



# Supporting Canada's Magazine Publishers Post-COVID When Trusted Canadian Content Is More Crucial Than Ever

**Magazines Canada Submission for Pre-Budget Consultations in Advance of the 2021 Budget**

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## **List of Recommendations**

**Recommendation 1: That the Government of Canada provides additional funding in the amount of \$45 million per year to the Canada Periodical Fund in order to ensure it effectively supports Canadian magazine publishers as they recover from steep revenue losses during the pandemic.**

**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 prioritizing Canadian media outlets in their advertising spending.**

**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 distribute magazine subscriptions.**

**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. Our publishers' French, English, Indigenous and ethnic member titles cover a very wide range of interests, trades and communities across the country on both print and digital platforms.

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. And 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 small businesses.

**Recommendation 1: That the Government of Canada provides additional funding in the amount of \$45 million per year to the Canada Periodical Fund in order to ensure it effectively supports Canadian magazine publishers as they recover from steep losses in revenues during the epidemic.**

Magazines Canada and our members greatly appreciate the support the federal government has provided to our sector so far during the crisis. But maintaining our contribution to Canada's GDP — \$1.7 billion annually in normal circumstances — and the thousands of jobs in magazine publishing now looms as a very serious challenge in the wake of the devastating impact of COVID-19. With storefronts closed, advertising drying up and branding events cancelled, magazine publishers have been faced with a severe drop in revenue. Publishers in Ontario, which comprise two-thirds of all English-language publishing activity in Canada, have as a result of the virus been hit with a 30-per cent drop in print ad revenues and a 15 per cent decline in digital ad revenues. Overall, Ontario publications expect a \$10.6-million drop in ad revenue in the April-to-September period. Many of these publishers have been forced to let go up to 30 per cent of their staff, with more layoffs likely. The bottom line is 25 per cent of all magazines in Ontario may fold entirely. And the situation is similarly grave across Canada.

And it could get worse. If the virus continues to affect everyday life and work, our many loyal subscribers may be forced to cancel subscriptions as part of their wallet-tightening. At the same time, the costs of doing business for publishers during the pandemic have remained unaltered. Magazines must continue to publish on all platforms, with an ever-shrinking pool of print advertising revenue and no reliable way as yet to secure the revenue levels from their digital content that they can command for print content.

## **Increasing the Canada Periodical Fund**

To sustain the role of magazines as we rebuild the country, Magazines Canada is urging the federal government to provide additional funding of \$45 million annually to the Canada Periodical Fund (CPF).

Also, we recommend the government takes steps to address a shortcoming in the CPF eligibility rules that excludes a wide swath of magazine publishers from support. Current rules excluding controlled-circulation magazines deny financial support to many high-quality publications devoted to Canadian story-telling. Increasing CPF funding and expanding eligibility 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.

**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 systematically prioritizing Canadian media outlets in their advertising spending.**

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 by departments and institute a requirement that departments systematically prioritize using Canadian print and digital advertising to reach the public —,possibly by delivering ad contracts through 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 cultural-linguistic 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 distribute subscription magazines.**

One of the largest, unvarying costs for the magazine industry are the fees—running in the tens of millions of dollars a year—for the delivery by Canada Post of subscription publications. 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 Canada Post fees. This could make the difference between survival and bankruptcy for many publishers in this crucial post-COVID-19 recovery period.

**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 a key ingredient in 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 takes 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.

Given the need to use Canada's advantages to their fullest as we recover from the pandemic, maximizing the potential of our creative industries is more important than ever. And unlocking synergies and best possible growth models through the collaborative, forward-looking work of a public-private Economic Strategy Table for 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 fully recognized the unique Canadian media function undertaken by magazine publishers and writers 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 a major concern.

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 prepare to bounce back from 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.

## **About Magazines Canada**

Magazines Canada is the national association representing Canadian-owned, Canadian-content consumer, cultural, specialty, professional and business magazines. French, English,

Indigenous and ethnic 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 affairs, professional development, distribution, research, and delivering services that meet the needs of the magazine sector.