

# Canada's Magazines



*The voice of Canadians, for and by Canadians*



CANADIAN MAGAZINE PUBLISHERS ASSOCIATION  
L'ASSOCIATION DES ÉDITEURS DE MAGAZINES CANADIENS



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# Executive Summary

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Magazines are indispensable to our rich and varied Canadian life. Our periodicals connect us as a nation, create self-understanding and drive cultural growth. At the same time, their struggle as one of Canada's leading cultural industries is a poignant story in itself.

Since before Confederation, magazines have sprouted in Canada's cultural soil with endless zeal and resilience. Some, like *Maclean's* and *Homemaker's*, are household names. Others dwell on art, gardening and a variety of special and regional interests. Most of our treasured writers got their starts in small literary journals, stepping stones to national and world acclaim.

This truly Canadian industry was created within a supportive public policy environment that made it possible for individual creativity, style and innovation to succeed. The harvest of rewards includes fulfilment of the federal government's cultural policy objectives. Today, in the face of onerous foreign competition, this formula for success is being tested like never before.

*"It's important that we have Canadian magazines to tell us about our history, to talk about Canadian values, to link us across the country, to discuss Canadian matters that matter to Canadians."*

SHEILA COPPS, MINISTER OF CANADIAN HERITAGE

Canadians cherish their magazines. More than 2,000 periodicals are published here, and they have a market share that is second to none among the nation's cultural industries. It is estimated that Canadian magazines account for roughly 50% of all magazine sales in Canada. (Well ahead of Canadian music, books, movies and TV.) This is despite an overwhelming foreign presence on our newsstands, where U.S. magazines account for about 95% of sales.

Through our magazines we meet Canada's best and brightest, savour our achievements and chart our national progress, at a level of detail and thoughtfulness not possible in other media. One year's total Canadian magazine content is equal to about 2,500 books. Magazines are published in all regions of the country by Canadians, about Canadians and for Canadians.

For all its successes, the story of Canadian magazine publishing is facing its most daunting chapter. Foreign publications, mostly from the United States, have enormous economic advantages in the Canadian marketplace. Canadian publications must contend with relatively higher production costs, distribution over a vast area and a smaller readership pool than their foreign rivals. Canada's smaller cultural, art and literary publications continue to struggle with high costs and low profitability. For these reasons, Canada's commitment to promoting the arts must be extended

*Canadian publications must contend with relatively higher production costs, distribution over a vast area and a smaller readership pool than their foreign rivals.*

Some of the great Canadians you'll meet in the pages of Canadian magazines:

Jim Adair • David Adams Richards • Jeremy Addington • Sherri Aikenhead • Suzan Aikins • Kelley Aitken • Don Aker • Luis Albuquerque • James Alden • Paul Alexander • Jim Allan • Cheryl Allen • Gord Allen • Andrew Allentuck • Cathy Allison • Leanne Allison • Bert Almon • Gary Alphonso • Peggy Amirault • Elaine Amyot • Marguerite Anderson • David Andrews • Shari Andrews • Colin Angus • Leslie Anthony • Fiorella Antonietello • Benoit Aquin • Madame Justice Louise Arbour • Denys Arcand • Tammy Armstrong • Kevin Arnold • Marc Arseneau • Laura Arsie • James Arthur • Ruth Atherley • Stan Atherton • Tim Atherton • Susan Atkinson-Keen • Margaret Atwood • Benoit Aubin • Don Austin • Todd Babiak • Dave Bagosy • Susanne Baillie • Bonnie Baird • Janet Baker • Peter Baltensperger • Lorna Banks • Douglas Barbour • Harold Barclay • Kate Barker • Ethan Baron • Antonio Barone • Brian Barrer • Wayne Barrett • Barroux • Brian Bartlett • John Barton • Jane Baskwill • Gabrielle Bauer • William Bauer • Renee Beaton • Viia Beaumanis • Tony Beck • Elia Becker • Mike Beedell • Tom Begin • Laura Beingessner • Henry Beissel • Céline Béland • Douglas Bell • John Bemrose • Clif Bennett • Sheri Benning • Jean-Marie Benoit • Daryl Benson • Marco Berardini • Annalies Berger • Darryl Berger • Brian Bergman • David Berman • Tony Berryman • Laura Best • Greig Bethel • Norm Betts • Kathy Bevan • Erin Bidlake • Maureen

to embrace Canadian magazines more fully. To survive and prosper in the future, our periodicals must work even harder at delivering a product that will remain the first choice of readers.

The popularity of our publications shows that Canadians want Canadian cultural products, and will seek them out given the opportunity. We know this from surveys done by the Print Measurement Bureau (PMB), which monitors the distribution of 80 Canadian magazines, accounting for about 60% of all Canadian magazines in circulation. According to the PMB, the average Canadian reads 6.8 issues of PMB-measured magazines a month. Ninety percent of Canadians read one or more of those 80 magazines in the last year. Such market penetration promotes a Canadian viewpoint and links consumers with Canadian products.

“Like a sprawling collaborative serial novel, Canadian magazines chronicle the unfolding story of our country, giving voice to diverse communities, energizing new ideas, inspiring, informing and astonishing millions of people every day.”

EVAN SOLOMON, JOURNALIST

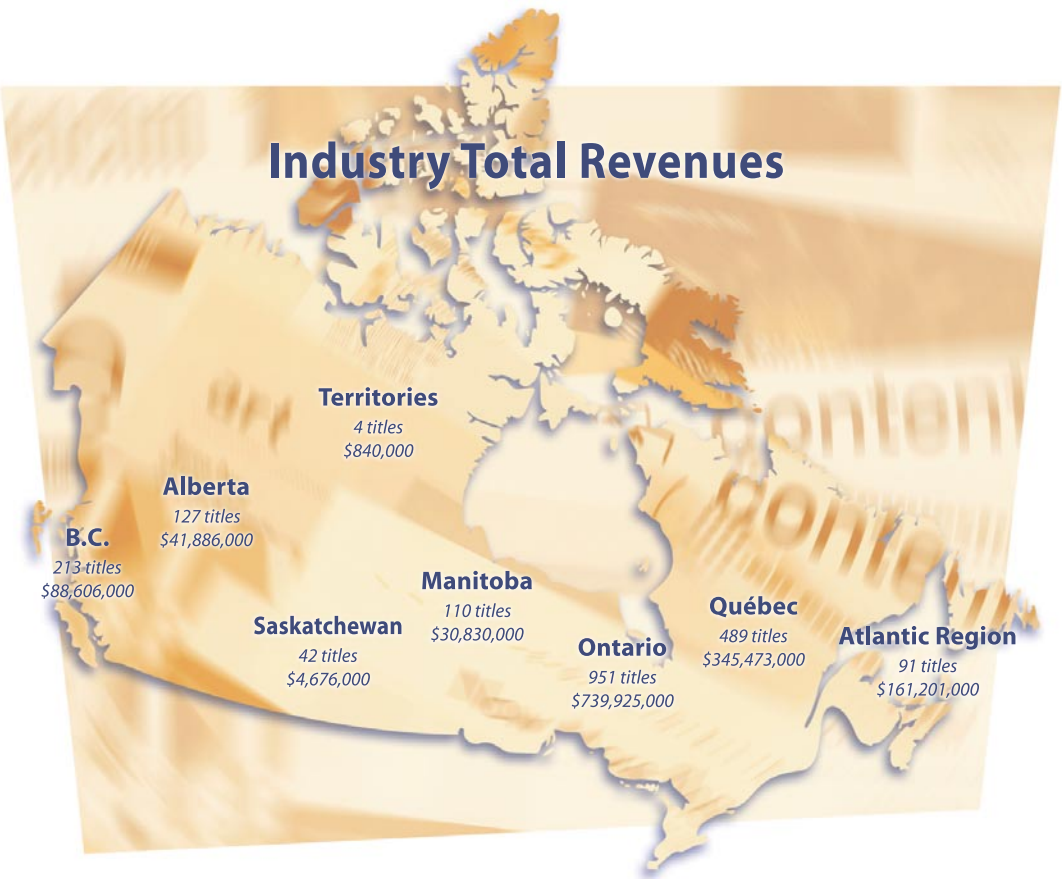
The Canadian magazine sector generates over \$1.2 billion in revenues. More than 8,000 people are directly employed in writing and production and many more work in related industries which serve the magazine sector. The industry is a knowledge-based sector with highly skilled employees — executives, managers, editors, writers, artists, photographers and art directors. Beyond that, magazines have a huge indirect economic impact through their use of outside suppliers such as distributors, printers and contributors. The industry invests over \$1.1 billion in Canada.

For generations, successive federal governments have recognized the valuable contribution magazines make to our national culture. The Government of Canada maintains policies and programs to promote and sustain Canadian perspectives in the magazine sector. In the coming years, these programs will be tested as never before by economic challenges that are already shaking the foundations of the magazine sector. It is critical, therefore, that these support measures be fine-tuned and maintained at the highest levels of design, focus, efficiency and effectiveness.

“Foreign magazines don’t tell us much about our own country. If you’re going to have a nation, if you’re going to have a sense of community, then you must have your own media. Not just radio and books, but magazines too. Magazines are part of the infrastructure that give you a sense of community. And without a sense of community, you’re not a country.”

PIERRE BERTON, HISTORIAN, JOURNALIST

## Canadian Magazine Industry – A Snapshot



### BY, FOR AND ABOUT CANADA

- Canadian magazines: **2,027**
- Canadian magazine annual revenues: **\$1.27 billion**
- Direct employment: **8,264**
- Salaries and wages: **\$299 million**
- Total investment in Canada: **\$1.139 billion**
- **99%** of the magazines published in Canada are Canadian-controlled
- Major Canadian consumer magazines devote more than **80%** of their content to Canadian-authored editorial
- Canadian magazines are authored, published, printed and sold in Canada.

Statistics Canada, Periodical Publishing Survey, 1998-99.



Bilerman • Amelie Binette •  
Loraine Birnie • Stuart Bish •  
bill bissett • Mary Teresa Bitti  
• Kevin Black • Robert Black •  
David Blackwell • Gerry  
Blackwell • Clayton Blackwood  
• Joe Blades • Francis Blake •  
Rosemary Blake • Jane  
Blanchard • Barry Blitt • Astrid  
Blodgett • Lance Blomgren •  
Kathy Boake • Jordan Bober •  
Paul Bobier • Peter Boeckh •  
Winnifred M. Bogaarts •  
Pamela Jo Boggs • Denny Bohn  
• Victor Boldt • Stephanie  
Bolster • Joan Bond • Shane  
Book • George Borden • Alex  
Borovoy • Jill Borra • Lesley-  
Anne Bourne • Sue Bourque •  
Brenda Bouw • Paul Bowdring  
• Michael Bowie • Tim Bowling  
• Pat Boyle • Jennifer Braaksma  
• Michael Bradford • Dionne  
Brand • Stacey Brandford •  
Sean Brendan-Brown • Pegaan  
Brennen • Elizabeth Brewster  
• Jim Brewster • Lorne  
Bridgeman • P.W. Bridgman •  
Mary Bridson • Ann  
Brocklehurst • Kevin Brooker  
• Nicole Brossard • Dave Brown  
• Douglas Arthur Brown •  
Dwayne Brown • Ian Brown •  
Heather Browne Prince • David  
Bruckmann • Carol Bruneau •  
Denise Brunsdon • Micheal  
Bryson • Rob Buchanan • Grant  
Buday • Brian Burke • Bradd  
Burningham • Gary Burns •  
Sharon Butala • Dave Butler •  
Robyn-Marie Butt • John  
Calder • Christine Callaghan •  
Kevin Callan • Dan Callis •  
Silver Donald Cameron •  
Deborah Campbell • Sydney  
Cannings • Sandra Cantwell •  
Daniel Canty • Fred Cappuccino  
• Isabelle Cardinal • Mark  
Cardwell • Belinda Carney •  
David Carpenter • Anne Carson  
• Donna Carter • Ian Carter •  
Sharon Caseburg • John  
Castlebury • Renzo Cattoni •  
Anna Cavaliere • Peter Cavelti

CONNECTING CANADIANS

Celebrating Success in  
Canada’s Cultural Media

Canada is blessed with a rich and diverse culture. Its uniqueness is enriched and nourished through openness to other cultures of the world, as well as by webs of exchange between our far-flung regions.

Ours is a country of immigrants drawn from all corners of the globe. We speak dozens of languages and celebrate local, regional and multicultural customs, which often distinguish us from each other. Yet, for all our diversity, we have fostered a unique set of collective values that unite us and distinguish us from the rest of the world.

Canada’s consumer magazines have captured, shaped and communicated these collective values throughout our country’s history. Our magazines speak to this country about issues and events that are uniquely important to us. Magazines are also constructive, dynamic: they build communities around shared interests, which in turn spin off associations, research, employment.

*“When I pick up my copy of Canadian Geographic, I feel like I’m going into a discussion with people across the country who share a whole bunch of interests that I have, and that those interests are only marginally covered by The Globe and Mail, CBC and CTV. I share a community with the people who read that magazine, and we can’t talk to each other properly without the existence of that magazine. There is just no other way of doing it.”*

ROGER BIRD, PROFESSOR OF JOURNALISM, CARLETON UNIVERSITY

A principal goal of the Government of Canada’s cultural policies is to connect Canadians to one another — to help ensure there is a choice of Canadian content available across the country.

This is stated explicitly in the Government’s cultural policy blueprint, *Connecting to the Canadian Experience: Diversity, Creativity and Choice*: **“The goal is clear: to ensure that Canadians have Canadian choices and to connect Canadians to the diverse Canadian experience.”**

This twin objective is achieved through a partnership of action involving the cultural sector and governments. Public policy and investment establishes a climate that promotes industry resiliency and growth. Cultural industries invest, innovate and create the opportunity for Canadians to contribute to the enrichment of our country.

Canada’s magazine industry is not just a partner in this objective — it’s a leader. When it comes to reflecting Canadian culture and linking Canadian communities, nothing can take the place of Canada’s magazines.

Canadian magazines create long-term, rewarding careers for Canadians across the country.

They are written, published, sold and read in every province of Canada. Over 8,000 writers, photographers, artists, art directors and editors are employed directly by Canadian magazines. About three-quarters of them have full-time positions. Together they earn about \$250 million a year. In addition, magazines hire freelance writers, independent editorialists, photographers and illustrators. When their fees are added, the industry’s annual payroll in Canada’s creative community approaches \$300 million.

The economic activity created by magazines is also felt in related sectors. Canada’s printers have built an impressive business, based partly on the investments of Canadian magazines over many years. Periodicals spend more than \$400 million annually to print their products (magazines and ancillary products), using Canadian printing companies almost exclusively. The printing business has more than 78,000 employees who work in 3,500 establishments from St. John’s to Victoria. The industry has also parlayed its experience in producing domestic magazines into international business that has helped create jobs in Canada.

The distribution of magazines is a separate economic stimulus. Canadian periodicals spend more than \$113 million annually in distribution and fulfillment, most of which is out-sourced to major distribution firms. Another beneficiary is Canada Post Corporation. In 2000, Canada Post delivered over 2,000 Canadian titles to readers across Canada. This business contributed to the \$218 million in revenue Canada Post receives from its Publications Mail sector and generates employment for letter carriers and mail handlers.

*“I think magazines are the key way that a society discusses itself. Newspapers are too fast. You have to write too fast and you have to read too fast and they’re gone. Books are too long and they take too long to come out. Magazines are the main way... that writers have the time to reflect and lay something out, but get it there before the issue is dead. And they sit around the house for a week or a month and readers have a chance to linger over them.*

*I think Canadians are real magazine readers. You give them a chance and they do read it. I think there’s the sense with a magazine that this is really useful in your life.”*

RICK SALUTIN, COLUMNIST, MEDIA CRITIC

*In 2000, Canada  
Post delivered over  
2,000 Canadian  
titles to readers  
across Canada. This  
business contributed  
to the \$218 million  
in revenue Canada  
Post receives from  
its Publications Mail  
sector and generates  
employment for  
letter carriers and  
mail handlers.*



• Julie Cazzin • Harvey Chan • Gloria Chang • Chris Chapman • Vaughan Chapman • Leo Charbonneau • Pierre Charbonneau • Roger Chayer • Robert Chernomas • Marcos Chin • Julia Ching • Ken Chisholm • Patricia Chisholm • Michael Cho • Alexandre Choquette • Lesley Choyce • Boyd Chubbs • William Ciccocioppo • Jerry Ciccoritti • Greig Clark • Joan Clark • George Elliott Clarke • Lisa Clavi • Sally Cline • Lynn Coady • Mary Frances Coady • David Cobb • Tavis Cobourn • Catherine A. Cocchio • Fred Cogswell • Lynne Cohen • Matt Cohen • Ian Colford • Robert Collins • Ted Colson • Anne Compton • Karen Connelly • William Connor • Robert Conrad • Michael Constable • Geoff Cook • Greg Cook • Marlene Cookshaw • Kelly Cooper • Laurie Cooper • Ann Copeland • Bill Corbett • Louis Cormier • Camilla Cornell • Malina Corpadean • Mark Cosslett • Ralph Costello • Genevieve Cote • Barbara Cottrell • Patricia Coulter • Suzette Couture • Laurie Cox • Beverly Cramp • Sara Crangle • Erica Crawford • Michael Crawford • Libby Creelman • Dan Cremin • Ross Crockford • Lynn Crosbie • Charles Crossman • Wayne W. Crouse • Ian Cruickshank • Michael Crumme y • Malcolm Cullen • Alan Cumyn • Richard Cumyn • Bev Currie • Sheldon Currie • Wayne Curtis • Paulo da Costa • Gilles Daigle • Holly Dale • Catherine Daley • Mary Dalton • Emrys Damon Miller • Darren Davidson • Hilary Davidson • Karen Davidson • Gwen Davies • Joe Davies • Lynn Davies • Patricia Davies • Claudia Davila • Degan Davis • Robert M. Davis

BUILDING ON SUCCESS

If the Canadian magazine sector has prospered in a difficult economic environment, one key factor has been federal policies and programs.

A key element underpinning the sector’s growth over the last 30 years is the presence of a supportive business environment — shaped by federal government policy and programs. During that time, Canadian magazines increased their share of the domestic readership market from 20% to 50%. The number of Canadian titles rose from 660 in 1960 to 1,500 in the mid-1990s, and to 2,008 in 1998-99.

The 1990s brought important policy changes to government programs. Public sector spending was reduced in the early ’90s, leading to a sharp decrease in postal subsidies. The budget of the Publication Assistance Program (PAP) was cut to approximately \$46 million. That left about \$37 million for periodicals, which account for 81% of the PAP budget (1999-2000 year).

Federal policies were overturned in 1998 by a World Trade Organization challenge from the U.S. against Canada’s support for magazines. Tax measures designed to bar split-run

A STRUGGLE AS OLD AS CANADA

The impulse to communicate through magazines pervades the history of Canada and British North America before it. But these cultural blossoms have always been threatened by rough economic winds.

Halifax’s famous Joseph Howe had printer’s ink in his veins: his father printed the first magazine in the colonies, in 1789. Even the Bishop of Nova Scotia was a subscriber! But it struggled financially and folded after only three years.

Pioneer writer Susannah Moodie edited her own literary magazine in the 1840s. She lamented the collapse of one Upper Canadian publication by saying it was “utterly impossible” to compete with underpriced American monthlies.

Government has always had a role in the story of Canadian magazines and the public-minded discussions they promote. When Ottawa reduced the second-class postal rate by 75% in 1900, Sir Wilfrid Laurier declared the goal was to “foster a national consciousness.”

Until recently, when national newspapers appeared, magazines served as Canada’s national print medium. They filled a void described by Canadian Robert MacNeil, for years co-host The MacNeil/Lehrer NewsHour on U.S. public TV: “One of the great virtues of magazines like *Maclean’s* or programs like NewsHour is that they create a sense of community, and a sense of what matters to that community.”

magazines from the Canadian marketplace had to be changed, and postal rates were harmonized to allow foreign magazines equal tariffs for Canadian postal services.

To support the continued viability of the magazine sector in this new competitive environment, the Government of Canada introduced the Canada Magazine Fund (CMF), designed to help ensure the continued presence of Canadian content within a sea of foreign magazines.

Together with existing policy measures, the Canada Magazine Fund has provided valuable support to Canada’s industry and, in turn, to the writers, artists, printers, designers and distributors who rely on it.

Now the CMF has established a track record of success in meeting cultural policy objectives. Its policies and programs can be refined to meet new industry needs and to ensure that Canada’s presence in its own magazine market can be maintained and enhanced.

“It requires a particular combination of editorial acumen, professional skills and personal ingenuity and sacrifice, as well as government support, to make any money or even survive financially by publishing original Canadian books or periodicals of cultural significance.”

FROM THE APPLEBAUM-HERBERT REPORT, FEDERAL CULTURAL POLICY REVIEW COMMITTEE, 1982

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• Shawn Dawson • Jody Daye  
• Sarah de Leeuw • Elisabeth de Mariaffi • Maude De Varennes • James Deacon • Louise Dearden Maitland • Michael deBeyer • John Degen • John DeMont • Stephane Denis • Julie Dennison • Suzanna Denti • Dennis Desrosiers • Christopher Dewdney • Jason Dewinetz • Hardeep Dhaliwal • Mary Di Michele • Adam Dickinson • Stephanie Dickison • Patrick Dineen • Shelley Divnich Haggert • Tamas Dobozy • Katy Dockrill • Marina Dodis • Earl Doherty • Craig Dolick • Don Domanski • Magie Dominic • John Donlan • Pamela Donoghue • Susan Doran • David Dornian • Adrian Dorst • David Doucette • Susan T. Downe • Glen Downie • Ann Dowsett Johnson • Sharon Doyle Driedger • Blair Drawson • Anita Draycott • Jaishree Drepaul • Henry Drescher • Mary Dryburgh • Helen DuToit • Heather Duff • Amanda Duffy • Pat Duffy Hutcheon • A. Carlyle Dunbar • Heather Dunham • Pierre Dunnigan • Michael Dunwoody • Liam Durcan • Daniel Dutka • Deirdre Dwyer • Hadley Dyer • Nathalie Dyke • Ted Dyke • Rebecca Eckler • Nancy Edell • Ian Edwards • Jannie Edwards • Owen Egan • Atom Egoyan • Sten Eirik • Jo-Anne Elder • Elin Elgaard • Dr. Goldwin J. Emerson • Al Emid • George Englebreetsen • Joanne Epp • Nancee Erhard • Lisa Ernst • Simon Fanning • Moira Farr • Janette Fecteau • Hazel A. Felderhof • Jim Feltham • Penny L. Ferguson • Peter Ferguson • Leo Ferrari • Niv Fichman • Dorothy Field • Eric Field • Sandy Fife • Andrew Findlay • Mike Finiagan • Triny

LOOKING FORWARD

New Opportunity — New Challenges

The opportunities are almost infinite and the difficulties numerous in Canada’s diverse and creative magazine sector. Strategies for success are as varied as the magazines themselves. However, for Canadian magazines as a whole, three key issues will determine industry growth over the years to come.

- 1. Financing the development and distribution of high-quality Canadian content in a marketplace awash with inexpensive foreign content;
- 2. Maintaining affordable and efficient distribution systems for magazines;
- 3. Building financial viability and stability in the small-magazine sector.

FOREIGN MAGAZINES IN THE CANADIAN MARKET

Magazine publishers grapple with a familiar Canadian dilemma: few people scattered across a huge landmass, living next door to the world’s largest and most powerful economy. These circumstances pose competitive challenges for many of our industries. In the cultural sector, the difficulties are compounded by the easy flow of cultural materials, common interests and language in most of North America, and the enormous influence and size of the U.S. entertainment industry.

Canada is an open and inviting market for U.S. magazines. We have an English-speaking audience, educated and affluent, located right next door to the audience already being served in the U.S. And the much larger U.S. market provides for economies of scale in production and distribution that competing Canadian magazines cannot match.

“ The 49th parallel, the world’s longest undefended border, is certainly the world’s most porous border. For more than a century, Canadians have been inundated with U.S. products, movies, music, TV, sports, brands and icons. And yet, in the face of this flood, Canadians remain distinctly Canadian.”

MICHAEL ADAMS, CO-FOUNDER, ENVIRONICS MARKET RESEARCH

The suggestion is sometimes made that Canadian magazines should improve their economies of scale by expanding into foreign markets. This raises a paradoxical dilemma: the industry’s focus on Canadian issues and perspectives, while a great competitive advantage at home, limits its appeal abroad. The high-quality Canadian content that readers seek cannot be replicated by foreign magazines, giving Canadian publishers their edge in the Canadian market. However, interest in Canadian issues drops sharply outside our borders. As a result, most Canadian magazines compete for a share of the Canadian market while much larger U.S. magazines compete for a share of the North American and English-speaking world markets.

Including Canada in a North American publishing business plan provides U.S. magazines with enormous economies of scale and, in turn, competitive advantage in Canada’s market. In a sector in which size means commercial advantage, U.S. publishers have room to manoeuvre. The top five U.S. publishing firms each have revenues exceeding those of the entire Canadian magazine market.



AdAge 2001/Statistics Canada, Publishing Survey, 1998-99

A commercial edge is an advantage only if it can be exploited. Before 1998, Canada’s magazine policy — including taxes on the import of split-run editions — limited the commercial attractiveness of selling in Canada for foreign publishers. While Canada’s market was open to all magazines, foreign publishers had less ability to take critical advertising revenues out of the market without incurring additional costs for editorial production.

In the three years since Canada’s magazine policies changed, the determination and inventiveness of Canada’s publishers — combined with a new set of supportive federal policies and programs — has helped limit any large-scale change in the competitive landscape.

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Finlay • Ed Finstein • Matthew Firth • Sheree Fitch • Joey Fitzpatrick • Lisa Foley • Tom Forrestall • Anne Forsythe-Moore • Tony Fouhse • Tema Frank • John George Fraser • Raymond Fraser • Sharon Fraser • Joan Freeman • Urs Frei • Kathy Fretwell • Thomas Fricke • Mark Frutkin • Kay Fujiwara • Cornelia Fuykschot • Ben Gadd • Pete Gaffney • Sandy Gage • Claudia Gahlinger • Jeff Gailus • Joseph Michael Gale • Yvon Gallant • Jayson Gallop • Mark Gallup • Tanya Gallus • Carolyn Gammon • Geoffrey Gammon • Vivian Gast • Bill Gaston • Jonathon Gatehouse • Edward Gates • François Gaudet • Guy Gavriel Kay • Veronica Gaylie • Bruce Geddes • Geoff George • Henry Georgi • Robert Gibbs • John Gibson • Will Gibson • Sharon Gibson Palermo • Mark Gilbert • Brian M. Gillam • Bruce Gillespie • Don Gillis • Susan Gillis • David Gilmour • Francois Girard • Joan Givneri • Dyane Gjesdal • Juniper Glass • Marc Glassman • Douglas Glover • Jo-Ann Godfrey • Rachel Goldsworthy • Carlos Gomes • Beth Goobie • Anna Goodson • Mark Gordon • Sheldon Gordon • Warren Gordon • Robert Gore • Allan Gould • Alvaro Goveia • David Goveia • Maureen Gow • Susan Goyette • Wayne Grady • Ron Graham • Terilynn Graham • Andrew Gray • Scott W Gray • Michael Graydon • Donna Green • Kristi-Ly Green • Alanda Greene • Michael Greene • John Greyson • Bruce Grierson • Roz Griffith Hall • Susan Grimbly • Joy Gugeler • Sturla Gunnarson • Tonya Gunvaldsen Klaassen • Chris Gurgley • John Gushue • Scott Gwilliams • Colleen Haag •

But three years is a short time. Canada’s new policy — allowing foreign split-run magazines to sell up to 18% of their advertising space in Canada — was not even fully implemented until mid-2002. We continue the effort to keep Canadian choices in our magazine market. But the current success of foreign magazines here shows that only a persistent effort will keep Canadian magazines alive.

CANADA-U.S. COMPARATIVE COSTS

The economic advantages that large foreign magazine publishers enjoy in Canada is shown in a comparative analysis undertaken by Canadian magazine industry consultants Impresa Communications Ltd. Impresa compared the revenues and costs of the top 80 foreign titles circulating in Canada with revenues and costs for Canadian magazines. (All conversions use a 63-cent Canadian dollar.)

Impresa found that U.S. titles in Canada have 21% lower costs than Canadian titles based on economies of scale alone. These economies are based on size and include factors such as larger press runs, which reduce the per-unit costs of production. Impresa concludes that U.S. magazines “would enjoy a major advantage over Canadian magazines in their own market, even without the added benefit of not having to carry editorial, advertising sales and other overhead costs.”

Foreign publications have a further economic advantage in that they incur little or no costs for original editorial, advertising sales and overhead. In calculating Canadian circulation revenues for those 80 foreign magazines, Impresa did not deduct editorial or advertising sales costs. Impresa’s conclusion: these titles take an estimated \$189 million in net circulation revenue out of the Canadian market, of which about \$87 million (47%) is profit. This is more than double the operating profit of major U.S. consumer magazines reported by the Magazine Publishers of America (MPA), Impresa says.

That means these magazines are 8 or 9 times more profitable than their Canadian equivalents — even without any advertising revenue.

DUMPING FOREIGN EDITORIAL IN CANADA’S MARKET

Their enormous economic advantages permit large foreign publishers to gain market share in Canada by reducing prices. By selling most of their magazines in Canada at prices lower than in the United States, U.S. publishers effectively dump foreign editorial content in our market.

Foreign Magazine Cover Prices

Impresa Communications studied the cover prices of the top 80 U.S. titles circulating in Canada and compared their Canadian cover prices with U.S. newsstand prices (factoring in the exchange rate).

It found that the 80 titles sell single copies for 15.5% less in Canada than in the United States, on average. Some titles discount their newsstand copies by as much as 36%.

The table below cites examples from the Impresa analysis:

DISCOUNT TITLE	U.S. COVER (US\$)	“NATURAL” 1.57	CAN. COVER (C\$)	DISCOUNT (C\$)	(%)
<i>Country Living</i>	3.95	6.21	3.95	(2.26)	(36%)
<i>First for Women</i>	2.99	4.70	2.99	(1.71)	(36%)
<i>Seventeen</i>	3.99	6.27	4.50	(1.77)	(28%)
<i>Prevention</i>	2.99	4.70	3.49	(1.21)	(26%)
<i>Ladies’ Home Journal</i>	2.49	3.91	2.99	(.92)	(24%)
<i>Martha Stewart Living</i>	4.75	7.46	5.75	(1.71)	(23%)
<i>People</i>	2.99	4.70	3.68	(1.02)	(22%)
<i>FHM (For Him Magazine)</i>	3.99	6.27	4.99	(1.28)	(20%)
<i>Cosmopolitan</i>	3.50	5.50	4.50	(1.00)	(18%)
<i>Glamour</i>	3.50	5.50	4.50	(1.00)	(18%)
<i>Rosie</i> (formerly <i>McCall’s</i> )	3.50	5.50	4.50	(1.00)	(18%)
<i>Vogue</i>	3.50	5.50	4.50	(1.00)	(18%)
<i>O: The Oprah Magazine</i>	3.50	5.50	4.50	(1.00)	(18%)
<i>Teen People</i>	2.99	4.70	3.99	(.71)	(15%)
<i>In Style</i>	3.99	6.27	5.95	(.32)	(5%)
<i>Good Housekeeping</i>	1.95	3.06	2.95	(.11)	(4%)

All figures are net of GST

Impresa concludes that “the consistent discounting of U.S. titles off what would be their ‘natural’ market rate has the effect of depressing newsstand revenue for Canadian magazines. In order to meet these competitive pressures, equivalent Canadian titles must sell for less than their costs would justify. Since U.S. titles dominate, occupying 80% of the Canadian newsstand space, this has held down cover prices.”

The estimated profitability of foreign magazines in Canada, combined with this pricing data, suggests that when U.S. magazines decide to enter the Canadian marketplace, their size and profitability allows them to sell at deep discounts to capture market share.

Foreign Magazine Subscription Prices

Impresa reviewed subscription prices for major U.S. magazines, and found that most of them sell Canadian subscriptions at prices higher than in the United States. This finding is not surprising given U.S. magazines’ preference for newsstand sales in Canada. The higher subscription prices reflect the higher costs of mailing from their domestic market; U.S. publishers chose not to pursue higher Canadian readership through lower subscription prices.

The estimated profitability of foreign magazines in Canada, combined with this pricing data, suggests that when U.S. magazines decide to enter the Canadian marketplace, their size and profitability allows them to sell at deep discounts to capture market share.





John Haig • Patrice Halley • Simon Hally • Bob Hambly • Margaret B. Hammer • Kim Handysides • Patrick Henry Hanlon • Lesa Hannah • Deborah L. Haras • Gillian Harding-Russel • Madeline Hare • Joan Harman • Brian Harris • Catherine Harris • Maureen Harris • Brady Harrison • Marion Harrison • Troon Harrison • Marion Hartery • Carla Hartsfield • Kenneth Harvey • Elisabeth Harvor • David Hatter • Robert Hawkes • Lloyd Hawkeye Robertson • Elizabeth Hay • Michael Haynes • Jonathan Hayward • Fred Hazel • Chad Heard • Dave Heath • Joeline Heathcote • Ben Hedges • Steven Heighton • David Heinimann • Lee Henderson • Noel Hendrickson • Horst Herget • Diego Herrera (Yayo) • Dianne Hicks Morrow • Brian Higgins • Gloria Hildebrandt • Susanne Hiller • Jane Hilton • Beth Himelman • Stephen Hines • Tara Hoag • Craig Hodge • Pamela Hodgson • Greg Hollingshead • Nancy Holmes • April Holtom • Charles Hope • Cornelia Hornosty • June Horsman • Annie L. Horth • Miguel Hortiguella • Harold Horwood • Wayne Houle • David Howard • Ken Howe • Bill Howell • Gadi Hoz • Daniel Hudon • Dan Hudson • Cindy Hughes • J.M. Hull • Nita Hull • Ernest M. Hume • Aislinn Hunter • Mike Hunter • Clinton Hussey • Steve Hutchings • Laurence Hutchman • H. June Hutton • Maureen Hynes • Vid Ingelvic • Heather Ingram • Jeff Jackson • Lorna Jackson • Matt Jackson • Pat Jackson • Catherine Jacob • Martine Jacquot • John Jaffey • Geoffrey James • Dayv James-French • Scot Jamieson • Laura

Typically, U.S. magazines have offered subscriptions to Canadians as an add-on to their U.S. market sales from their U.S. fulfillment centres. Subscription prices reflect the added costs of shipping to Canada and the exchange rate.

But Impresa found some changes occurring. Increasingly, U.S. magazines are pricing subscription sales for the Canadian market in Canadian dollars and using Canadian mailing houses for marketing. In these instances, Canadian subscription prices are often substantially less than in the United States.

Although the majority of the top 80 titles still charge more for subscriptions in Canada than in the United States, several titles have adopted the opposite strategy in an effort to build subscription sales in Canada. Some examples of subscription price discounts in Canada relative to the U.S.:

- *Business Week* (33%)
- *Fortune* (16%)
- *The Economist* (11%)
- *Martha Stewart Living* (14%)
- *Runner's World* (11%)
- *Prevention* (4%).

This analysis reveals increasing use of “directed to Canada” subscription sales strategies by U.S. titles, including deep discounting, special offers and pricing in Canadian dollars from a Canadian sales office.

It also shows that, when they want to, U.S. magazines have the ability to discount subscription prices deeply in an effort to advance sales in Canada.

The Canada Magazine Fund is key to maintaining a level playing field for Canadian magazines. Foreign magazines are spared the high costs of generating Canadian editorial content. Their own domestic content is paid for by their large domestic circulation base. This puts pressure on competing Canadian magazines to cut back editorial expenditures — one of the few non-fixed costs for publishers. CMF support helps magazines in the all-important area of investing in high-quality Canadian content.

**AFFORDABLE AND EFFICIENT DISTRIBUTION**

Producing a high-quality Canadian magazine is one thing. But it is another challenge altogether to move it physically from the printing plant to individual addresses across Canada’s enormous territory, and to get it there at a price consumers can afford. Maintaining an efficient and affordable distribution system for Canadian magazines is a vital priority for the industry in coming years.

In each cultural sector, such as radio, television and publishing, federal policies have been effective in ensuring an accessible Canadian presence at a reasonable cost

to Canadians wherever they live. This was achieved in the magazine sector, with remarkable effectiveness, through the Publications Assistance Program and its predecessor, the postal subsidy.

Distribution costs alone would overwhelm many Canadian magazines. Without a public commitment to help manage these costs, magazines — and, in turn, Canada’s perspectives on the world through them — would not be affordable to millions of Canadians. In fact, most Canadian magazines would simply not be able to serve large areas of Canada.

**SUBSCRIPTION SALES**

Federal postal assistance has helped Canada’s magazine industry develop a remarkably effective subscription distribution system.

Selling by subscription has some important benefits. It is an efficient way of getting magazines to readers since each copy is sent directly to a reader who has already indicated they want to receive it. Newsstands, on the other hand, sell only 35% to 40% of their magazines; the rest are shredded. It’s terribly inefficient. While most of the non-sells are recycled, it still represents a lot of trees sacrificed to no good cause.

Subscription contracts average one to three years in duration, providing publishers with some revenue certainty over that period as opposed to the variability of newsstand sales.

The mailing of magazines is funded through a four-party partnership — readers, publishers, Canada Post and Canadian taxpayers. The government contribution levers substantial funding from the program’s partners, and thereby creates broader access to Canadian magazine content than would be possible without the non-government contributions.

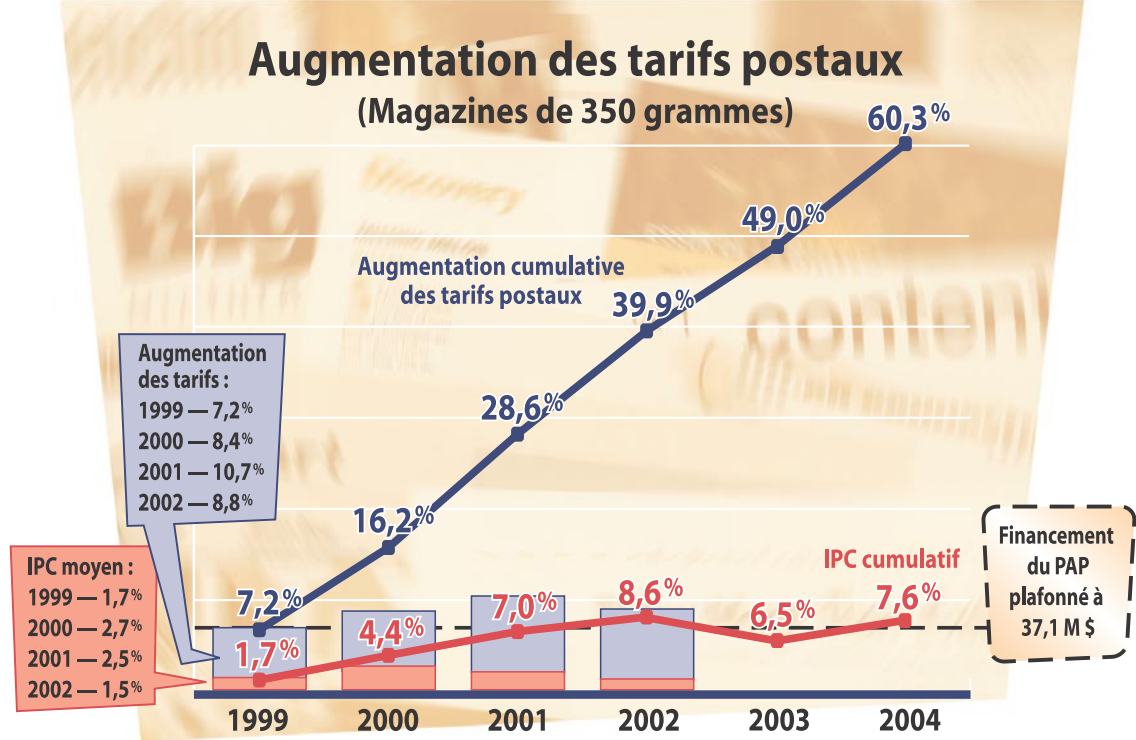
However, the funding available from PAP has not kept up with the demand. Since 1999, PAP funding has been capped at \$46 million. In the early 1990s, it provided our magazines with an estimated \$90 million annually. A large number of magazines no longer receive any support from it.

PAP’s value has also been diluted by rising costs for postage. Over the last three years, postage has increased by more than 26% for a typical 350-gram magazine. It will go up another 23% during the next three years. Other industry costs have also increased, although much less dramatically than postage.

Publishers have been able to take some of the sting out of these increases through the Publications Assistance Program, in the past. However, in 2002 the program will hit its \$46.3 million funding cap. Increases beyond that level must be fully borne by eligible publishers.

*PAP’s value has also been diluted by rising costs for postage. Over the last three years, postage has increased by more than 26% for a typical 350-gram magazine.*





PAP’s success will be undercut unless the program gets more funding: publishers will be forced to cut costs by reducing circulation levels.

Only 50% of the publications delivered by Canada Post are assisted by PAP. The program leaves out many very high-quality Canadian magazines, partly because of the limited program budgets.

### WORKING WITH CANADA POST CORPORATION TO REDUCE COSTS

The industry tries to control distribution costs by working with Canada Post, its major distribution partner, finding and improving efficiencies wherever possible.

The CMPA has joined a new Canada Post-industry committee that pursues this goal. Cost savings through efficiency should save money for the publisher, the reader and, through the Publications Assistance Program, the public at large.

### NEWSSTAND SALES

Canada’s newsstands have historically been dominated by foreign magazines. Here again, economies of scale and size are key factors. Foreign magazines with very large circulations command attention from distributors by offering large-volume sell-throughs. The majority of small- to mid-size Canadian titles do not generate the volumes that attract newsstand distributors.

Recent changes to Canada’s magazine policies will have a very substantial impact on newsstand distribution. Lower postal rates for foreign publishers relative to Canadian, aggressive new subscription sales strategies by foreign magazines and a cap on postal assistance paint a challenging picture for Canadian publishers.

In addition, Retail Display Allowances — fees paid to guarantee newsstand visibility — are costly. Major foreign magazines have large budgets for newsstand display which Canadian magazines generally cannot match. The Department of Canadian Heritage estimates that 7 of 10 Canadian magazines never appear on a Canadian newsstand shelf.

Canadian magazines pay a steep price for their low visibility or absence on newsstands. Newsstand sales attract first-time readers to titles and are a proven circulation-building strategy. Without newsstand promotion, Canadian titles must use more costly direct mail campaigns and other approaches to magazine promotion.

Other cultural industries in Canada, such as radio and television broadcasting, have access to regulated distribution channels where significant ratios of public airspace are set aside for Canadian signals. That is not the case with magazine newsstand distribution, where the marketplace is entirely open.

### THE NATIONAL CIRCULATION AND PROMOTION PROGRAM

How can we rally national loyalty and reader interest behind Canadian magazines? One answer is greater promotion through the National Circulation and Promotion Program (NCPP). This \$5.5 million marketing strategy was designed and implemented by the CMPA on behalf of the Canadian consumer magazine industry, working with the Department of Canadian Heritage.

The first year of the NCPP is now complete. The focus this year was on increasing awareness of the benefits of reading Canadian magazines. (“It’s not the same if it’s not Canadian”) and testing various methods of promoting sales on a national level.

Our goal is to promote Canadian magazines to Canadian consumers, providing long-term stability for the industry via increased infrastructure and revenue. Additionally, we wanted to devise and test new methodologies to market a broad range of titles on a large scale. Not all methods delivered the desired results. However, by working together the industry had many accomplishments.

- Increased infrastructure:
- introduced a brand identity for the Canadian industry
  - established the first ever collective industry marketing effort for Canadian magazines
  - established the first ever government supported marketing effort for Canadian magazines
  - established retail support for Canadian magazines
  - created a case study for increased sales of Canadian magazines at newsstands

*Our goal is to promote Canadian magazines to Canadian consumers.*

• Roger Lemoyne • Leslie Leong  
• Barbra Leslie • Marie Lessard  
• Kathy Diane Leveille • Gerald Levitch • Heather Levy • Jennifer Lewington • Stewart Lewis • Leanne Lieberman • Judy Liebner • Joaane Light • Tim Lilburn • Randy Lincks • David Lindsay • Don Linehan • Sabrina Linn • Lino • Tara Logie • Suzanne Longbottom • Sterling Lorence • Tim Loughheed • Patty Loveridge • Albert Low • Diane Luckow • Janet Lunn • Laura Lush • Rudy Luukko • Allan Lynch • Larry Lynch • Peter Lynch • Jeanette Lynes • Peter Lynn • Kathy Mac • Dawn MacAulay Ogilive • James MacCabe • Bernice MacDonald • Cyril MacDonald • Francis MacDonald • Frank MacDonald • Jake MacDonald • Ross MacDonald • Tanis MacDonald • Paul MacDougall • Stephen MacEachern • David MacFarlane • Xavier Macia • Julie MacIntyre • Leo MacKay Jr. • Nancy MacKenzie • Patricia MacKenzie • James MacKinnon • Katherine Macklem • Wendell MacLaine • Kate MacLennan • Alistair MacLeod • Margaret MacLeod • Sue MacLeod • Ken MacQueen • Caitlin MacRae • Roy MacSkimming • James MacSwain • Judy Maddocks • Rick Maddocks • Dorothy Mahoney • Sylvain Majeau • Christopher Majka • Alice Major • Rod Malay • Lori Maleea Acker • Giovanni Malito • Carol Malyon • Charles Mandel • David Maniom • David Maquignaz • Richard Marchand • Dave Margoshes • Lesley Marian Neilson • Charise Mariel Garcia • A.T. Marion • Bill Marsh • James W. Marsh • Lynn Martel • Sandra E. Martin • Tony Martin • Alain Massicotte • Bruce Masterman • Lawrence Mathews • Matsuo

- attracted national strategic partners for Canadian magazines (Coca-Cola at newsstands, Starbucks for the Reading Series)
- established a public event to celebrate Canadian magazine covers.

Increased Revenue:

- 9% increase in newsstand sales revenues across participating retail outlets (Great Canadian News and Relay)
- preliminary figures show that CMPA distributed titles at small independent retailers enjoyed significant increases. The data will be verified and released in the late fall 2002.

The NCPP demonstrates the potential of industry and government partnership through joint programs. It is an example of the Canada Magazine Fund in action to support the marketing of Canada’s cultural products.

SUPPORT TO THE SMALL-MAGAZINE SECTOR

It is in small magazines that Canada’s rich diversity shines the brightest. There is hardly an area of interest not served by a small publication, from Inuit art to horse breeding to woodworking. Small magazines provide an essential voice for minority-interest communities that would normally receive little attention in the larger media.

Our small literary journals gave most of our treasured writers their start — publishing fiction and poetry, journalism and other non-fiction. Small magazines are vibrant. Because of their size, they have a remarkably close relationship with their readers.

*“The literary journals have been absolutely essential to my work. I started publishing in journals when I was about 21 or 22; I was 30 before I published my first book. The journals are where we learn to become writers, how we learn to speak from the places where we live, and where we start finding an audience. I think the explosion that we’ve seen in Canadian writers on the world stage would not have been possible without those magazines.”*

MICHAEL CRUMMEY, WRITER, GILLER PRIZE FINALIST 2001

Canada’s small-circulation magazines face some unique dilemmas. While larger magazines can use advertising revenues to offset editorial expenses, many small magazines carry little or no advertising. Arts and literary publications share the difficulty of the broader performing arts community in attracting advertising and other corporate support. The small size of Canada’s arts community limits the scope of these publications as an advertising vehicle.

Small magazines count on hard-working editors and designers. Many are volunteers motivated more by interest in the content than in whatever tiny income they may receive. Smaller magazines contain relatively large proportions of editorial content.

Smallness presents serious challenges in terms of ongoing profitability and even survival. A Department of Canadian Heritage analysis shows that about 50% of Canadian magazines do not make a profit — particularly true of the small magazines. As D.B. Scott noted in his report *Vitality and Vulnerability*, “Size makes a difference... the size of circulation is generally a direct indicator of profitability, of revenue and of spending on key elements such as advertising sales and marketing and promotion.”

The smaller the magazine, the tougher the situation, Scott explained. They “tend to have a finite and diffuse audience (for example literary or fine art publications); the economics of magazine publishing are stacked against them. The fixed costs of publishing must still be paid and, because of small print runs, there are few if any efficiencies available.

“In the case of small literary and cultural magazines, a great deal of sweat equity and volunteer labour must be brought into play just to keep the head above water; that means... high levels of burnout among volunteers and unpaid staff.” The result is that fewer small magazines are being published.

ADDRESSING SMALL-MAGAZINE NEEDS

One way to ease the financial burden of small-circulation magazines is to lighten the load of production costs. Because these magazines operate on tight budgets and often fail to accumulate capital for reinvestment, they are unable to invest in the human resources, technology or business growth strategies that generate sustained growth.

Business Development for Small Magazines

The barrier to attracting new subscribers is primarily economic: it costs money. A program under the Canada Magazine Fund — the Business Development for Small Magazines program — is designed to support the growth of small-circulation titles. The program provides up to \$40,000 per year in financial assistance to support specific projects designed to strengthen the financial viability of small-circulation magazines and create greater awareness of their existence.

It is too early to fully assess this program’s success. However, by January 2002 the program had invested about \$2.4 million in some 60 publications. The program is providing valuable assistance to those publications able to meet its demanding requirements and able to make the additional financial commitment required for eligibility.

Still, the program could be improved. Among its drawbacks is the requirement that smaller publishers generate 25% to 50% of project funding from their own resources. The program chiefly addresses a lack of capital for financing business growth. Requiring publishers to fund half of the project costs while requiring projects to be innovative — and therefore somewhat risky — can actually imperil the financial status of a magazine rather than strengthen it. This requirement has led publishers to borrow from personal funds and delay expenditures in other areas.

*Requiring publishers to fund half of the project costs while requiring projects to be innovative — and therefore somewhat risky — can actually imperil the financial status of a magazine rather than strengthen it.*





• Greg Maurer • Steve Maxwell  
• Rachelle Maynard • Esther Mazakian • Ian McAllister • Gillian McCain • Sophie McCall • Julie McCarroll • Susan E. McCaslin • Dennis McCloskey • Duncan McCue • Hilton McCully • Pat McDermott • Bruce McDonald • Duff McDonald • Clea McDougall • Alison McGillivray • David McGimpsey • Vern McGrath • Joan and Gary McGuffin • Leanne McIntosh • Grant McIntyre • Don McKay • Leon McKay • Leo McKay Jr • Susan McKenzie • Michelle McKinnon • Christie McLaren • W.N. McLaughlin • Roy W. McLean • Don McLellan • Marty McLennan • Margaret McLeod • Michael McLeod • Judy McMahan • Jean McNeil • Steve McOrmond • Ian McQueen • Tom McSorley • Sarah McTavish • Sheila Meads • Adele Megann • Sabrina Mehra • Deepa Mehta • Brenda Meier • Helena Mel Malton • Holly Melanson • Monika Melchulnyk • David Menzies • Todd and Margaret Mercer • Annie Mercier • Joanne Merriam • Ian Merringer • Silvana Metallo • John Metcalf • Robin Metcalfe • Alex Meyboom • Candace Meyer • Michaeldaatje • Jim Middlemiss • Corey Mihailiuk • Stéphane Milhomme • James H. Miller • Jasmine Miller • Jerry Miller • Shandi Miller • Harriet Millstone • Philip Milner • Jeremy Mimmagh • Nancy Minard • Kuya Minogue • Rohinton Mistry • Nadia Molinari • Jason Molyneaux • Andy Mons • Charles Montgomery • Vernon Mooers • Lisa Moore • Liz Moore • Robert Moore • Roger Moore • Pat Morden • Bernice Morgan • Dr. Henry Morgentaler • Sylvia Morice • A.F. Moritz •

A second difficulty is that the program imposes a considerable administrative burden on both government and publishers. In addition to preparing an application, publishers are required to spend a great deal of time addressing supplementary questions and rewriting aspects of the application over many months. For already busy small publishers, this is enough to make them question the benefit of applying.

The application also requires spending on circulation audits when other less onerous approaches are available. Small-magazine audits (PVS verification) can cost anywhere from \$500 to \$1,500 and take up considerable internal time and resources. The information certified by a circulation audit can be reasonably accurately assessed through other existing means.

There is no doubt that the CMF small-magazines program is providing valuable assistance. Ongoing programming to support the small magazine sector should include some level of project-based support — especially if steps are taken to improve and streamline the application procedure.

However, the CMPA believes these needs can be more efficiently addressed through a program styled on the CMF's Support for Editorial Content program and made available to smaller magazines. Rather than being targeted to specific projects, this program would allow small magazines to invest directly in editorial and operational needs that allow them to maintain and build business.

**Canada Council for Arts Support of Arts, Literary and Cultural Magazines**

One group of particularly creative small-magazine titles is entirely devoted to literature, the performing arts, visual art, heritage, history, fiction, poetry and other culturally significant perspectives.

These periodicals are notable for their uncommonly high commitment to Canadian content and very limited access to advertising revenues — and limited newsstand sales opportunities.

Like many other cultural pursuits in Canada, these titles are unlikely to achieve an independent, self-supporting business status. Yet, their content is worthy of support for its cultural value. They are critically important titles for new artists and writers seeking an opportunity to showcase their work.

The Canada Council for the Arts has long supported arts and literary magazines. This support enables small magazines to pay the writers who supply the Canadian content, and is critical in allowing these publications to focus on quality. Without such funding, many contributors would not be properly paid and many small magazines would not be able to survive.

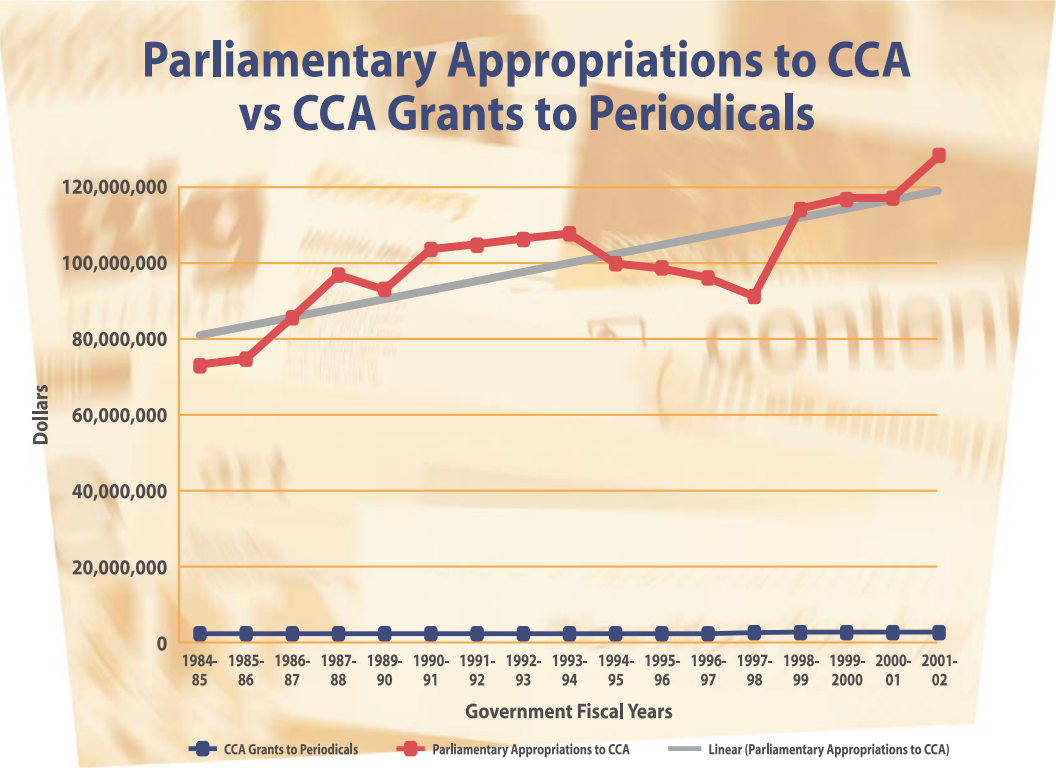
Unfortunately, Canada Council funding has not kept pace with inflation and a growing demand for support among qualifying publications. With a severely limited budget, the Canada Council is restricted to gatekeeping the program to ensure that support

to publications currently funded by the program does not decline as other magazines become eligible.

*“I know it’s a struggle to produce the magazine. But Dance International is absolutely an essential part of our Canadian dance culture. I would be very, very, very — and that’s three verys — sorry if it ever had to close down.”*

VERONICA TENNANT, FORMER PRIMA BALLERINA  
(NATIONAL BALLET OF CANADA),  
PRODUCER, DIRECTOR, FILMMAKER

(Dance International magazine is supported with Canada Council funding and relies on volunteer editors.)



*The breadth of support is steadily narrowing. In 1984, 103 magazines received assistance. In 1992-93, 100 magazines were supported, and by 2000-01 the figure was down to 95.*



Christopher Morris • Jan Morrison • Mike Morrison • Paul Morrison • Mike Morrow • Pat and Baiba Morrow • Joe Morse • David Morton • Keith Morton • Arthur Motyer • Keith Moulding • Gordon Moulton • Donalee Moulton-Barrett • Erin Mouré • Peter Moynes • Findlay Muir • Justin Mulcahy • Cec Muldrew • Karn Mulhallen • Anne Mullens • Claire Mulligan • Darren Munroe • E.E. Murphy • Charlotte Musial Steele • Elizabeth Namiesniowski • André Narbonne • Roger Nash • Kent Nason • Wren Nasr • Vincenzo Natali • Chris Naugler • Shane Neilson • Karen Nelson • Simon Ng • Chris Nicholls • Sandy Nicholson • Mike Nickerson • Keith Nicol • Andrew Nikiforuk • Christian Northeast • Jeff Norwell • Phil Novak • Charles Oberdorf • Dan O’Brien • Jennifer O’Connor • Siobhan O’Connor • Angus of Calgary • Thomas O’Grady • Anne O’Hagan • Hiroko Okata • Amy Olmstead • W.Scott Olsen • Pat O’Neil • Eric Ormsby • Graham Osborne • Ivan Otis • Libby Oughton • Julie Ovenell-Carter • Catherine Owen • Mitchell Owens • Patricia Pacey • Osvaldo Paez • James Page • Joanne Page • Jon Papernick • Martin Paquette • Terry Parker • Mitchell P.Parry • Elise Partridge • Andrew Patrick • Renton Patterson • Scott Patterson • James Pattyn • LeRoy Peach • Tralee Pearce • Eileen Pearkes • Tracey Peever • Christina Pekarik • Ninon Pelletier • Stephen Pender • Briony Penn • A. S. Penne • Joshua Penslar • Hill Peppard • J. Russell Perkin • Annick Perrot-Bishop • Sherry Peters • Christian Peterson • Oscar Peterson • Paul Pfalzner • Sandra Phinney • Alison Pick

This gap has been partly addressed through additional funding to the Canada Council in 2001. The arts and literary magazine program received approximately \$200,000 in additional funding in 2002. This additional investment is a welcome recognition by the federal government and the Council of the important place of arts and literary publications in Canada’s cultural development. However, these magazines continue to be squeezed by insufficient operational funding and rising business costs.

**For these magazines, there are two equally important priorities. Essential operational funding must be increased to the outstanding Canadian arts and literary magazines currently being supported by the Canada Council. And, the scope of the program must be widened to allow a broader variety of culturally valuable titles to receive this critical operational funding.**

LOOKING FORWARD

Building on Canada’s Magazine Policy Framework

Canadian readers throughout the country can thank their federal government for giving indispensable support to magazines. It has meant the difference between success and failure for many Canadian publications. This was so before recent changes to Canada’s magazine policies and programs and continues today.

Now, new trends and issues have developed that demand a restatement and repositioning of some federal policies and measures.

Canada’s Policy and Program “Toolkit” to promote Canadian Culture in Magazines

Canadian Editorial

- The Canada Magazine Fund provides up to \$50 million in investment to magazines that publish over 80% Canadian editorial content.*
- The Canada Council for the Arts assists 95 arts and literary magazines with funding to assist in the production and distribution of Canadian editorial.*

Advertising

- The Foreign Publishers Advertising Services Act limits advertising sales by foreign magazines in Canada.*
- The Income Tax Act allows Canadian advertisers to deduct costs of advertising in magazines that publish over 80% Canadian content.*

Circulation

- The Publications Assistance Program assists Canadian-owned, paid-circulation magazines with their postage costs for mailing through Canada Post Corporation.*
- In 2001, approximately \$37 million was invested to assist 1200 Canadian publications with their national distribution costs.*

CANADA MAGAZINE FUND

Introduced in 1999, the CMF has rapidly made a very substantial contribution to developing Canadian content and to helping Canadian magazines meet the challenges of foreign content in our market.

20 • CANADA’S MAGAZINES

CANADA’S MAGAZINES • 21

• Alain Pilon • George Pimentel  
• Richard Pineault • Jennifer Playford • Jeremy Podeswa • Bob Pokoj • Graham Pole • Angela Pollack • Sarah Pollard • Judith Pond • Lea Pool • Airdrie Poole • James Porteous • Michael Posner • Nicholas Power • Stephanie Power • Geoff Powter • Laura Pratt • Ned Pratt • Simon Presland • Don Procter • Richard Provencher • Sharon Puddester • David Pye • Andrew Pyper • Alec Pytlowany • Crystal Quast • Marion K. Quednau • Verena Quentin • Bernard Quetchenbach • Sina Queyras • Stephen Quinlan • Wynn Quon • Michael Rabagliati • Peter Rackham • Michael Rafelson • Bruce Ramsay • Mike Randolph • Martin Ranger • Anne Rasminsky • Darren Raven • Karen Raynard • Deborah Read • Dan Reaume • Christine Reed • John Reibetanz • Vanessa Reid • Tyrus Reiman • Diana Renelli • Alain Reno • Elizabeth Renzetti • Cynthia Reynolds • Mark Reynolds • Shane Rhodes • Nino Ricci • Paula Richards • Robert B. Richards • D. Andrew Richardson • Peter Richardson • Daniel Richler • Emma Richler • Jacob Richler • Noah Richler • Jeanie Riddle • Erin Riley • Barbara D. Ritchie • Margot Ritchie • Scott Ritchie • Ruth Roach Pierson • Eden Robbins • Bruce Roberts • Phil Roberts • Chris Robertson • Ellison Robertson • J. Jill Robinson • Laura Robinson • matt robinson • Spider Robinson • Marc Rochette • Stan Rogal • David Rolfe • Leon Rooke • Elsie Rose • Geoffrey Ross • Jessica Ross • Graham Roumieu • Nathaniel S. Rounds • Phyllis Rowan • Shelagh M. Rowan-Legg • Colin Rowe • Scott

Support for Editorial Content

In its first year of operation, the Support for Editorial Content program assisted just over 400 titles. Each of them produced over 80% Canadian editorial content and had some advertising revenue. More than 450 magazines were eligible for assistance in its second year.

In future, however, the program will have less funding for each title. More magazines will become eligible and costs of production and distribution will rise, while the budget for the program will remain fixed at \$25 million annually.

The funding level for the Support for Editorial Content program should be reviewed regularly to determine if it adequately meets the program’s objectives of fostering the creation of Canadian content. To ensure that magazines

PUTTING ASSISTANCE TO WORK

The CMPA asked magazines how they used their funds from CMF programs. The replies reflect a focus on solid business principles and Canadian content. The following comments reflect only a small part of how each magazine used CMF funds.

“Thanks to the Canada Magazine Fund, University Affairs has been able to increase its national coverage by hiring more experienced freelance writers, illustrators and photographers across the country. We could afford to hire a fact checker, to ensure all factual details in our feature articles are correct.” UNIVERSITY AFFAIRS

“Increased financial viability through streamlining circulation management, and through increasing subscription and newsstand sales.” ASCENT

“Expand popular but expensive features produced by our editorial team. Maintain editorial excellence in a tough advertising and economic marketplace.” CANADIAN LIVING

“We were able to conduct reader focus groups to establish whether we were satisfying our readers. The results enabled us to streamline our editorial direction and implement a variety of changes to ensure reader satisfaction.” CANADIAN HOMES AND COTTAGES

“Maclean’s has undergone a fundamental change in both editorial and design... aimed at strengthening our market position as a newsweekly against our American competition at Time, Newsweek, and U.S. News and World report, and expanding our commitment to fulfil two primary goals: to tell Canadians more about Canada, and to show them the rest of the world through Canadian eyes.” MACLEAN’S

are rewarded directly for increases in Canadian editorial investments, consideration should be given to fixing the formula to a percentage of eligible editorial expenses.

The Support for Editorial Content program was developed to help offset the economic advantage foreign magazines have in the Canadian marketplace. A principle concern, given the removal of tax measures outlawing split-run advertising, was Canada’s advertising revenue base. Advertising revenue is still vulnerable to foreign magazines and it is still too early to fully measure the impact of this change to Canada’s policy framework (the last increase in allowable limits for Canadian advertising took effect in July 2002). However, it is increasingly evident that foreign magazine entry into Canada is taking a variety of forms: notably, aggressive sales campaigns aimed at boosting readership.

The targeting and eligibility thresholds of the Support for Editorial Content program should be carefully reviewed against trends in the industry to ensure that the program remains effectively targeted on its main objective — maintaining a competitive environment for Canadian editorial development.

Support for Business Development for Small-Magazine Publishers

This CMF program encourages the development of stronger and more financially viable small publishing firms by investing in specific projects. Given the short history of the program (applications for second-round funding have only started to be received), it is difficult to objectively measure its performance.

Small-magazine publishers urge the federal government to consider a program design modelled after the Support for Editorial Content program, offering predictable, formula-based support for a similarly targeted field of small magazines. It would provide direct, targeted support without requiring that small magazines generate 25% to 50% of project funds or incur the considerable costs and workload of meeting program guidelines.

Within the current program structure, consideration should be given to eliminating the 5,000 circulation threshold which determines the ratio of publishers:government support for each project. In its place, a sliding scale of support ranging from 25:75 at the smaller magazines level and increasing to 50:50 as magazine size increases, should be added.

The program would be more acutely targeted if it based this ratio of support on magazine revenues rather than circulation size. Some publications have access to external resources (staff or office space, for example) while others have access to greater levels of advertising revenue. While these publications should be eligible for funding, titles with more limited options for alternative revenues should receive the highest ratio of government support.

The program would be more acutely targeted if it based this ratio of support on magazine revenues rather than circulation size.



Rowed • Patricia Rozema • Jane Rule • Ron Rule • Leah Rumack • Bill Russell • Mark Rutter • Jay Ruzesky • Michael Ryval • Vanessa Sage • Jeff Sanford • Ron Sangha • Brian Sano • Ingrid Sapona • Robin Sarafinchan • Peter Sarsfield • Shun Sasabuchi • Sasha • Collette Saunders • Doug Saunders • Robert Sawyer • Harvey Schachter • Robert Scheer • Aaron Schneider • Jason Schneider • Edward Schnurr • Diane Schoemperlen • Matthew Scholl • Irena Schon • Eleonore Schonmaier • Randy Schroeder • Emily Schultz • Rod Schumacher • Andrew Scott • Chic Scott • Mitchell Scott • Sarah Scott • Pamela Scott-Crace • Rick Sealock • Seth • Rhea Seymour • Jhampa Shaneman • Derek Shapton • Dayle Sharp • Jackie Sharzer • Amanda Shaw • Barbara Shaw • Beverley Shaw • Susie Sheffman • Steve Shelstad • Avery Shenfeld • Robert Sheppard • Carol Shields • Kyoung-Hoon Shin • Sandy Shreve • Sean Silcoff • Ilkay Silk • Martin Silverstone • Beth Simon • Steve Simon • Anne Simpson • John Sims • Guy Simser • Carol Sinclair • Sue Sinclair • Zenya Sirant • Kristin Sjaarda • Amanda Skuse • Steve Slaunwhite • Diane Slawych • Brian Slemming • Tom Smart • Norene Smiley • Alisa Smith • Alison Smith • Brooke Smith • E. Russell Smith • Michael Smith • Murdock Smith • Shelley Smith • Thomas R. Smith • Tony Smith • Leslie Smith Dow • Alix Smyth • Steven Snair • Dick Snyder • Dr. K. Sohail • Karen Solie • David Solway • Madeline Sonik • Carey Sookocheff • Peter Soos • Jane Spavold Tims • Kevin Spreekmeester • Robert

Additional steps can and should be taken to lighten the administrative burden and improve the existing program. Higher thresholds for circulation audits and verifications would make access to the program easier and less costly at no risk to the due diligence requirements. It would also ensure that program resources go to objectives rather than administrative costs and staff time. As an example, the Canada Council accepts circulation information based on Canada Post statements of mailing and a magazine’s own financial data, for magazines receiving less than \$60,000 in funding assistance.

Application deadlines should be re-instated with three deadline dates spaced evenly through the year. Deadlines, along with an efficient and timely review and approval process, help publishers with business planning. Dates are established well in advance and are well known. Publishers can more easily plan for the application process and coordinate related activities.

Recently, CMF officials have been working to a four month target for approvals based on completed applications. This is a reasonable target providing a reasonable business-planning horizon for magazines. An important diagnostic tool for determining the performance of the program will be a reporting on how often this four month approval target is met and when it isn’t, what factors contributed to the delay. This will help determine if further refinements to the application process could help improve its delivery.

Support for Infrastructure Development

The infrastructure development program allows professional associations to execute initiatives in marketing, promotion, and other areas that will benefit the magazine industry. The program is innovative and unique, and holds tremendous potential for success.

Working closely with the Canadian Heritage Department, the CMPA has used the program to launch the National Circulation and Promotion Program, a \$5.5 million promotion and marketing initiative designed to build national loyalty and reader interest in Canadian magazines. Other magazine associations from across the country have similarly tapped into the infrastructure component to help launch magazine awards competitions, develop and distribute promotional material and assist with professional development in the industry.

The program’s greatest difficulty has been managing the many requests for support. A number of very good proposals for funding have not yet been considered, although they meet the objectives of the program. That is due to the amount of time and work required to apply a thorough due-diligence process to unique, innovative project plans. As a result, the funding originally allocated to this program has not been utilized.

Efforts should be made to increase the efficiency of the application-review and investment process for the Support for Infrastructure Development component. This may include the hiring and training of additional review officers. It is unfortunate that, at present, several worthwhile projects cannot be fully supported.

The funding process could be speeded up through 100% funding of the project development and business design phase of projects. In many cases, associations do not have enough resources (either financial or human resource capacity) to commit 50% funding to the development of highly innovative projects. Full financing of the project development stage, approved by program officials, would encourage the development of projects and ensure that practices required to meet federal standards are used throughout the process. Resulting applications would be better and could be produced more rapidly.

PUBLICATIONS ASSISTANCE PROGRAM

The spirit of the Publications Assistance Program goes back before Confederation, with lower postal rates for printed material. PAP itself is a very effective program that goes to the core of the federal government’s cultural agenda — ensuring that a wide and rich variety of Canadian content is available to readers across Canada.

But the success of PAP in the coming years is threatened by rapidly increasing postal costs and flat program expenditures. At the same time, some aspects of the existing program are in need of review. The current redesign of PAP provides an opportunity to ensure it is as efficient and as well-targeted as possible and that eligibility and program design are updated to meet current industry conditions.

PAP Re-design

The current re-design process is a welcome review of the program’s performance and targeting. The CMPA looks forward to continuing to help with the review process with a view to implementation prior to the 2003-2004 program year.

The requirements for ownership and Canadian content should be harmonized with other federal magazine policy that requires publishing companies to be majority-Canadian owned and obliges eligible titles to maintain at least 80% Canadian content.

Encouraging Paid Circulation

PAP should continue to provide an incentive to magazines to build their paid-circulation levels. At the same time, it should contemplate different support levels for non-paid circulation strategies. Paid circulation has many advantages for the industry and for the general public interest. It demonstrates a high level of consumer interest in the publication because the reader has asked to receive the magazine and has agreed to pay — usually in advance — for it.

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Stallworthy • M. Sean Stanwick  
• Carmine Starnino • Dave  
Starrett • Rod Stears • Lenora  
Steele • Andrew Steeves •  
James Steeves • John Steffler  
• J.J. Steinfeld • Susan Stenson  
• Inge Sterrer-Hauzenberger  
• Kent Stetson • Jim Stevens •  
Monte Stewart • Shara Stewart  
• Sheila Stewart • Todd Stewart  
• Deborah Stiles • Albert Stone  
• Nicholas Strachan • David  
Street • Mackenzie Stroh •  
Andrew Struthers • Ryan  
Stuart • Joan Sullivan • Fraser  
Sutherland • David Suzuki •  
Kerry Swartz • John Sylvester  
• Tuula Talvila • Rosanna  
Tamburri • Gary Taxali • Carol  
Taylor • Christopher A. Taylor  
• Rick Taylor • Timothy Taylor  
• Gilles Thibodeau • Robert  
Thiel • Ron Thiele • Madeline  
Thien • David Thomas • Hilary  
Thompson • Kent Thompson •  
Phil Thompson • Tom Thomson  
• Michael Thorpe • Simon  
Threlkeld • Steve Threndyle •  
Alexandra Thurman • Dana P.  
Tierney • Susan Tileston •  
Judith Timson • Vince Tinguely  
• Peg Tittle • Carey Toane •  
Darryl Toews • Ivy Tolchinsky  
• Wayne Tompkins • Patrick  
Toner • Gerry Toomey • Jackie  
Torrens • Monica Townson •  
Lysa Toye • Dorothy Trail  
Spiller • Yvonne Trainer • David  
Trattles • Florence Treadwell •  
Tony Tremblay • Eric Trethewey  
• D.C. Troicuk • Francoise  
Trudeau-Reeves • Éric Trudel  
• Sarah E. Truman • Tsunami •  
Chris Turner • Joan Turner • Jo  
Tyler • Maxine Tynes • Sara  
Tyson • Martha Uniacke Breen  
• Priscila Uppal • Mark van Dam  
• Astrid van der Pol • Carmen  
van Zutphen • Jane Aaron  
Vander Wal • Guy  
Vanderhaeghe • R.M. Vaughan  
• Gail Vaz-Oxlade • Paul  
Vermeersch • Effi Vlassopoulos

High levels of paid circulation build a more financially sound industrial base for Canadian magazines by making the industry relatively less dependent on advertising revenues, the industry’s other main revenue source. At the same time, however, paid circulation helps build advertising revenues by proving to advertisers that consumers are willing to pay to receive the publication. A number of steps can be taken to create greater incentive to build paid circulation — such as lowering the “paid” threshold.

Improved Targeting

Some magazine groups, including smaller publications, have not enrolled in PAP because, under present rules, they find support from the program to be insignificant.

PAP should be better targeted at such groups. For many of the smaller publications, PAP distribution support would be a very valuable program if support levels were appropriate. **The CMPA has recommended that small-circulation magazine support levels be increased to 85% of Canada Post’s Publications Mail costs and that all ‘paid’ copies receive support for these magazines.**

New Assistance Formula

Non-paid circulation magazines are currently ineligible for support. If program resources are increased and additional efficiencies can be squeezed from the existing program, more magazines could be supported by PAP. **The CMPA strongly endorses increased investment in the program and an adjustment of the support formula. CMPA recommends a tiered system with unique support levels for the three categories of circulation.**

- The CMPA has recommended the following formula:
- For small magazines with paid circulation, 85% of Publications Mail costs;
  - For magazines with paid circulation, 70% of Publications Mail costs;
  - For magazines with request circulation, 25% of Publications Mail costs.

CANADA COUNCIL FOR THE ARTS

The Canada Council for the Arts has long supported arts and literary magazines. This support is critical to allowing these publications to focus on quality and to support the arts in Canada, both through the creation of new content and reporting on the performing arts sector.

The Council provides an important infrastructure for supporting cultural content with well-honed processes for adjudicating merit, including peer-reviews.

But its funding levels are still based on 1985 costs. This has meant a practical reduction in the support it can provide. The Council’s scope is further limited by restrictive guidelines on eligibility and funding. Valuable small magazines focusing on Canada’s heritage and history and other culturally significant topics are not eligible for assistance.

**Two related priorities stand out for these small, cultural magazines. First, the scope of the program should be widened to allow a broader variety of culturally valuable titles to receive critical operational funding. Second, program funding must be increased to meet the needs of both current Canada Council funded magazines and to provide equivalent levels of support to magazines who are eligible under new, broader guidelines.**



• Karen von Hahn • Cylla Von Tiedemann • Heip Vu • Christopher Wadsworth • Christopher Wahl • Brian Wall • Johann Wall • Alice Walsh • Harold Walters • Bob Ward • Ken Ward • Kendra Ward • Karen Ware • James Warner • David Wasserman • Victoria Branden Waterdown • Dr. Wendell Watters • Tom Wayman • Sandra Wear • Andy Weaver • Barry Webster • Andrew Wedman • Diana L. Weedon • Stella Weinert • Larry Weinstein • Liliane Welch • S.L. Weldon • A.Z. Wells • Daniel Wexler • Dave Whammond • Calvin Wharton • Richard Wheeler • Patience Wheatley • Margo Wheaton • Anne Wheeler • Barry Wheeler • Sue Wheeler • Shannon Whibbs • George Whipple • Myles White • Tim Whitehead • Scot Whitelaw • Karen Whyllie • Jim Wiebe • Carol Anne Wien • Carl Wiens • Chris Wiesenthal • Tessa Wilmott • Russ Wilms • Alan R. Wilson • Budge Wilson • Dale Wilson • Hap Wilson • Jack Wilson • K.A. Winter • Michael Winter • Ian Wiseman • Wilson Wong • Chris Wood • Daniel Wood • David Wood • Tracy Wood • Karen Woodman • Lance Woolaver • Wendy Wortsman • Anyan Wright • Rev. Ruth Wright • Richard Wright • Brad Wroblewski • Herb Wyile • Zhongu Yan • John Yanyshyn • Ted Yarwood • Sarah Yates • Roger Yip • Deanna Yonge • Link York • Bryan Young • Grant Young • Jennifer Young • Patricia Young • Richard Young • Susan Zettell • Martin Zibauer • Mark Ziebert • David Zieroth • Brett Zimmerman • Shel Zolkewich • Paul and Deltry Zollmann • Alice Zorn • Mark Zuehlke • Barrie Zwicker • Jan Zwicky

## Conclusion

It is not an easy task being a magazine publisher in Canada. The biggest challenges include increasing foreign competition, rising production and distribution costs, retaining talented writers and photographers and expanding the domestic audience.

Government support has played a key role in the growth of magazine publishing, and it could continue to bolster the industry's prosperity in the future. Our magazines have demonstrated their ability to bring Canadian issues to readers and to reflect the cultural diversity of the country better than any other media.

However, the government must ensure that all the designated support is actually delivered to the industry through programs that serve as incentives rather than bureaucratic burdens for hard-pressed publishers. It also needs to ensure that its programs fit the realities of magazine publishing. The WTO ruling has changed the playing field for domestic publishers. The federal government can help prevent the fallout of that ruling from becoming so onerous that Canadian magazines lose the ability to offer a valuable product.

*"I grew up reading Time magazine because there was no Canadian newsweekly. We were always reading about Americans. Then Maclean's came along: it was just so nice to read about Canadians who had done interesting things. Think about it: reading about the successes of Canadians. That's a huge thing."*

SABINA CAMPBELL, EDITOR, FIDDLEHEAD