



Alberta Magazine
Publishers Association

Supporting Canada's Magazine Publishers in Canada's Economic Recovery

**Magazines Canada's Submission to Pre-Budget
Consultations in Advance of the 2021 Budget**

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List of Recommendations

Recommendation 1: That the Government of Canada doubles the annual budget of the Canada Periodical Fund from \$75 million to \$150 million to ensure it effectively supports Canadian magazine publishers as they recover from steep revenue losses during the Coronavirus pandemic. This \$75 million increase would be broken out as follows:

Recommendation 1 (a): Provide a 25 percent top-up to publishers' Aid to Publishers contribution amounts in 2021-22, as was done in 2020-21.

Costing: \$30 million.

Recommendation 1 (b): Permanently broaden the eligibility for the Canada Periodical Fund to include controlled-circulation and "keystand" magazines, as was done in 2020-21 via the one-time Special Measures for Journalism fund.

Costing: \$45 million.

Recommendation 2: That the Government of Canada, recognizing the unique value of magazines as a trusted source of information, shared identity and community-building across the country, ensures that federal government departments support these publications by allocating no less than 10% of their advertising spend to Canadian digital and print magazines.

Recommendation 3: That the Government of Canada supports hard-hit magazine publishers in the difficult post-COVID-19 recovery stage by reducing one of these small businesses' most arduous financial hindrances—the very high fees paid to Canada Post to deliver magazines.

Recommendation 4: Establish an Economic Strategy Table on Creative Industries to expand and strengthen sector growth and accelerate global competitiveness.

Leveraging Our Commitment to Provide Canadians with Accurate, Reliable Information

Magazines Canada is the national association representing Canadian-owned, Canadian-content consumer, cultural, specialty, professional and business magazines. French, English, Indigenous and ethno-cultural member titles cover a wide range of interests, trades and communities across the country and across multiple platforms. Topics include arts and culture, business and professional, lifestyle and food, news and politics, sports and leisure, and women and youth. The association focuses on government relations, retail distribution, sector research and data collection, and professional development for Canadians who work in the magazine publishing sector.

Magazines Canada presents this submission jointly with our provincial association colleagues at L'Association québécoise des éditeurs de magazines (AQEM), the Alberta Magazine Publishers Association (AMPA), and the Magazine Association of BC (MagsBC).

The importance of supporting the Canadian magazine sector's success has been regularly reaffirmed by federal governments over the decades. Even before Confederation, government authorities in Canada took steps to ensure magazines could sustain and strengthen this unifying, culturally enriching role that touches people across the country. Today, as Canadians are poised to work together to rebuild after the pandemic, the value to society of these 2,600 weekly and monthly magazines and their 15,000 employees has never been clearer. That's because the need to access reliable, accurate facts and guidance amid the overload of confusing, questionable information has been greatly heightened by the coronavirus emergency.

A Pivotal Moment

Because of their abiding commitment to the integrity of facts and communication, magazines are in a unique position to help Canadians sort truth from falsehood by providing trustworthy, detailed information. And magazines have risen to the challenge of COVID-19 by keeping readers informed of the latest, most useful information throughout the pandemic. These publishers, who crucially devote more time and resources to in-depth research, thoughtful writing and rigorous fact-checking than other information sources, were already seeing an upsurge in public confidence during the age of false news. The supportive role magazines played during the pandemic cannot help but deepen the understanding of their contribution to society, national cohesion and the economy.

We believe it is imperative at this pivotal moment for the government to renew and deepen its commitment to supporting magazines, jobs and the Canadian content they provide. To sustain the economic rebound and for the sake of our diverse readership in communities large and small in every corner of Canada, the federal government should expand its support for

magazine publishing, both financially and through innovative changes in policies and practices that are a hindrance to the sustainability of these culturally vital businesses.

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Doubling the Canada Periodical Fund

COVID-19's single largest impact on the Canadian magazine publishing sector has been the swift and ruthless gutting of every single revenue channel magazines rely on. These revenue channels include advertising revenues, newsstand revenues, subscription revenues, and revenues from in-person events.

At the same time, and to compound this, there has been no relief for Canadian magazine publishers on the expense side of the ledger, either. To wit, publishers pay \$26 million per year to Canada Post to deliver magazine subscriptions to their loyal readers in diverse communities across the country. This has resulted in downward pressure on publishers' cash flows and threatens the very viability of the industry. With the great reduction of drop points due to pandemic closures, controlled circulation publications are also struggling to reach their readers. The spectre of magazines folding and the permanent loss of good jobs looms large.

This is why it is no understatement to affirm that the **25% top-up to the Canada Periodical Fund Aid to Publishers contribution amounts** and the **\$45 million Special Measures for Journalism fund**, both introduced by the Government of Canada in 2020-21 as emergency support measures, were a lifeline for Canadian magazine publishers during 2020.

We need these dual measures to continue into to 2021-22 to support Canadian magazine publishers so they, in turn, can play their part in supporting Canada's economic recovery.

The Canadian magazine publishing sector is incredibly grateful for this support. We acknowledge that there are many sectors of Canadian society, individuals and businesses, who are struggling right now. Not a single one of our members takes this support for granted.

What has the Government of Canada's support meant? It has meant that Canadian magazine publishers can continue to publish trusted content on print and digital platforms that Canadians value. It has meant they can continue to employ Canadians in well-remunerated jobs. Good jobs.

We were pleased to read in the Speech from the Throne about further support for industries that have been hardest hit by the pandemic, including cultural industries. There are 2,600 Canadian magazines that *could* be supported by the Canada Periodical Fund, but many of which currently are not. These are magazines in both official languages, as well as magazines that speak to Canada's many ethno-cultural communities, in digital and print, giving voice to creators from diverse communities across Canada. In normal circumstances, the Canadian magazine publishing sector contributes \$1.7 billion annually to Canada's GDP and employs tens of thousands of Canadians. The Special Measures for Journalism component of the Canada Periodical Fund was disbursed among 792 publications, and we know there are *many more* out there.

Now is the time to double the budget of the Canada Periodical Fund from \$75 million to \$150 million and to broaden eligibility for the Canada Periodical Fund to include controlled-circulation and "keystand" magazines because of the collapse of advertising as a major revenue source, as well as severe downward financial pressure on other revenue channels magazines rely on. A \$150 million Canada Periodical Fund open to controlled circulation-magazines would mean that the Government of Canada could truly claim to support the entirety of the Canadian magazine publishing sector in an effective way. It would also allow the Government of Canada to support a greater diversity of Canadian voices and publications.

We recommend the Government of Canada takes steps to address a policy shortcoming in the Canada Periodical Fund eligibility rules that excludes a wide swath of Canadian magazine publishers from support. Current rules excluding controlled-circulation and "keystand" magazines deny financial support to many high-quality publications devoted to Canadian storytelling. Doubling the Canada Periodical Fund's annual budget and broadening eligibility to include controlled-circulation magazines would be in keeping with Prime Minister Justin Trudeau's mandate letter requests to Industry Minister Navdeep Bains and Canadian Heritage Minister Steven Guilbeault to support local journalism and foster the creation of Canadian content in both official languages. And doing so would be an important contribution to the sustainability of the sector as publishers chart a way out of the current downturn.

Diversity, Equity and Inclusion

A portion of the Canada Periodical Fund's \$150 million annual budget could be designated to encourage Canadian magazine publishers to hire more individuals from under-represented and equity-seeking groups. These individuals could then earn a living from the creation and production of art and culture as found in magazines. Their viewpoints and experiences could contribute to more diverse and inclusive magazines. This funding could also be used to assist

those publications supporting under-represented and equity-seeking groups to apply for funding, as many have never done so before and find the process difficult.

Recommendation 2: That the Government of Canada, recognizing the unique value of our magazines as a trusted source of information, shared identity and community-building across the country, ensures that federal government departments support these publications by allocating no less than 10% of their advertising spend to Canadian digital and print magazines.

Given the need to use every tool available to help Canadians recover from a once-in-a-century emergency, Magazines Canada believes the government should take this opportunity to quickly review current policies on placement of government advertising through Canadian digital and print media, including our magazines, and institute a requirement that departments systematically prioritize using Canadian print and digital advertising to reach the public — possibly by delivering ad contracts through the Department of Canadian Heritage or another centralized organization.

Placement has been a longstanding issue for Canadian content-providers. In preparing the 2017 report, *Disruption: Change and Churning in Canada's Media Landscape*, members of the House of Commons Standing Committee on Canadian Heritage heard repeated complaints from Canadian media representatives about the negative impact of federal departments' growing use of foreign online platforms for ads. As a result, the committee's report noted, the portion of federal advertising going to newspapers and magazines declined from 30 per cent in 2006-07 to 7 per cent in 2015-16.

Canadian publishers have watched in dismay as government advertising during the COVID-19 crisis has only worsened this trend, with departments placing the bulk of their advertising about the coronavirus emergency with global platforms such as Facebook.

The reach of Canada's magazines allows the government through its advertising to be in contact with Canadians in every part of the country and all across our wide range of ethno-cultural interest groups. Besides enhancing Canadian content, the simple reorientation in government advertising policy of requiring departments to prioritize advertising in Canadian media would provide an immense boost to publishers struggling to stay competitive in the face of the combined impact of technological change and COVID-19. This policy reform is all the more important at a time when magazines are providing an antidote to democratically-damaging misinformation amplified by the foreign media global platforms now receiving the lion's share of federal departments' advertising budgets. We believe this is an easily-fixed situation the government would want to address on an urgent basis.

Recommendation 3: That the Government of Canada supports hard-hit magazine publishers in the difficult post-COVID-19 recovery stage by reducing one of these small businesses' most arduous financial hindrances—the very high fees paid to Canada Post to deliver magazines.

Canadian magazine publishers pay \$26 million per year to Canada Post to deliver their magazines to Canadians who subscribe to them. Publications Mail fees charged by Canada Post are one of the largest, unvarying costs for Canadian magazine publishers. At a time when magazine publishing revenues are in free-fall, one of the most useful actions the federal government could take to support publishers would be a reduction in Publications Mail fees charged by Canada Post. This could make the difference between survival and bankruptcy for many publishers in this crucial post-COVID-19 recovery period.

In addition, with many drop points and venues closed, controlled-circulation publications such as community magazines that report on urgent issues are struggling to reach their readers, especially those who are most disadvantaged or isolated because of the pandemic.

Recommendation 4: Establish an Economic Strategy Table on Creative Industries to expand and strengthen sector growth and accelerate global competitiveness.

In the past several years, federal government ministers have initiated a series of public-private sector Economic Strategy Tables to maximize innovative growth in sectors such as health sciences and agri-food. At the same time, our elected representatives have identified this country's creative industries as key to Canada's economic expansion, job creation and export capacity, as well as being a crucial contributor to Canadians' identity and cohesiveness.

Specifically, the House of Commons Standing Committee on Finance, in its report *Canadian Ideas: Leveraging Our Strengths*, said the government should "urgently assemble an Economic Strategy Table on Creative Industries to unlock the full innovative potential of these sectors, produce world class content, and share its creative works both at home and abroad."

Magazines Canada strongly recommends that the government take this opportunity to follow through on this proposal and use the proven success of the Economic Tables approach to develop a growth strategy to help Canada's media and other creative industries rebound and continue to excel in the months and years ahead. The economic and job-creating potential is significant and strengthening Canada's media at this time would be instrumental in reducing the political risks from misinformation and false news.

A collaborative, forward-looking, public-private Economic Strategy Table on Creative Industries will significantly contribute to our sector's development, expansion and post-COVID-19 success story.

A Stronger Recovery, A Stronger Canada

Throughout our history, governments have recognized the unique Canadian media function undertaken by magazine publishers and creators in bringing Canadians together on the basis of their heritage, their shared values and future aspirations. With Canadians' health, economic prosperity and democracy all under pressure, the accuracy and integrity of news have become major concerns.

Having a strong, vibrant magazine sector that can provide credible, carefully edited, and fact-checked information that the public can rely on has proven to be more valuable than ever. Now, as we work on rebuilding and reimagining our industry in the face of this unprecedented emergency, Canada's publishers need the federal government to renew and expand incentives for magazines in order to strengthen their viability and safeguard their historic and crucial role in our democracy.