

Final Report on A Study of
Canadian Concessionary Postal Rate
Changes and Periodical Publishers

December 16, 1985

Submitted to:

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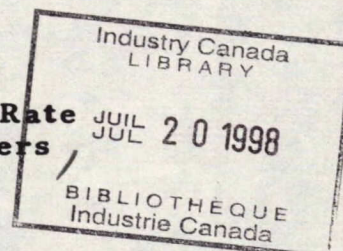
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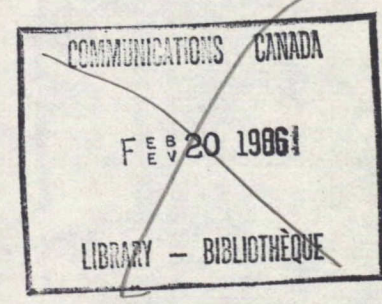
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EXECUTIVE SUMMARY

This study examined the performance of a sample of Canadian periodicals over a 10 year period. The primary objective was to relate periodical performance to changes in concessionary postal rates, providing evidence on industry sensitivity to past rate changes and on the possible impacts of future rate increases. This study was one of several conducted as part of an evaluation of the Postal Subsidy Program by the Department of Communications.

The Department of Communications contributes approximately \$55 million to the Postal Subsidy Program, over \$30 million of which is allocated to periodicals. An additional \$170 million has been attributed to Canada Post infrastructure costs to support the program. Payments to Canada Post to cover these costs are currently scheduled to be eliminated over the next two years, forcing reviews of concessionary rate policy by Canada Post and the subsidy program by the Department of Communications. This evaluation is part of the process of finding a coordinated method to eliminate the concessionary tariffs without damaging an important Canadian industry.

Methodology

The methodology focussed on two levels of analysis. Existing information and data was reviewed to compile a brief statistical profile of the industry as a whole. Recent documentation and representations to the federal government from industry associations were also reviewed and summarised to profile industry concerns. The major part of the study methodology consisted of an analysis of a sample of 89 Canadian periodicals. The sample frame was based on the number of periodicals that both were eligible for second class mailings (approximately 2,600) and that appeared in the Canadian Advertising Rates and Data (CARD) directory (approximately 1,400). This directory contains audited publication - level data and represents a large proportion of the industry in terms of volume. To increase the representation of smaller "cultural" publications that do not appear in CARD, a combination of telephone and mail survey techniques were used to contact 15 publishers of these periodicals.

There are two categories of concessionary second class mailing categories that apply to periodicals. To be eligible, a periodical must be published and mailed in Canada, have a minimum of 50 per cent editorial content, be published at least four times a year, be mailed to bona fide subscribers and meet the Canada Post preparation for mailing requirements. The most favourable second class category (rate code three) further requires that the annual subscription price be at least 50 cents and that paid

circulation be 50 per cent of total circulation. The charges for the second most favourable category (rate code four) are approximately three times the charges under code three. To be eligible for this category, periodicals may have an annual subscription price of less than 50 cents or have a paid circulation of less than 50 per cent of the total.

The periodical sample was stratified based on a typology of five types of periodicals; consumer and general interest, business, scholarly/educational, artistic/literary and religious. The data available for the full 10 year period and used in the analysis included publication characteristics, total circulation, subscription and newsstand prices, and advertising rates. Additional information was provided by the Department and Canada Post that estimated total mailings and postal expenditures for 1982 and 1985. Most of the analysis was descriptive, relating individual variables to postal rate changes.

Industry Overview

Collecting comprehensive and comparative time-series data for the Canadian industry proved difficult. Information available from both industry and government sources was less than satisfactory. Despite these problems, sufficient data was available to indicate that the industry has been healthy and has grown over the last 10 years. There are more periodicals and total circulation is higher. Advertising revenues have gone up substantially, both in real dollar terms and as a percentage of the total advertising revenues for all media.

Subscription sales and revenue are vital to Canadian periodicals, because of the dominance of foreign publications in newsstand sales. Canadian periodicals are dependent on Canada Post as virtually all subscriptions are distributed by mail. Approximately one-third of periodicals are eligible for the highly concessionary rate code three, but these periodicals account for over two-thirds of total second class postal volumes. Most high circulation consumer publications are eligible for rate code three.

Main Issues for the Industry

In the last few years, representative organisations of the periodical industry have made several submissions concerning postal rates and policy to the Department of Communications, Canada Post and the Review Committee on Canada Post hearings held by Revenue Canada. Four main themes recur. They are:

- Subscription Distribution and Development: The industry is dependent on Canada Post for both subscription distribution and development. Of every dollar spent on postal charges, approximately \$0.30 goes for delivery while almost \$0.50 goes for subscription development at first and third class rates.
- Service and Standards: Second class delivery service has not been satisfactory to publishers and promised service standards have not yet been set by Canada Post. Publishers also believe that an excessively high infrastructure cost has been allocated to the Postal Subsidy Program and periodical delivery, given the preparation requirements and postal inefficiency.
- Service Interruptions: Service interruptions because of strikes cause severe hardship to publishers.
- Rate Increases: Publishers have argued for the status quo and against large rate increases. They strongly oppose any alternate program based on periodical content. Publishers advocate reduced rates for mailings related to subscription development and longer advance notice for rate increases.

Findings

Many of the findings confirm the results of the industry level analysis. Overall circulation increased, especially for consumer and general interest publications. All other categories either increased circulation or were stable. Subscription prices increased in real terms, and for most types of periodicals, the largest and most consistent increases have been in the last few years. Single copy prices have also increased in real terms over 10 years, although for all types except consumer periodicals, there has been a decrease in real terms in the last one to two years. Both colour and black and white advertising rates have increased in real terms for all periodicals.

There were no apparent significant relationships between postal rate changes and any of the major study variables. We can hypothesize that other factors such as competition from new entries in the market and production cost increases were more significant determinants of variation. Performance on several dimensions, for instance, dropped during the late 1970's and early 1980's when the entry of a large number of special interest publications put competitive pressure on the industry.

An analysis of revenue foregone, operationally defined as the difference between the second class rates actually paid and third class rates, indicated that the sample periodicals pay approximately one-sixth of what the applicable third class rates would be. This figure is primarily the result of high volume consumer periodicals which were all eligible for second class code three. Business and religious periodicals paid approximately one-quarter of the third class rates. Artistic/literary and scholarly/educational periodicals paid proportionately more than other categories because many were not eligible for the second class rate code three.

Comparisons with the U.S.

A comparison of Canadian second class rates and the applicable U.S. mailing rates was made for 10 periodicals from the Canadian sample. Hypothetical U.S. rates were calculated for magazines of similar weight and circulation. Exchange rates were not calculated in the analysis. For Canadian periodicals mailed at second class code three rates, the hypothetical U.S. charges would be approximately 65 per cent higher. For Canadian periodicals mailed at second class code four rates, the U.S. charges would be approximately 60 per cent lower. Since U.S. periodical mailing rates for commercial periodicals are now set on a cost recoverable basis, these findings provide some credibility to publisher's claims about postal efficiency and cost allocation.

Conclusions

- Overall, the analysis revealed an industry that is healthy but one that could be damaged if changes to postal rates and classification policy are not made properly.
- Large and immediate rate increases could ruin the profitability of the industry. A lengthy planning period is important if the Canadian industry, like the American industry, is to successfully and creatively adapt to significant rate increases.
- An elimination of the Postal Subsidy Program and equalisation of rates for all periodicals could weaken the competitive position of Canadian publications. The pricing policies of many U.S. publications for the Canadian market are such that it may be advisable to incorporate real differences for domestic products in any new rate structures.

- Developing subscription circulation is very important to Canadian publishers because of the foreign domination of newsstand sales. Subscription development costs are high because solicitations and renewal notices are not mailed at concessionary rates. If subscription related mailings were eligible for reduced rates, both Canada Post and the publishers could benefit from higher subscription (mailed) circulation.
- The efforts of publishers' associations to promote subscription and newsstand circulation should be encouraged and assisted wherever possible.
- Publishers' concerns about service and cost allocation should be taken into account when postal rates are set.

RÉSUMÉ DE LA DIRECTION

Cette étude analyse le rendement d'un échantillon de périodiques canadiens, sur une période de dix ans. Notre objectif était d'établir le rapport entre le rendement de ces périodiques et les hausses de tarifs, en examinant les répercussions qu'elles ont eu dans le passé ainsi que les effets qu'elles auraient à l'avenir. Cette étude s'inscrit à l'intérieur de l'évaluation du Programme de subsides postaux entreprise par le Ministère des Communications.

Le Ministère des Communications verse environ 55 millions de dollars au Programme de subsides postaux, dont 30 millions aux périodiques. Une somme supplémentaire de 170 millions de dollars est attribuable aux coûts des effectifs généraux de soutien du programme par la Société canadienne des Postes. On prévoit éliminer cette dépense au cours des deux prochaines années, ce qui obligera la Société canadienne des Postes à réviser les tarifs concessionnaires et le Ministère des Communications à examiner de nouveau le Programme de subsides postaux. Cette évaluation fait partie du processus de recherche d'une méthode qui permettrait d'éliminer les tarifs postaux concessionnaires tout en n'étant pas nuisible à l'industrie canadienne.

Méthodologie

La méthodologie employée touche à deux niveaux d'analyse. D'abord, la documentation et les données ont été étudiées afin d'établir le profil statistique de l'industrie dans son ensemble. Nous avons également examiné et condensé les publications récentes et les recommandations de l'industrie au niveau fédéral afin de déterminer les préoccupations et les intérêts de l'industrie. La méthodologie était, en grande partie, basée sur l'analyse de l'échantillon des 89 périodiques sélectionnés. L'échantillon qui a servi à l'analyse a été prélevé du nombre des périodiques éligibles aux tarifs de deuxième classe (environ 2600) et inscrits au répertoire du Canadian Advertising Rates and Data (environ 1400). Le répertoire CARD contient des données relatives à chaque publication et représente la majeure partie de l'industrie en terme de volume.

Afin de gonfler la représentation des publications à caractère culturel, de moins grande envergure et qui ne sont pas inscrites au CARD, nous avons mené des sondages par téléphone et par la poste auprès des éditeurs.

Il existe deux catégories de tarifs postaux concessionnaires de deuxième classe qui s'appliquent aux périodiques. Afin d'être éligible à ces tarifs, le périodique doit être publié et posté au Canada, avoir un

contenu éditorial d'au moins cinquante pour cent, paraître au moins quatre fois l'an, être expédié à des abonnés "véritables" et satisfaire aux exigences de la Société canadienne des Postes quant à la préparation du courrier. La catégorie de tarifs de deuxième classe la plus avantageuse (code trois) exige, de plus, que le prix de l'abonnement soit d'au moins 50 cents et que le tirage payé représente au moins cinquante pour cent du tirage total. Les tarifs dans la deuxième catégorie la plus avantageuse (code quatre) sont environ trois fois plus élevés que dans la catégorie du code trois. Toutefois, le périodique n'a pas à rencontrer les exigences relatives au prix de l'abonnement annuel (au moins 50 cents) et peut avoir un tirage payé représentant moins de cinquante pour cent du tirage total pour être éligible à la catégorie du code quatre.

L'échantillon qui a servi à cette étude a été stratifié selon cinq types de périodiques. Les catégories sont les suivantes: intérêt général, affaires, éducation-académique, arts-littérature et religion. Les données disponibles pour cette période de dix ans touchent les caractéristiques des publications, le tirage total, les coûts d'abonnement, les prix au kiosque et les tarifs publicitaires. Le Ministère des Communications et la Société canadienne des Postes ont fourni les données estimant le nombre d'envois expédiés et les dépenses postales totales pour les années 1982 et 1985. Notre analyse était principalement une analyse descriptive établissant les rapports entre des variables individuelles et les changements relatifs aux tarifs postaux.

Revue de l'industrie

Il s'est avéré difficile de recueillir des données chronologiques et des données comparatives détaillées se rapportant à l'industrie canadienne, les renseignements fournis par l'industrie et le gouvernement laissant à désirer. Malgré cette lacune, nous avons tout de même réussi à obtenir suffisamment de données pour être en mesure de constater que l'industrie se porte bien et qu'elle a connu une période de croissance au cours des dix dernières années. Il paraît un plus grand nombre de périodiques et le tirage total est plus important. Les recettes provenant de la publicité ont augmenté considérablement autant en terme de dollars qu'en terme de pourcentage du total des recettes publicitaires pour tous les média.

Etant donné la prédominance des publications étrangères dans les ventes au kiosque, la vente d'abonnements est d'une importance capitale pour l'industrie canadienne. Les périodiques canadiens dépendent de la Société canadienne des Postes puisque presque tous les

abonnements sont distribués par la poste. Environ un tiers des périodiques sont éligibles aux tarifs concessionnaires du code trois, mais ceux-ci représentent plus des deux tiers du volume postal de la deuxième classe. La plupart des publications d'intérêt général, dont le tirage est très élevé, sont éligibles au code trois.

Questions d'importance primordiale pour l'industrie

Au cours des dernières années, les organismes représentant l'industrie des périodiques ont présenté plusieurs requêtes et recommandations au Ministère des Communications, à la Société canadienne des Postes et au Comité de révision lors des audiences tenues par Revenu Canada. Les quatre thèmes suivants reviennent fréquemment:

- Développement et distribution des abonnements

L'industrie dépend de la Société canadienne des Postes pour la distribution des abonnements et l'expansion du marché des abonnements. Pour chaque dollar dépensé en frais de poste, on compte environ 30 cents pour la livraison alors que presque 50 cents sont affectés au développement des abonnements et ce, aux tarifs de première classe et de troisième classe.

- Normes et service

Le service de livraison du courrier de deuxième classe ne donne pas satisfaction aux éditeurs et les normes promises n'ont pas encore été mises en vigueur par la Société canadienne des Postes.

Selon les éditeurs, les coûts d'infrastructure pour le Programme de subsides postaux et la livraison des périodiques sont trop élevés si l'on considère les exigences relatives à la préparation du courrier et l'inefficacité des services postaux.

- Interruptions de service

Les interruptions de service en temps de grève causent de sérieux problèmes aux éditeurs.

- Augmentations tarifaires

Les éditeurs s'opposent à toute hausse de tarifs importante et demandent le maintien du statu quo. Ils s'opposent également à tout programme de remplacement qui serait basé sur le contenu des

périodiques. Les éditeurs prônent la réduction des tarifs postaux pour le courrier visant l'expansion du marché des abonnements et demandent d'être avertis plus longtemps à l'avance des augmentations tarifaires prévues.

Constatations

Nos constatations confirment le plus souvent, les résultats de l'analyse de l'industrie. Nous notons que le tirage a augmenté, surtout pour les publications d'intérêt général. Dans les autres catégories, le tirage a augmenté ou est demeuré stable. Le prix des abonnements a augmenté de façon réelle et dans la plupart des cas les augmentations les plus importantes et les plus constantes se sont produites au cours des dernières années. Le prix de l'exemplaire a également augmenté de façon réelle au cours des dix dernières années bien qu'on ait constaté une baisse en terme réel au cours des deux dernières années dans toutes les catégories de périodiques à l'exception de la catégorie d'intérêt général. Les tarifs publicitaires pour la couleur et le noir et blanc ont augmenté de façon réelle pour tous les périodiques.

Il n'y a apparemment aucun lien important entre les modifications apportées aux tarifs postaux et les grandes variables de l'étude. Nous pouvons supposer que ces fluctuations sont plutôt déterminées par des facteurs indépendants de notre étude, c'est-à-dire par la parution de nouvelles publications ainsi que par l'augmentation des coûts de production. Par exemple, le rendement a baissé sur plusieurs plans au moment où un grand nombre de publications spécialisées ont vu le jour à la fin des années 70 et au début des années 80, augmentant ainsi la concurrence au sein de l'industrie.

Une analyse des revenus concédés, définis en pratique par la différence entre les tarifs de deuxième classe actuels et les tarifs de troisième classe, démontre que les périodiques de l'échantillon ne paient qu'environ un sixième du tarif de troisième classe applicable. Ce résultat est attribuable au grand nombre de périodiques d'intérêt général qui étaient tous éligibles au tarif de deuxième classe (code trois). Les périodiques dans les catégories "affaires" ou "religion" ont dû payer plus que toute autre catégorie puisque, dans plusieurs cas, ils n'étaient éligibles ni au tarif de deuxième classe, code trois, ni au tarif applicable au courrier en nombre, en troisième classe.

Comparaison avec les Etats-Unis

Les tarifs postaux canadiens de deuxième classe et les tarifs postaux américains équivalents ont été comparés pour dix périodiques extraits de l'échantillon. Nous avons établi des tarifs américains hypothétiques pour des revues ayant un poids et un tirage semblables. Nous n'avons tenu compte ni du taux de change ni du coût de consommation dans notre analyse. Pour les périodiques canadiens expédiés en deuxième classe, code trois, le tarif américain hypothétique serait d'environ 65 pour cent plus élevé. Pour les périodiques canadiens expédiés en deuxième classe, code quatre, le tarif américain serait d'environ 60 pour cent moins élevé. Puisqu'aux Etats-Unis les tarifs postaux pour les périodiques à caractère commercial permettent la récupération des coûts, ces résultats appuyeraient les revendications des éditeurs au sujet de l'inefficacité du service et de la répartition des coûts.

Conclusion

En général, l'analyse démontre que l'industrie se porte bien mais que les tarifs et les politiques de classification devront être modifiés avec soin afin de ne pas lui être nuisibles. Toute augmentation tarifaire soudaine et immédiate pourrait affecter négativement la rentabilité de l'industrie. Afin que, comme l'industrie américaine, l'industrie canadienne puisse s'adapter avec succès aux augmentations tarifaires, les changements devront être étalés sur une longue période. Notons également que l'élimination du Programme de subside postaux et le nivelage des tarifs pour tous les périodiques affaibliraient la position des publications canadiennes face à la concurrence. Etant donné les politiques américaines relatives aux prix des publications visant le marché canadien, il serait souhaitable de prévoir des différences tarifaires réelles pour les produits domestiques.

L'expansion du marché des abonnements est d'une importance vitale pour les éditeurs canadiens étant donné la prédominance des publications étrangères dans la vente au kiosque. Le développement des abonnements est très onéreux puisque les tarifs concessionnaires ne s'appliquent pas aux lettres de sollicitation et aux avis de renouvellement. La Société canadienne des Postes et les éditeurs seraient sans doute tous deux gagnants si les tarifs réduits étaient appliqués au courrier ayant trait aux abonnements. Les efforts déployés par les associations d'éditeurs dans le but de promouvoir la vente au kiosque et la vente d'abonnements devraient, en autant que possible, être encouragés et appuyés. Il serait également souhaitable de tenir compte des préoccupations des éditeurs au moment d'établir les tarifs postaux.

1.0 INTRODUCTION

This study has examined the performance of a sample of Canadian periodicals over the last ten years and was conducted as part of the overall evaluation of the Postal Subsidy Program. The objective has been to relate periodical performance to changes that have taken place in the applicable second class postal rates during the ten year period that has been the study focus. Although these changes have generally been modest and the overall level of subsidy remains high, there have been some periodic fluctuations. The analysis of the response of the periodical industry to these fluctuations was intended to provide some evidence about industry sensitivity to postal rate changes, as well the possible impacts of changes in future rate policy.

The study of periodical publishers and their relationship to Canada Post and the Postal Subsidy Program is complex and concerns an area that has been filled with controversy. Concessionary postal tariffs have existed in one form or another since before Confederation. The goals of the program are currently under review, however, as both the federal government and the Canada Post Corporation are under pressure to reduce large budgetary deficits. Coordination in new policy formulation is important as the Department of Communications, which contributes \$55 million to the program, and Canada Post, which attributes an additional \$170 million in infrastructure costs to the program, are both key participants in the process.

The publishers on the other hand, are vocal advocates of the status quo. They have frequently expressed concerns about the viability of their industry and the

impacts of postal rates, classification and service. The vociferous nature of these expressions have made postal and other federal officials reluctant for many years to tamper with the concessionary tariff system. This reluctance has been reinforced by the small percentage of overall postal revenues that are generated by the concessionary categories.

The study methodology included several components to support the analysis of the Canadian periodical sample. Existing information and data was reviewed to compile a brief statistical profile of the industry as a whole. Documentation and representations submitted to the federal government over the last five years by the major periodical publisher associations were also reviewed and have been summarised. Wherever possible, relevant evidence and conclusions presented by the associations were later compared with these results from our own analysis. The statistical analysis of the periodical sample was based on data collected from major industry publications, the individual periodicals and from a telephone survey of some small publications.

2.0 OVERVIEW OF THE CANADIAN PERIODICAL PUBLISHING INDUSTRY

This section presents a statistical profile of the Canadian periodical publishing industry, as well as a review of the positions of major publishing associations concerning Canada Post and the Postal Subsidy Program of the Department of Communications. The collection of consistent industry-level time-series data for periodicals has presented several problems. The information supplied by the industry representatives is comprehensive and consistent in providing opinions about the key issues, but they are unable to supply much data and there are sometimes problems with the evidence supplied to substantiate their claims.

2.1 Statistical Profile of the Industry

The information presented in this section represents the best available data relating to the overall performance of the periodical publishing industry in recent years.

The data used to compile this industry profile has been obtained from both industry and federal government sources. With the exception of the Canadian Advertising Rates and Data (CARD) directory which lists publication specific data, there is little information available from the industry that can be considered comprehensive. Representative associations have information on their own members, but most of what would be of interest is either untabulated or confidential. Information from government sources also tends to be incomplete. Comprehensive employment and financial data is only available for the combined newspaper and periodical publishing industries.

Statistics Canada has produced and published periodical-based reports, with much of the data taken from CARD, but there are inconsistencies in the analysis and the reporting forms and content change, making comparisons over time difficult. Canada Post does not find it necessary to maintain an ongoing computerized data base of periodical publishers and their use of the mail. The Department of Communications has a large amount of information available from assembling data from other sources, the recent Woods Gordon Study on periodical publishing, and the "Joint DOC/Statistics Canada Project: Analysis of May 1980 Second Class Statements of Mailing". Department personnel have similar problems with external sources, however, and the latter project was an extensive undertaking that has been impractical to replicate.

2.1.1 Number of Periodicals

Estimates of the total number of periodicals published in Canada vary depending on the definition used for a periodical and the sources used in estimation. Woods Gordon, in "A Study of the Canadian Periodical Publishing Industry" (1984), estimated a total of 5,000 periodicals. They included publications in the areas of Public Association/Advocacy and Business newsletter. Their broad working definition greatly exceeds our primary concerns with those periodicals which are eligible for, and use, second class postal rates. Of the 5,000, approximately 1,400 were listed in CARD. Canada Post recorded over 2,000 periodicals in the applicable second class mail categories in 1981. In 1985 this total is over 2,600. Exhibit 2.1 shows Statistics Canada counts for the years 1976 to 1983 based on their analysis of data in CARD.

EXHIBIT 2.1

Total Number of Periodicals Listed in CARD: 1976 to 1983

	1976	1977	1978	1979	1980	1981	1982	1983
Count	963	1001	1069	1436	1395	1423	1451	1416

Source: Statistics Canada Publication 87-625

Our own CARD-based research provided comparable figures although we excluded Roto magazines (weekend supplements), directories, university and college press and various programs issued by different groups. We have also differentiated artistic and literary periodicals from the general category. Exhibit 2.2 shows a breakdown of the number of periodicals listed in CARD, by type, for the years 1975 to 1984. The totals do not match those of Statistics Canada because of our exclusions. In both tables, the overall growth in the number of periodicals is evident. As in the U.S., the greatest overall increase occurred in the late 1970's and early 1980's with the entry of many new special interest periodicals.

EXHIBIT 2.2

Total Number of Periodicals Listed in CARD by Year and Periodical Type

	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984
Business	561	572	592	625	641	693	719	748	741	781
Consumer	263	270	279	299	316	336	369	388	395	386
Scholarly/ Educational	6	6	5	5	5	5	5	6	6	6
Artistic/ Literary	12	12	14	17	23	22	25	26	29	22
Religious	21	21	18	20	21	25	24	24	22	21
Totals	863	881	898	966	1006	1081	1142	1192	1193	1216

2.1.2 Revenue Base

The revenue of Canadian periodical publishers is dependant primarily upon subscription sales and advertising sales. Comprehensive advertising revenue figures are available whereas circulation revenues are not. Exhibit 2.3 shows the total net advertising revenues from all media in Canada. Between 1975 and 1982 the periodical industry gained an additional three per cent of the total advertising dollar. Periodicals rank as the third major choice of advertising medium, being surpassed only by newspapers (25 per cent of the total in 1982) and television (17.7 per cent of the total in 1982). During the period 1975 to 1982, periodicals had the second highest growth rate in total advertising dollars, with only television revenues growing faster. These comparisons were not available for 1983 or 1984.

EXHIBIT 2.3
Net Advertising Revenues (in \$1,000's) by Media:
1975 to 1984

		Periodicals Ad Revenue as a Percentage of	
	Periodicals*	Total for all Media	All Media
1975	222,146	11.6	1,902,467
1976	245,172	11.1	2,191,484
1977	330,649	13.4	2,458,006
1978	387,489	13.8	2,790,815
1979	454,130	14.1	3,219,166
1980	554,340	14.7	3,763,436
1981	650,032	15.0	4,331,853
1982	674,102	14.4	4,622,442
1983	723,000	14.4	5,010,527
1984	809,000	14.4	5,600,000

Source: Statistics Canada 1975-1982, Maclean Hunter Research Bureau estimates 1983-84

* Including directories (phone and city);
data excluding directories is not available

Although all categories show substantial growth, Exhibit 2.4 shows that the growth in the advertising share for periodicals relative to other media is largely because of the success of the general consumer magazine. Between 1975 and 1982 this group increased their share of the periodical advertising dollar by 11.8 per cent. The smallest relative gain was in the category of business magazines, which dropped their share of the total periodical advertising revenues by 7.6 per cent. It is worth noting that by 1982 "other" periodicals (including religious and scholarly) accounted for only 2.3 per cent of the ad revenues going to periodicals.

EXHIBIT 2.4
Total Net Advertising Revenues by Periodical Type:
1975 to 1984 (in 1,000's)*

	<u>Business</u>	<u>Consumer</u>	<u>Other</u>	<u>Totals</u>
1975	52,141	45,959	6,919	105,019
1976	59,280	43,478	6,467	109,225
1977	88,560	71,338	12,165	172,063
1978	92,972	105,168	12,679	210,819
1979	101,514	138,288	11,274	251,076
1980	145,491	166,933	19,191	331,615
1981	163,704	197,704	28,853	390,261
1982	158,623	213,004	8,847	380,474
1983	165,000	228,000	10,000	403,000
1984	193,000	255,000	11,000	459,000

Sources: Statistics Canada for 1975-1982
Maclean Hunter Research Bureau estimates for 1983
and 1984.

* Does not include directories, phone, city.

2.1.3 Circulation

Total annual circulation figures for 1975 to 1984, as published by Statistics Canada are presented in Exhibit 2.5. The data for this table originates in the CARD directory.

The industry has shown substantial growth through the years 1976 to 1983. Business magazines led in circulation growth, boosting sales by 49 per cent. Consumer magazines showed somewhat slower growth but still increased overall circulation by almost 20 per cent. Scholarly/educational magazines showed little change during the period, while religious magazine sales dropped by nearly 16 per cent.

EXHIBIT 2.5
Total Annual Circulation by Periodical Type: 1976-1983

	Business	Consumer	Scholarly/ Educational	Artistic/ Literary	Religious	Totals
1975	N/A	N/A	N/A	N/A	N/A	-
1976	5,725,954	22,690,961	12,688	-	895,823	29,325,406
1977	5,720,027	24,698,195	13,046	-	906,648	31,337,916
1978	9,949,000	32,412,000	-	-	976,000	43,337,000
1979	9,530,300	38,366,979	13,046	-	876,800	48,787,125
1980	11,009,513	37,428,253	10,982	-	804,593	49,253,341
1981	11,428,128	35,637,519	13,672	-	770,441	47,849,760
1982	12,665,500	37,378,000	13,000	-	794,000	50,840,500
1983	11,198,300	28,265,000	12,800	-	773,400	40,249,500
1984	N/A	N/A	N/A	N/A	N/A	-

Source: Statistics Canada Publications in 87-625 and 87-511

The circulation profile of Canadian periodical publishers is presented in Exhibit 2.6 which shows that in 1981, 70 per cent of Canadian magazines had a total circulation of between 2,000 and 50,000 copies per issue. Periodicals with per issue circulation of over 100,000 accounted for 63.9 per cent of the total circulation of all periodicals. This breakdown was not available for other years.

It should be noted that the Statistics Canada figures originate from CARD and do not include several hundred periodicals that are not concerned with advertising or that are not large enough to pay for or provide audited statements. This reinforces the fact that the Canadian industry has a high proportion of small circulation periodicals.

EXHIBIT 2.6
Number of Publications by Range of Circulation

	<u>Publications</u>	<u>Total Circulation (in 1,000's)</u>	<u>Per Cent of Total Circulation</u>
Less than 500	117	10.9	0.02
500 - 1,999	84	106.1	0.17
2,000 - 9,999	445	2,508.7	4.00
10,000 - 49,999	545	12,168.8	19.47
50,000 - 99,999	119	8,041.0	12.86
100,000 - 199,999	49	6,499.9	10.40
200,000 and over	64	33,179.2	53.08
	<u>1,423</u>	<u>62,514.6</u>	<u>100.00</u>

Source: Statistics Canada publication 87-511, 1981

2.1.4 Regional Concentration

The periodical publishing industry is heavily concentrated in Ontario and Quebec, and principally in either Montreal or Toronto. Ontario accounts for approximately 50 per cent of all Canadian publishing activity, Quebec accounts for another 17 per cent while Alberta (eight per cent) and British Columbia (eight per cent) contribute 16 per cent of the total. The remaining 17 per cent is distributed relatively evenly between the remaining eastern and western provinces.

2.1.5 Distribution

The magazine publisher has four basic methods of distribution. The choice of method is dependent in part on the type of periodical and the target audience. The four types of distribution are:

- newsstand sales
- subscriber sales delivered by post
- controlled distribution (free) delivered by post
- controlled distribution delivered directly

Most magazines use a combination of newsstand and subscription sales as the primary means of distribution. For Canadian publishers, most of whom depend on subscription sales, the postal system is the major method of delivery. Publishers regard newsstand sales as the weak link in the distribution system, chiefly because of the foreign dominance of the retail distribution network and the favourable positioning of foreign consumer magazines on the newsstands.

Subsequent analysis of our sample showed that the average per cent of total circulation mailed was between 75 and 80 per cent. The average is somewhat lower for consumer and artistic/literary magazines that have proportionately higher newsstand sales.

2.2 Concessionary Rates and Classifications

Canada Post lists 3,226 publications in the two major second class categories in 1985. Second class periodical rates for Canadian magazines mailed in Canada are classified by two rate codes. The full requirements for eligibility for second class mailing privileges are presented in Appendix A. Provided that a publisher meets the general requirements of the class such as being a Canadian publication, having a minimum of 50 per cent editorial content, and be mailed to bona fide subscribers, postage will be assessed at the applicable rate. The application of either rate three or rate four postage is dependent mainly on the percentage of paid subscriptions of total circulation. The criteria can be summarised as follows:

Rate 3: an annual subscription price of \$0.50 or higher, and a paid circulation of greater than 50 per cent of total circulation.

Rate 4: an annual subscription price of less than \$.50, or a paid circulation of less than 50 per cent of total circulation.

The second class criteria exclude controlled circulation, non-subscriber magazines. These are normally mailed at third class unaddressed rates.

There is a large difference between rate three and rate four postage charges. Appendix B shows the current rates assessed for each category. Eligibility criteria and rates for third class addressed and third class unaddressed are also included for comparison. A publisher mailing 1,000 copies of a 150 gram magazine would pay \$42.00 at rate three while a similar publication mailed at rate four would be assessed \$138.00. Although the differences in actual postage varies depending on the weight of the publication and the circulation volumes, rate four costs are generally three to four times higher than rate three costs. Rate four costs approximate the third class unaddressed rate used by controlled circulation publications for distribution.

Exhibit 2.7 shows the total estimated volumes mailed in each category during 1982 and 1985. The largest number of magazines are those under rate four while the highest volume is from magazines in rate three. This is accounted for by the fact that most consumer magazines qualify for rate three.

EXHIBIT 2.7
Total Number of Periodicals and Total Circulation
by Rate Class: 1982, 1985

	1982		1985	
	Count	Total Volume	Count	Total Volume
Rate 3	711	214,809,560	825	287,000,000
Rate 4	1382	93,939,708	2401	109,000,000
Total	2093	308,749,268	3226	396,000,000

Source: Canada Post

2.3 Other Subsidy and Assistance Programs

The Woods Gordon Report on the Periodical Industry summarised the various levels of government support for the periodicals industry. In 1981, approximately \$3.8 million was given to 259 periodicals under a number of grant programs aimed primarily at the artistic/literary and scholarly/educational magazines. Business, religious and consumer magazines do not benefit from these programs. The largest of the programs in 1981 were administered by the Social Sciences and Humanities Research Council (\$1.5 million) and the Canada Council (1.1 million). The average grant was valued at \$14,812 and a few magazines received more than one grant. The grants are spread more equitably throughout Canada than the publishing industry itself and tends to reflect the fact that these magazines are not concentrated in the major publishing centers.

There are currently several other federal and provincial programs designed to assist Canadian periodical publishers. Ontario has restricted foreign owned distributors from operating with the province, although this restriction does not apply to foreign distributors who were in business prior to passage of the Act in 1971. The federal government, in addition to the postal subsidy program, has provided direct or indirect assistance through Investment Canada, the Income Tax Act, and the Customs Act. Woods Gordon has estimated that the total federal contribution to periodical publishing was approximately \$72 million in 1981.

2.4 Overview of Representations from Publishers to Government

During the past five years, representative organisations of the periodical industry have presented a number of submissions to the federal government and Canada Post on the second class postal subsidy. The major organisations include:

- Canadian Periodicals Publishers' Association (CPPA);
- Council of Canadian Magazines (CCM);
- Canadian Business Press (CBP);
- Council of Canadian Periodicals (CCP); and
- Magazines Canada (MC).

In addition, numerous individual representations have been made by publishers such as MacLean Hunter and Comac. Recently, new submissions were made to the Review Committee on Canada Post which conducted hearings in August, 1985. A review of these presentations reveals four major issues that are of common interest to publishers.

Subscription Distribution

Canada Post is viewed as the only reasonable method of subscription distribution. The industry is heavily dependent on the postal service for efficient, cost effective delivery. Because of the high volume of mail shipped through the post office by publishers, they view themselves as primary customers, particularly since much more money is spent on subscription development at first and third class rates than is spent for delivery at second class rates. The CPPA estimates that publishers spend an average

of between \$1.50 and \$3.50 for each subscriber per year on first and third class postage. The CCM estimated that in 1983, 48 per cent of the total postal costs of their membership was attributed to subscription development mailing at first and third class rates, while only 30 per cent was spent on actual magazine delivery.

Service and Standards

Canada Post has agreed with publishers that standards for service should be set. However, the industry has so far not been satisfied with the service they are receiving and Canada Post has not yet adopted the formal standards. Some of the associations have conducted tests of delivery time and have found that delivery regularly takes in excess of 10 days and can range up to four weeks. Publishers believe that second class mail receives a low priority, resulting in delivery times that are damaging to a time sensitive industry.

The publishers have questioned why it takes so long for delivery given the amount of preparation (sorting, bagging, etc) that they are required to do. Significantly, the publishers believe that their preparation efforts simplify the post office job to one of delivery. They believe that these efforts substantially reduce the level of effort for Canada Post and that high infrastructure costs should not be attributed to periodicals.

Publishers believe they are assessed an unfairly high proportion of postal costs because of the method of assessment of infrastructure costs and the calculation of the rate of subsidy. They point to postal inefficiencies resulting from the large number of small postal stations

across the country, the high percentage of labour costs (73 per cent of the corporations total expenditures) and the political decisions concerning labour and capital policy. Publishers believe that these problems should not be the cause of increased postal rates for their publications.

Service Interruptions

The periodicals industry is very sensitive to postal service interruptions resulting from strikes. During a strike, the publisher not only fails to deliver his product but also loses his cash flow. Advertisers do not pay for their advertisements and payments from subscribers are halted. The CBP has noted that during the two last strikes, many small publishers were close to being forced into bankruptcy.

Postal Rate Increases

Each of the associations has presented views that reflect the particular interests of their membership. Publishers eligible for second class rates are divided into two rate categories that are significantly different. A publisher in rate code four will pay approximately three to four times more to mail a magazine than a publisher with a similarly sized magazine using rate code three. The rate four costs are approximately one-half those of third class addressed mail. Publishers using rate four argue that further increases are not justifiable as they are already paying the actual cost of delivery. Publishers eligible for rate three also argue, although much less convincingly, that they are paying the actual cost of delivery and that Canada Post has never satisfactorily calculated the true delivery cost for magazines.

Publishers of magazines that do not qualify for second class rates, particularly controlled circulation publications, submit that they are being treated unfairly. They argue that they should either have access to the concessionary rates or that the subsidy should be removed entirely.

The issue of second class rates has often been linked to arguments about poor service and strict preparation standards. Publishers point to the large sum of money they spend preparing magazines for mailing and the savings for the postal service in reduced handling costs. They believe that the investment they make in preparation should be considered when discussing rate increases.

Publishers have also drawn attention to the fact that their postal costs associated with delivery forms a smaller percentage of their total operating costs than the money they spend in first and third class mailings. They argue that higher second class rates would force them to reduce their use of first and third class mailings, which would affect their ability to attract new subscribers and reduce the total revenues for Canada Post. This situation has led to the recommendation that Canada Post establish a 'Publishers Class' that would be used for all publishing correspondence and shippings. The Council of Canadian Magazines has suggested that reducing the cost of subscription development mailings (now mailed at first or third class) would allow the publisher to send more promotional mail and increase circulation through new subscribers. The result, this argument continues, would be increased volumes and revenues for Canada Post.

Finally, the industry recognises that rate increases will occur. They are very concerned with the amount of advance notice that they are given. The associations are calling for a three to six month minimum advance notice to allow the publisher to plan ahead for subscription and cover price adjustments.

3.0 ANALYSIS OF A SELECTED SAMPLE OF CANADIAN PERIODICALS

3.1 Methodological Overview

The quantitative analysis of a sample of Canadian periodicals was designed in conjunction with the analysis of a similar U.S. sample reported in an earlier study ("The Effect of U.S. Postal Rates on the American Periodical Industry", Ekos Research Associates, 1985). The first step in this process was the development of a typology that accurately reflected the Canadian periodicals benefitting from the postal subsidy program.

Again we have made use of the typology developed by Woods Gordon in their 1982 study of the Canadian periodical publishing industry. This will permit comparisons of our analysis and conclusions to those of the Woods Gordon study and the Ekos study on the effect of U.S. postal rate increases on the American periodical industry. The typology has the following five categories.

1. Consumer, including general interest and consumer publications;
2. Business, including trade, technical, professional and agricultural publications;
3. Scholarly/Educational;
4. Artistic/Literary; and
5. Religious

Most of the Canadian periodical information was taken from the semi-annual Canadian Advertising Rates and Data (CARD) directory. The audited information available in CARD includes circulation data, subscription and single copy

prices, number of issues per year and advertising rates. The circulation of the magazines listed in CARD represents a high proportion of the industry total.

Because the CARD directory lists publications that offer advertising space, it tends to underrepresent periodicals other than those in the consumer and business categories. As our sample is based on a population of periodicals that both appear in CARD and receive concessionary postal tariffs, it is somewhat skewed in favour of larger and higher circulation periodicals.

To help compensate for this fact and to increase the number of artistic/literary and scholarly/educational periodicals in the sample, an additional 15 periodicals that were not in CARD but which were eligible for second class rates were included in the sample. The publishers were contacted by a combination of telephone and mail surveys. The data collection instruments used are presented in Appendix C.

Canada Post supplied additional data estimating the total postage for each sampled periodical for 1985. This was supplemented with information on the estimated total number of pieces mailed by each periodical during 1984. Similar information was available for 1982 from the DOC/Statistics Canada data base on publishers mailings.

The total sample size was 89 cases. Appendix D lists the names of the publications and some additional information such as the 1984 subscription price, frequency of publication and publisher name. The sample was stratified by five publication types.

The research plan for data collection and analysis focussed on the broad range of publication characteristics including the publication profile, circulation statistics, subscription and single copy prices, advertising rates, and postal costs. Appendix E presents the specific data capture plan in the form of a record layout. Most of the data relating to the publishers was not readily available and does not figure in the analysis.

Time series data was collected for each of the 10 years from 1975 to 1984. Wherever possible all information identified in the record layout was collected over the full 10 year period. For most of the smaller publications that participated in the phone and mail follow-up survey, data was only available for a few years at best.

All data was translated to machine readable format and transferred to Ekos computing facilities. Electronic data base management and analysis were conducted using the Statistical Package for the Social Sciences (SPSS).

One of the difficulties was that complete data for sampled periodicals was not available because the publisher failed to submit a CARD statement for one or more years. While this was not common for the consumer, business and religious magazines, it was sometimes difficult to find artistic/literary and scholarly/educational magazines with data for the full 10 year period.

Exhibit 3.1 presents the characteristics of the periodical sample.

EXHIBIT 3.1
Sample Characteristics: Number of Periodicals

Periodical Category	Second Class Rate Code		Totals
	3	4	
Business	8	13	21
Consumer	23	0	23
Scholarly/ Educational	5	6	11
Artistic/ Literary	9	8	17
Religious	16	1	17
	61	28	89

3.2 Publication Characteristics

The publications in our sample show a relatively high degree of longevity considering the growth of the industry in the past 15 years. This is partly because of the exclusion of magazines that do not receive concessionary rates. Exhibit 3.2 presents the average length of publication in years by publication type. This table suggests a stable industry that is sufficiently flexible to adapt to changes over time.

EXHIBIT 3.2
Average Age of Sample Publications

	Average Age (in years)
Business	49.0
Consumer	36.0
Scholarly/Educational	29.4
Artistic/Literary	26.1
Religious	<u>71.7</u>
Total (n=85)	43.6

Exhibit 3.3 presents the figures for frequency of publication for the periodical types.

EXHIBIT 3.3
Frequency of Publication

	<u>Average Number of Issues Per Year</u>	<u>Most Common Frequency</u>
Business	17.6	6
Consumer	16.5	12
Scholarly/Educational	5.4	4
Artistic/Literary	6.2	4
Religious	19.0	10
Total (n=87)	13.9	12

These frequency of publication figures are lower than for a similar sample of U.S. periodicals, particularly for the smaller publications. Frequency of publication is similar for business publications and only slightly less for consumer publications.

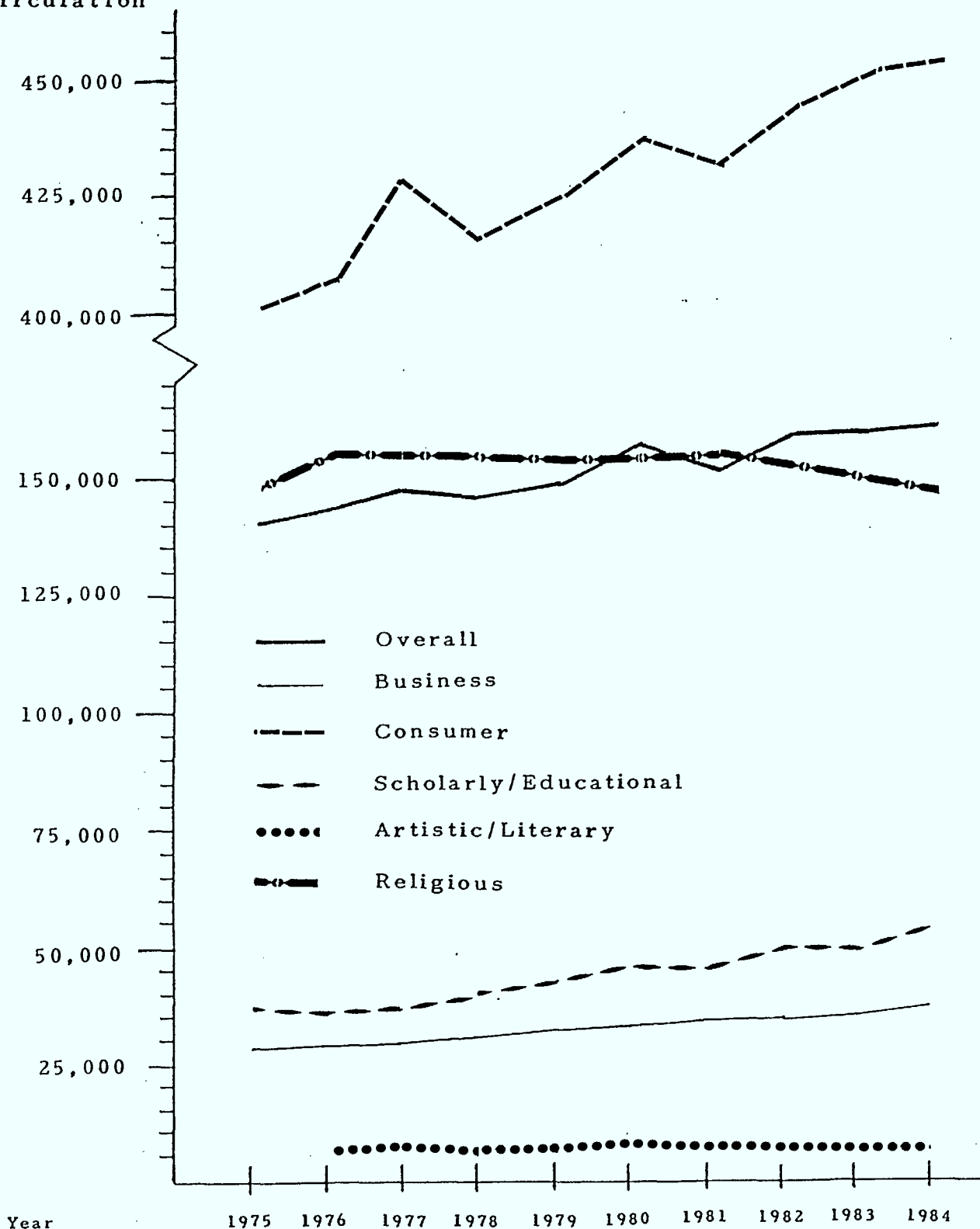
3.3 Circulation

The industry review has shown that total circulation has increased substantially over the last 10 years. The thirteen per cent growth in average total circulation for the sample confirms this trend. Most of this increase can be attributed to consumer publications, which have made the largest gains in absolute terms. Business and scholarly/educational publications have also made positive proportional increases in circulation. Artistic/literary and religious publications demonstrate little change over the 10 years. Exhibit 3.4 plots the changes in circulation over the study period for the overall sample and for the five periodical categories. Appendix F.1 presents the actual numbers.

EXHIBIT 3.4

Average Single Issue Circulation for Canadian Periodicals, 1975 - 1984

Average
Circulation



% Postal Rate
Change
(CPI adjusted)

-7.4 +9.8 +13.1 -5.6 -10.4 -12.3 +6.1 -1.1 -4.0

Overall the sample exhibits a healthy and steady growth with few fluctuations of consequence in any of the categories. Furthermore none of the fluctuations seem related to postal rate changes, including the largest increases in 1977 and 1978 or the largest decreases in 1980 and 1981. Consumer periodicals dipped in sales between 1977 and 1978 when rates increased. Sales then increased before dropping for only the second time in 10 years when postal rates decreased in 1980 and 1981.

With the exception of the data from the DOC/Statistics Canada project for 1982, the breakdowns for subscription sales and single copy sales were not available for individual Canadian periodicals .

3.4 Pricing

3.4.1 Subscription Price Changes

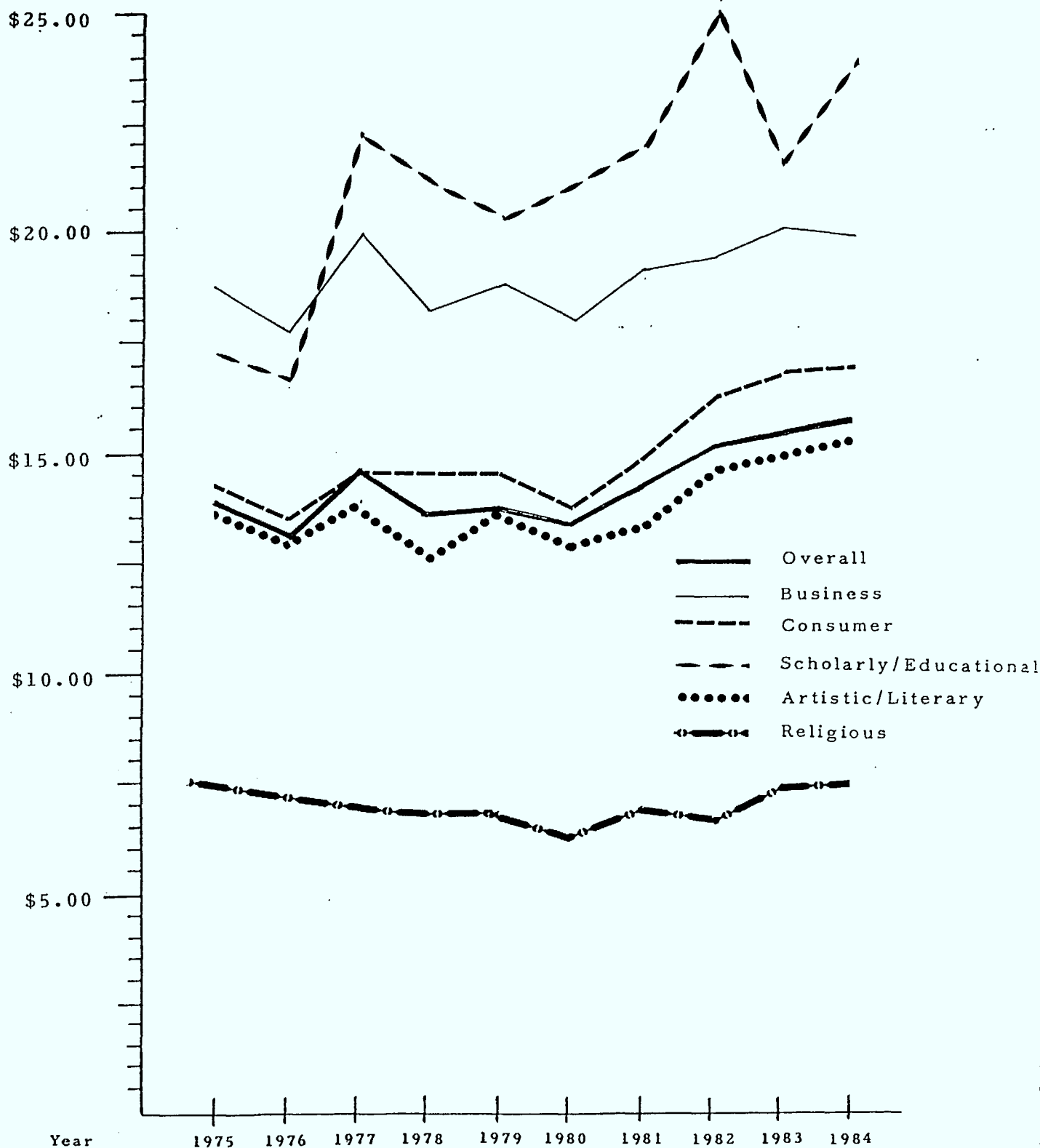
One of the claims of publishers is that any increase in costs places them under financial pressure because of their low overall profit margins. Because of the competition in the advertising market, they further claim that increased costs for such services as postal distribution must be made up by increased sales revenues.

There is little evidence from our analysis to demonstrate that subscription costs rose to match postal increases in any consistent manner over the last 10 years. Average real subscription prices increased by almost 14 per cent during a period when total postal costs decreased. Exhibit 3.5 plots the changes in subscription prices and Appendix F.2 presents the detailed data. Although most

EXHIBIT 3.5

Average Subscription Cost (1981 Dollars) for Canadian Periodicals, 1975 - 1984

1981 Dollars



% Postal Rate
Change (CPI
Adjusted)

-7.4 +9.8 +13.1 -5.6 -10.4 -12.3 +6.1 -1.1 -4.0

categories of periodicals increased their subscription rates over the two year period when postal rates increased the most, the vast majority did not later decrease costs when rates lessened. This may reflect the fact that virtually all periodicals had already dropped their subscription rates at the end of the 1970's when the entry of many new special interest magazines made the market very competitive.

Of the commercial periodicals, consumer publications had the largest increase in subscription costs, raising their rates in real terms by over 20 per cent in 10 years. Subscription rates for business periodicals rose by only eight per cent. By far the largest increase was for the scholarly/educational publications, which increased rates by over 38 per cent.

3.4.2 Single Copy Price Changes

Newsstand and subscription pricing policies are often set from different market strategies and are not necessarily related. Newsstand access has always been a problem for Canadian periodicals and single copy revenues are small compared to subscription revenues. Newsstand sales are important to publishers because of the visibility and credibility they provide, leading to better subscription sales.

At present, publishers are concerned because of the recent downturn in newsstand sales in the U.S. and the belief that this trend will spread to Canada. Some publishers argue that this problem is attributable to consumer price resistance. For Canadian publishers, the

problems relating to newsstand access and consumer price acceptability are aggravated by problems relating to comparative pricing with foreign periodicals. Foreign, and particularly U.S. periodicals, often can write off editorial and production costs in their home market. This permits a lower price in Canada to recover the marginal costs of additional printing and distribution. It then becomes difficult for the Canadian periodical to profitably price single copies when confronted with mass circulation foreign products at equal or less cost.

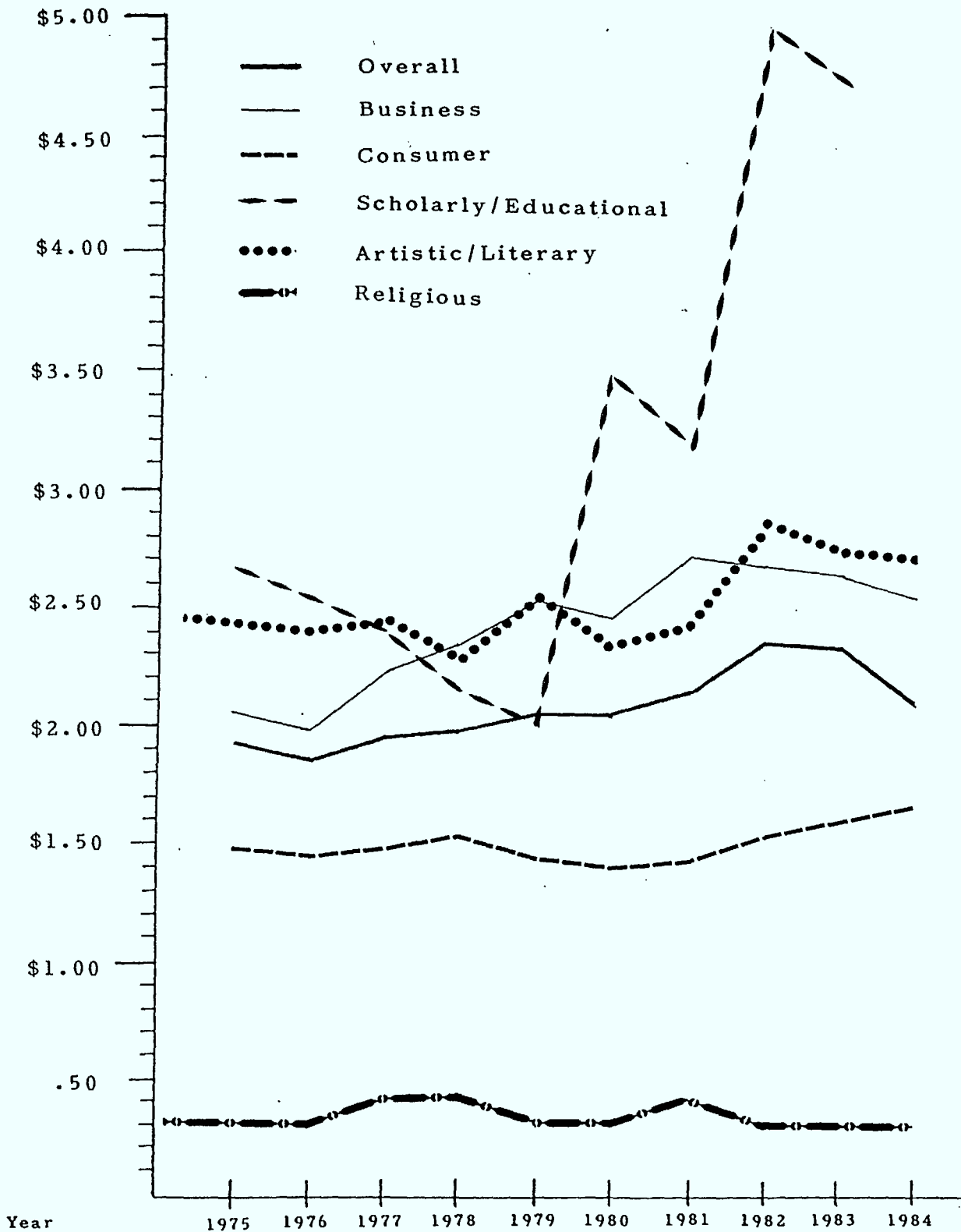
The results from analysing the periodical sample confirm a recent drop in average single copy prices. Refer to Exhibit 3.6 for the graphic representation and Appendix F.3 for the detailed data. Over the last 10 years, these periodicals have increased real single copy prices by approximately nine per cent. From 1975 to 1982, however, this increase was almost 24 per cent. In the two years after 1982, the average price fell by over 12 per cent.

Consumer periodicals in the sample did not demonstrate the same trend as other types in the analysis. Their prices were relatively stable for several years and have increased in the last few years. Given the importance of this category to the industry as a whole, it is possible that the majority of periodicals in Canada have not yet faced the price resistance that those in the U.S. have.

EXHIBIT 3.6

Average Single Copy Price (1981 Dollars) for
Canadian Periodicals, 1975 - 1984

Price Per
Copy



% Postal Rate
Change (CPI
Adjusted)

-7.4 +9.8 +13.1 -5.6 -10.4 -12.3 +6.1 -1.1 -4.0

Business periodicals generally mirror the trends of the sample as a whole, as do the artistic and literary ones, although with somewhat more fluctuation through time. The scholarly/education periodical prices show large increases, but this figure may not be truly representative as we did not have single copy price data for many of these periodicals. Most rely heavily on subscriptions and do not promote single copy sales.

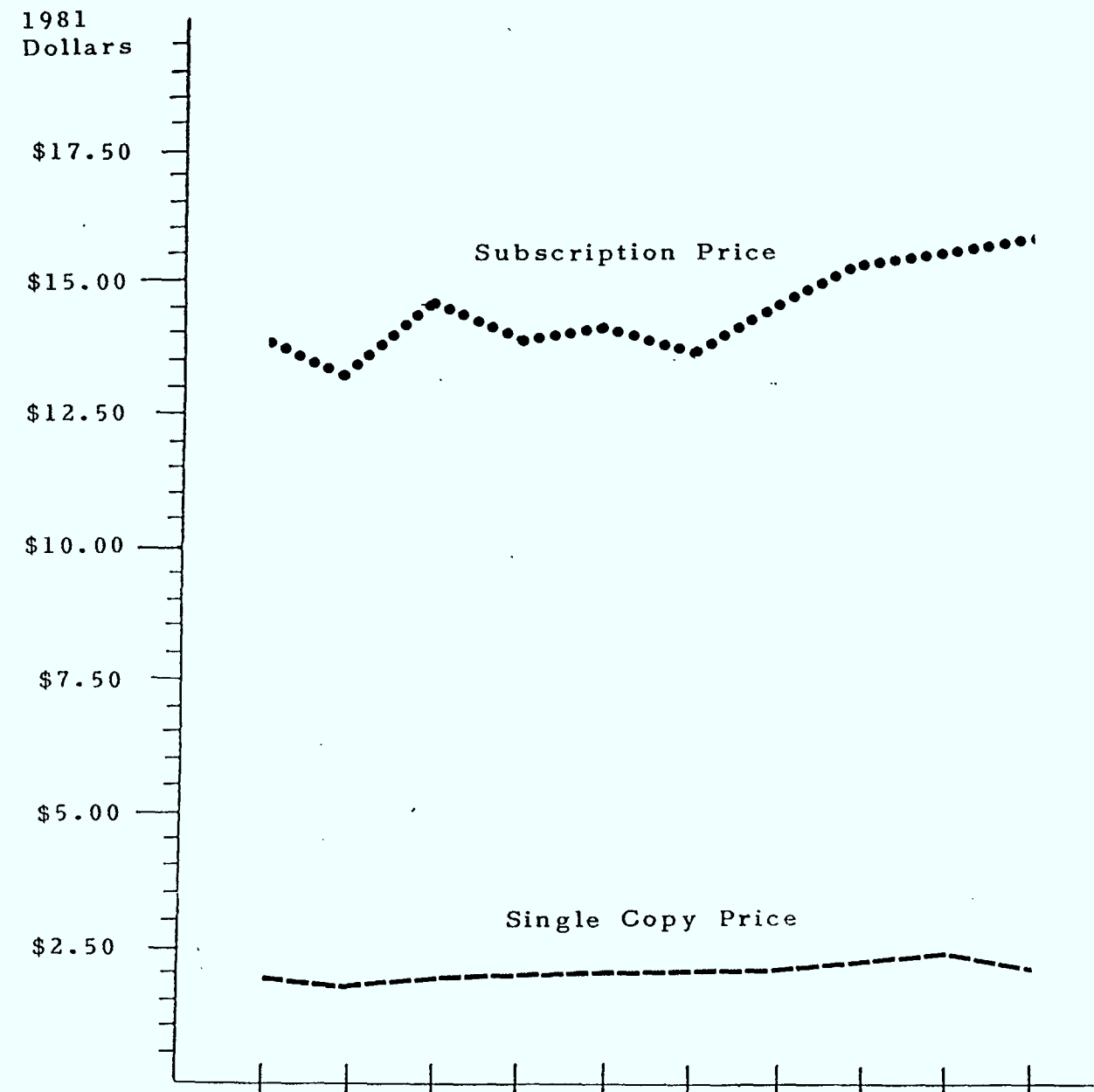
Since 1975 average subscription and single copy prices for our sample periodicals have been moving closer together. Although both have increased overall in real terms by relatively similar amounts (within four per cent), the convergence is quite significant when analysing individual publications. Exhibit 3.7 graphs the two price increases and presents the Pearson correlation coefficients for each year. These coefficients indicate that there has been a convergence of pricing policies in the last 10 years, with the exception of 1984 when single copy prices dropped substantially. This apparent increase in coordination of pricing policies may reflect the need for publishers to demonstrate large discounts for subscriptions, because of increasing consumer sophistication and greater competition.

3.5 Advertising Rates

Publishers claim that the advertising rates that can be changed are dependent primarily on market forces and the relative pricing of other media. They hypothesise that large postal increases would force advertising rates higher, with the consequence of damage to the industry. The statistics presented earlier show that the industry as a whole has succeeded in maintaining and enlarging both the market share and total revenues from advertising.

EXHIBIT 3.7

Subscription and Single Copy Prices (1981 Dollars), 1975 - 1984



Year	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984
% Postal Rate Change (CPI Adjusted)		-7.4	+9.8	+13.1	-5.6	-10.4	-12.3	+6.1	-1.1	-4.0
Pearson r	0.3809		0.4181		0.4357		0.6071		0.6043	
		0.4719		0.3717		0.5109		0.6290		0.5328

Exhibit 3.8 displays the trends for the average rates for one-time, full-page, four-colour advertisements that individual periodicals in the sample have charged. The pattern is similar for all categories of periodicals. The rates fell slowly but steadily during the late 1970's in a highly competitive market. Since 1980 they have risen again relatively steadily for an overall net rate increase of approximately five per cent. There is no apparent overall relationship to postal rate changes, although advertising rates did move in the opposite direction to the more significant postal rate increases and declines. Artistic and literary periodicals show a somewhat more erratic path to this same result than the other periodical types. Appendix F.4 presents the detailed data.

The trends for black and white one-time, full-page advertising rates are relatively similar to those for colour ads. Exhibit 3.9 (and Appendix F.5) present the data. The decreases in the late 1970's are followed by increased rates leading to an overall net increase of almost 12 per cent. All categories except religious periodicals have been able to make substantial increases in these changes.

3.6 Alternative Pricing Estimates

Two methods have been used to analyse the level of subsidy received by the periodicals in our sample. This exercise has been conducted to provide some evidence concerning the claims of Canada Post and the publishers about what rates periodicals should be charged in order to recover costs.

In the first procedure, the current postal expenditures for the periodicals in the sample have been

EXHIBIT 3.8

Average Colour Advertising Rates (1981 Dollars) for
Canadian Periodicals, 1975 - 1984

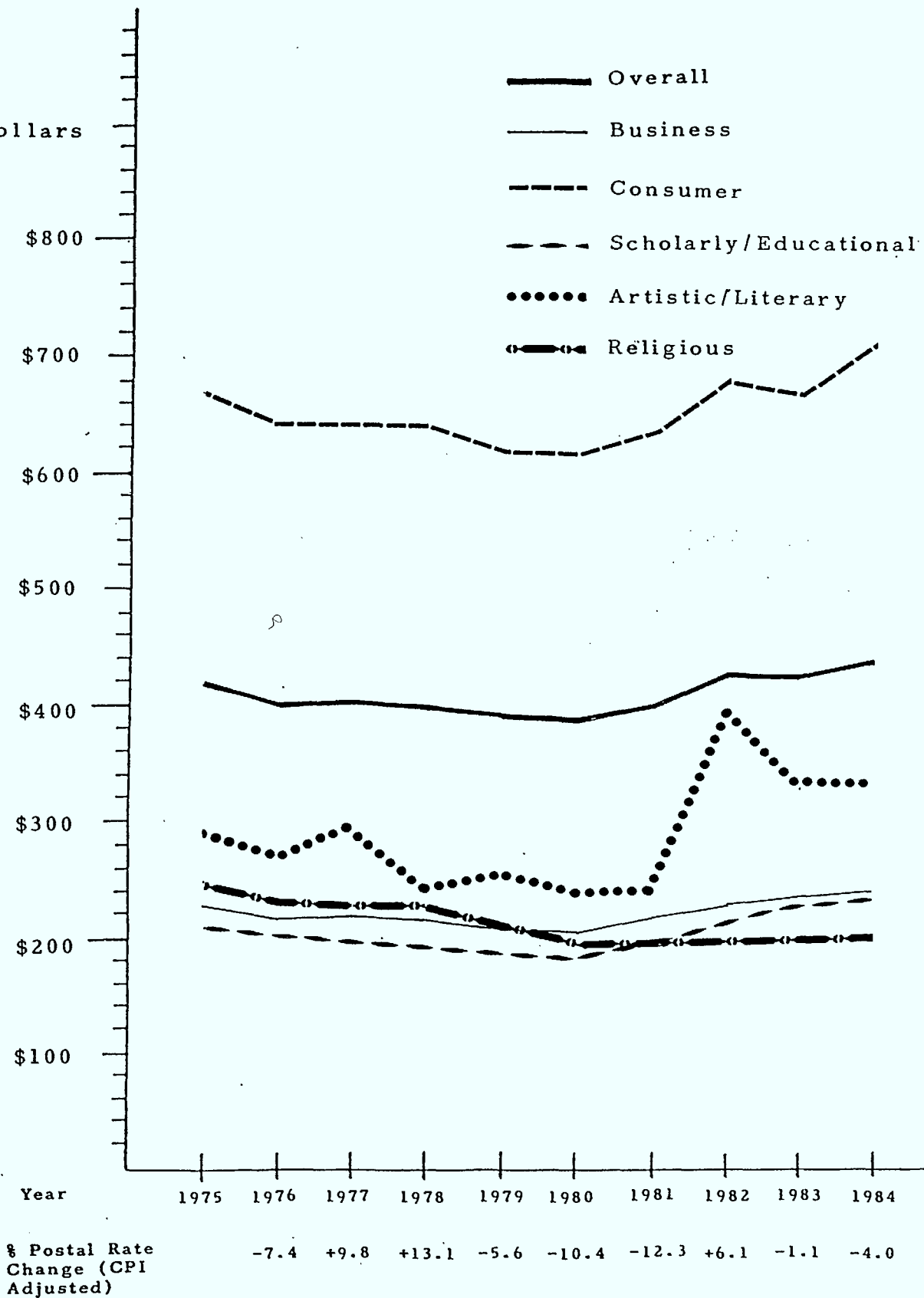
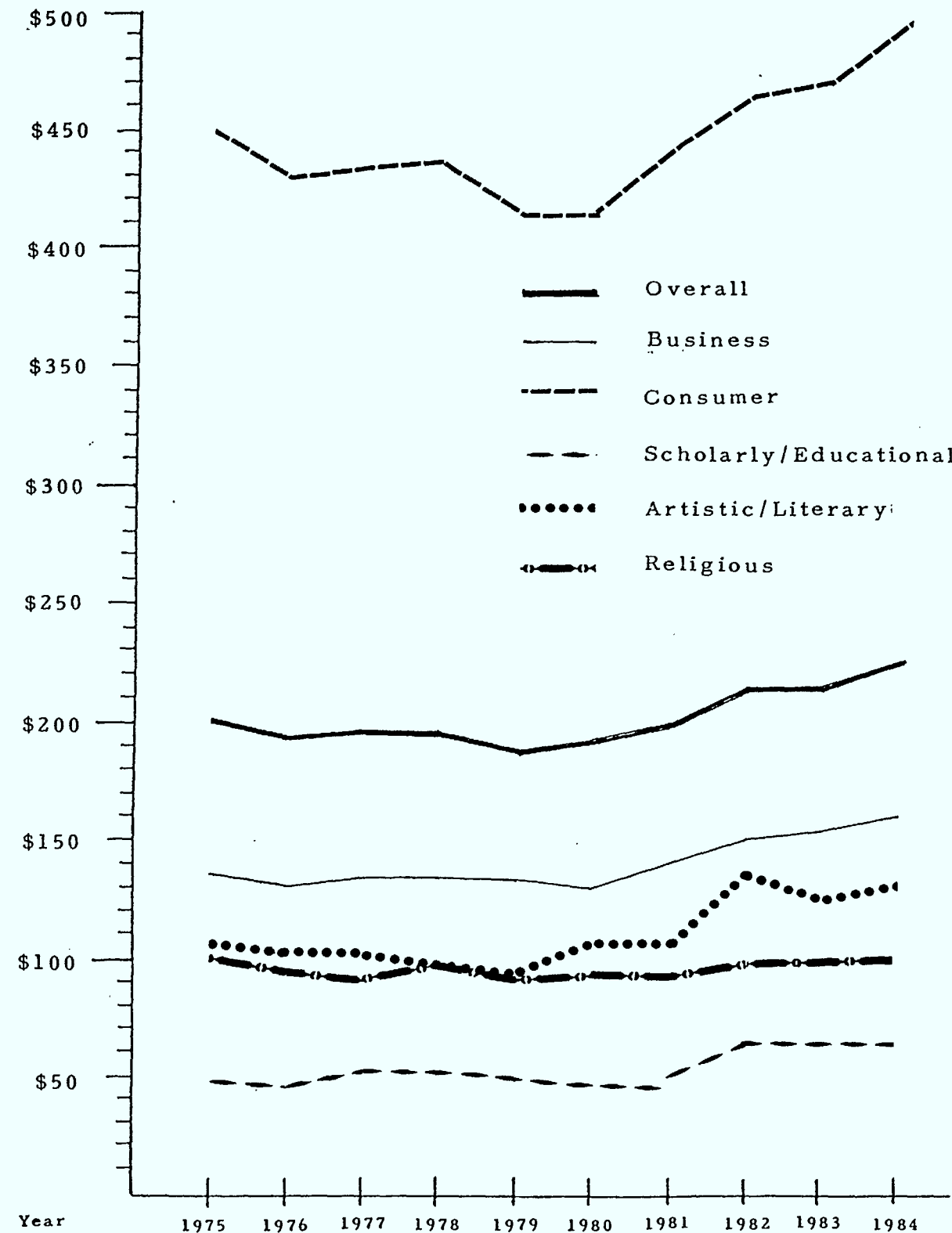


EXHIBIT 3.9

Average Black and White Advertising Rates (1981 Dollars) for Canadian Periodicals, 1975 - 1984

1981 Dollars



% Postal Rate
Change (CPI
Adjusted)

-7.4 +9.8 +13.1 -5.6 -10.4 -12.3 +6.1 -1.1 -4.0

compared to the expenditures they would incur if assessed the appropriate third class rates. Although this will not necessarily bear any direct relationship to the true cost of delivery, it should generate estimates of what Canada Post assumes the real subsidy to be and the difference in rates that would be charged if pricing policy was set on a cost recovery basis. This analysis also provides some evidence about the categories of periodical which benefit the most from the concessionary tariffs.

The second procedure compares the estimated 1985 postal costs for 10 periodicals in the sample to the estimated costs for similar magazines mailed within the United States. Given that the rates in the United States for commercial periodicals are set to be cost recoverable, the comparison should provide some evidence concerning the publishers' claims about postal efficiency and rate policy.

3.6.1 Revenue Foregone

The difference between the actual second class charges and the appropriate third class rates is the operational definition that has been used by the Department of Communications and Canada Post to determine revenue foregone. Exhibit 3.10 presents the figures for current expenditures, the third class charges if applied, and the percentage difference between the two rate classes. To illustrate the method of making the calculations presented in this exhibit, we can use a consumer magazine weighing 180 grams and with an annual mailed circulation of 481,454. The total postal costs under rate code three were \$21,651 (4.5¢ per copy). The total costs with the third class addressed rate would have been \$182,377 (6.2¢ per piece plus \$1.76 per kilo). Other examples can be calculated using the rates presented in Appendices B.1 - B.4.

EXHIBIT 3.10
Revenue Foregone by Periodical Type

Type	Current Expenditures			Hypothetical Third Class Addressed Rate	
	Rate 3	Rate 4	Total	Addressed	Percentage Difference
Business	559,128	418,849	977,977	3,695,659 870,682 4,566,341	+346.9
Consumer	3,671,763	-	3,671,763	24,773,779 - 24,773,779	+574.7
Scholarly/ Educational	11,882	45,812	57,694	22,473 89,276 111,749	+ 93.7
Artistic/ Literary	46,999	36,408	83,407	227,415 77,319 304,734	+265.3
Religious	441,523	437	444,315	2,255,252 1,228 2,256,480	+407.8
Totals	4,731,295	501,506	5,232,801	30,974,578 1,038,505 32,013,083	+511.7

Because virtually all consumer periodicals (and all the ones in the sample) are eligible for rate code three rates, as a category they are the overwhelming leading beneficiaries of the Postal Subsidy Program. The scholarly/educational periodicals in the sample benefit the least because most do not mail at code three rates. There is evidence from analysis conducted by the Department of Communications that some scholarly/educational and artistic/

literary magazines are technically eligible for code three but do not apply for it. These publishers may be unclear about the eligibility criteria or confuse print runs with total circulation when calculating the percentage of circulation that is paid (code three requires a minimum of 50 per cent paid circulation).

Business publications in the sample are large beneficiaries because of the significant proportion mailed at code three rates. Religious publications benefit in similar proportions to business periodicals, even though virtually all the ones in our analysis are mailed at code three rates. This is because the average weight per periodical is less and they must pay a minimum per piece charge under second class that translates into a higher total cost for similar overall quantities.

3.6.2 Canadian - U.S. Rate Comparison

Ten periodicals from the Canadian sample have been selected for hypothetical comparison with the U.S. rates for these publications. The analysis has been kept as simple as possible, using the actual money rates as the basis for comparison. We have not tried to either confuse or enlighten the analysis with issues relating to comparative economics. Although international factors can affect costs for the post offices, exchange rates have not been considered because there is no option to domestic periodical rates for the publisher. The consumer price indices or other factors affecting the true relative cost of mailing a periodical in the two countries have not been taken into account on the assumption that the two economies are relatively similar.

Exhibit 3.11 presents the results of this analysis. The U.S. costs are probably overestimated by a small fraction because we have not taken into account the in-county rates which can provide a discount for mailings within the county where the periodical is published. For nationally distributed periodicals, these differences should not be large enough to seriously effect the comparison.

Generally speaking, the estimated U.S. costs are a little over twice what the charges are for Canadian periodicals mailing under rate code three. The estimated U.S. costs are less than one-half, however, for periodicals mailing under rate code four. The comparison for the rate three group is interesting because of the magnitude of the difference between the hypothetical U.S. rates (approximately two to one) and level of subsidy generally assumed for these periodicals (approximately three or four, to one).

The U.S. rate for second class mail are set to be cost recoverable. In fact, transcripts of testimony from the U.S. Postal Commission in 1984 indicates that the Commission recommended a cost coverage of 121 per cent for second class rates. This lends some credence to the Canadian publishers' position that rates based on current full cost recovery would be subsidising postal inefficiency. It also helps to confirm the widely held view, disputed by only a few publishers, that current Canadian code three rates are substantially subsidized.

It may not be realistic to compare the two postal services given the different markets, traditions, infrastructure, and policies concerning such things as contracting for service. However, the rates that Canada

EXHIBIT 3.11
Hypothetical Comparison of Canadian and U.S. Postal Costs for Ten Periodicals

	Weight In Grams	Annual Total Copies Mailed	Postage Paid at Cdn. Rate 3	Postage Paid at Cdn. Rate 4	Estimated Total Postal Cost for Similar U.S. Periodicals (U.S. \$)	Percentage Change
<u>I Rate 3 Magazines</u> (assumes no rate 4 mailings)						
Magazine #1	180	481,459	21,651	-	32,585	+ 50.5%
Magazine #2	304	3,105,768	207,852	-	355,001	+ 70.7%
Magazine #3	184	5,414,916	270,858	-	374,625	+ 38.3%
Magazine #4	189	32,111,448	1,372,764	-	2,281,967	+ 66.2%
Magazine #5	347	11,761,236	872,346	-	1,534,512	+ 75.9%
Total		52,874,827	2,745,471		4,578,690	+ 66.8%
<u>II Rate 4 Magazines</u>						
Magazine #6	95	35,184	not eligible	3,610	1,256	- 65.2%
Magazine #7	268	24,000	not eligible	5,285	2,418	- 54.2%
Magazine #8	118	27,816	not eligible	3,181	1,234	- 61.2%
Magazine #9	156	418,644	not eligible	59,927	24,555	- 59.0%
Magazine #10	184	4,488	not eligible	735	310	- 57.8%
Total		510,132		72,738	29,773	- 59.1%

Post would have to charge to recover current costs are approximately twice what the U.S. Postal Service charges. This suggests that the true level of subsidy may be somewhere between the current costs to publishers and the level assumed by Canada Post based on a full allocation of all costs.

4.0 CONCLUSIONS

Several important conclusions can be made from our analysis. The analysis of both the industry and the sample of periodicals indicates that periodical publishing has been healthy and has grown over the last 10 years. Total circulation is now much higher and advertising revenue generation has been successful. Competition remains an important and ongoing concern, as can be seen from the drops in circulation and advertising rates during the late 1970's and early 1980's when many new special interest periodicals entered the market.

One of the more serious concerns for Canadian periodicals is the continuing difficulty in accessing newsstands and generating single copy sales. Foreign dominance in this area of sales has hindered subscription development for Canadian periodicals. The difficulties relating to newsstand sales may be aggravated in the future if the American trend of declining single copy sales is matched in Canada.

Subscription development is vital to the continued health and growth of the Canadian industry. At present, Canadian periodicals are heavily dependant on renewal notices and solicitations delivered by Canada Post under rate classes that are more expensive than those used for delivery. To a large extent, this is because low newstand visibility has left many Canadians unaware of the high quality of the domestic products. Efforts to improve distribution methods and public accessibility could significantly reduce the burden and cost of mail subscription development programs. However costs for subscription development related mailings would allow publishers to cast

a wider net, without increasing costs, and generate circulation increases. Subscription circulation increases could also benefit Canada Post as greater volumes would increase overall revenues.

The efforts of the major periodical associations in promoting sales and distribution of their member magazines are very positive developments for Canadian publishers and should be encouraged. For example, the Canadian Periodical Publishers' Association acts as a distribution centre and sales agent for member magazines, providing access to markets that would often be inaccessible to individual publishers. The result is increased sales and growth in subscriptions.

The high proportion of subscription sales for most Canadian periodicals reinforces their dependence on Canada Post for distribution. Postal service interruptions are all the more problematic when there is little alternative revenue generation. The dependence on subscription revenues also tends to make publishers more sensitive about second class postal rate charges. From our analysis, however, we can find no evidence that publishers were adversely affected by the magnitude of any postage increases that occurred during our study period. Even though these were substantial in real terms for a few of the years, it appears that other forces external to this analysis played a more significant role.

If second class rates were increased solely on the basis of equalizing rate and cost structures, consumer periodicals would be the overall losers because of the high proportion which are eligible for the highly concessionary rate code three. The true cost per copy is also probably

lower for consumer periodicals than for smaller publications, such as most artistic/literary or scholarly/educational ones, because the preparation costs per unit incurred by the publisher decrease with increased volumes.

Preparation costs are often cited by small publishers as negating the benefits of second class rates. As it is unrealistic to assume that preparation requirements will become less demanding, some means of assisting small publishers who have less access to technology or expertise could be considered. This assistance does not have to be in the form of a postal subsidy, as is recommended by some of the publishers. Canada Post could follow the lead of the U.S. Postal Service and directly assist small publishers in setting up adequate mail preparation systems, to the mutual benefit of publishers and Canada Post. Publisher associations could profitably be enlisted in this process.

Several factors should be taken into consideration in the formulation of any changes to the Postal Subsidy Program and second class rates and classifications. First of all, although there are weaknesses and problems, the commercial periodical publishing industry in Canada appears to be relatively healthy. Postal increases in the past, even the relatively large ones in the late 1970's, do not seem to have caused any significant damage. Other market forces seem to have been more significant determinants of viability, suggesting that modest postal increases can be absorbed without much difficulty.

Postal rate increases of the magnitude that would be required for a complete elimination of the subsidy demand more careful consideration. One of the most important factors would be the length of preparation time given to the

publishers. Although publishers have already requested that they be advised six months prior to rate changes, this request is applicable to and would be useful only for the small increases they are hoping for. Major increases would require several years to plan for as the horizon for subscription renewals alone is often two to three years. The success of the U.S. program to eliminate postal subsidies can be attributed in part to the two to three years that publishers had to prepare for the period of major increases, which then took another five years to implement.

Canadian publishers have claimed that an immediate elimination of the Postal Subsidy Program would mean that postal expenditures would increase from eight to ten per cent of total expenditures to between 20 and 25 per cent. Such an increase would more than eliminate any current profit margin and render the industry unviable. However, these figures do not consider the savings and advantages that can result from improved production techniques and wider distribution. Once again, the American experience has shown that, given time, entrepreneurial innovation can preclude the necessity for increasing prices or advertising rates.

Another serious concern regarding major rate increases would be the impact on comparative prices of foreign periodicals. Revised postal tariffs could seriously damage the Canadian industry if the policy hurt the competitive position of Canadian periodicals in relation to foreign publications. Often they already have a comparative advantage because of their higher circulation and pricing policies for the Canadian market. It would be advisable to maintain some form of postal rate structure which incorporated real differences for Canadian and foreign periodicals.

Finally, any serious changes to postal rates or subsidies should take into account the publishers' concerns about service and cost allocation. If periodicals are to be mailed at rates equaling delivery cost, then publishers must receive better service to enable them to make some business gains from advertising and subscription development. If infrastructure or other costs are to be allocated to periodicals for the purpose of rate setting, these costs should reflect the true cost of mailing. They should not be based on costs inflated from structural inefficiencies that reflect political decisions instead of actual delivery and processing costs.

APPENDIX A

Second Class Postal Regulations

REGULATIONS
PERTAINING TO
SECOND CLASS MAIL

APPENDIX "1"

REGULATIONS RESPECTING SECOND CLASS MAIL

Amended - 1 April 1982

Short Title

1. These Regulations may be cited as the Second Class Mail Regulations.

Interpretation

2. In these Regulations,

"Act" means the Post Office Act;

"Canadian newspaper" or "Canadian periodical" has the meaning given that term in subsection 11(4) of the Act;

"daily Canadian newspaper" has the meaning given that term in subsection 11(4) of the Act;

"mass distribution" means the delivery of a periodical to specific addresses in a manner that affords complete or major coverage of a specific postal delivery area that includes a letter carrier walk, rural route, suburban service, general delivery or post office lock boxes at a postal installation;

"postal official" means a postmaster or the Manager, Mail Classification Division of the Post Office Department;

"publisher" includes an agent of a publisher;

"second class mail" means any newspaper or periodical that is posted in accordance with these Regulations at a rate of postage set out in the Rates of Postage Regulations for such newspaper or periodical;

"weekly Canadian newspaper" has the meaning given that term in subsection 11(4) of the Act.

Rates and Conditions

3. Subject to sections 4 to 11, an item of second class mail may be posted at the rate of postage set out for that item in the table to Schedule II to the Rate of Postage Regulations if it is posted in accordance with the conditions set out in Schedule II to these Regulations in respect of that item.

- 3.1 (1) Subject to subsection (2), the rates of postage for Canadian newspapers and periodicals that may be transmitted are as set out in the table to Schedule II to the Rates of Postage Regulations.
- (2) A Canadian newspaper or Canadian periodical
- (a) that is published for the purpose of disseminating to the public any one or more of the following:
- (i) news,
- (ii) articles of comment on or analysis of the news, and
- (iii) articles with respect to other topics currently of interest to the general public,
- (b) that is devoted primarily to one or more of the following categories: religion, the sciences, agriculture, forestry, the fisheries, social or literary criticism or reviews of literature or the arts or that is an academic or scholarly journal, or
- (c) that is devoted primarily to the promotion of public health and published by a non-profit organization organized on a national or provincial basis,
- may, if it is
- (d) registered with the Canada Post Corporation pursuant to section 4,
- (e) ordinarily published at a frequency stated in the newspaper or periodical of not less than four times a year,
- (f) addressed to a bona fide subscriber as defined by section 7 or to a known newsdealer in Canada, and
- (g) prepared for mailing in the manner prescribed by schedule II, and the Mail Preparation Regulations
- be transmitted by mail in Canada at the rate of postage specified in this section for that newspaper or periodical unless
- (h) where the principal business of the person by whom or at whose direction it is published is other than publishing, it is published as an auxiliary to or for the purpose of advancing such person's principal business,

- (i) except in the case of a publication described in paragraph (b) or (c), it is published by or under the auspices of a fraternal, trade, professional or other association or a trade union, credit union, cooperative, or local church congregation,
- (j) more than seventy per cent of the space therein, in more than fifty percent of the issues thereof published during the twelve months immediately preceding the day of its registration pursuant to section 4 or of any renewal of such registration, is devoted to advertising,
- (k) it is posted at a post office not approved pursuant to section 8 for the mailing of newspapers and periodicals,
- (l) the postage for the mailing thereof in Canada is not prepaid in the manner prescribed by section 8 of Schedule II,
- (m) it otherwise contravenes regulations made by the Canada Post Corporation for carrying out the purposes and provisions of the Canada Post Corporation Act.

Registration of Second Class Mail

- 4. (1) No publisher shall post any copy of an issue of a newspaper or periodical at a rate of postage set out in the table to Schedule II to the Rates of Postage Regulations for that newspaper or periodical unless it has been registered as second class mail pursuant to this section and the registration is in effect.
- (2) An application for registration of a publication as second class mail shall
 - (a) be made in the form set out in Schedule III or IV, whichever is applicable, and contain the information indicated on the form,
 - (b) be made by the publisher of the publication to a postal official,

- (c) be accompanied by two copies of the last issue of the publication, and the publisher who makes the application shall furnish to the postal official to whom the application is made,
 - (d) one copy of such issues, other than the issue referred to in paragraph (c), of the publication as the postal official may request, and
 - (e) such documents and records or copies thereof and such other information as the postal official may request for the purpose of verifying the information given in the application.
- (3) One of the two copies referred to in paragraph (2) (c) shall be prepared, including folding, wrapping and addressing, in the manner in which it is proposed thereafter to prepare all copies of that publication for mailing.
 - (4) A postal official to whom an application for registration of a publication as second class mail is made in accordance with this section shall, immediately after the receipt by him of the application and such other information and material as he may request, examine the application and if he determines
 - (a) that the publication qualifies as second class mail and that it will be prepared for mailing in the manner prescribed by these Regulations, he shall register it for mailing at the rate of postage that he determines is established for it in the table to Schedule II to the Rates of Postage Regulations and shall forthwith notify the applicant of the day on which registration was granted, the registration number assigned to the publication and the rate of postage for which it has been registered for mailing; or
 - (b) that the publication does not qualify as second class mail or that it will not be prepared for mailing in the manner prescribed by these Regulations, he shall refuse to register the publication and shall forthwith notify the applicant of his refusal and the reason or reasons therefor.

- (5) The publisher of a publication registered pursuant to subsection (4) shall furnish the postal official who registered that publication with such documents and records, or copies thereof, and such other information in respect of that publication as the postal official may request from time to time for the purpose of verifying that the requirements of these Regulations have been complied with.
5. (1) The publisher of a publication for which a registration is in effect shall report to the postmaster at the post office of mailing
- (a) in respect of any such publication, any change of publisher, place of publication, place of printing or place of mailing;
- (b) in respect of any such publication, any change of title, frequency of issue or format;
- (c) in respect of any such publication that is a weekly Canadian newspaper, when the total circulation thereof exceeds ten thousand copies an issue; and
- (d) in respect of any publication registered at a rate of postage set out in the table to Schedule II to the Rates of Postage Regulations for second class mail, when the paid circulation thereof becomes ordinarily less than fifty per cent of its total circulation.
- (2) Subject to subsections (3) and (4), where any event referred to in subsection (1) occurs, the registration of the publication shall cease to have effect on the commencement of the day on which issues of that publication are first posted after the event occurs.
- (3) Where any event referred to in paragraph (1)(a), (c) or (d) occurs, if, prior to the day mentioned in subsection (2),
- (a) an application for a new registration in the form set out in Schedule III is made under section 4, and

- (b) the new registration is granted under section 4 by the postal official to whom the application therefor was made,

the new registration shall be deemed to be in effect commencing on that day.

- (4) Where any change referred to in paragraph (1) (b) occurs, if prior to the day mentioned in subsection (2),

- (a) an application for a new registration in a form satisfactory to the Canada Post Corporation is made by the publisher to the Postmaster at the post office of mailing, and

- (b) the new registration is granted by a postal official,

the new registration shall be deemed to be in effect commencing on that day.

Appeals to the Chairman

- 6. (1) Where the publisher of a newspaper or periodical is dissatisfied with the decision of a postal official refusing to register the newspaper or periodical as second class mail pursuant to paragraph 4(4)(b), he may, within thirty days of the date of such refusal, by notice in writing to the postal official, appeal the decision to the Chairman.
- (2) The notice in writing referred to in subsection (1) shall contain any representations that the publisher wishes to make to the Chairman with respect to the appeal.
- (3) The postal official referred to in subsection (1) shall, immediately on receipt of the notice in writing referred to in that subsection, forward it to the Chairman, together with all information and material that was before the postal official at the time he refused to register the newspaper or periodical as second class mail.

- (4) Until the Chairman gives his decision on an appeal, any copies of the newspaper or periodical that is the subject of the appeal that are mailed shall be mailed at the third or fourth class rate, and the publisher shall keep a record, in a form and manner approved by the postmaster, at the post office of mailing, of any such copies so mailed.
- (5) Where the Chairman determines that a newspaper or periodical that is the subject of an appeal should be registered as second class mail, the newspaper or periodical shall be deemed to have been registered as second class mail as of the date the most recent application was received by the postal official and the publisher shall be reimbursed for any excess postage he has paid by reason of having mailed copies at the third or fourth class rate.
- (6) In determining the amount of reimbursement to which a publisher is entitled under subsection (5), the only record that shall be taken into account is that kept in the form and manner approved by the Postmaster at the post office of mailing pursuant to subsection (4).

Bona Fide Subscriber Defined

7. The expression "Bona Fide Subscriber" in respect of a Canadian newspaper or Canadian periodical means
- (a) any person who is a current subscriber for issues of the newspaper or periodical to be delivered to himself over a specified period of time, if he has paid the subscription price for such issues or is not more than three months in arrears; or
 - (b) any person, other than a person described in paragraph (a), who currently receives issues of the newspaper or periodical pursuant to a subscription therefor, if the price for the subscription has been paid or is not more than three months in arrears;
- but does not include

- (c) where the subscription price paid or payable by a subscriber for the newspaper or periodical is, when calculated on a yearly basis and after deducting an amount equal to the value of any premium, prize or other consideration given or offered by the publisher in connection with that subscription, less than fifty cents per year, such subscriber; or
- (d) where the subscription price is paid for on behalf of a subscriber by another person by way of advertising or otherwise to promote business or professional interests, such subscriber.

Approval of Post Offices for the Mailing
of Newspapers and Periodicals

- 8. (1) The publisher of a newspaper or periodical shall post his newspaper or periodical
 - (a) at the post office nearest to the place at which his main publishing activities are carried on; or
 - (b) where the publisher indicates in writing to the Canada Post Corporation that he wishes to post his newspaper or periodical at a post office other than that referred to in paragraph (a), such other post office if the Canada Post Corporation approves it in writing as a post office at which that newspaper or periodical may be mailed.
- (2) The Canada Post Corporation shall not approve a post office pursuant to paragraph (1) (b) for the mailing of a newspaper or periodical unless it is satisfied that the necessary facilities are available at that post office to permit proper handling of that newspaper or periodical.

Application of Rates of Postage

- 9. An item of second class mail shall be posted at the rate of postage set out for that item in the table to Schedule II to the Rates of Postage Regulations as determined in accordance with the rate categories referred to in section 10.

10. (1) The rate category applicable to a Canadian newspaper or periodical with an annual subscription price of \$0.50 or more and a paid circulation of not less than fifty per cent of its total circulation is as follows:
- (a) Rate 1 for a daily Canadian newspaper;
 - (b) Rate 2 for a weekly Canadian newspaper with a free area established pursuant to section 11; and
 - (c) Rate 3 for all other Canadian newspapers and periodicals.
- (2) The rate category applicable to a Canadian newspaper or periodical, except a Canadian periodical that is mailed to individuals on a mass distribution basis where such individuals have not requested that it be mailed to them, with an annual subscription price of less than \$0.50 or a paid circulation of less than fifty per cent of its total circulation is Rate 4 for all copies for delivery in Canada.
- (3) The rate category applicable to a newspaper or periodical that
- (a) is not a Canadian newspaper or periodical,
 - (b) has an annual subscription price of \$0.50 or more, and
 - (c) has a paid circulation of not less than 50 per cent of its total circulation
- is Rate 5 for all copies addressed to bona fide subscribers and newsdealers in Canada.
- (4) The rate category applicable to a newspaper or periodical that
- (a) is not a Canadian newspaper or periodical but the whole of the newspaper or periodical, other than advertisements, comic supplements or features, is printed in Canada,
 - (b) has an annual subscription price of \$0.50, or more, and

- (c) has a paid circulation of not less than 50 per cent of its total circulation

is Rate 6 for all copies for delivery in Canada.

- (5) The rate category applicable to a newspaper or periodical that is not a Canadian newspaper or periodical
 - (a) for the reason that the whole of the newspaper or periodical, other than advertisements, comic supplements and features, is not printed in Canada, and
 - (b) that was registered pursuant to section 4 before July 1st, 1981.

is Rate 4 for all copies for delivery in Canada.

- 11. Where a weekly Canadian newspaper is published and mailed in Canada in a city, town or village that has a population of not more than ten thousand persons, a total of 2,500 copies of each issue of the newspaper may be transmitted by mail free of postage to post offices with no letter carrier services that are within a distance of 65 km free area from the known place of publication of the issue in such city, town or village.

SCHEDULE II

APPLICATION OF CONDITIONS

1. Every condition set out hereafter in this Schedule applies to all second class mail referred to in Schedule II to the Rates of Postage Regulations unless it is otherwise indicated in the condition.

Enclosures

2. A newspaper or periodical may, without the requirement of additional postage, contain any of the following enclosures:
 - (a) a supplement that is identified as an integral part of the publication by the printing, on at least the first page thereof, of the full title and date of issue of the publication in which it is contained;
 - (b) a reproduction of a map, drawing or other like matter that illustrates reading matter in the publication;
 - (c) a printed circular or card soliciting subscriptions or renewals of subscriptions to publications of the publisher;
 - (d) a printed envelope addressed to the publishing office for use in subscribing to publications of the publisher;
 - (e) a statement of account or a receipt for a subscription from the publishing office;
 - (f) an advertising insert (including an advertising insert that is bound in, "tipped on" or loose) that is composed of paper, cellophane, foil, fabric or other material that has the general characteristics of paper, if
 - (i) the insert does not in any way affect the ease of handling of the publication,
 - (ii) the insert is attached to the publication or, if loose, has the title and date of issue of the publication printed on it, and

- (iii) where the insert is or includes a sample of a product, the sample is intended merely to indicate the nature of the product and is neither intended nor sufficient in quantity to be used as such product.

Preparation for Mailing

3. Second class mail shall be prepared for mailing in the following manner:

- (a) subject to paragraph (k), every item shall be wrapped or folded so that
 - (i) it can be easily examined, and
 - (ii) the address is readily visible when the item is wrapped or folded;
- (b) the address of the addressee shall be complete and, without restricting the generality of the foregoing, shall include the name and province of the post office of delivery, the addressee's name and postal code and, where applicable, his street number, street name, apartment or room number, post office box number and rural route number;
- (c) the address of the addressee shall be printed or typewritten in clear, bold type or shall be legibly written in ink of a colour that contrasts with the colour of the paper on which it is written;
- (d) where address labels are used, they shall be of a light colour such as white, pale yellow or beige;
- (e) the address of the addressee shall be placed on or affixed to the publication itself or to the wrapper thereof and shall not in any case be loose on the publication or so affixed to it that it is likely to become detached therefrom;
- (f) in the case of newspapers, the address of the addressee shall be located
 - (i) where a single copy of the newspaper is mailed unwrapped, at the upper left corner of the publication,

- (ii) where a single copy of the newspaper is mailed in a wrapper, on the outside of the wrapper or on the upper left corner of the publication, or
 - (iii) where several copies of the newspaper are wrapped or tied together in a bundle for mailing to a single addressee at one address, on the outside of the wrapper or on a label affixed to the bundle;
- (g) in the case of bound publications, the address of the addressee shall be located
- (i) where a single copy of the bound publication is mailed unwrapped, at a place where it may be easily read by a post office mail sorter when he holds the publication by the bound edge in his right hand,
 - (ii) where a single copy of the bound publication is mailed in a wrapper, on the outside of the wrapper or, if the copy is wrapped unfolded, on the outside of the wrapper or as required by subparagraph (i),
 - (iii) where several copies of the publication are wrapped or tied together in a bundle for mailing to a single addressee at one address, on the outside of the wrapper or on a label affixed to the bundle;
- (h) newspapers shall be folded in such a way that they can be readily sorted by a post office mail sorter into a newspaper sorting case without further folding;
- (i) copies of a publication shall be prepared for mailing in accordance with the Mail Preparation Regulations;
- (j) where copies of a publication are entitled to be transmitted free of postage by reason of section 11, any copies of that publication for free transmission shall be separated into groups according to whether they are for delivery to post office boxes, for general delivery or for delivery on the same rural mail delivery route; and

(k) an envelope that contains second class mail and does not exceed

- (i) 150 mm in width,
- (ii) 255 mm in length,
- (iii) 5 mm in thickness, and
- (iv) 50 g in weight

shall be fully sealed and identified as set out in paragraph 9(c) of this Schedule.

4. Second Class Mail items prepared in accordance with paragraph 3(k) are subject to postal inspection.

Limits of Size of Weight

5. No publication shall be prepared for mailing in such a way that its length after being so prepared is less than 14 cm or its breadth less than 9 cm.

Hours of Delivery to the Post Office

6. Where a publisher wishes to mail copies of a newspaper or periodical, he shall deliver the copies to the post office specified in section 8 of these Regulations during the period that that post office is ordinarily open for business or at such other time as may be approved by the postmaster at that post office.

Statement of Mailing

7. Where a publisher delivers copies of a newspaper or periodical to a post office for mailing, he shall provide to the postmaster at the post office

(a) a written statement containing such information as is necessary

- (i) to show that the publication meets the requirements for mailing as second class mail, and
- (ii) to enable the postmaster to make an accurate determination of the postage payable for mailing the newspaper or periodical;

- (b) one copy of the newspaper or periodical; and
- (c) such documents and records or copies thereof and such other information as the postmaster may request for the purpose of verifying the information given in the statement referred to in paragraph (a).

Payment of Postage

- 8. (1) Subject to subsection (2), the postage for mailing an item of second class mail shall be paid in cash at the time the item is mailed.
- (2) Where
 - (a) it is not practicable to compute or pay the postage for mailing an item of second class mail at the time the item is mailed, and
 - (b) the publisher of the item has prepaid the postage by depositing in advance with the postmaster at the post office where the item is to be mailed an amount of money sufficient to cover payment of the postage,the publisher is exempt from the requirement of subsection (1) in respect of that item.

Identification of Newspapers and Periodicals
Posted by Canadian Publishers

- 9. A newspaper or periodical shall be identified as second class mail by having printed prominently
 - (a) on each section of every issue
 - (i) the full title,
 - (ii) the place of publication, and
 - (iii) the date of issue;
 - (b) in its masthead or on one of the first five pages if the masthead does not appear in the first five pages, or on the back cover if the address of the addressee appears thereon

- (i) the words "Second Class Mail Registration No. " (number to be assigned by the Canada Post Corporation).
- (ii) the address to which changes of address notices, undeliverable copies and orders for subscriptions are to be sent, and
- (iii) the words "Return Postage Guaranteed" if the publisher desires the return of undeliverable copies (the third or fourth class rates of postage are applicable on the returned copies); and

on the envelope or wrapper in which it is enclosed

- (i) the full title,
- (ii) the words "Second Class Mail Registration No. " (number to be assigned by the Canada Post Corporation),
- (iii) the address to which changes of address notices, undeliverable copies and orders for subscriptions are to be sent, and
- (iv) the words "Return Postage Guaranteed", if the publisher desires the return of undeliverable copies.

APPENDIX "3"

**SUBSECTION 11(4) OF THE POST OFFICE ACT
AS AMENDED BY CHAPTER 5 OF THE STATUTES
OF CANADA, 1968**

11(4) In this section

"Canadian newspaper" or "Canadian periodical" means a regular or special issue of a newspaper or periodical, as the case may be,

- (a) the type of which, other than the type for advertisements, comic supplements or features, is set in Canada.
- (b) the whole of which, other than advertisements, comic supplements or features, is printed in Canada,
- (c) that is edited in Canada by individuals ordinarily resident in Canada, and
- (d) that is published in Canada,

but does not include an issue of newspaper or periodical described in paragraphs (a) to (d) where

- (e) such issue is produced or published under a licence from a person who produces or publishes issues of a newspaper or periodical that are printed, edited or published outside Canada, or
- (f) the contents of such issue, excluding advertisements, comic supplements and features, are substantially the same as some or all of the contents of one or more issues of one or more newspapers or periodicals that are not first edited in Canada and are printed or published outside Canada;

"daily Canadian newspaper" means a Canadian newspaper that is ordinarily published more frequently than once a week;

"weekly Canadian newspaper" means a Canadian newspaper

- (a) that is ordinarily published once a week,

- (b) that is intended primarily for the residents of a city, town or village and its surrounding community,
- (c) a substantial portion of each issue of which consists of news or other articles with respect to events and activities of interest primarily to the residents referred to in paragraph (b) for which it is primarily intended, and
- (d) the total circulation of which does not exceed ten thousand copies an issue.

APPENDIX "4"

REGULATIONS RESPECTING REQUIREMENTS FOR
THE PREPARATION OF MAIL TO QUALIFY FOR
SPECIAL POSTAGE RATES

AMENDED 23 FEBRUARY 1979

Short Title

1. These Regulations may be cited as the Mail Preparation Regulations.

Interpretation

2. In these Regulations,

"forward sortation area" or "FSA" means a specific geographical area identified by an FSA code;

"forward sortation area code" or "FSA code" means the first three characters of a postal code;

"item" means an item to be sent by mail;

"minimum number" means

- (a) in the case of second class mail, 6 items,
- (b) in the case of third class mail, 10 items,
- (c) in the case of fourth class mail, 4 items;

"postal code" means a six character alpha-numeric combination assigned to one or more postal addresses that designates a specific delivery area;

"postal consolidation point" means a postal facility designated for the receipt of bundled or bagged mail for a specific geographical area;

"rural FSA code" means an FSA code the second character of which is the numeral "0";

"urban FSA code" means an FSA code the second character of which is any numeral other than "0".

Application

3. These Regulations apply to the following mailable matter:
- (a) second class mail, as defined in the Second Class Mail Regulations;
 - (b) domestic third class mail, as defined in the Third Class Mail Regulations, that is eligible for the quantity mailing rate set out in subsection 2(1) of Schedule I to those Regulations; and
 - (c) domestic fourth class mail, as defined in the Fourth Class Mail Regulations, that is eligible for the quantity mailing rate set out in column I of item 2 of Schedule A to those Regulations.

Postal Code Requirement

4. (1) Not less than 85% of items posted by one person at one time shall bear the postal code of the addressee.
- (2) Items not bearing a postal code shall
- (a) where there are at least the minimum number of items for delivery at one post office, be securely wrapped, packaged or tied together in one or more bundles with all items facing the same way so that the address of the top item only of each bundle is visible; and
 - (b) where there are fewer than the minimum number of items for delivery at one post office, be separated, bundled and labelled according to province of delivery.

Sortation and Bundling

5. Items bearing urban FSA codes, shall
- (a) where there are at least the minimum number of items bearing the same urban FSA code, be securely wrapped, packaged or tied together in one or more bundles with all items facing the same way so that the address of the top item only of each bundle is visible; and

- (b) where there are fewer than the minimum number of items bearing the same urban FSA code, but there are at least the minimum number of items for delivery to more than one urban FSA at the same post office, be securely wrapped, packaged or tied together in one or more bundles with all items facing the same way except the top item, which shall be faced in so that no address is visible, and the name of the post office of delivery shall be placed on each bundle.

6. Items for delivery at post offices other than the post office at which they are deposited bearing rural FSA codes shall,

- (a) where there are at least the minimum number of items bearing the same complete postal code, be securely wrapped, packaged or tied together in one or more bundles with all items facing the same way so that the address of the top item only of each bundle is visible;
- (b) where there are fewer than the minimum number of items bearing the same complete postal code, but there are at least the minimum number of items bearing the same rural FSA code, be securely wrapped, packaged or tied together in one or more bundles with all items facing the same way except the top item, which shall be faced in so that no address is visible, and the name of the appropriate postal consolidation point shall be placed on each bundle; and
- (c) where there are fewer than the minimum number of items bearing the same rural FSA code, but there are at least the minimum number of items bearing the same initial character in the postal code, be securely wrapped, packaged or tied together in one or more bundles with all items facing the same way except the top item, which shall be faced in so that no address is visible, and the name of the appropriate postal consolidation point shall be placed on each bundle.

7. Items for delivery at the post office at which they are deposited whose postal codes contain rural FSA codes shall,
 - (a) where there are at least the minimum number of items for any or all of general delivery service, lock box service, suburban service or rural route service, be securely wrapped, packaged or tied together in one or more bundles with all items facing the same way except the top item, which shall be faced in so that no address is visible, and the appropriate delivery service shall be indicated on each bundle; and
 - (b) where there are fewer than the minimum number of items for one or more of the delivery services referred to in paragraph (a), be securely wrapped, packaged or tied together in a mixed bundle with all items facing the same way except the top item, which shall be faced in so that no address is visible.
8. Where there are enough items for a specific area of delivery to fill at least one third of a post office mail bag, or if the postmaster requests that a lesser volume be placed in each bag, the items shall be bagged and addressed to the appropriate destination by means of a securely attached label.

Limits of Size and Weight

9. Where a number of items are packaged in a bundle, the height of the bundle, when its longest dimension is vertical, plus the distance around its base shall not exceed 2 m.
10. Where items are mailed in a post office mail bag, the total weight of the bag and its contents shall not exceed 30 kg.

APPENDIX B

- 1. Second Class Rate Code 3**
- 2. Second Class Rate Code 4**
- 3. Third Class Addressed**
- 4. Third Class Unaddressed**

RATE CODE 3

- (1) All copies addressed to bona fide subscribers and newsdealers in Canada:

22.5¢ per kg or fraction thereof

(Minimum postage per individually addressed item - 4.5¢ - when the single item weight is 200 g or less)

- (2) All other copies for delivery in Canada: (non-subscriber copies)

2.9¢ per copy plus 78¢ per kg or fraction thereof

(Minimum postage per individually addressed item - 6.8¢ - when the single item weight is 50 g or less)

Unaddressed copies in bundles:

2.9¢ per bundle plus 78¢ per kg or fraction thereof

(Minimum postage per individually addressed bundle - 6.8¢ - when the weight of a bundle is 50 g or less)

- (3) All copies for delivery to all other countries including U.S.A.:

Up to 20 g	\$.20
Over 20 g up to 50 g	\$.26
Over 50 g up to 100 g	\$.43
Over 100 g up to 250 g	\$.78
Over 250 g up to 500 g	\$1.40
Over 500 g up to 1 kg	\$2.78
Over 1 kg up to 2 kg	\$3.87

Maximum weight - 2 kg

Direct Bags - Surface only

\$2.78 for first kg plus
\$2.05 for each kg or fraction thereof,
to each separate address up to a
maximum of 30 kg

CODE TARIFAIRE 3

- (1) Tous les exemplaires adressés à des abonnés véritables et à des marchands de journaux au Canada:

22.5¢ par kg ou fraction en sus

(Affranchissement minimal par objet portant une adresse distincte - 4.5¢ - lorsque l'envoi pèse 200 g ou moins)

- (2) Tous les autres exemplaires pour livraison au Canada: (exemplaires aux non-abonnés)

2.9¢ par copie plus 78¢ par kg ou fraction en sus

(Affranchissement minimal par copie portant une adresse distincte - 6.8¢ - lorsque la copie pèse 50 g ou moins)

Exemplaires sans adresse en liasses:

2.9¢ par liasse plus 78¢ par kg ou fraction en sus

(Affranchissement minimal par liasse portant une adresse distincte - 6.8¢ - lorsque la liasse pèse 50 g ou moins)

- (3) Tous les exemplaires pour livraison dans tous les autres pays y compris les É.-U.:

Jusqu'à 20 g	\$.20
au dessus 20 g jusqu'à 50 g	\$.26
au-dessus 50 g jusqu'à 100 g	\$.43
au-dessus 100 g jusqu'à 250 g	\$.78
au-dessus 250 g jusqu'à 500 g	\$1.40
au-dessus 500 g jusqu'à 1 kg	\$2.78
au-dessus 1 kg jusqu'à 2 kg	\$3.87

Poids maximum - 2 kg

Sacs directs - Surface seulement

\$2.78 pour le premier kg plus
\$2.05 par kg ou fraction en sus, pour
chaque adresse distincte jusqu'à
un maximum de 30 kg

EFFECTIVE ON AND AFTER 24 JUNE 1985

R A T E C O D E 4

(1) All copies for delivery in Canada:

2.9¢ per copy plus 78¢ per kg or
fraction thereof

(Minimum postage per individually
addressed item - 6.8¢ - when the single
item weight is 50 g or less)

Unaddressed copies in bundles:

2.9¢ per bundle plus 78¢ per kg or
fraction thereof

(Minimum postage per individually
addressed bundle - 6.8¢ - when the
weight of a bundle is 50 g or less)

**(2) All copies for delivery to all other
countries including U.S.A :**

Up to	20 g	\$.20
Over	20 g up to 50 g	\$.26
Over	50 g up to 100 g	\$.43
Over	100 g up to 250 g	\$.78
Over	250 g up to 500 g	\$1.40
Over	500 g up to 1 kg	\$2.78
Over	1 kg up to 2 kg	\$3.87

Maximum weight - 2 kg

Direct Bags - Surface only

\$2.78 for first kg plus
\$2.05 for each kg or fraction thereof,
to each separate address up to a
maximum of 30 kg

EN VIGUEUR À COMPTER DU ET APRÈS LE 24 JUIN 1985

C O D E T A R I F A I R E 4

**(1) Tous les exemplaires pour livraison au
Canada:**

2.9¢ par copie plus 78¢ par kg ou
fraction en sus

(Affranchissement minimal par copie portant
une adresse distincte - 6.8¢ - lorsque la
copie pèse 50 g ou moins)

Exemplaires sans adresse en liasses:

2.9¢ par liasse plus 78¢ par kg ou
fraction en sus

(Affranchissement minimal par liasse
portant une adresse distincte - 6.8¢ -
lorsque la liasse pèse 50 g ou moins)

**(2) Tous les exemplaires pour livraison dans
tous les autres pays y compris les E.-U.:**

Jusqu'à	20 g	\$.20
au dessus	20 g jusqu'à 50 g	\$.26
au-dessus	50 g jusqu'à 100 g	\$.43
au-dessus	100 g jusqu'à 250 g	\$.78
au-dessus	250 g jusqu'à 500 g	\$1.40
au-dessus	500 g jusqu'à 1 kg	\$2.78
au-dessus	1 kg jusqu'à 2 kg	\$3.87

Poids maximum - 2 kg

Sacs directs - Surface seulement

\$2.78 pour le premier kg plus
\$2.05 par kg ou fraction en sus, pour
chaque adresse distincte jusqu'à
un maximum de 30 kg

APPENDIX B.3
Third Class Addressed

QUANTITY THIRD CLASS RATE OF POSTAGE

CONDITIONS OF MAILING AND INSTRUCTIONS

Addressed third class mailing pieces will be accepted at the quantity rate of postage providing the mailer fulfills the following conditions of mailing.

ACCEPTABLE at the quantity rate of postage are those items of domestic Third Class Mail which:

- are addressed to specific addresses in Canada
- consist of 5000 or more identical pieces for delivery within one province or 10,000 or more identical pieces for delivery within more than one province
- are prepared according to conditions outlined in the National Distribution Guide.

EXCEPTIONS

- a lesser quantity of pieces is acceptable if the total postage paid is equal to the postage payable for 5,000 for one province or 10,000 pieces nationally
- mailings consisting of non-identical pieces may be posted at a rate of postage prescribed in an agreement a customer has entered into with the Corporation.
- * All mailings qualifying at exceptions will be posted under the Postage-Paid-in-Cash system.

APPLICATION for the quantity rate of postage will be made to Canada Post at the office of mailing on form No. 41-012-217 (4-81).

Approved applicants will be issued a quantity third class mailing permit number, to allow the mailer to pay postage under the postage-paid-in-cash system.

CONDITIONS OF ACCEPTANCE:

Postage

Rates of Postage:

Quantity rates of postage for Third Class mail:

- a) 15¢ per piece up to 50 grams
- b) 6.2¢ per piece plus \$1.76 per kilogram or fraction thereof, calculated on total weight of shipment, over 50 grams

Size Requirements:

Maximum 38 cm in length

27 cm in width

2 cm in thickness

Minimum 10 cm x 7 cm x 0.18 mm

Postage will be paid at the time of mailing by one of the following methods:

- 1) Postage meter impressions
 - 2) by cash or certified cheque under the Postage-Paid-in-Cash Permit System
- * Items weighing over 50 grams will be paid under the Postage-Paid-in-Cash System.

Mailing: each quantity rate mailing will be:

- 1) delivered to the office of mailing at a scheduled time mutually agreeable between the mailer and Canada Post at the time of application
 - 2) accompanied by the mailers permit and a completed statement of mailing (form No.: 41-012-103 (64-B))
 - 3) checked by the accepting Post Office to ensure that the mailing conforms to the conditions set forth in this guideline.
- * Improperly prepared quantity rate mailings will be, at the option of the sender:
- a) paid at standard first class rates of postage
- or
- b) returned to the mailer for proper preparation.

Acceptance of a permit to mail at the quantity rate of postage, acknowledges that the mailer is aware of the conditions of mailing set forth in this document and agrees to pay standard first class rates of postage for each mailing not meeting these conditions.

PREPARATION REQUIREMENTS:

Labelling: marked on each item mailed at the quantity rate of postage is to be printed the words "Bulk" and/or "en nombre". This endorsement may appear in the postage meter slug, or postage-paid-in-cash indicia.

Postal Codes: Valid postal codes must appear on 100% of the mailing to qualify for the quantity rate of postage.



Canada
Post

Postes
Canada

Rates of postage householder mailing

(effective JUNE 24, 1985)

- 1** From a main post office or a postal station in a letter carrier delivery area to the same main post office or postal station—
THE GREATER OF
5.1¢ per item plus 40¢ per kg or fraction thereof calculated on the total weight of the mailing
OR
7.1¢ per item. minimum. up to 50g
- 2** From any post office in Canada to any other post office in Canada—
THE GREATER OF
6.1¢ per item plus 42¢ per kg or fraction thereof calculated on the total weight of the mailing
OR
8.2¢ per item. minimum. up to 50g
- 3** From a non-letter carrier delivery post office to the same post office—
THE GREATER OF
4.3¢ per item plus 42¢ per kg or fraction thereof calculated on the total weight of the mailing
OR
6.4¢ per item. minimum. up to 50g
- 4** "Householder Reduced Rates
Mallers of unaddressed printed matter and sample householders may qualify for a reduced rate of postage, as described in Section 45.50 of the Canada Postal Guide.

Please contact your local post office for details on who can qualify and how to apply for this rate."

METHODS OF PAYMENT

POSTAGE-PAID-IN-CASH METHOD

A permit number can be obtained from the post office in advance of the mailing. A cash payment equal to the cost of the mailing would be paid on account before or at the time of the mailing. This permit allows the advertiser to mail the householders without affixing postage. Subsequent mailings could be made under the same number for customer convenience.

POSTAGE

Payment can also be made by

- precancelled postage stamp on each piece;
- postage meter impression on each piece;
- cash under the postage-paid-in-cash permit system;
- postage stamps, postage meter, or postage register impressions of large denominations may be affixed to Copy 1 of Form 33-086-065 (one for each postal installation).

Postage would be brought to the post office with the householder mailings.

PAYMENT MUST BE MADE IN CASH OR
CERTIFIED CHEQUE PAYABLE TO THE
CANADA POST CORPORATION.

Canada

APPENDIX C.1

**Postal Subsidy Study - Interview Schedule for (Cultural)
Periodical Publishers**

APPENDIX C.1

Postal Subsidy Study - Interview Schedule for (Cultural) Periodical Publishers

Periodical Name: _____
Publisher Name: _____
Address of Publisher: _____
Telephone Number: _____
Name of Contact: _____

Introduction - Purpose of interview

1. Could you please describe your periodical/journal considering such things as:

- Content
- Frequency of publication
- Format (size, weight, etc)
- Years published
- Price - to subscriber
- single copy

2. What would be the circulation of this periodical/journal?

Total: _____

by Cdn. regions = _____
 ATL Quebec Ontario Prairies B.C.

Foreign = _____ (U.S. only)

3. Who are the major subscribers of this periodical/journal (i.e. percentage breakdowns of)

institutions = _____

individuals = _____

4. What percentage of circulation is:
- sent by mail - 2nd class _____
 - other _____
 - single copy sales (bookstores, newstands) _____

5. What would you estimate are your total annual postal costs? _____
- second class costs _____

- 6a) Does this periodical carry advertising?

- b) If so, what are the rates?

Colour: _____

B&W: _____

And now, I would like to ask a few questions about the revenues and expenditures of this publication.

7. What would you estimate are the amounts for each of the following?

Subscription revenues _____

Single copy sales revenues _____

Advertising revenues _____

(if applicable) _____

Total revenues _____

Total expenditures _____

Finally, as we are trying to determine the impacts over time of postal rate increases on publications such as yours, we would like to try to compile a data base with information on an annual basis going back to 1975. Would it be possible to obtain this information about (publication name)? If so, how?

APPENDIX C.2
Questionnaires

APPENDIX C.2

Publication Name _____

Dimensions _____ x _____ mm

or

_____ x _____ inches

Weight _____ gms or _____ ozs.

Year established _____

No. of issues per year _____

If there have been any significant changes in your periodical's format since 1974, please note them below and the year in which they occurred.

Publisher's Name _____

No. of Publications Published
(including this one) _____

Total Circulation of **ALL** Publications _____

Type of Organisation _____

CIRCULATION

1984 1983 1982 1981 1980 1979 1978 1977 1976 1975

Total

Total Canadian

Atlantic Provinces

Quebec

Ontario

Prairie Provinces

British Columbia

Yukon & NWT

United States

Other

PRICE

Yearly Subscription

Single Copy

SALES

Subscription: Canada

Subscription: United States

Single Copy: Canada

Single Copy: United States

DISTRIBUTION (POSTAL)

% by Direct Mail

Total Postal Costs

REVENUES

Total

Subscription Sales

Single Copy Sales

Advertising

ADVERTISING RATES*

Black and White

Colour

TOTAL EXPENDITURES

We greatly appreciate your assistance in this matter. If you have any comments you feel are relevant to the study please note them below.

* Based on full page one-time advertisement.

APPENDIX D

List of Periodicals in the Canadian Sample

APPENDIX D

BUSINESS

<u>Title</u>	<u>Postal Category</u>	<u>Publisher Name</u>	<u>Address/Phone</u>	<u>Issues per yr (1984)</u>	<u>Subscription Price (1984)</u>
Marketing	3	Maclean Hunter	777 Bay St. Toronto, Ont. (416) 596-5858	52	\$34/yr
Cdn Automotive Trade	4	Maclean Hunter	"	6	\$231/yr
Cdn Building	4	Maclean Hunter	"	9	\$ 23/yr
CA Magazine	3	The Cdn Institute of Chartered Accountants	150 Bloor St. W. Toronto, Ont. (416) 962-1242	12	\$ 20/yr
Financial Times of Canada	3	Division of Southam Inc.	Toronto, Ont. (416) 922-1133	52	\$ 20/yr
Computing Canada	4	Plesman Publica- tions Ltd.	Toronto, Ont. (416) 497-9562	26	\$ 25/yr
The Canadian Journal of Public Health	3	Cdn Public Health Assn.	Suite 210 1335 Carling Ave Ottawa, Ont. (613) 725-3769	6	\$ 28/yr
The Graphic Monthly	4	North Island Sound Ltd.	Mississauga, Ont. (416) 625-7070	6	\$ 18/yr outside
Cdn Travel News	4	Southam Communica- tions Ltd.	Don Mills, Ont. (416) 445-6641		\$26.50/yr
La Terre de Chez Nous	3	The Agricultural Producers' Union	Longueuil, Qué. (514) 679-0530	52	\$ 14/yr
Farm & Country	3	Agricultural Publishing Co. Ltd.	Suite 700 750 Yonge St. Toronto, Ont. M4W 2J4	18	\$ 12/yr

BUSINESS (cont'd)

<u>Title</u>	<u>Postal Category</u>	<u>Publisher Name</u>	<u>Address/Phone</u>	<u>Issues per yr (1984)</u>	<u>Subscription Price (1984)</u>
Canadian Medical Assn. Journal	3	not given	1867 Alta Vista Dr. Ottawa, Ont. K1G 2Y2	24	not given
Canadian Occupational Safety	4	not given	222 Argyle Ave. Delhi, Ont. N4B 2Y2	6	\$ 5/yr
The Advocate	3	Vancouver Bar Assn.	4765 Pilot House Rd. West Vancouver, B.C. V7W 1J2	6	\$ 15/yr
Canadian Travel Press	4	Baxter Publishing Co.	310 Dupont St. Toronto, Ont. M5R 1V9	6	\$ 20/yr
Engineering Digest	4	Cdn Engineer Publishers Ltd.	111 Peter St. Suite 411 Toronto, Ont. M5V 2W2	10	not given
OCA Magazine	4	OCA Canada Publi- cations	Suite 740 1176 West Georgia Vancouver, B.C. VGE 4A2	12	\$ 18/yr
Butter-Fat	4	Fraser Valley Milk Producers	Box 9100 Vancouver, B.C. V6B 4G4	6	\$ 8/yr
Bâtiment	4	Macleam-Hunter	777 Bay St. Toronto, Ontario M5W 1A7	6	\$ 20/yr
Canadian Grocer	4	Macleam-Hunter	"	12	\$ 28/yr
Canadian Doctor	4	Southam Communi- cations	1450 Don Mills Don Mills, Ont. M3B 2X7	10	\$ 33/yr

CONSUMER

<u>Title</u>	<u>Postal Category</u>	<u>Publisher Name</u>	<u>Address/Phone</u>	<u>Issues per yr (1984)</u>	<u>Subscription Price (1984)</u>
Saturday Night	3	Saturday Night Publications	Toronto, Ont. (416) 365-9510	12	\$ 21/yr
Canadian Forum	3	The Survival Foundation	Toronto, Ont. (416) 364-2431	10	\$ 18/yr
Canadian Geographic	3	The Royal Canadian Geographic Society	Ottawa, Ont. (613) 236-7493	6	\$ 18/yr
Macleans	3	Macleam-Hunter Ltd.	Toronto, Ont. (416) 596-5311	52	\$ 32.50/yr
Canadian Sportsman	3	Bruce Johnston	Tillsonburg, Ont. (519) 842-4824	52	\$ 30/yr
Toronto Life Magazine	3	Key Publishers Ltd.	Toronto, Ont. (416) 364-3333	12	\$ 20/yr
Chatelaine (English)	3	Macleam-Hunter	Toronto, Ont. (416) 596-5422	12	\$ 12/yr
Chatelaine (French)	3	Macleam-Hunter	Montreal, Que. (514) 845-5141	12	\$ 12/yr
L'actualité	3	Macleam-Hunter	Toronto, Ont. (416) 596-5311	12	\$ 12/yr
Moto Journal	3	not given	411 Richmond St.E. Suite 102 Toronto, Ont. M5A 3S5	12	\$ 14.95/yr

CONSUMER (cont'd)

<u>Title</u>	<u>Postal Category</u>	<u>Publisher Name</u>	<u>Address/Phone</u>	<u>Issues per yr (1984)</u>	<u>Subscription Price (1984)</u>
Western Canada Outdoors	3	McIntosh Publishing Co. Ltd.	P.O. Box 430 North Battleford Sask. S9A 2Y5	6	\$ 6/yr
Outdoor Canada	3	Outdoor Canada Magazine Ltd.	953A Eglinton Ave.E. Toronto, Ont. M4G 4B5	8	\$ 11.77/yr
Canadian Living	3	TV Guide Inc.	50 Holly St.	13	\$ 1.49/copy yearly not given
T.V. Hebdo	3	Editions Telemedia	Ste. 1100 1001 de Maisonneuve Blvd. E. Montreal, Quebec H2L 4P9	52	\$31/yr
Decoration Chez Soi	3	Les Editions Le Nordée	100 Dresden Ave. Town of Mount Royal, Quebec, H3P 2B6	12	\$24/yr
Les Maisons du Quebec	3	Les Editions Le Nordée	100 Dresden Ave. Town of Mount Royal, Quebec, H3P 2B6	4	\$12/yr
Rénovation Bricolage	3	Les Editions Le Nordée	100 Dresden Ave. Town of Mount Royal, Quebec, H3P 2B6	12	\$24/yr
Ontario Out of Doors	3	Magnus Publishing	Ste. 202 3 Church St. Toronto, M5H 1M2	10	\$20/yr
Reader's Digest	3	Reader's Digest Magazines	215 Redfern Ave. Montreal, M3Z 2V9	12	\$17/yr
Québec Science	3	Les Presses de l'Université du Que.	C.P. 250 Sillery, Quebec G1T 2R1	12	\$25/yr
Legion Magazine	3	Canvet Publications Ltd.	Ste. 504, 359 Kent Ottawa, K2P 0R6	12	\$2.40/yr
Pacific Yachting	3	Maclean Hunter Ltd.	Ste. 202, 1132 Hamilton St. Vancouver, V6B 2S2	12	\$23/yr
Flare	3	Maclean Hunter Ltd.	777 Bay St. Toronto, Ont.	12	\$14/yr

SCHOLARLY/EDUCATION

<u>Title</u>	<u>Postal Category</u>	<u>Publisher Name</u>	<u>Address/Phone</u>	<u>Issues per yr (1984)</u>	<u>Subscription Price (1984)</u>
Chimo	4	Frederick F. Kirkwood Associates Inc.	Montreal, Que (514) 284-9111	8 12	\$ 24/yr
Canadian Historical Review	3	University of Toronto Presss	Toronto, Ont. (416) 978-6739	4	\$ 20/yr indiv. \$ 35/yr instit
Scholarly Publishing	3	University of Toronto Press	Toronto, Ont. (416) 978-6739	4	\$ 30/yr
Canadian Journal of Economics	4	University of Toronto Press	Toronto, Ont. (416) 978-6739	4	\$ 35/yr mbr \$ 55/yr ins
Canadian Public Policy	3	University of Guelph	Room 41 Arts Building University of Guelph N1G 2W1	4	\$ 22/yr
Queen's Quarterly	3	University of Queen's	Queen's University Kingston, Ont. K7L 3N6	4	\$ 12/yr
University Affairs	4	Association of Universities and Colleges of Canada	151 Slater St. Ottawa, Ont. K1P 5N1	10	\$ 8.50/yr
Canadian Journal of Mathematics	4	University of Toronto Press	5201 Dufferin Downsview, Ont. M3H 5T8	6	\$ 64/yr non-members \$ 32/yr members
Canadian Research	4	Maclean Hunter Ltd.	777 Bay Street Toronto, Ont.	8	\$24/yr

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Canadian Journal of Education (bilingual)	4	Cdn. Society for the Study of Education	63A St-George St. Toronto, Ont. M5S 1A6	4	\$ 40/yr
Canadian Public Adminis- tration (bilingual)	3	Institute of Public Administration of Canada	897 Bay St. Toronto, Ont. M5S 1Z7	4	\$ 40/yr

ARTISTIC/LITERARY

<u>Title</u>	<u>Postal Category</u>	<u>Publisher Name</u>	<u>Address/Phone</u>	<u>Issues per yr (1984)</u>	<u>Subscription Price (1984)</u>
Cinema Canada	4	Cinema Canada Magazine Foundation	Outremont, Que. (514) 272-5354	12	\$ 22/yr
Performing Arts in Cda	3	Canadian Stage & Arts Publications	Toronto, Ont. (416) 921-2601 (416) 921-5188	4	\$ 5/yr
Photo Life	3	Camar Publications Inc.	Markham, Ont. (416) 475-8440	12	\$ 17.95/yr
Vanguard	4	Vancouver Art Gallery	Vancouver (604) 682-5621	9	\$ 21/yr
Canadian Author and Bookman	3	Canadian Authors Association	24 Ryerson Ave Toronto, Ont. M5T 2P3	4	\$ 8/yr
Opera Canada	3	Canadian Opera	35-39 Front E. Toronto, Ont. M5E 1B3	4	\$ 12/yr
Arts West	3	Western Emerging Arts Ltd.	P.O. 8243 Stn F Calgary T2J 2V4	10	\$ 15/yr
Impulse	4	Garnet Eldon	401A Spadina Toronto, Ont. M5T 2G6	4	\$ 10/yr
Camera Canada	4	National Assoc. Photograph	22 Abbeville Rd. Scarborough, Ont. M5T 2G6	4	\$ 12/yr
Books in Canada	4	Canadian Review of Books	366 Adelaide St. E. Toronto, M5A 3X9	10	\$ 10/yr
Canadian Collector	4	Canadian Antiques & Fine Arts Society	Ste. 406, 27 Carleton Toronto, M5B 1L2	6	\$ 10/yr
The Quill and Quire	3	Key Publishers	Ste. 213, 56 The Esplanade Toronto, M5E 1A7	12	\$ 38/yr

ARTISTIC/LITERARY

* ON POSTAL LIST/NOT ON CARD *

<u>Title</u>	<u>Postal Category</u>	<u>Publisher Name</u>	<u>Address/Phone</u>	<u>Issues per yr (1984)</u>	<u>Subscription Price (1984)</u>
Canadian Literature	3	University of B.C. Publications Centre	Publications Centre U.B.C. Vancouver, B.C. V6T 1W5	4	\$ 20/yr
Grain	4	Saskatchewan Writers Guild	P.O. Box 1184 Regina, Sask. S4P 3B4	4	\$ 6/yr
Canadian Theatre Review	4	CIR Publications	5201 Dufferin St. Downsview, Ont. M3H 5T8	4	\$ 14/yr
Continuo	3	Redsell Matthew James	6 Dartnell Ave. Toronto, Ont. M5R 3A4	11	\$ 12/yr
Artviews	4	Visual Arts Ontario	417 Queen's Quay West Toronto, Ont. M5V 1A2	50	\$ 15/yr

RELIGIOUS

<u>Title</u>	<u>Postal Category</u>	<u>Publisher Name</u>	<u>Address/Phone</u>	<u>Issues per yr (1984)</u>	<u>Subscription Price (1984)</u>
United Church Observer	3	United Church of Canada	Toronto, Ont. (416) 925-5354	12	\$ 10/yr
The Anglican	3	Diocese of Toronto Anglican Church of Canada	Toronto, Ont. (416) 363-6021	10	\$ 4/yr
The Catholic Register	3	Canadian Register Ltd.	Toronto, Ont. (416) 362-6822	52	\$ 14.50/yr
The Christian Inquirer	4	International Christian Communi- cations Inc.	Niagara Falls, Ont. (416) 357-2991	11	\$ 12/yr
The Gospel Herald	3	Gospel Herald Foun- dation	Beamsville, Ont. (416) 563-7503	12	\$ 7.50/yr
Mennonite Brethren Herald	3	Christian Press Ltd.	Winnipeg, Man. (204) 667-3560	26	\$ 14/yr
The New Freeman	3	New Freeman Ltd.	Saint John, N.B. (506) 652-3667	52	\$ 11/yr
L'Oratoire	3	Fathers of Holy Cross of St. Joseph's Oratory of Mount Royal	Montreal, Que. (514) 733-8211	6	\$ 4/yr
The Shepherd	3	The Evangelical Lutheran Church of Canada	Saskatoon, Sask.	11	\$ 6/yr
Canadian Churchman	3	not given	600 Jarvis St. Toronto, Ont. M4Y 2J6	11	\$ 4/yr
Huron Church News	3	Anglican Diocese of Huron	476 Richmond London, ONT. N6A 3E6	12	\$ 4/yr
The Canadian Baptist	3	Baptist Convention of Ontario & Quebec	217 St. George St. Toronto, Ont. M5R 2M2	22	\$ 8/yr
Diocesan Times	3	Diocesan Times Pub- lishing Co.	5732 College Halifax, N.S. B3H 1X3	11	\$ 3/yr

RELIGIOUS (cont'd)

<u>Title</u>	<u>Postal Category</u>	<u>Publisher Name</u>	<u>Address/Phone</u>	<u>Issues per yr (1984)</u>	<u>Subscription Price (1984)</u>
Western Catholic Reporter	3	Great Western Press Ltd.	10562 - 109 St. Edmonton, Alb. T5H 3B2	50	\$ 15/yr
Prairie Messenger	3	Order of St. Benedict	Box 10 Muenster, Sask. S0K 2Y0	52	\$ 14/yr
Pentecostal Testimony	3	Pentecostal Assembly of Canada	10 Overlea Blvd. Toronto, Ont. M4H 1A5	12	\$ 9/yr
Atlantic Baptist	3	United Baptist Convention	Box 256 Kentville, N.S. B4N 3X9	12	\$ 6.50/yr

APPENDIX E

U.S. - Canada Postal Study - Data Capture Specifications

APPENDIX E

U.S. - Canada Postal Study - Data Capture Specifications

<u>Variable</u>	<u>Record Number</u>	<u>Number of Fields</u>	<u>Fields</u>	<u>Comments</u>
Publication identifier	1	3	1-3	
Record Number	1	1	4	
Canada/U.S. Code	1	1	5	
Publication type	1	1	6	5 categories
Postal classification	1	2	7-8	U.S./Cdn concessionary postal classification
Size	1	1	9	based on size/ format categories
Weight	1	1	10	based on weight categories
Publication	1	2	11-12	Number of issues per year
Years published	1	2	13-14	
Number of publications by publisher	1	2	15-16	
Circulation of all publications	1	2	17-21	in 1,000's
Publisher type	1	1	22	Profit/non-profit
				The following variables will be captured for each of up to ten years (1975-1984)
Publication identifier	2	3	1-3	
Record Number	2	1	4	Identifies year as 1984

<u>Variable</u>	<u>Record Number</u>	<u>Number of Fields</u>	<u>Fields</u>	<u>Comments</u>
Total Canadian circulation	2	5	5-9	in 1,000's
Circulation - Atlantic	2	4	10-13	
Quebec	2	4	14-17	
Ontario	2	4	18-21	
Prairies	2	4	22-25	
B.C.	2	4	26-29	
Subscription sales-Canada	2	4	30-33	
Single copy sales-Canada	2	4	34-37	
Total U.S. circulation	2	5	38-42	
Subscription sales - U.S.	2	5	43-47	
Single copy sales-U.S.	2	5	48-52	
Subscription cost	2	2	53-54	Average annual cost to nearest dollar
Cover price	2	2	55-56	Cover price to nearest ten cents
Percentage of subscription mailed	2	4	57-60	
Total Postal Costs	2	4	61-64	Annual costs (in 1000's) - Issue and piece costs can be computed
Subsidized rate postal costs	2	4	65-68	(i.e. second class costs in Canada)

<u>Variable</u>	<u>Record Number</u>	<u>Number of Fields</u>	<u>Fields</u>	<u>Comments</u>
Gross Revenues	2	5	69-73	
Subscription Revenues	2	5	74-78	
Single copy sale revenues	2	5	79-83	
Advertising revenues	2	4	84-87	
Total Expenditures	2	5	88-92	
Advertising rates-color	2	4	93-96	based on 1 page, 1 time, 4 color ads
Advertising rates-black and white	2	4	97-100	

The format for record number two (1984) will be repeated for records three (1983) through eleven (1975).

APPENDIX F.1

**Average Single Issue Circulation for Canadian Periodicals,
1975 - 1984**

APPENDIX F.1
Average Single Issue Circulation for Canadian Periodicals, 1975 - 1984

	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984
Business	26,941	27,588	28,058	29,647	31,470	32,529	33,058	33,529	33,823	34,764
Consumer	401,333	407,777	428,111	415,333	423,000	437,222	430,888	444,222	450,111	452,555
Scholarly/ Educational	36,000	35,333	35,333	39,000	40,333	44,333	43,000	46,000	46,000	51,000
Artistic/ Literary		6,000	7,000	6,000	6,000	7,000	6,000	6,000	6,000	6,000
Religious	149,000	155,250	154,500	154,250	153,250	153,000	154,250	152,250	150,000	146,250
TOTALS	140,735	143,294	148,852	146,529	149,470	154,117	152,705	156,500	157,941	159,058

APPENDIX F.2

**Average Subscription Cost (1981 Dollars) for Canadian
Periodicals, 1975 - 1984**

APPENDIX F.2
Average Subscription Cost (1981 Dollars) for Canadian Periodicals, 1975 - 1984

	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984
Business	18.73	17.93	20.00	18.46	19.13	18.33	19.40	19.66	20.40	20.26
Consumer	14.33	13.66	14.60	14.60	14.60	14.00	15.20	16.66	17.06	17.26
Scholarly/ Educational	17.33	16.83	22.50	21.33	20.66	21.16	22.16	25.33	21.66	24.00
Artistic/ Literary	14.00	13.40	14.10	12.80	14.00	13.20	13.90	14.60	14.90	15.10
Religious	7.50	7.25	7.12	6.87	6.87	6.37	6.93	6.81	7.50	7.56
TOTALS	13.87	13.30	14.66	13.90	14.19	13.64	14.54	15.35	15.50	15.79

APPENDIX F.3

**Average Single Copy Price (1981 Dollars) for Canadian
Periodicals, 1975 - 1984**

APPENDIX F.3
Average Single Copy Price (1981 Dollars) for Canadian Periodicals, 1975 - 1984

	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984
Business	2.05	1.99	2.21	2.35	2.53	2.48	2.72	2.68	2.61	2.55
Consumer	1.48	1.44	1.48	1.53	1.43	1.40	1.43	1.53	1.60	1.63
Scholarly/ Educational	2.65	2.55	2.40	2.15	2.00	3.45	3.20	4.90	4.70	
Artistic/ Literary	2.45	2.40	2.42	2.26	2.56	2.35	2.43	2.85	2.76	2.73
Religious	.30	.30	.40	.40	.30	.30	.40	.300	.30	.30
TOTALS	1.91	1.86	1.95	1.97	2.05	2.05	2.15	2.36	2.33	2.08

APPENDIX F.4

**Average Colour Advertising Rates (1981 Dollars) for Canadian
Periodicals, 1975 - 1983**

APPENDIX F.4
Average Colour Advertising Rates (1981 Dollars) for Canadian Periodicals, 1975 - 1983

	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984
Business	228.38	217.92	219.53	216.46	210.76	204.07	217.53	229.23	236.07	238.84
Consumer	674.46	643.76	654.92	648.92	628.76	628.84	653.07	684.00	676.76	716.07
Scholarly/ Educational	213.00	203.00	204.00	199.00	189.00	180.00	193.00	216.00	226.00	232.60
Artistic/ Literary	288.00	275.00	300.50	244.00	255.50	235.00	237.00	395.00	334.00	332.50
Religious	251.00	239.50	236.50	228.50	212.00	201.50	196.50	207.000	208.50	210.00
TOTALS	420.25	401.09	407.93	399.80	388.32	383.25	399.29	428.77	425.09	442.93

APPENDIX F.5

**Average Black and White Advertising Rates (1981 Dollars) for
Canadian Periodicals, 1975 - 1984**

APPENDIX F.5
Average Black and White Advertising Rates (1981 Dollars) for Canadian Periodicals, 1975-1984

	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984
Business	137.06	130.73	133.66	134.06	132.33	129.40	141.40	148.86	152.93	158.60
Consumer	449.26	429.13	435.60	437.60	424.13	424.73	441.06	466.60	469.80	494.93
Scholarly/ Educational	48.42	46.42	52.57	51.00	47.00	45.14	44.71	62.14	61.57	60.85
Artistic/ Literary	107.77	102.88	103.55	93.44	93.44	108.33	107.33	136.77	125.88	129.88
Religious	101.62	97.25	94.75	98.12	91.50	92.00	91.50	96.50	97.12	98.37
TOTALS	202.16	193.09	196.24	195.51	189.79	191.46	199.03	216.11	216.33	225.64

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