



## **Campus Stores Canada**

### **Submission to the Standing Committee on Finance**

#### **Budget 2015 Consultations**

##### **About Campus Stores Canada**

Campus Stores Canada is the national trade association dedicated to providing a unified voice for Canadian post-secondary institutionally owned and operated Campus stores and, by doing so, enabling them to serve their institutions in the most effective manner. Campus Stores Canada has almost 100 member stores and more than 150 vendor and supplier associates nationwide. This means that if you know one of Canada's million post-secondary students, you probably know someone that is served by a member of Campus Stores Canada.

##### **How Monopolies and Parallel Imports Affect Book Pricing for Our Students**

Looking towards the 2015 budget, the Standing Committee on Finance has asked for input from Canadians, particularly focusing on measures that will support families in areas such as education and keep an eye on the need to balance the federal budget and ensure economic growth. Campus Stores Canada believes that the Committee should look to remove regulatory measures in the *Copyright act* that increase the cost of textbooks in Canada, increasing the cost of higher education while offering no corresponding benefit to government or the public.

The *Copyright Act* allows publishers to establish import monopolies on books from authors from around the world, and in turn outlines what these import monopolies may charge for the cost of books. Books imported by those other than these exclusive importers are referred to as "parallel imports". Section 27.1 of the Copyright Act makes the parallel importation of new books an offence, provided these exclusive distributors adhere to the regulations promulgated under that Act. Specifically, Section 5.1(a)(iii) of the Book Importation Regulations (SOR/99-324) stipulates that an importer can charge a bookseller the price of the book in the country of origin, plus the difference in the exchange rates between the two countries, plus an additional 10 or 15%, depending on the country of origin.

Campus Stores Canada considers this a "private tax" established by public policy. It is paid from the wallets of Canadian students and their families and is collected primarily by foreign private interests. It allows publishers to receive an additional 10 or 15 percent of pure profit from their products before risking losing a sale to parallel importers. Importantly, this returns no appreciable benefit to the artists or authors who created the works in question.

The tax's design is an artifact of publishing, commercial distribution, and policy paradigms that have changed radically since these regulations were promulgated in 1999, most notably through the

development of internet-based commerce. Unlike booksellers, individual consumers are not bound by these regulations and are able to freely and legally purchase books from the lowest cost provider, regardless of location. And they do: through internet retailers, Canadian consumers are often able to buy books more cheaply than Canadian resellers can. It confounds market logic that a Canadian student is able to import individual books more economically than a multinational corporation importing commercial volumes of products, but this is a direct result of the tax's artificial inflation of domestic book prices.

A 2013 report by the Senate Standing Committee on National Finance identified this private tax as a reason for higher book prices in Canada, and recommended that Heritage Canada study its reduction.

Campus bookstores are a critical service to Canada's post-secondary education system, matching students with the learning materials that their instructors use to teach. They provide the conveniences of a central location for all materials, regardless of discipline, and are best able to ensure a sufficient supply. Because of this tax, bookstores, campus or otherwise, are unable to offer the lowest possible price and in turn best serve students. To get best value on learning materials, students are effectively forced by this tax to turn to internet retailers based in other countries, an extra step that is as absurd as it is inconvenient.

### **Budget Recommendation**

**Campus Stores Canada recommends that Section 5.1(a)(iii)(A) and 5.1(a)(iii)(B) of the Book Importation Regulations be amended to remove the 10 and 15% taxes.** This will provide a meaningful reduction in textbook prices. Importantly, it does so without the need for any expenditure or reduction in revenue on the part of government. Such a change would also assist in the government's larger objective, as highlighted in the last budget and Speech from the Throne, to reduce Canada-US price disparities in consumer goods.

### **For more information:**

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