



October 22nd 2007

The Honourable Josée Verner, M.P., P.C.
Minister of Canadian Heritage, Status of Women and Official Languages
15 Eddy Street, 12th Floor
Gatineau, Quebec K1A 0M5

Dear Minister:

Canadian Business Press, The Association of Specialized Newspapers, Magazines & Electronic Media, is a not-for-profit organization representing Canada's business, professional, trade and farm publications. We are well known to many members of your staff at the Department of Canadian Heritage.

We understand that your department is evaluating two important programs offered to Canada's periodical publishing industry – the Publications Assistance Program (PAP) and the Canada Magazine Fund (CMF). We believe you should be made aware of a concern of CBP's constituents; specifically, that the business-to-business publishing sector of the industry may not be receiving appropriate funding support relative to the sector's size, need and importance to Canada.

Two key reasons are frequently cited to justify this disparity:

1. Leisure-reading consumer magazines that encourage consumption are viewed as more cultural and deserving of government support than must-read business publications that promote productivity and healthy Canadian economic activity.
2. Statistics Canada figures imply that consumer magazines are less profitable than business publications and, therefore, in greater need of government assistance.

Both assumptions are factually incorrect, but let's first examine the impact they have had on Government decisions in the past. Despite producing 31% of Canadian periodicals and providing employment to 34% of the paid employees in the industry, specialized business and professional publications received less than 14% of the total assistance available to the periodical publishing industry in Canada in 2003/04; and the percentage has declined in subsequent years.

In the past 16 years the number of consumer magazines published two or more times per year has increased from 527 in 1991 to 665 in 2007; a 26% increase. Meanwhile, the specialized business publishing sector has stagnated. In 1991, the number of titles stood at 823 and in 2007 at 757; an 8% decline. (*Source: Canadian Advertising Rates & Data*). The specialized business publishing sector has never recovered from the loss of almost 100 titles over the five years 1992-96, when most of its constituents suddenly were considered ineligible for postal assistance in March of 1992; right in the middle of a major recession.

The reason given at the time was that only paid circulation magazines (largely consumer) should be considered eligible for assistance. To add insult to injury, controlled circulation magazines (largely specialized business publications) were originally considered eligible for Canada Magazine Fund assistance in 2002, only to lose the privilege two years later because of a budget cut.

We were able to effectively make our case in meetings with your Department that a paid circulation model is simply not feasible for most specialized business publications. As a consequence, about 80 request circulation titles became eligible for PAP funding in 2004; but at a significantly lower level than that of paid circulation magazines.

If specialized business publications with controlled circulation had continued to receive PAP support, it is likely the sector would be enjoying similar growth to that of the paid circulation consumer sector. Therefore, one must ask why the inequity in treatment of the two types of periodical persists; which brings us back to the two reasons most frequently stated.

1. Readers of specialized business publications would easily be able to identify the cultural importance of the medium. Canada has its own laws, customs, values and ways of conducting business that are clearly different from those of other nations. In international trade we take different viewpoints on many issues in many business sectors of our economy. Take the trade issue of softwood lumber as an example. You certainly don't read the same points of view on the subject in U.S. and Canadian specialized business magazines; not just because we may disagree on fundamental issues, but also because our laws, customs and values differ.

Specialized business publications do not cover pure arts and cultural issues, but neither do most consumer magazines; both media are part of the broader cultural fabric of Canada.

2. Statistics Canada (2004) figures are clearly factual, but one must dig a little deeper to understand that they sometimes inadvertently compare apples and oranges. For example, consumer magazines are shown to have an average pre-tax profit of 8.44% compared to an average pre-tax profit of 12.6% for specialized business publications (business, professional, trade and farm).

Consider for a moment that the study also reveals that the survey sample covers 2,383 publications and that 926 (38.9%) of them are not-for-profit publications.

Statistics Canada figures also state that consumer magazines employ 2,510 volunteers and unpaid staff; specialized business publications, 536; and religious and scholarly, 2,214. Therefore, consumer magazines employ 47.72% of total non-paid employees; specialized business publications, 10.19%; and religious and scholarly, 42.08%.

As a simple method of determining how many not-for-profit publications are included in each sector, let's assume the percentage of non-paid employees is a reasonable indicator. Using that calculation, 47.72% of the total 1,085 consumer magazines in the study is 518; 10.19% of the 739 specialized business publications is 75; and 42.08% of the 559 religious and scholarly publications is 235.

If almost half the consumer magazines contained in the research are not-for-profit, their impact would account for the lower average profitability that Statistics Canada reports for the consumer publication sector. Clearly, average pre-tax profit for "for-profit" consumer publications is much higher than reported by Statistics Canada and is likely similar to the average pre-tax profit of "for-profit" specialized business publications.

We believe that PAP and CMF should recognize the significant contribution specialized business and professional publications make to the health of the Canadian economy and offer the sector support commensurate with its need and importance within Canada's periodical publishing industry. We are pleased that government assistance has aided the growth of consumer magazine publishing in Canada and simply request that similar consideration be afforded to the stressed specialized business publishing sector.

Thank you for your consideration of our industry's challenging position.

Yours truly,

A handwritten signature in cursive script, appearing to read "Philip J. Boyd".

Philip J. Boyd
President

cc James Abbott, M.P., Parliamentary Secretary for Canadian Heritage.
Publishers of Canadian business and professional publications.