CANADIAN PRINTING INDUSTRIES ASSOCIATION
ASSOCIATION CANADIENNE DE L'IMPRIMERIE

Representing the pre-press, press, bindery and allied industries • Représentant l'industrie de pré-presse, d'impression, de finition et des activités connexes

July 9, 2010

The Hon Tony Clement
Minister of Industry

Dear Minister Clement,

I am pleased to send you our input into the consultations on the Digital Economy Strategy that you and your colleagues have launched. This input is submitted on behalf of the over 7,000 printing companies and 70,000+ employees of the graphic communications industry here in Canada.

The graphic communications industry comprises what is traditionally known as the printing industry and includes all printers regardless of process used. This could include, among others, web printers such Transcontinental and World Color (formerly Quebecor), sheet fed offset printers of marketing materials such as The Lowe Martin Group in Ottawa, "flexographic" printers of items like labels for cans and bottles such Metro Label in Toronto, box printers like Cascades Boxboard, digital printers like Blitzprint in Calgary and numerous others that comprise an ever developing manufacturing industry. The industry also includes suppliers such as Heidelberg, Xerox, HP, Canon, Spicers, Domtar, Unisource, Kodak, Fujifilm, Hostmann Steinberg, Sun Chemical all major international companies

In 2009 the printing industry generated over $9 billion dollars in shipments from Canadian printers which is down some 26% from peak shipments in 2003. Some 37% of printers in Canada are non-employers meaning they are owner operators while over 96% of printing companies employ fewer than 100 employees. The industry is the quintessential SME industry.

Printing is generally not well understood as an industry. Many people believe that it is an industry that is more labour intensive than technology intensive. There is a belief that it is a job where you get ink under your finger nails and don't use technology. Nothing could be further from the truth in the reality of today's economy.

Though the printing industry as a whole has tended to under invest in technology that is because of the many SME's and owner operated plants that exist. Many of the medium to large plants heavily invest on a regular basis in the new technologies required to stay on top of the needs of their customers.

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Changes over the past few years to the Capital Cost Allowance rules have helped tremendously however we need certainty that these rules will continue and not be scrapped. This has allowed our industry to adopt new technologies much sooner than if equipment had to be depreciated over a longer period of time. As I visit print plants I am told time and again how new equipment is needed but old equipment was still on the books.

As print markets have been challenged since 2003 and especially over the past year or so owners have seen their profit margins decline drastically as they fight to get business. This decline in profit margins has moved decision makers to adopt new technologies which can protect those margins. Technology suppliers have the new equipment available but the economy has been holding buyers back in the past 1-2 years.

Customers are also becoming more technology savvy and are seeking that same knowledge from their print suppliers. This has sparked an increase in the desire of printers to stay with the technological times. File transfers from customers to printers, for example, are happening much more via electronic means than hard copy means. This has encouraged our industry to keep up. Again the lag tends to be with smaller companies rather than the medium to larger ones.

This move to electronic file transfers reinforces the need to more widespread availability of broadband internet access. Customers require this ability especially in more remote communities where access to a competitive print market might not be available.

The issue of skills is also one of key importance to our industry. Working together with the Canadian Printing Industries Sector Council a Skills and Technology Roadmap has been developed and is in the initial stages of implementation. In this forward looking plan we have considered skill development to be essential to the future of our industry. As the uptake on new technologies continues it will be critically important to ensure that the skills of our industry’s workers are upgraded as well. In the Roadmap the following trends in technology that would have the greatest impact on the industry over the next ten (10) years were identified as follows:

- Enhanced systems integration
- Greater demand for database management services
- Widespread use of customer interface software
- Significant developments in press technologies
- Increased automation and integration of post-press tasks
- Radical new advances in science and technology
- Ever-increasing environmental awareness

The following recommendations were identified to help the industry ensure current and new workers gain the skills necessary:

- Explore development of national training programs and delivery models based on industry-developed skills standards
- Develop management and process training tools
- Create an industry-awareness program

- Improve systems integration capabilities
- Develop a database management research program
- Enhance industry access to support for training and technology
- Support greater environmental awareness

As the only national organization representing the graphic communications industry the Canadian Printing Industries Association (CPIA) is well positioned to advise the government and to relay pertinent information back to the industry regarding this consultation process.

I look forward to the results of this consultation.

Yours truly,

Bob Elliott, CAE
President