation to loans, holdings or purchases (see next subsection). In the singular case of Norway, the collecting societies use PLR funds to make grants to authors.

Some systems, as in Finland, Germany and the Czech Republic, work through more than one type of collecting society: e.g., organizations representing authors, or translators, or visual artists, or audiovisual (film) artists, or composers. This reflects a broader approach to remunerating creators and artistic works through PLR, compared to the usual restriction to authors and other book contributors, as in Canada and other countries.

Type of System

A fundamental issue for any PLR system is the basis for calculating payments to rights-holders. The type of system determines the ways in which library data are collected and payments calculated.

Generally variations on two system types predominate, both based on library data: a *holdings-based* system, as in Canada; and a *loans-based* system, as in the U.K. and many other countries. Another type used in two countries is a system based on a combination of *library book purchases and registered library patrons*.

a. Holdings-Based: A holdings-based system similar to Canada's (although with variations in other aspects of the system) is practised in a total of seven countries. The other six are Australia, Denmark, Faroe Islands, Greenland, New Zealand and Norway.

The rationale for adopting this type of system in Canada was described above and can be assumed to apply to these other systems: i.e., simplicity, lower administration costs, and a desire to spread benefits to authors more evenly.

In Denmark, with a considerably smaller population (5.5 million) than Canada's (34 million) and with more compact geography, sampling of library holdings extends to all public libraries with collections in machine-readable form.

In Australia and New Zealand, a minimum of 50 copies of an eligible title must be held, or estimated to be held, in public libraries before a payment is made. Australia conducts a sampling exercise including 26 libraries; New Zealand samples 40 libraries. As mentioned earlier, Canada samples 12 libraries, six in each language distributed across different regions, although these include some very large library systems.

Australia and New Zealand have also adopted a significant variation on the holdings-based system: payments are calculated not simply on the presence of a title in sampled library collections, but on the number of copies of that title held.

Norway does not sample library holdings per se, but bases its system on “lending units”: i.e., the presence of individual books, magazines, electronic media, sheet music, etc., in all the country’s publicly accessible libraries.

b. Loans-Based: The majority of working PLR programs, a total of 19, operate on a loans-based system. These range from countries with large populations, such as Germany, Italy and the U.K., to smaller countries. Some of the older PLR systems, such as those in Sweden, Finland and the Netherlands, operate on this basis.

The rationale often cited for a loans-based system is that it reflects public use more accurately and aligns more closely with the rationale of compensating authors for income lost through free library lending.

In loans-based systems too, sampling of library data is the basis for calculating payments. In the U.K., for example, computerized loans data is collected from public libraries in each region of the country. At least 30 library systems participate in the sample, providing data on around 17% of total book loans. To ensure fairness and accuracy, at least seven library systems are replaced each year.

The extent of library sampling varies widely. Germany’s loans-based system samples seven library systems annually and includes university libraries as well as public ones. In the Netherlands, 60% to 80% of public libraries are included. Sweden covers all digitized library collections, representing an estimated 60% to 70% of total book loans.

c. Library Purchases-Based: Two countries use annual library book purchases as the basis of PLR payments. In France, where PLR came into effect in 2003, payments are calculated as a set amount (2.50 Euros in 2008) per copy purchased by the country’s lending libraries. This type of system provides the rationale for requiring national library book wholesalers to contribute about half the money for the program, in the form of a 6% levy on book sales to libraries. The other half comes from the government as a per capita contribution for every registered patron of a public or university library. As discussed below, PLR payments in France are shared equally by authors and publishers.

Spain, where PLR is not yet up and running, is expected to implement a system similar to the French one. Copies purchased by Spanish libraries will likely be the basis for making payments, although it is not expected library wholesalers will contribute funds to the program.

d. Unknown: The International PLR Network displays no information about the system type in Liechtenstein.

Author Eligibility

Creator Categories: To state the obvious, authors of eligible books receive payments under each of the 29 working PLR systems. Less obvious or consistent are the other creator categories also eligible for payment.

In five countries, authors alone are eligible. But most systems, like Canada's, extend some level of payment to other contributors of creative content to eligible books. A very few also remunerate creators of sound recordings and films lent by libraries.

Among the categories able to share in Canadian PLR payments, the most commonly remunerated in other countries are translators, who receive payment under 20 national systems, including Canada's.

The next most commonly remunerated are illustrators / photographers / visual artists, who are remunerated in 19 countries. In certain cases, visual artists are remunerated for the public use of their artworks in libraries, as well as their contributions to books.

Editors and compilers of anthologies and other collective texts receive payment in 11 countries.

Certain creators who are not remunerated in Canada participate in certain other PLR systems. This reflects the eligibility in those countries of other genres of creative work. In six countries, recorded music in library collections is eligible (Denmark, Finland, Iceland, Latvia, the Netherlands and Slovenia) and therefore composers receive PLR. In two countries (Latvia and Slovenia), directors or producers of films are eligible.

Several countries include audiobooks in PLR eligibility criteria (see below). Except in the case of the U.K., it is not clear whether they provide payment to narrators of audiobooks as well as their authors. The U.K. has done so since 2010.

Citizenship: In Canada, only citizens or Permanent Residents are eligible to receive PLR payments. Three countries have similar restrictions: Australia, New Zealand and Estonia. In the Faroe Islands, Israel and Slovenia, only citizens are eligible. Luxembourg has a residency requirement.

Several Scandinavian countries do not have citizenship requirements but confine PLR largely to works written in their national language, using the grounds provided in the EU Lending Right Directive of giving priority to national cultural objectives. These include Denmark, Greenland, Iceland, Norway and Sweden.

The remainder of PLR programs are in European countries where the EU Directive is observed, requiring them not to discriminate on grounds of nationality. In practical terms, this tends to mean payments are made to citizens of other countries with which reciprocal PLR agreements have been signed. The U.K. system, for example, although not based on Copyright law, is nonetheless open to authors resident in the European Economic Area,

i.e., the EU plus Norway, Iceland and Liechtenstein. To date, the U.K. has entered into reciprocal PLR agreements with eight countries.

Title Eligibility

In Canada, only printed books of at least 48 pages (24 pages for children's books) are eligible for PLR. As described earlier, Canada applies additional restrictions by genre.

Eleven countries are like Canada in providing PLR payments for books only: Australia, the Czech Republic, Faroe Islands, France, Hungary, Ireland, Israel (literary titles only, no non-fiction), Lithuania, New Zealand, Spain and Sweden. Some of these countries do not apply restrictions by genre.

The remaining 18 working PLR systems vary widely in the materials considered eligible for PLR funding. All materials must be held in public libraries (see below under "Libraries" for additional library categories). These systems range from countries such as Greenland, Iceland and the U.K., which include only printed books and audiobooks, to others including any or all of the following: magazines, journals, films and other audiovisual materials, recorded music, sheet music, works of visual art, CD-ROMs.

At this point, there is no evidence that any PLR system has yet incorporated eBooks. That situation could change at any time, and indeed may have changed already. As in Canada, many systems (e.g., the U.K., Norway) are exploring ways to include eBooks in PLR. The U.K. has seriously considered the issue but so far has decided against it on the grounds of cost, concluding that the cost of tracking eBook loans would be too great in a period of government austerity.

Publisher Eligibility

In Canada, the PLR program design initially proposed by the Consultative Committee on Payment for Public Use omitted book publishers from the scheme. The stated rationale was as follows: "It is felt that publisher participation could introduce copyright considerations unnecessarily and that the publishing incentive is best supported by other programs of assistance already in place." This policy consensus included publishers themselves, who were represented on the Committee and who agreed that, since publishing was well served by several other federal programs, PLR should be an authors' program.

However, PLR systems in eight countries – Australia, Austria, Belgium, Estonia, France, Germany, Italy and the Netherlands – include book publishers along with authors and other rights-holders as eligible for payment. In Australia, for example, publishers receive 20% of PLR funding. In France, they receive roughly half. It is undoubtedly significant that the level of government support for book publishers in these other countries is considerably lower than in Canada.

Libraries

Whether their systems are holdings-based or loans-based, 21 countries including Canada base PLR on materials accessible to the public in public libraries exclusively.

Five countries add materials in school libraries. These include Australia, which actually maintains a separate program for school library holdings called the Educational Lending Right (ELR). The budget for Australia's ELR program is slightly larger than for PLR (see below under "Financial Resources").

Austria includes scientific libraries. Germany and Iceland include university libraries (as Canada once did). Norway includes research and prison libraries. Some countries include their National Libraries.

Financial Resources

Considerable variation exists in the budgetary resources allocated to PLR. The level of funding may be assumed to depend on population, size of economy, level of taxation, social and cultural policies, etc. As indicated by the table below, it also undoubtedly reflects the priority that the country's government places on the program.

The table compares financial resources devoted to PLR programs in Canada and 10 other countries, in terms of (1) total payments to recipients in the most recent year for which information is available and (2) average payment per recipient (where available). It also shows payments per capita of population, based on a country's current population figure as listed on Wikipedia. Discrepancies in the years for which payments information is available skew the comparisons slightly; but the table nonetheless gives a useful and valid snapshot of Canada's PLR resources in relation to other countries. All figures have been converted into Canadian dollars at the rate of the time of writing.

<i>Country</i>	<i>Total Payments</i>	<i>Average Payment</i>	<i>Per Capita Payment</i>
Canada, 2012	\$9.9 M	\$555	29 cents
Australia, 2010 (PLR)	\$8.6 M (AU\$8.3 M)	N/A	38 cents
“ “ (ELR)	\$11.2 M (AU\$10.8)	N/A	51 cents
Belgium, 2008	\$2.4 M (€1.8)	N/A	22 cents
Denmark	\$26.4 M (€20 M)	N/A	\$4.71
France, 2007	\$14.3 M (€10.8 M)	N/A	22 cents
Germany	\$17.6 M (€13.3 M)	N/A	22 cents
Netherlands, 2008	\$19.8 M (€15 M)	\$548 (€415)	\$1.19
New Zealand	\$1.2 M (NZ\$1.5 M)	\$873 (NZ\$1,065)	27 cents
Norway	\$11.2 M (€8.5 M)	N/A	\$2.24
Sweden, PLR	\$6.2 M (€4.7 M)	\$1,452 (€1,100)	\$1.53
“ , Grants	\$8.2 M (€6.2 M)		
U.K., 2011	\$10.7 M (£6.7 M)	\$460 (£289)	17 cents

In terms of per capita of population payments, the table reveals two tiers. Three Scandinavian countries plus the Netherlands are in the higher tier, ranging from the Dutch at \$1.19 to the Danes at the remarkably generous level of \$4.71. Seven countries in the lower tier range from the lowest, the U.K. at 17 cents, to the highest, Australia at 38 cents. Canada, at 29 cents, is in the middle of the pack in this lower tier.

It must be noted, however, that Australia operates a second program twinned to PLR, the Educational Lending Right (ELR). This is a holdings-based system that samples the presence of books in school and university libraries. The per capita payment for ELR is 51 cents, which makes a total of 89 cents per capita paid to Australian authors from PLR and ELR combined, placing Australia squarely in the middle between the two tiers.

In terms of average payment, only five countries have made figures available. Of the five, Canada is in the middle, with the third-highest average at \$555, just ahead of the Dutch at \$548. This is in spite of the Netherlands’ total payments and per capita payment being much higher than Canada’s. This apparent contradiction is explained by the fact that the Netherlands’ Copyright-based program spreads out payments to a much wider range of

library materials and copyright-holders than Canada, including publishers and foreign writers.

Uses of Funds

a. Author Payments: As stated above under “Author Eligibility,” all 29 working PLR systems make payments to authors. Most systems also pay a variety of other creators contributing to eligible books, plus additional rights-holders in the case of other types of material considered eligible.

A few countries put a part of their PLR funds to other, related uses, as follows.

b. Grants: At the Canada Council for the Arts, granting programs for writers are funded and administered separately from PLR. But some Scandinavian countries use PLR budgets as a source of funds for grants to authors. Norway devotes an unspecified portion of its PLR funding to grants supporting authors’ travel and study. In Sweden, over half of PLR funding (€6.2 million out of total payments of €10.9) is issued in the form of grants and pensions (see below). Finland originally funded grants and subsidies out of PLR, but in 2007 brought PLR under Copyright law and changed it to a conventional payment system based on library loans.

c. Pensions: France, Germany and Sweden all devote a portion of PLR funds to pensions for senior authors.

d. Other: Austria earmarks 26% of PLR funds for unspecified “social and cultural purposes,” which may include subsidies and/or pensions. Slovenia provides a system of scholarships for writers.

e. Posthumous Payments: Of the 11 countries listed in the table above, six do not provide posthumous payments. Canada is included as one of these, although an author’s estate is entitled to a single PLR payment in the year following the author’s passing.

In the other five countries, PLR payments may continue for a considerable time after an author’s death. In Denmark, for example, a surviving spouse, divorced spouse or person cohabiting with the author is entitled to half the amount the deceased would have received. In Sweden and the U.K., payments are assigned to the heirs of the deceased for the term of Copyright, i.e., up to 70 years after death. Germany and the Netherlands also make payments after death.

Minimum / Maximum Payments

Practice varies on imposing a minimum (floor) and maximum (ceiling) on individual PLR payments. Generally speaking, the floor is set at a level below which it is not

considered worth the administrative cost of cutting and mailing a cheque. The ceiling is set, as in Canada, in order to distribute program funds more broadly.

When comparing Canada to the countries in the table above, information is available for the following nine programs only (all figures in Canadian dollars). Three of the nine programs have no floor. Another three have no ceiling.

It will be seen that that Canada has one of the lower floors, although it is higher than in the U.K. or the Netherlands. However, Canada's ceiling is by far the lowest.

<i>Country</i>	<i>Floor</i>	<i>Ceiling</i>
Canada	\$25	\$3,360
Australia	\$52 (AU\$50)	None
Denmark	\$29 (€22)	Sliding scale with three tiers, paying 100% up to CDN \$64,000; 50% rate in the second tier; 33% rate in the third tier
New Zealand	None	\$16,400 (NZ\$20,000)
Norway	None	\$10,319 (NOK 60,700)
Germany	None	Varies year to year
Netherlands	\$6.60 (€)	None
Sweden	\$212 (€160)	None, but payment rate decreases at the higher levels
U.K.	\$1.59 (£1)	\$10,494 (£6,600)

4 Impact of Technology

“No one would claim that the [U.K. PLR] Scheme is perfect, but it works: as a former Advisory Committee Chairman put it, the justice it provides may be rough, but rough justice is better than no justice at all.”

*Dr. Jim Parker, Registrar of PLR in the U.K.
Proceedings of the PLRC 10th Anniversary Conference, 1996*

Overview

As in other countries, information technology has been a valuable ally for Canada’s PLR program. Technological advances have helped the system to remain administratively efficient and lean as it grew steadily over a quarter-century. They have enabled library sampling to be conducted more rapidly and accurately than was possible using earlier manual methods. Within the PLR office, information technology systems supported by Canada Council resources underpin maintenance of the author and title databases, as well as the calculation and distribution of payments.

For purposes of this paper, a consideration of the impact of technology on PLR focuses on digitization of library catalogues, the potential for online registration by authors, and the integration of eBooks within the program. As mentioned earlier, the Commission envisages the latter objective as potentially taking effect by 2013-14 for the 2014 cheque mailing.

The paper will outline the impact of digitization of library catalogue data on PLR operations and the potential benefits of allowing authors to register online and to receive their cheques electronically by direct deposit. This is followed by a consideration of the context for the eventual inclusion of eBooks in PLR. That context includes the opportunities and problems that eBooks present for Canadian public libraries in English and French; and some models and solutions currently being pursued.

Digitization of Library Collections

Digitization of library collections data became the norm throughout Canada more than a decade ago. This made possible an important technical improvement in PLR’s library sampling exercise. In 2002, program staff were able to change the process from manual searches of eligible titles to electronic searches by International Standard Book Number (ISBN).

This change represented very significant savings in time as well as money, and an appreciable increase in the accuracy of the verification count. Previously PLR staff had sent the sampling libraries a number of bulky binders containing the listings of eligible

authors and titles. These were put into the hands of library students and staff to check off against card catalogues. Staff believe that this system was not only cumbersome and slow, but less than completely accurate.

With development of the program's PLR Z39.50 sampling software by Canada Council IT staff, it became possible for the program to conduct the sampling exercise itself. A title's presence in a library collection is verified by a simple yes/no response to its ISBN. As a result, the cost of doing the sampling went from \$10,000 annually to zero. The search process has now become so much faster that the program plans to re-sample each collection every year, instead of re-using some of the annual verification counts, as in the past.

The days of manual verification aren't entirely over: about 3,000 titles are still searched by hand since they lack ISBNs – in many cases because they were published before 1970, when publishers' assignment of an ISBN to each edition of a book became prevalent. The 3,000 titles without ISBNs represent approximately 4% of the more than 80,000 titles eligible for PLR (81,663 in 2011). Program staff search the presence of these titles individually in each library being sampled, but are aided by being able to search digitized library catalogue data online.

Another impact of digitizing library collections data is that it allows for automated tracking and tabulating of library loans. This is true whether the item being borrowed is a book, magazine, CD, DVD or eBook – although, as we'll see below, the process of tracking eBook use is more complex than for physical materials. Hence digitization can make a loans-based system more feasible. In a PLR system like the U.K.'s, which has been based on loans data since its inception, the advent of widespread digitization of libraries has meant considerable savings in time and money. Jim Parker, the long-time Registrar of PLR in Great Britain, explained in an interview that one of the arguments against a loans-based system in the early 1980s was cost. At that time, to persuade some libraries to participate in PLR sampling, it was necessary to reimburse them for the labour costs of tracking loans manually. The process became far less onerous with the advent of digitization, especially after the British government funded some library systems to buy computer systems.

Today most U.K. libraries conduct their own computerized loans tracking for PLR, sending the data to the PLR Office monthly or bimonthly at the click of a mouse. Increasingly, British libraries also collaborate in consortia using the same computer system. With many library systems grouped together, it becomes possible to widen the PLR sample size with no increase in cost.

Dr. Parker reported that the U.K. PLR Office has streamlined its operating systems and trimmed its overheads, in the process reducing the number of IT personnel on staff from five to two. It has considered outsourcing entirely the collection of library loans data, but has concluded that this is not yet a feasible alternative. Total full-time and part-time staff required to operate the Office is now 12, the equivalent of nine person-years, compared to 20 in the pre-digital era.

By comparison, Canada's PLR program currently employs four full-time staff – the same complement as at the beginning of the program – in addition to receiving support services from Canada Council IT staff and other personnel, as noted earlier. The U.K. program is approximately the same size as Canada's in terms of total author payments – CDN\$10.7 million in the U.K., compared to \$9.9 million. The British office has more authors registered in its system – about 35,000, compared to Canada's 19,265 – and more individual payments to process – about 24,000, compared to Canada's 17,885. Hence about 31% of registered authors in the U.K. loans-based system receive no payment, compared to 7% under Canada's holdings-based system.

Online Registration and Direct Deposit

Another technological innovation has allowed the U.K. PLR Office to offer additional services to authors. For several years, authors have been able to register for the British program online, inputting their personal and title information without the need for written forms. Dr. Parker has stated that the online service is now used by over 70% of new applicants.

Authors can also use the service to access their annual statements, providing them with details about their payments and specific library loans of their titles. Authors appreciate the convenience of the service, as well as the ability to learn how much their books are being borrowed within the various regional library authorities. These efficiencies have also reduced the U.K. system's operating costs by reducing staff time and money spent on printing and mailing author statements.

Canada's PLR program hopes to introduce its own online registration system in the not too distant future, perhaps as early as two years hence. Some authors have been requesting this service, and program staff would like to be able to offer it. Discussions are ongoing with Canada Council information technology and finance officials about the feasibility of developing the system. PLR staff believe it would save time and money by reducing the amount of manual work and mailing. It would also enable them to cope more efficiently with the increasing volume of new author and title registrations. It is expected that once online registration is achieved, the program would need to operate a dual system, in order to accommodate those authors who continue using paper forms.

Allied to online registration is the potential for introducing electronic direct deposit of PLR cheques into authors' bank accounts. Implementing this service could provide further savings by reducing paper burden and mailing costs. Direct deposit is already practised by Access Copyright, the Canadian copyright collective with a comparably large database of rights-holders, and by the PLR Office in the U.K. Thus there are models that the PLR program could learn from in developing its own system in an efficient and user-friendly manner.

In addition, work is currently underway to plan and implement digitization of the PLR program's entire paper-based filing system. The benefits anticipated include greater efficiency of information storage and retrieval and a significant reduction in office space.

EBooks in Canadian Libraries: Opportunities and Problems

In recent years, nothing has excited consumer and media interest in books as much as the advent of popular eBook reading devices such as the Kindle, iPad, Sony Reader and Kobo. EBooks themselves have been with us since the 1990s, but their purchase and use in the millions dates only from 2007, after introduction of the Kindle reader by the giant online book retailer Amazon. By 2011 Amazon announced that for the first time it was selling more eBooks than print books.

Other reading devices have also sold in huge numbers, leading more and more people to choose reading books on a screen as well as, or instead of, on paper. Industry sales figures for Canadian-authored eBooks are not yet broken out from eBook sales in general, which are predominantly based on American titles. But mounting evidence reported in publishing circles shows that eBooks represent a rapidly growing proportion of Canadian publishers' total sales.

As noted in Paul Whitney's paper prepared for the PLRC in 2011, "EBooks and Public Lending Right in Canada," estimates vary, but "there is general agreement that eBook sales in Canada are lagging as much as 50% behind U.S. numbers in terms of percentage of total sales." That is to say, whereas American book publishers frequently cite up to 20% of their sales being represented by eBooks, Canadian publishers typically report eBook sales in the range of 10%, more or less. For individual publishers, the percentage differs depending on the nature of the publisher's list, the strength of its marketing program, the extent of conversion of its titles to eBook formats, and the publisher's licensing arrangements with eBook distributors. But most publishers expect their percentage of eBook sales to grow steadily in the near term, until it overtakes print books.

The same trend is evident in Canadian public libraries. Digital lending to library patrons is rising quickly. In 2011, eBook circulation was up 103% over the previous year at Canada's largest library system, the Toronto Public Library [*Quill & Quire Omni*, February 16, 2012], which devotes 6% of its acquisitions budget to eBooks [Hayashi].

Clearly the digital revolution represents an enormous challenge and opportunity for Canada's public libraries. Librarians are dedicated to serving the public by providing access to information and books in all possible forms, and the public now expects and demands access to eBooks.

But a recent paper from the Canadian Urban Libraries Council / Conseil des Bibliothèques Urbaines du Canada (CULC/CBUC), titled "Expanding eBooks: Purchasing and Lending at Canadian Public Libraries," cites serious obstacles to libraries' ability to meet the public's expectations. For a variety of reasons, technical,

financial and strategic, the supply of eBooks is still far from meeting demand in the Canadian library market. This is especially true of access to Canadian eBooks. Until these obstacles are overcome, Canadian literature will not be as adequately represented in the digital collections of Canada's public libraries as in their print collections.

The CULC/CBUC paper mentioned above states: "The public is purchasing eBook readers and arriving in libraries with devices in hand, wanting to borrow eBooks and asking for help with their readers. Across Canada, librarians must explain why fewer books are available at the library than through online retailers and why eBooks have waiting lists. At this pivotal time, libraries cannot move quickly enough to support the demands of their customers for eBooks and are unable to spend allocated funds due to a lack of titles available for sale to libraries."

The Whitney study has documented this dilemma, relating it particularly to libraries' problems with acquiring Canadian titles. This paper will not attempt to repeat the in-depth research and analysis already conducted by Whitney. Instead it will extract his main findings regarding the presence (and absence) of Canadian eBooks in public libraries and derive the implications for PLR.

In the case of the francophone library market, the Whitney study reported that French-language eBooks were largely absent from library collections in early 2011: "In fact, no francophone library qualified to take part in the survey [a survey of eBook holdings conducted for the study] as none held French-language eBooks to any appreciable extent."

As the study suggested, libraries' lack of Canadian-authored eBooks in French doesn't mean that eBooks are not becoming available from Quebec publishers – they are, and in increasing numbers since the study was written a year ago. Nonetheless, in early 2011 francophone libraries experienced difficulties in acquiring them. The difficulties were caused by the libraries' antiquated computer technology and a lack of compatibility between it and eBook platforms. Quite separately, complications also arise from the Quebec legislation known as Loi 51. This is the long-standing law regulating the province's book industry, which requires provincial institutions to purchase books from accredited Quebec bookstores.

Loi 51 is an innovative piece of legislation widely regarded as underpinning the economic health of the entire Quebec book industry: in the case of booksellers, because of the requirement that all book purchases by provincial institutions be made from accredited bookstores; and in the case of publishers, because the bookstores, in order to earn accreditation, must stock a high level of Quebec-published titles. Accordingly, because Quebec librarians respect Loi 51, they want to source their eBooks from accredited retailers, and this introduces an extra link into the supply chain for eBooks. These problems have required technological solutions, to be discussed below.

In Anglophone Canada, the obstacles to library acquisition of eBooks are similar yet different. Nothing comparable to Loi 51 exists outside Quebec, and therefore bookseller

delivery of eBooks to libraries is not part of the equation in most of English-speaking Canada. Instead, the main obstacles may be summarized as follows:

- The refusal to date of several major multinational publishers (Penguin, Macmillan, Simon & Schuster, Hachette) to supply eBooks to libraries in Canada and elsewhere: These publishers are concerned that a lack of online security in library lending will permit pirating and copying of their eBook files. They fear this could be comparable to earlier pirating of music files, which resulted in irreparable damage to the recording industry's business model;
- A decision by multinational HarperCollins, with many Canadian authors on its list, to place a limit on the number of times a library may lend its eBooks;
- Difficulty in reaching eBook pricing and licensing models acceptable to libraries: Random House, whose Canadian branch is the largest publisher in this country and publishes many prominent Canadian writers, is considered particularly egregious in its eBook pricing for libraries [Cook]. Indeed, one Nova Scotia library recently announced a boycott of Random House eBooks on the grounds of their high cost – as much as three times the price of the print edition;
- Domination of the Canadian library market for eBooks by one supplier, U.S.-based OverDrive: Although other eBook suppliers exist, the great majority of Canadian public libraries rely on OverDrive for delivery of eBook content to their patrons. But OverDrive uses an interface that many librarians do not find user-friendly and consider overly difficult for patrons to manage. This problem is compounded by the technical differences among competing eBook readers. Librarians report that their circulation desks have turned into tech help as they must teach the public how to download eBooks. OverDrive, whose business model is based on selling popular American titles, now carries Canadian-authored titles also; but these are not adequately marketed to Canadian libraries, nor easily “discoverable” by librarians on the company's site [Creasey, Hayashi].

As a result of these and other obstacles in both francophone and anglophone markets, public libraries do not stock a representative collection of even those Canadian eBooks that exist. Librarians often report to publishers that little Canadian-authored eContent seems to be available. Yet in actuality, thousands of such titles have been released.

Multinational publishers with branches in this country have released many hundreds of eBooks by Canadian authors on their lists. In addition, many of the 124 Canadian-owned firms belonging to the Association of Canadian Publishers (ACP) have converted some 4,000 of their titles into digital formats, often with assistance from federal and Ontario conversion programs [Hayashi]. These publishers now routinely issue new Canadian-authored titles in both digital and print editions. The challenge, as in the francophone book community, lies in making Canadian eBooks known and accessible to libraries, so that they can acquire them more easily and deliver them to readers.

Getting Canadian-authored eBooks into public libraries and onto the screens of Canadian library patrons is thus a work in progress. There is a considerable distance to go before

libraries' Canadian digital collections catch up to the penetration of eBooks in the retail market. But some solutions are in the works, as outlined in the next subsection.

EBooks in Canadian Libraries: a Mid-Term Prognosis

Whatever the reluctance of some multinational publishers to make eBooks available to public libraries, or to license and price them affordably, Canadian-owned publishers in both English and French are eager to supply the library market. These indigenous firms originate about 80% of Canadian-authored print books in English and well over 90% in French. Hence their efforts to supply libraries with eBook editions are key to creating a larger presence for Canadian digital titles in the nation's libraries.

The Association of Canadian Publishers has created a not-for-profit company known as eBound to support its member publishers in marketing and selling their eBooks. EBound has a strong focus on public libraries. Given that librarians have struggled to locate Canadian titles on the OverDrive system, eBound has taken the lead in developing a discoverability tool for libraries. Using BookNet Canada's online catalogue program, CataList, eBound has produced a digital catalogue to make librarians aware of ACP members' eBooks available from OverDrive. EBound sends the catalogue either directly to major library systems or to CULC/ CBUC for distribution to member libraries.

More generally, eBound is actively engaged in facilitating and coordinating relationships among Canadian publishers, distributors, wholesalers and libraries to find workable models for eBooks. For its part, CULC/CBUC, representing Canada's large urban library systems, has its own working group on the issue. CULC/CBUC meets regularly with the ACP/eBound, and with the Canadian Publishers Council, BookNet Canada and the Association of Canadian Book Wholesalers. The stakeholders report that measurable progress is being made toward made-in-Canada solutions based on the needs of the library market.

One model that eBound president and CEO Robert Hayashi finds promising originates in the U.S. The Douglas County Library in Colorado has developed its own eBook platform for use by its patrons. The aim of the project is to simplify and facilitate eBook access by citizens, while also freeing the library from dependence on any one eBook supplier. It's conceivable that a similar system could be developed for Canadian English-language libraries. The problems around finding a business model that will work for both publishers and libraries are complex and must be supported by technology. But the stakeholders are seized by the urgency of the issue and hope to find and implement a solution within a year.

In Quebec, meanwhile, an indigenous eBook platform already exists. L'Entrepôt numérique has been developed by l'Association nationale des éditeurs de livres (ANEL), working with the reputable Quebec City software firm De Marque Inc. The project aggregates eBooks from numerous French-language publishers, including several from outside Quebec. By November 2011 it was already hosting some 7,000 titles from 112

publishers, more than double the quantity of titles from the year before [www.entrepotnumerique.com]. These eBooks are available for sale online through bookstores to both the public and the library community. (A second eBook platform is offered by Québecor Media through the website of its Archambault bookstore chain, although it is less involved with supplying libraries [Whitney].)

The ANEL/De Marque collaboration has led to a second project, Prêtnumérique.ca, to facilitate eBook acquisition and lending by Quebec public libraries. An initial pilot project involving the Bibliothèque et Archives nationales du Québec and several Quebec library systems has allowed the stakeholders – libraries, publishers and booksellers – to define their requirements for the system and make it workable for libraries. This includes compliance with the spirit of Loi 51 to allow libraries to purchase eBooks from accredited bookstores.

Prêtnumérique.ca catalogues eBooks available from Entrepôt numérique which their publishers have agreed may be purchased by libraries. Libraries can then buy these eBooks from multiple online bookstores on the Entrepôt numérique system. They must sign an agreement to lend only one eBook copy at a time per copy purchased; if they wish to lend multiple copies of a title simultaneously, they must purchase additional copies [Laberge]. This protects the interests of authors, publishers and booksellers.

The Whitney report predicted that: “The 2012 result in most francophone libraries is likely to be a substantial number of eBook titles in sampled public libraries which are eligible for the PLR program as print books.” This forecast appears likely to come true: after a March 2012 presentation on the project to some 200 librarians from throughout Quebec, nearly 50 libraries confirmed their intent to connect their systems to Prêtnumérique.ca [Laberge].

It is probable, then, that Canadian-authored eBooks in both official languages will soon be on their way into Canadian public library collections in increasing numbers, and PLR will have to take account of them. It may even be possible that PLR will be able to utilize eBook lending statistics generated by the industry projects currently under development.

EBooks in PLR

Given these events, the PLR Commission must consider several factors as it works toward integrating eBooks into the system by 2013-14. These factors were largely prefigured by the Whitney study, but deserve re-emphasis here.

- eBook holdings are not expected, at least initially, to produce a significant increase in the number of titles eligible for PLR payments. If the library sampling process finds an eligible eBook, the Commission expects to apply its policy of allowing only one hit per title, regardless of the presence of multiple editions in that library’s collection. This means that even if an eBook’s ISBN is found, it will

not add to the list of eligible titles or generate an additional payment – as long as the eBook is simply a digital copy of the print edition.

- However, some Canadian publishers are beginning to release titles in eBook format only [Creasey]. If these eBooks meet PLR eligibility criteria, they will fulfil the requirements for being included in the program and could increase the number of titles eligible for PLR – unless there is a corresponding reduction in the number of eligible print titles.
- Including eBooks in PLR will become ever more important as libraries discard low-circulating print editions for lack of space, leaving only the digital edition in their collections. There is even speculation that some urban library systems (e.g., Toronto Public Library) may in future create branches whose collections consist of digital titles only.
- PLR title eligibility criteria will need to be revised, since the current definition is based on print titles with a minimum number of pages. The criteria will need to define the characteristics of an eBook and deal with the fact that eBooks are generally unpaginated (perhaps requiring introduction of a minimum word count instead of the page count). The criteria will also need to specify the nature and term of an eligible library holding: whether owned in perpetuity, licensed for a limited period of time, purchased as an individual title, or bundled with other titles in an aggregated collection, etc. This revised eligibility criterion may need to be linked to a library catalogue listing and its discoverability by users.
- The basic concept of a book is changing from traditional words on paper. Complications will arise for PLR in the case of titles where substantial new content, not present in the print edition, is added to the digital edition: e.g., visual or audio content, interactive features, etc. This will require clear definition under title eligibility criteria, answering the question of when a book ceases to be a book and becomes a film or musical work. How much must an eBook differ in content from its print edition to qualify as a separate title?
- At the present time, these definitional questions are somewhat speculative in nature. The Whitney report made the excellent recommendation of establishing a PLRC committee to study these questions and craft appropriate criteria, once a sufficient number of content-rich digital titles are available for analysis.
- The PLRC must study sampling issues related to eBooks in close collaboration with librarians and publishers. Practical solutions to eligibility questions regarding library licensing models and cataloguing practices will need to be based on professional practice and consensus.
- Whitney pointed out that inclusion of eBooks in PLR could result in greater variability in titles' hit frequencies than is the case with print books. This is because print titles often remain on library shelves for years, whereas licenses to

hold eBooks may be renewed – or not – on a yearly basis. Non-renewal could greatly affect the population of eligible eBook titles, especially where hundreds of titles held in aggregated databases suddenly disappear from a library’s catalogue. Of course this issue will be relevant only when libraries do not hold print editions of the titles concerned.

- One of the larger imponderables is the impact of large-scale library purchases of eBooks on a holdings-based system like Canada’s, vis-à-vis a loans-based system like the U.K.’s. There is a consensus that the impact would be lighter on a holdings-based system, due to the relative simplicity of verifying the presence of an eBook in a library collection. In a loans-based system, however, tracking the borrowing of eBooks is more complex and potentially more difficult and expensive. As the Whitney report explained, this is because of the different types of digital holdings (owned, licensed individually or in aggregated databases, physically held or located “in the cloud,” etc.) and different digital formats (PDF, which reports use by “page views,” not loans, or EPUB, which is more similar to lending of print books).

An interview with Jim Parker, the British Registrar of PLR, confirmed that eBooks would have a bigger and more costly impact on a loans-based system like his own. The U.K. explored the feasibility of adding eBooks to PLR and created legislation allowing it to do so. But the current government vetoed the idea on grounds of cost – an estimated half-million dollars. A further complication was that government lawyers found that, under U.K. law, a library patron downloading an eBook from home could not be considered to be making a library “loan” under terms of the PLR Act, since the activity falls under British telecommunications legislation; a “loan” for purposes of the U.K. PLR Act must involve the patron’s downloading an eBook to a reading device in the library itself. Whether these kinds of legal ramifications would influence Canadian PLR is a moot point, since in Canada the program does not come under legislation.

There are undoubtedly other issues to be considered in the process of integrating eBooks into PLR. But these are some of the major questions requiring immediate study by the program and its stakeholders.

5 Conclusion

By examining Canada's Public Lending Right program from three different perspectives, this paper has attempted to collate and analyze available information, while providing domestic and international context for the program.

Part 2, Program Design and Evolution, has shown that the program's initial design adopted in 1986 has been maintained with relatively few changes over 26 years. The most significant design modifications occurred in the library sampling process in 2004-05 and through introduction of the Growth Management Strategy in 2009-10. The GMS was the PLR Commission's response to the major challenge facing it throughout its history: relentless annual growth in authors and titles participating in the program. That growth has not been accompanied by commensurate increases in the program budget, particularly in the past 10 years. Hence, although the GMS has contributed to bolstering payments to authors for more recently published titles, the real purchasing power of average PLR payments has been steadily eroding for a decade.

Part 3, International Comparisons, situates Canada's PLR program in the context of 29 working PLR programs around the world. Since no two national PLR systems are exactly alike, Canada's program bears many similarities to these other programs yet exhibits certain differences. It is one of seven countries practicing a holdings-based system, whereas 19 other systems are loans-based, and two are based on annual library book purchases. In terms of average payments to authors and payment per capita of population, Canada's program is comparable to those of several other countries, including Belgium, France, New Zealand and the U.K. However, it is conspicuously less generous than several other systems, notably in Australia, Denmark, the Netherlands, Norway and Sweden.

Part 4, Impact of Technology, shows that digital technology has been instrumental in maintaining the efficiency and lean administrative structure of Canada's PLR program. In particular, it has made possible improvements in the library sampling process. Technology will continue to be central to the program as it explores the potential for expanding services to authors, such as introducing online registration and electronic direct deposit. Most significantly, the program must come to grips with the rapidly growing presence of eBooks in Canadian library collections, as the PLRC works toward implementing its intent of including eBooks in the program by 2013-14.

It is hoped that the paper will be a useful tool for both the Public Lending Right Commission and the Canada Council for the Arts in informing and facilitating future program design.

Appendices

Table 1: PLR Historical Summary, 1986-2011

Table 2: PLR Payments by Province and Author's Language, 2010-11

List of Persons Interviewed and Consulted

Bibliography

HISTORICAL SUMMARY (1986-2011)

		REGISTERED AUTHORS	AUTHORS RECEIVING PAYMENTS	AVERAGE PAYMENT	MEDIAN PAYMENT	ELIGIBLE TITLES	TITLES RECEIVING PAYMENTS	MAXIMUM VALUE PER TITLE	TOTAL PAID TO AUTHORS	TOTAL OPERATING EXPENSES
86/87	1	4,553	4,377	\$628	N/A	14,138	N/A	\$400.00	\$2,747,949	\$253,881
87/88	2	5,638	5,200	\$670	N/A	18,611	N/A	\$390.00	\$3,484,988	\$382,060
88/89	3	6,713	5,718	\$694	N/A	22,519	N/A	\$400.00	\$3,970,947	\$389,151
89/90	4	7,153	6,405	\$729	N/A	24,954	N/A	\$400.00	\$4,667,214	\$452,116
90/91	5	7,681	6,962	\$772	N/A	27,192	24,065	\$420.00	\$5,371,927	\$458,499
91/92	6	8,125	7,699	\$805	N/A	30,340	26,672	\$432.50	\$6,200,426	\$388,989
92/93	7	8,801	8,393	\$821	N/A	32,744	29,461	\$437.00	\$6,890,845	\$503,022
93/94	8	9,689	9,082	\$684	N/A	34,589	32,194	\$363.00	\$6,212,600	\$404,496
94/95	9	10,274	9,604	\$651	N/A	37,168	34,405	\$339.00	\$6,251,784	\$398,655
95/96	10	10,555	10,172	\$598	N/A	39,539	36,525	\$313.00	\$6,077,961	\$358,651
96/97	11	11,262	10,730	\$559	N/A	41,909	38,877	\$293.50	\$6,000,406	\$325,363
97/98	12	11,557	11,151	\$720	N/A	44,360	40,781	\$390.00	\$8,030,000	\$321,389
98/99	13	11,986	11,602	\$695	N/A	46,928	42,785	\$378.00	\$8,059,252	\$350,210
99/00	14	12,523	12,148	\$663	N/A	49,332	45,655	\$344.50	\$8,052,114	\$336,008
00/01	15	13,041	12,740	\$679	N/A	52,123	48,346	\$352.50	\$8,650,376	\$396,366
01/02	16	13,546	13,269	\$727	N/A	55,443	50,878	\$367.50	\$9,653,043	\$395,882
02/03	17	14,205	13,889	\$694	\$357	58,973	53,532	\$348.50	\$9,639,776	\$403,402
03/04	18	14,792	14,435	\$619	\$326	61,175	56,243	\$296.70	\$8,938,460	\$459,669
04/05	19	15,347	14,441	\$621	\$302	63,988	54,776	\$301.70	\$8,962,741	\$486,394
05/06	20	15,899	14,972	\$601	\$287	67,142	57,709	\$287.35	\$9,001,099	\$758,712
06/07	21	16,414	15,417	\$588	\$281	70,090	59,979	\$281.05	\$9,062,476	\$793,143
07/08	22	17,028	15,993	\$570	\$280	73,075	62,631	\$268.10	\$9,115,095	\$798,832
08/09	23	17,532	16,514	\$600	\$292	76,542	65,345	\$280.00	\$9,901,024	\$799,577
09/10	24	18,157	17,058	\$583	\$296	78,768	68,287	\$348.60	\$9,939,089	\$814,440
10/11	25	18,692	17,487	\$566	\$282	81,663	70,865	\$339.22	\$9,901,337	\$465,949

**PAYMENTS BY PROVINCE AND AUTHOR'S LANGUAGE
(2010-2011)**

PROVINCE	LANGUAGE	NUMBER OF		AMOUNT	
		PAYMENTS	%	PAID	%
NEWFOUNDLAND	E	249	1.42%	\$101,863.63	1.03%
AND LABRADOR	F	6	0.03%	\$3,649.16	0.04%
NOVA SCOTIA	E	608	3.48%	\$256,942.60	2.60%
	F	23	0.13%	\$9,704.71	0.10%
PRINCE EDWARD	E	63	0.36%	\$30,893.53	0.31%
ISLAND	F	1	0.01%	\$1,684.08	0.02%
NEW BRUNSWICK	E	226	1.29%	\$98,923.86	1.00%
	F	158	0.90%	\$74,975.83	0.76%
QUÉBEC	E	682	3.90%	\$325,690.47	3.29%
	F	5,199	29.73%	\$3,701,951.33	37.39%
ONTARIO	E	5,270	30.14%	\$2,784,471.64	28.12%
	F	295	1.69%	\$152,332.90	1.54%
MANITOBA	E	383	2.19%	\$158,233.01	1.60%
	F	42	0.24%	\$15,268.31	0.15%
SASKATCHEWAN	E	317	1.81%	\$166,770.89	1.68%
	F	7	0.04%	\$2,192.82	0.02%
ALBERTA	E	879	5.03%	\$441,065.80	4.45%
	F	13	0.07%	\$5,945.34	0.06%
BRITISH COLUMBIA	E	2,437	13.94%	\$1,230,654.08	12.43%
	F	29	0.17%	\$15,298.29	0.15%
NORTHWEST	E	13	0.07%	\$5,477.10	0.06%
TERRITORIES	F	1	0.01%	\$155.08	0.00%
YUKON	E	30	0.17%	\$9,139.84	0.09%
	F	0	0.00%	\$0.00	0.00%
NUNAVUT	E	4	0.02%	\$1,234.22	0.01%
	F	0	0.00%	\$0.00	0.00%
OUTSIDE CANADA	E	455	2.60%	\$233,778.09	2.36%
	F	97	0.55%	\$73,040.09	0.74%
TOTAL	E	11,616	66.43%	\$5,845,138.76	59.03%
	F	5,871	33.57%	\$4,056,197.94	40.97%
GRAND					
TOTAL	E+F	17,487	100%	\$9,901,336.70	100%

List of Persons Interviewed and Consulted

Marc Boutet, De Marque Inc.

Linda Cook, Edmonton Public Library, PLRC member

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