

**POSTAL SUBSIDIES PROGRAM;
IMPACT ON NEWSPAPERS
FINAL REPORT**

**Prepared for:
Department of Communications,
Ottawa**

**Prepared by:
DPA Group,
Vancouver
September 1985**

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EXECUTIVE SUMMARY

1.0 BACKGROUND AND STUDY METHOD

Introduction

The federal government, by way of the Postal Subsidies Program, buys rate reductions from the Canada Post Corporation for the delivery of eligible newspapers, periodicals, publishers books, library books and educational films. The Department of Communications (DOC) has decided to conduct an evaluation of the Postal Subsidies Program. As part of this evaluation, DOC has contracted with the DPA Group to conduct a study of the impacts of increased postal rates on newspapers relying on the post for distribution. This document represents DPA's final report.

Methodology. The methodology developed and implemented for this study was based on a careful reading of the document: Evaluation Assessment, Postal Subsidies Program, produced on March 5, 1985 by the Program Evaluation Division of the DOC. The study design was completed after detailed consultations with DOC staff and representatives of the newspaper industry who were asked to review and critically comment on preliminary versions of the DPA planning report. The critical element in the study design was the collection and analysis of evidence from a variety of information sources. The utilization of different lines of evidence allowed the Study Team to prepare preliminary findings from different sources, to compare the results, and to adjust for any biases and weaknesses in one database relative to the others.

Six lines of evidence were used in this investigation:

1. Previous studies on financial and other aspects of the publishing industry.

2. Data from all relevant Statistics Canada Publications.
3. Personal and telephone interviews with key informants in the DOC and the industry.
4. Development of a computerized information base through bringing together information from the MacLean - Hunter publication "Canadian Advertising Rates and Data (CARD)" with computer analysis from DOC which indicates by newspaper the paper's dependence on the mail and the estimated amount of the postal rate subsidy.
5. A telephone survey of random samples of daily and community weekly newspapers dependent on the postal system.
6. Preparation of case studies on eight community newspapers which are particularly dependent on mail distribution.

Telephone Survey. Newspapers dependent on the mail were divided into two sampling frames for dailies and community weeklies, utilizing Canada Post lists of publications eligible for second class mailing privileges under Rate Codes 1 to 4 inclusive. The daily frame included 97 publications and the weekly frame included 572 papers. Forty papers were selected from the daily list (40% of the sampling frame) and 80 papers were taken from the community weekly list (15%).

The administration of the telephone survey resulted in the completion of 89 questionnaires, 20 for dailies and 69 for community weeklies. The response rates therefore were 50% for dailies and 86% for weeklies, providing an overall response rate of 74%. The lower response rate for dailies reflects two factors:

- . Some of the dailies which are part of newspaper chains did not have the necessary information on file or were not given permission by the chain to participate in the telephone survey.

- Dailies receive less benefit from the program and therefore have less interest in this study and possible changes to the program.

No major unforeseen difficulties were encountered in completing the telephone survey. Most publishers happily cooperated in completing the questionnaire although their busy schedules often meant interview times had to be set many days in advance or rescheduled several times.

2.0 ANALYSIS OF PROGRAM IMPACTS

Significance of Postal Subsidies. The importance of the program is best addressed by analysing the study results in terms of the evaluation issues posed in the Evaluation Assessment. These results are summarized below in four categories. Only the most important issues are addressed here, and issues with similar study results are not repeated.

Issue**Study Results****Impacts and Effects**

What effect does the program have on the distribution costs and final price of newspapers etc?

The program has lowered the distribution costs of newspapers. In an effort to maximize readership, the publisher typically passes on the full financial impact of the subsidy to the mail subscriber in the form of a lower subscription price. The financial benefits to the publisher are realized from higher circulation and increased advertising revenues.

What effect has the program had on the profitability of the Canadian publishing industry?

The program is important to the profitability of the Canadian newspaper industry, but its significance varies greatly depending on the size and characteristics of each paper. Program effects on larger dailies with daily circulation of 50,000 plus are negligible. In contrast, the program is an integral part of the operations and financial health of many small weeklies located in rural communities.

Has the program improved the awareness of Canadians particularly in rural and remote areas?

Up to 200,000 families, businesses and other groups receive their daily paper by mail. The corresponding figure for weeklies is 1.4 million. Forty-five percent of mail distribution of dailies in the telephone survey was to subscribers in rural areas. The vast majority of weeklies dependent on the mail are published in communities with less than 10,000 population.

Unintended Effects

Has the program inhibited the development of alternative distribution systems?

This was probably true in the past but is less likely the case today, especially for dailies. As postal rates increased and postal services changed, many papers, especially the larger dailies, have turned

Issue

Have program subsidies been substituted for advertising revenues?

Alternatives

Could high distribution costs be passed on to the readers or back to the advertiser?

Are there more effective means of providing assistance to the publishing industry?

Rationale

Does the Canadian publishing industry require subsidized postal service to be profitable?

Study Results

to alternative systems. However, some smaller dailies and many more small weeklies which serve a highly dispersed rural population have few if any options to the postal system.

In general, low postage rates have not substituted for advertising revenues. Causation operates in the opposite direction. Postal subsidies expand the available market area and total circulation. These in turn enhance ad revenue.

Papers expect to have some success in passing on higher postage costs to the reader but at the expense of some loss in readership and circulation. The sample papers expect to have little success in passing on higher costs to advertisers.

The current postal subsidy program is strongly preferred by publishers to any potential alternatives. Publishers stated that in many cases they do not make sufficient profits to benefit from tax incentives, and that direct subsidies would involve the danger of government interference.

The newspaper industry -- viewed in the aggregate -- would survive the removal of the program. However the number of operations and total circulation of the industry would likely decline as smaller dailies and rural weeklies would account for a reduced portion of total newspaper circulation.

Potential Effects of Postal Rate Increases. The effects of postal rate increases on newspaper operations will vary greatly depending on the size of the increase, the size of the paper, the spatial distribution of its readership, the market conditions faced by the paper, and many other factors. The study results suggest that in general terms the effects of a 10¢ increase will be as follows:

- Large dailies with circulations of 50,000 or more, and larger urban based weeklies which distribute less than 10% by mail, will attempt to pass on some or all of the postal rate increase to their readers. These papers are not particularly vulnerable to postal rate increases.
- Smaller dailies which distribute a larger volume by mail and many more community weeklies which distribute 50% or more by mail and have a high percentage of paid to total circulation are more vulnerable to increases in postal rates. The more vulnerable community weeklies number up to 400 weeklies throughout Canada. Up to 75% of sample weeklies would be forced to absorb some of the increase in the form of lower profits. The majority of these papers will survive but a significant minority could be placed at risk.
- The weeklies most at risk are the low circulation weeklies in small communities with a high dependence on mail circulation and no alternative to mail distribution. This sub-set constitutes about 15% of the weeklies in the sample. This situation implies that 80 to 90 community weeklies in Canada may require low second class postage rates in order to survive.

Partial or full removal of the program could also result in some drop in readership and some decrease in the availability of information to Canadians. Order - of - magnitude estimates developed from the study results suggest a 10¢ increase could reduce access to information for up to 300,000 families, businesses and other groups in Canada. Because of the limited availability of other information sources, the reduced access to local news could be particularly significant for smaller communities and rural areas.

3.0 MAJOR FINDINGS AND CONCLUSIONS

This final section lists the major conclusions generated in the study, grouped under three headings. Most numbers refer to results from the telephone survey. The final paragraph offers some observations on the program's future.

Impact on the Industry

- Industry representatives continue to insist that the subsidy is to the reader, not the newspaper. This was the position of 51% of weeklies and 63% of dailies. At the same time, representatives recognize the importance of low second class rates to many papers, especially smaller rural weeklies with few distribution alternatives. About 70% of weeklies and 50% of dailies consider low postal costs very important to their circulation.
- The program has become an integral part of the operations of many smaller weeklies - and a fewer number of small dailies - and has a significant effect on the circulation, revenues and profitability of these papers. Many of these newspapers operate very close to the margin. Almost 60% of weeklies and dailies consider themselves to be unprofitable or only marginally profitable. For many papers, relatively modest postal rate increases could totally offset the paper's operating profit unless success is achieved in reducing costs, increasing revenues or both.
- The program has less effect on the financial performance of larger dailies (circulation of 50,000 plus) and of larger urban based weeklies. At the same time, many larger papers receive an implicit subsidy from the program which is significant in absolute size, even if its effects on their financial performances are minimal.
- The papers most vulnerable to changes are smaller rural weeklies with high mail circulation and few alternatives to mail distribution. About half of the sample weeklies distribute over 70% of their circulation by mail; 89% of these mail dependent weeklies publish in communities of 5,000 or less population and 89% have circulations of 5,000 or less.
- There is a strong and direct relationship between subscriptions and advertising revenues. Publishers are very cognizant of this relationship and are sensitive to any developments, including postal rate changes, which could lower circulation.

- . To summarize, the program is important to the profitability of the newspaper industry, but its significance varies greatly depending on the size and characteristics of each paper. The industry viewed in the aggregate, would survive the removal of subsidized postal rates, but program removal would likely result in a smaller industry in terms of aggregate circulation and number of operations.

Impact on Readership

- . Many publishers of weeklies emphasized the important role of community weeklies and of low cost mail distribution to the community life of rural Canada. Community weeklies are often the only source of local news.
- . The program has lowered distribution costs of newspapers and typically these savings have been passed on to the mail subscriber in the form of a lower subscription price.
- . Postal rate subsidies have had a measurable effect on the availability of information to Canadians. Approximately 200,000 families, businesses and other groups receive their daily paper by mail, and a minimum of 1.4 million families and businesses receive their weekly newspaper by mail.

Implications of Postal Rate Increases

- . Past increases in postal rates and changes in postal services are associated with dramatic declines in the mail circulation of daily newspapers, especially smaller dailies with less than 50,000 circulation. Despite the declines, smaller dailies are still more dependent on mail than larger dailies.
- . Newspapers are facing growing competition for the advertising dollar, suggesting that papers possess limited potential to pass on higher postage costs to advertisers in the form of higher advertising rates. Only 3% of weeklies and 5% of dailies indicated that higher postal rates would be passed on to advertisers.
- . Past experience and the case studies suggest the industry may respond more favorably to phased increases in postal rates rather than the same increases implemented rapidly.
- . In the light of past adjustments to increases in rates and decreases in services, future adjustments may be harder for the industry. The possibility exists that many of the dailies and weeklies which can use alternative delivery systems have already exercised these options.
- . As many as 400 weeklies in Canada could be vulnerable

to postal rate increases of 10¢. These are the 70% of weeklies with 50% or more of their total circulation paid and 50% plus distributed by mail. The weeklies which are most at risk are the low circulation weeklies in small communities with a high dependence on mail circulation and no distribution alternatives. These could total 80 to 90 papers.

- . A postal rate increase of 10¢ could result in declines in mail circulation of 200,000 for weeklies and 80,000 for dailies.

Regarding program changes, the Study Team agrees with the industry position that postal subsidies are a preferred form of assistance compared to tax incentives and direct subsidies. Any program changes should be phased in over an extended period of years and should be designed to further simplify the system of second class mail. Changes should be designed to take account of the relative vulnerability of different groups of newspapers to postal rate increases and their dependence on postal delivery. Using the current second class system, the newspaper groups can be listed in order, from the least to the most vulnerable to program changes.

1. Dailies with circulations of 50,000 plus
2. Other dailies and weeklies eligible under Rate Codes 3 and 4
3. Weeklies eligible for Rate Code 2 Paid
4. Weeklies eligible for Rate Code 2 Free.

Finally, it should be recognized that any significant changes to postal rates will result in some loss of readership and access to information, especially among people in small communities and in rural and remote areas.

SOMMAIRE EXECUTIF

1.0 HISTORIQUE ET METHODOLOGIE

Introduction

Le gouvernement fédéral, par l'entremise du Programme de subventions postales, obtient des réductions tarifaires de la Société canadienne des postes en faveur des éditeurs admissibles inscrits à ce programme. Les tarifs préférentiels s'appliquent aux grossistes, aux libraires, aux services de vente par correspondance, aux bibliothèques publiques ainsi qu'à la livraison des journaux, des livres de maisons d'édition et des films éducatifs. Le ministère des Communications (MDC) a décidé d'effectuer une évaluation du Programme de subventions postales. Dans le cadre de cette évaluation, le MDC a retenu les services du Groupe DPA Inc. pour faire une étude des effets d'une augmentation des tarifs postaux sur les journaux dont la distribution est assurée par la poste. Le présent document constitue le rapport final du Groupe DPA Inc.

Méthodologie. La méthodologie développée et appliquée à cette étude est fondée sur une lecture attentive du document: Evaluation, Programme de subventions postales, présenté le 5 mars 1984 par la Division d'évaluation des programmes du ministère des Communications. La présente étude a été effectuée à partir de consultations approfondies avec le personnel du ministère des Communications et les représentants de l'industrie de la presse écrite à qui il a été demandé d'étudier les versions préliminaires du rapport de planification de DPA et de nous faire part de leurs commentaires. L'élément essentiel de l'étude était la collecte et l'analyse d'observations provenant de diverses sources d'information. L'utilisation de différentes catégories d'observations a permis à l'équipe de préparer les conclusions préliminaires de différentes sources, de comparer les résultats et de rajuster les préjugés et les faiblesses caractérisant une base de données par rapport à d'autres.

Six catégories d'observations ont été utilisées au cours de cette enquête:

1. Les études précédentes sur les aspects financiers et autres de l'industrie de l'édition.
2. Les données de toutes les publications pertinentes de Statistique Canada.
3. Les entrevues personnelles et téléphoniques avec des personnes-ressources au MDC et dans l'industrie.
4. Le développement d'une base de données informatisée comprenant des informations regroupées à partir d'une publication de MacLean - Hunter intitulée, "Canadian Advertising Rates and Data (CARD)" et une analyse informatisée effectuée au ministère des Communications, laquelle indique pour chaque journal son degré de dépendance vis-à-vis de la poste et le montant approximatif de la subvention postale qui lui revient.
5. Une enquête téléphonique auprès d'un échantillon de quotidiens et d'hebdomadaires communautaires choisis au hasard qui dépendent du service postal.
6. La préparation d'études de cas relativement à huit journaux communautaires qui dépendent particulièrement de la distribution par la poste.

Sondage téléphonique. Les journaux qui dépendent des postes ont été répartis en deux groupes d'échantillons représentant les quotidiens et les hebdomadaires communautaires. Ces journaux ont été choisis en utilisant les listes de la Société canadienne des Postes qui regroupent les publications ayant droit aux tarifs réduits du courrier de deuxième classe selon les Codes de tarifs 1 à 4 inclusivement. La liste des quotidiens comprenait 97 publications tandis que celle des hebdomadaires en comprenait 572. Quarante

journaux ont été choisis à partir de la liste des quotidiens (l'échantillon représente ainsi 40 % de la population considérée) et 80 de la liste des hebdomadaires communautaires (15 %).

Le sondage téléphonique qui a été effectué a permis de remplir 89 questionnaires, 20 pour les quotidiens et 69 pour les hebdomadaires communautaires. Le taux de réponse était donc de 50 % pour les quotidiens et de 86 % pour les hebdomadaires, ce qui donne un taux de réponse global de 74 %. Le taux de réponse plus faible pour les quotidiens fait ressortir deux éléments:

- . Certains quotidiens qui font partie de chaînes de journaux ne possédaient pas l'information nécessaire dans leurs dossiers ou n'avaient pas l'autorisation de la chaîne de participer au sondage téléphonique; et
- . Les quotidiens bénéficient moins du programme postal et par conséquent s'intéressent moins à cette étude ainsi qu'aux changements qui pourraient être apportés au programme.

Aucune difficulté majeure imprévue n'a surgi au cours du sondage téléphonique. La plupart des éditeurs ont coopéré et ont permis de remplir le questionnaire même si, en raison de leur programme chargé, il a fallu souvent fixer l'heure de l'entrevue de nombreux jours à l'avance ou en changer la date et l'heure plusieurs fois.

2.0 ANALYSE DES EFFETS DU PROGRAMME

Valeur des subventions postales. La valeur du programme est plus facile à mesurer par l'analyse des résultats de l'étude en fonction des facteurs d'évaluation abordés dans l'Évaluation. Ces résultats sont résumés ci-dessous en quatre catégories. Seules les questions les plus importantes sont abordées ici, les questions pour lesquelles les résultats de l'étude étaient semblables n'étant pas répétées.

Questions

Effets

Quel effet le programme a-t-il sur le coût de distribution et le prix final des journaux etc.?

Quel effet le programme a-t-il sur la rentabilité de l'industrie canadienne des journaux?

Résultats de l'étude

Le programme a réduit le coût de distribution des journaux. Dans un effort en vue de maximiser le nombre de lecteurs, l'éditeur transmet normalement tout le gain financier de la subvention aux abonnés postaux sous forme d'un prix d'abonnement moins élevé. Les gains financiers pour l'éditeur viennent d'un tirage plus élevé ainsi que de l'augmentation des recettes publicitaires.

Le programme est important pour assurer la rentabilité de l'industrie canadienne des journaux, mais sa valeur varie considérablement selon la taille et les caractéristiques de chaque journal. Les effets du programme sur les grands quotidiens dont le tirage est de 50 000 et plus sont négligeables. Par contraste, le programme est une partie intégrante des activités et de la santé financière de bon nombre de petits hebdomadaires situés dans les communautés rurales.

Questions

Le programme a-t-il sensibilisé davantage les Canadiens surtout dans les régions éloignées et les régions rurales?

Effets non souhaités

Le programme a-t-il empêché le développement d'autres systèmes de distribution?

Résultats de l'étude

Jusqu'à 200 000 familles, entreprises et autres groupes reçoivent leur quotidien par le courrier. Le chiffre correspondant pour les hebdomadaires est de 1,4 million. Quarante-cinq pour cent de la distribution postale des quotidiens compris dans le sondage téléphonique vise les abonnés dans les régions rurales. La grande majorité des hebdomadaires dépendant de la poste sont publiés dans des communautés comptant moins de 10 000 habitants.

C'était probablement le cas dans le passé, mais ce genre de situation risque moins de se présenter de nos jours, surtout en ce qui concerne les quotidiens. À mesure que les tarifs postaux ont augmenté et que les services postaux ont connu des changements, bon nombre de journaux, surtout les grands quotidiens, se sont tournés vers d'autres systèmes de distribution. Toutefois, certains quotidiens et un grand nombre de petits hebdomadaires qui desservent une population rurale largement dispersée

Questions

Les subventions en vertu du programme vont-elles remplacer les recettes publicitaires?

Autres options

Les coûts élevés de distribution pourraient-ils être transmis aux lecteurs ou de nouveau aux annonceurs?

Résultats de l'étude

ont peu d'options sinon aucune option autre que le système postal.

En général, les faibles tarifs postaux n'ont pas remplacé les recettes publicitaires. La relation de cause à effet va dans le sens contraire. Les subventions postales entraînent une expansion du territoire d'exploitation et une hausse du tirage global. En retour, les recettes publicitaires sont affectées positivement.

Les journaux prévoient réussir, dans une certaine mesure, à transmettre les coûts postaux plus élevés aux lecteurs, mais au prix d'une certaine diminution du nombre de lecteurs et du tirage. Les journaux de l'échantillon prévoient avoir peu de succès à transmettre les coûts plus élevés aux annonceurs.

Questions

Existe-il d'autres moyens plus efficaces d'assurer une aide à l'industrie des journaux?

Justification

L'industrie canadienne des journaux a-t-elle besoin d'un service postal subventionné pour être rentable?

Résultats de l'étude

Le programme actuel de subventions postales est grandement préféré par les éditeurs par rapport à toute autre option possible. Les éditeurs ont indiqué que, dans bon nombre de cas, ils ne réalisent pas suffisamment de profits pour bénéficier de stimulants fiscaux et que des subventions directes risqueraient d'entraîner une ingérence gouvernementale dans les entreprises de presse.

L'industrie des journaux, considérée dans l'ensemble, survivrait même si le programme était aboli. Toutefois, le nombre d'entreprises et le tirage global de l'industrie diminueraient probablement; une réduction en pourcentage du tirage global des journaux serait surtout attribuable aux petits quotidiens et aux hebdomadaires ruraux.

Effets possibles de l'augmentation des tarifs postaux. Les effets de l'augmentation des tarifs postaux sur l'industrie des journaux pourraient varier considérablement selon le pourcentage d'augmentation, la dimension du journal, la distribution géographique de ses lecteurs, les conditions du marché auxquelles le journal fait face et bien d'autres facteurs. Les résultats de l'étude semblent indiquer qu'en termes généraux, les effets d'une augmentation de 10 ¢ seraient les suivants:

- Les grands quotidiens dont le tirage est de 50 000 ou plus et les grands hebdomadaires situés dans des régions urbaines qui assurent moins de 10 % de leur distribution par la poste, tenteront de transmettre une partie ou la totalité de l'augmentation des tarifs postaux à leurs lecteurs. Ces journaux ne sont pas particulièrement vulnérables aux augmentations de tarifs postaux.
- Les petits journaux qui distribuent une bonne partie de leur tirage par la poste et un bon nombre d'autres hebdomadaires communautaires dont 50 % ou plus de la distribution est assurée par la poste et dont un pourcentage élevé de la distribution ou le total de la distribution est payé sont plus vulnérables aux augmentations de tarifs postaux. Les journaux communautaires les plus vulnérables se chiffrent à 400 hebdomadaires dans l'ensemble du Canada. Un pourcentage allant jusqu'à 75 % des journaux de l'échantillon seraient forcés d'absorber une partie de l'augmentation sous la forme de profits moins élevés. La plupart de ces journaux survivraient, mais la survie d'une minorité importante pourrait être compromise.
- Les hebdomadaires les plus en danger sont les hebdomadaires à faible tirage dans les petites communautés, qui dépendent largement de la distribution par la poste et qui ne disposent d'aucune autre option pour remplacer ce mode de distribution. Ce sous-groupe constitue environ 15 % des hebdomadaires faisant partie de l'échantillon. Cette situation signifie que 80 à 90 hebdomadaires communautaires au Canada pourraient avoir besoin des tarifs postaux préférentiels du courrier de deuxième classe afin de survivre.

L'abolition partielle ou complète du programme pourrait entraîner une baisse du nombre de lecteurs et rendre l'information moins accessible aux Canadiens. L'appréciation de l'ordre de grandeur établie à partir des résultats de l'étude indique qu'une augmentation de 10 ¢ pourrait rendre l'information moins accessible à 300 000 familles, entreprises et autres groupes au Canada. A cause du nombre restreint d'autres sources d'information, l'accès réduit à l'information locale pour les petites communautés et les zones rurales serait plus significatif.

3.0 PRINCIPALES CONSTATATIONS ET CONCLUSIONS

Cette dernière partie présente les principales conclusions de l'étude, regroupées sous trois titres. La plupart des chiffres se rapportent aux résultats du sondage téléphonique. Le dernier paragraphe présente certaines observations sur l'avenir du programme.

Effet sur l'industrie

- Les représentants de l'industrie continuent de soutenir que la subvention profite aux lecteurs et non aux éditeurs. Cette position a été exprimée par 51 % des hebdomadaires et 63 % des quotidiens. En même temps, les représentants reconnaissent l'importance des faibles tarifs du courrier de deuxième classe pour bon nombre de journaux, surtout pour les petits hebdomadaires ruraux qui ont peu d'options en matière de distribution. Environ 70 % des hebdomadaires et 50 % des quotidiens considèrent que les faibles tarifs postaux sont très importants pour leur distribution.
- Le programme est devenu partie intégrante des activités d'un bon nombre de petits hebdomadaires - et un nombre encore moins élevé de petits quotidiens - et il a un effet important sur le tirage, sur les revenus et sur la rentabilité de ces journaux. Bon nombre de ces journaux fonctionnent à partir d'une marge bénéficiaire très mince. Près de 60 % des hebdomadaires et des quotidiens se considèrent non rentables ou seulement marginalement rentables. Pour bon nombre de journaux, des augmentations de tarifs postaux relativement modestes pourraient perturber complètement le profit d'exploitation du journal à moins qu'on réussisse à réduire les coûts, à augmenter les revenus ou à faire les deux.

- Le programme a un effet moins important sur le rendement financier des plus grands quotidiens (tirage de 50 000 et plus) et des plus grands hebdomadaires situés dans des régions urbaines. En même temps, bon nombre de grands journaux reçoivent une subvention inhérente en vertu du programme qui est importante en termes absolus, même si ses effets sur le rendement financier sont minimes.
- Les journaux les plus vulnérables aux changements sont les petits hebdomadaires ruraux dont une bonne partie de leur distribution se fait par la poste et qui ont peu d'options pour remplacer ce mode de distribution. Environ la moitié des hebdomadaires de l'échantillon sont distribués à plus de 70 % par la poste; 89 % de ces hebdomadaires qui dépendent de la poste publient dans des communautés de 5 000 habitants ou moins et 89 % ont un tirage de 5 000 ou moins.
- Il existe une relation directe et forte entre les abonnements et les recettes publicitaires. Les éditeurs sont très conscients de cette relation et sont sensibles à tous les changements, y compris les changements dans les tarifs postaux, qui pourraient réduire le tirage de leurs publications.
- En résumé, le programme est important pour la rentabilité de l'industrie des journaux, mais son importance varie largement selon la taille et les caractéristiques de chaque journal. L'industrie, vue dans l'ensemble, survivrait à l'abolition des tarifs postaux subventionnés, mais l'abolition du programme entraînerait probablement une diminution de l'importance de l'industrie en termes de tirage global et du nombre d'entreprises.

Effets sur les lecteurs

- Bon nombre d'éditeurs d'hebdomadaires soulignent le rôle important des hebdomadaires communautaires et l'importance de la distribution postale à faible coût pour la vie communautaire du Canada rural. Les hebdomadaires communautaires sont souvent la seule source de nouvelles locales.
- Le programme a diminué les coûts de distribution des entreprises de presse. Ces économies ont généralement été transférées aux abonnés sous forme de coûts d'abonnement réduits.
- Les subventions postales ont eu un effet mesurable sur l'accessibilité de l'information pour les Canadiens. Environ 200 000 familles, entreprises et autres groupes reçoivent leur quotidien dans le courrier tandis qu'au moins 1,4 million de familles et d'entreprises reçoivent leur hebdomadaire dans le courrier.

Incidences des augmentations de tarifs postaux

- Les augmentations des tarifs postaux et les changements dans le service postal qui se sont produits dans le passé sont reliés à des baisses radicales dans la distribution postale des quotidiens, surtout les petits quotidiens dont le tirage est inférieur à 50 000. Malgré ces baisses, les petits quotidiens dépendent encore plus de la poste que les gros quotidiens.
- Les journaux font face à une concurrence de plus en plus vive pour le dollar publicitaire, ce qui signifie que la possibilité, pour les journaux, de transmettre les frais postaux plus élevés aux annonceurs sous la forme de tarifs de publicité plus élevés est limitée. Seulement 3 % des hebdomadaires et 5 % des quotidiens ont indiqué que les augmentations de tarifs postaux seraient transmises aux annonceurs.
- Les expériences passées et les études de cas indiquent que l'industrie pourrait réagir plus favorablement si les augmentations de tarifs postaux étaient adoptées progressivement plutôt que si les mêmes augmentations étaient adoptées rapidement.
- À la lumière des rajustements effectués dans le passé aux augmentations de tarifs et à la diminution des services, il se peut qu'il soit plus difficile pour l'industrie de faire des rajustements à l'avenir. Il est possible que bon nombre de quotidiens et d'hebdomadaires qui peuvent utiliser d'autres systèmes de livraison aient déjà essayé ces options.
- Quatre cents hebdomadaires au Canada pourraient être vulnérables à des augmentations de tarifs postaux de 10 %. Il s'agit de 70 % des hebdomadaires dont 50 % ou plus de leur tirage total est payé et 50 % et plus de la distribution est assurée par la poste. Les hebdomadaires qui sont les plus en danger sont les hebdomadaires à faible tirage dans les petites communautés qui dépendent grandement de la distribution postale et qui ne peuvent pas avoir recours à d'autres moyens de distribution. Il pourrait s'agir de 80 à 90 journaux.
- Une augmentation des tarifs postaux de 10 % pourrait entraîner une baisse de la distribution postale de 200 000 exemplaires dans le cas des hebdomadaires et de 80 000 exemplaires, dans le cas des quotidiens.

En examinant les changements apportés au programme postal, le Groupe d'étude est d'accord avec la position prise par l'industrie selon laquelle les subventions postales sont une forme d'aide préférable aux stimulants fiscaux et aux subventions directes. Tout changement par rapport au programme pourrait être introduit progressivement au cours d'une période prolongée de quelques années et devrait être

1.0 INTRODUCTION

The federal government, by way of the Postal Subsidies Program, buys rate reductions from the Canada Post Corporation for the delivery of newspapers, periodicals, publisher's books, library books, and educational films. In subsidizing the distribution cost of these materials, the government is pursuing three objectives:

- (1) to encourage a more informed, better educated public;
- (2) to encourage a financially healthier Canadian publishing industry;
- (3) to improve Canadians access to Canadian cultural products.

The Department of Communications (DOC) has decided to conduct an evaluation of the Postal Subsidies Program. As part of this evaluation, DOC has contracted with the DPA Group to conduct a study of the impacts of increased postal rates on newspapers relying on the post for distribution. According to the study Terms of Reference, this work was to include the following tasks:

- (1) creating a Canada-wide inventory of newspapers whose distribution is primarily through the post;
- (2) conducting case studies of representative small newspapers to assess the probable effects of a range of postal rate increases;
- (3) writing a draft and final report.

This document represents DPA's final report.

Postal subsidies in Canada predate confederation.¹ The authority for the current program arises from the September 21, 1978 Memorandum of Agreement between the Postmaster General and the Secretary of State. Under the Agreement, the responsibility for subsidizing losses incurred by allowing "publishers" rates was transferred from the Postmaster General to the Secretary of State. On August 27, 1980, under

the Public Service Rearrangement and Transfer of Duties Act, responsibility for the program was transferred -- together with the Arts and Culture Branch -- from the Secretary of State to the Minister of Communications. Program funds are granted each year under the Appropriations Act.

The value of the postal subsidy, as derived from the Post Office's estimate of its "fully allocated cost" of delivering these types of mail, is as follows:

| | \$ Million |
|---------|------------|
| 1979-80 | 137.0 |
| 1980-81 | 147.0 |
| 1981-82 | 189.5 |
| 1982-83 | 220.0 |

More recent estimates indicate that the subsidy in the current fiscal year is about \$225 million. Of this amount, \$55 million is paid by DOC and \$170 million is viewed as an infrastructure expense and, therefore, is paid directly from the Consolidated Revenue fund. The DOC contribution is based on a study which compared the differences in cost between mailing at the subsidized rates and commercial rates. The study showed that based on current volumes of mail moving in each category the actual loss in revenue attributable to the lower rates was closer to \$50 million than \$220 million. It was decided therefore, that DOC should be responsible only for the portion of the subsidy which accrues to recipients and that the rest of the subsidy--called an infrastructure payment -- should be paid from other envelopes.

The Evaluation Framework provided order-of-magnitude estimates of the distribution of the total subsidy among various users.

Postal Subsidies by User Category (1)

| Category | % of Total Subsidy Paid |
|--|-------------------------|
| Daily Newspapers | 18.9 |
| Weekly Rural Newspapers | 13.1 |
| Periodicals (2nd class subscription and non-subscription) | 39.6 |
| Periodicals (unaddressed) | 10.0 |
| Non-Canadian Periodicals (mailed in Canada) | 5.8 |
| Non-Canadian Periodicals (printed in Canada) | 3.1 |
| Publishers' Books | 7.5 |
| Library Books | 1.5 |
| Educational Films | <u>0.5</u> |
| | 100.0 |

(1) Estimates derived from program records.

The two users which are the subject of this study, daily and weekly newspapers, account for 32% of the total subsidy.

Daily and weekly newspapers are classified as second class publications by Canada Post. Among the concessionary postal categories, second class publications are the most important in terms of volume, revenue and other indicators. Publications with concessionary rates are defined as second class either by the Post Office Act or by departmental regulation. The Post Office Act provides concessionary rates for newspapers and periodicals meeting certain conditions of which the two most important are:

- i) the publication must be known as a newspaper or periodical and consist wholly or in part of political and other news;
- ii) the publication must be addressed to a bonafide subscriber or newsdealer in Canada.

Publications which satisfy these two criteria are the main

category of second class mail. Publications which do not satisfy all the second class criteria are subject to rates set by regulation, the basic rate being called the "ordinary" second class rate.

Publications are largely mailed under four codes within the second class category. Rate code one ², is for daily newspapers having a subscription rate of 50¢ or more per year and a paid circulation of 50% or more of the total circulation. All copies addressed to bonafide subscribers and newsdealers in Canada have a minimum postage per individually addressed item of 4.5¢. Beyond this minimum, the rate depends on the weight and advertising content. A daily weighing 150 grams with 70% advertising is charged:

- i) 7.35¢ for advertising
- ii) 0.90¢ for content

Therefore, the total cost of mailing is 8.25¢ per copy. All other copies for delivery in Canada (non-subscriber copies) have a minimum postage per individually addressed item of 6.8¢ when the single item weight is 50 grams or less.

Under rate code two, community weeklies can mail up to 2,500 copies totally free of charge. Copies have to be sent to paid subscribers, and have to be distributed within a radius of 65km of the place of publication, and must be delivered to places not having Letter Carrier Delivery Service. Free mailing is limited to weeklies published in communities with less than 10,000 population. Copies which are not eligible for free mailing have a minimum postage per individual addressed item of 4.5¢ under code two when the single item weight is 200 grams or less.

Under rate code three, copies of all other Canadian newspapers and periodicals which are less than 200 grams in weight can be mailed for 4.5¢. The following limitations apply:

- the publication must be published at least four times per year at regular intervals

- all copies must be addressed to bonafide subscribers and newsdealers in Canada
- the publication must charge a minimum subscription fee of 50¢ per year
- a minimum of 50% of circulation has to be paid

Rate code four covers all other publications such as community weeklies that have less than 50% paid circulation and a subscription rate of less than 50¢ per year. The minimum postage per individually addressed item is 6.8¢ when the single item weight is 50 grams or less. Beyond this minimum, the postal rate varies with the weight of the publication. A 50 gram copy would be charged 6.4¢ and a 150 gram copy would be charged 13.8¢.

Rate codes five and six cover all non-Canadian newspapers and periodicals mailed-in-Canada having a subscription rate of 50¢ or more per year and a paid circulation of 50% or more of the total circulation.

Community weeklies can also be mailed under third class bulk mail, but few weeklies have sufficient mail circulations to be eligible for significant volume discounts.

FOOTNOTES

1. The remainder of this section is largely drawn from three sources: Evaluation Assessment, Postal Subsidies Program; Evaluation of Canadian Concessionary Postal Tariffs and their Classification Structure (EKOS Research); and interviews with DOC staff.
2. The information on rate codes is taken from the publication: "A Publishers' Guide to Second Class Mailing Priveleges", Canada Post Corporation, June 24, 1985.

2.0 STUDY METHOD

2.1 Overview of Methodology

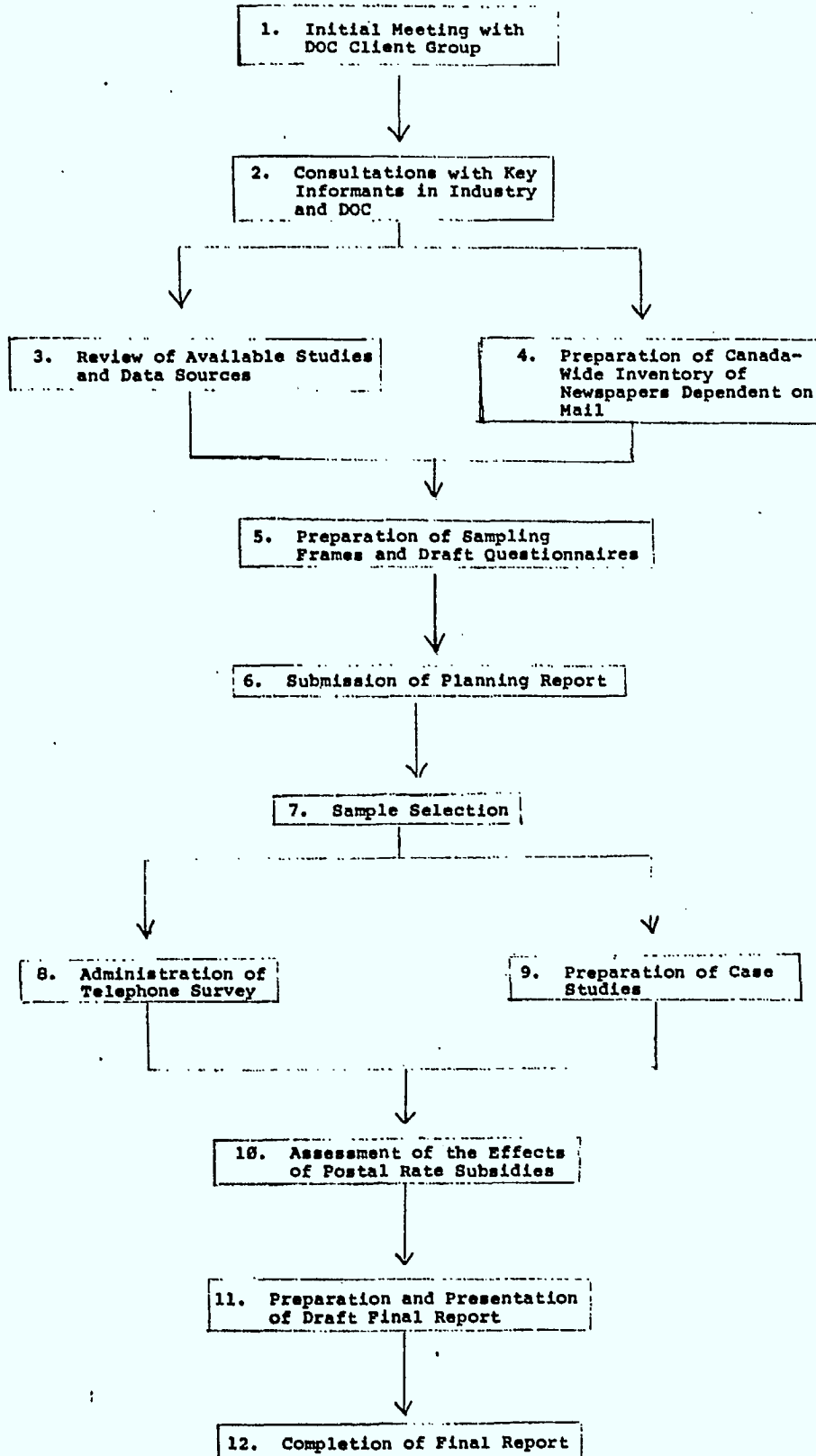
The methodology developed and implemented for this study is based on a careful reading of the document: Evaluation Assessment, Postal Subsidies Program produced in March 1985 and closely follows the work program outlined in the DPA proposal to DOC dated May 27, 1985. The major activities and their sequence are described in Exhibit 2.1. The planning report (Activity 6) involved a fairly lengthy consultation process with government and industry.

The first version dated June 12 was reviewed in detail by DOC staff. The second dated June 28 was reviewed with the Executive Director of the Canadian Community Newspapers Association, and representatives of the Canadian Daily Newspapers Association. The study methodology was also discussed with two associations which represent French language community newspapers in Quebec. The comments of DOC staff and the newspaper associations were incorporated into the survey design and questionnaire. The critical element in the study design is the collection and analysis of evidence from a variety of information sources. The utilization of different lines of evidence allowed the Study Team to prepare preliminary findings from different sources, to compare the results, and to adjust for any biases and weaknesses in one database relative to the others.

Six lines of evidence were used in this investigation.

1. Previous studies on the financial and other aspects of the publishing industry were reviewed. Documents given closest attention are:

EXHIBIT 2.1: WORK PROGRAM FOR STUDY OF POSTAL SUBSIDIES AND THEIR IMPACTS ON NEWSPAPERS



- A study of the Canadian Periodical Publishing Industry: Woods Gordon.

 - Royal Commission on Newspapers (the Kent Commission Report of 1981): Main Report and Volume 4, The Newspaper as a Business.

 - Evolution of Canadian Concessionary Postal Tariffs and their Classification Structure: Ekos Research Associates.

 - Canadian Daily Newspaper Publishers Association Brief re Post Office Crown Corporation.
2. Data from all relevant Statistics Canada Publications have been collected and analyzed. Publications used are: #36-203, Printing Publishing and Allied Industries; #61-207; Corporation Financial Statistics; #87-625, Culture Statistics, Newspapers and Periodicals. The results are provided in Appendix B.

 3. Personal and telephone interviews were held with key informants in the Department of Communications and the industry. The latter includes representatives from the various associations for the newspaper industry.

 4. A computerized information base was established through bringing together information from the MacLean-Hunter publication "Canadian Advertising Rates and Data" (CARD) with a computer printout from DOC which indicates by newspaper the paper's dependence on the mail and the estimated amount of the postal rate subsidy. The information base allows the Study Team to group and assess newspapers by various indicators: circulation size, percentage of circulation distributed by mail, amount of subsidy and so on. The results are provided in Appendix C. The master list will be made available to DOC at the end of the assignment.

5. A telephone survey was administered to random samples of daily and community weekly newspapers dependent on the postal system. The objective was to conduct 12 to 100 telephone interviews. The questionnaires are provided in Appendix A and the survey results are included in Appendix D.

6. Case studies were conducted with eight newspapers which were interviewed in the telephone survey. Six were conducted by DPA staff and two by DOC staff. Community newspapers were selected as follows from different regions/language groups:
 - 1 - British Columbia (English)
 - 3 - Prairies (English - one each province)
 - 1 - Ontario (English)
 - 1 - Quebec (French)
 - 1 - New Brunswick (French)
 - 1 - Atlantic (English)

The remainder of this chapter addresses the telephone survey.

2.2 Telephone Survey

The previous studies and DOC computer printouts indicated the following regarding the community weekly and daily newspapers:

- the typical community weekly is much more dependant on the mail and therefore more vulnerable to postal rate changes
- the Kent Commission reports provide detailed financial data on dailies but no information on weeklies
- Canada Post handles the two newspaper groups quite differently in terms of postal rates and codes, and develops separate lists for each.

In effect, we are dealing with two different populations and sampling frames. It was decided, therefore, to select

separate random samples from the lists of daily and community weekly newspapers, i.e., to have two strata.

In preparing the two sampling frames, the Study Team started with computer based lists of dailies and community weeklies developed by Canada Post for DOC. The initial lists encompassed all those dailies and weeklies registered with Canada Post which are eligible for second class mailing privileges under Rate Codes 1 and 2 respectively. The list of dailies (Code 1) includes 110 daily newspapers, plus 36 other publications which fall into various other categories. These include:

- 5 business dailies
- 26 semi-weekly papers
- one tri-weekly
- one monthly
- one community weekly
- 1 other paper (an agricultural monthly)

The five business dailies were added to the daily sampling frame, and the semi-weeklies, tri-weekly, and weekly (total 29 papers) were added to the community weekly sampling frame. The agricultural monthly was excluded from both sampling frames.

Representatives of the Canadian Daily Newspapers Association (CDNA) suggested, however, that the newspapers with a larger circulation (greater than 100,000) are not greatly affected by the postal subsidy program. Information provided by the CDNA indicated that as of 1984 mail circulation accounted for three percent or less of total circulation of every one of these 18 newspapers. Therefore, newspapers with circulation over 100,000 - with one exception noted below - were excluded from the urban daily sampling frame. This exclusion provided a daily sampling frame of (115-18)=97 daily newspapers with a daily circulation of 100,000 or less.

The list of community newspapers eligible for Rate Code 2 includes 444 newspapers which publish each week plus 15 papers which publish virtually every week, and one paper which publishes once every two weeks. All 460 papers were included in the community weekly frame. In addition, reviews of the Canada Post lists of publications eligible under Rate Codes 3 and 4 indicated a number of publications which could be considered for the sampling frame. These publications were included if they satisfied three criteria:

1. The publication was a weekly.
2. The paper distributed a minimum of 10% of its total circulation by mail.
3. The paper's name clearly indicated it was a community weekly (rather than a special interest paper), or the paper was classified as a community weekly by CARD.

It was found that 69 publications satisfied all three criteria. This provided a total sampling frame of $(489+69)=558$ community weeklies.

To summarize, the size of each sampling frame is as follows:

| | | |
|--------------------|---|-----|
| Dailies | - | 97 |
| Community Weeklies | - | 572 |

Other information sources indicate there are better than 1000 community weeklies in Canada. Better than 40% therefore are not eligible for second class postage rates from the Post Office or do not distribute by mail to any significant degree.

Forty papers were selected from the daily list (representing about 40% of the sampling frame) and 80 papers from the community weekly list (15% of the sampling frame). Given the potential for non-response, it was hoped these samples would

ensure that 20-30 dailies and 60-70 community weeklies would be interviewed. A larger sample size is desirable for the weekly newspaper class due to the likelihood that any changes in postal subsidies will have a greater impact on this group. Therefore, greater precision is required for this group than for the daily newspaper group. The number of completed interviews needed to be large enough to provide meaningful results for each of the two classes of newspapers. We expected to be able to extrapolate the sample results on the total population of each newspaper class.

Consideration was given to stratifying the sample by region and/or language group. However, systematic differences by region and language group were not anticipated. As well, a stratified sample would necessitate a much larger total sample size. A minimum of 30 completed interviews would be needed from each region and language group if a stratified sample were employed. Because of this decision, meaningful comparisons cannot be made between different provinces and regions, and between groups of newspapers serving different language groups.

The following compares the provincial distribution of the sample with the distribution of the total population or sampling frame.

| | Dailies | | Weeklies | |
|---------------------|-----------|------------|-----------|------------|
| | Sample | Total Pop. | Sample | Total Pop. |
| B.C. | 11 | 18 | 13 | 65 |
| Alberta | 2 | 6 | 13 | 93 |
| Saskatchewan | 2 | 5 | 10 | 70 |
| Manitoba | 1 | 5 | 6 | 50 |
| Ontario | 16 | 42 | 25 | 197 |
| Quebec | 3 | 8 | 5 | 41 |
| New Brunswick | 1 | 5 | 1 | 17 |
| Nova Scotia | 3 | 3 | 3 | 23 |
| Newfoundland | - | 2 | 1 | 8 |
| PEI | 1 | 3 | - | 3 |
| Yukon | - | - | 1 | 1 |
| NWT | - | - | 2 | 4 |
| Total Canada | 40 | 97 | 80 | 572 |

B.C. appears to be somewhat overrepresented in the sample while some of the smaller provinces are also out of line. In general however, the provincial distribution of the sample would appear to be consistent with the distribution of the sampling frame. The small number of Quebec newspapers in the sample is consistent with Quebec's representation in the two sampling frames for dailies and weeklies.

Listings from the CDNA indicate that there are five daily newspapers in Quebec with circulations of 100,000 or more. As noted above, four of the five were excluded from the sampling frame. Of the five, only Le Soleil of Quebec City distributes more than 1% of its total circulation by mail. It was decided to include Le Soleil in the sampling frame in order to expand representation from Quebec. (Le Soleil's circulation is about 125,000). Le Soleil distributed 2.1% of its total circulation by mail in 1984. Turning to the weeklies, our consultations with the French language associations in Quebec indicated that only a small portion of their combined membership -- 35 out of 166 weeklies -- appear to be potentially eligible for second class mailing privileges. It appears, therefore, that relatively few Quebec weeklies utilize the mails and/or are eligible for second class privileges.

The telephone survey was conducted as follows:

1. As noted above, leaders of the newspaper associations were asked to review the Planning Report and questionnaire, suggest any revisions and lend their support to the survey by signing a letter of endorsement encouraging member participation. The Canadian Community Newspaper Association agreed to send a separate letter to papers in the sample which are members of their association. The Canadian Daily Newspapers Association provided valuable input to the questionnaire and survey design, but decided to play a neutral role in the administration of the telephone

interviews.

2. A copy of the questionnaire, together with a covering letter from DPA, was forwarded to the publisher of each paper in the sample. The DPA letter requested their cooperation and suggested a time for the telephone interviews.
3. The telephone interviews were administered from DPA's regional offices in Vancouver, Calgary, Toronto and Fredericton. The interviews with Francophone papers were conducted in French.
4. The survey results were processed in DPA's computer facilities in Vancouver.

The final versions of the telephone questionnaires are in Appendix A. The questionnaires administered to the dailies and weeklies are the same except for a few questions. The questions which are marginally different are questions 5, 9, 10. The questionnaires were designed to allow successful completion of the interview within 15 to 20 minutes (in order to minimize the inconvenience to the respondent and enhance the response rate) and to focus in on the key issues in the evaluation study. More detailed information was collected through the eight case studies.

The administration of the telephone survey resulted in the completion of 89 questionnaires, 20 for dailies and 69 for community weeklies. The response rates therefore were 50% for dailies and 86% for weeklies. Completed questionnaires

are distributed as follows by province:

| | Dailies | Weeklies |
|---------------------|-----------|-----------|
| B.C. | 7 | 11 |
| Alberta | 2 | 15 |
| Saskatchewan | 1 | 8 |
| Manitoba | 1 | 7 |
| Ontario | 7 | 18 |
| Quebec | 2 | 4 |
| New Brunswick | - | 2 |
| Nova Scotia | - | 1 |
| Newfoundland | - | - |
| PEI | - | - |
| Yukon | - | 1 |
| NWT | - | 2 |
| Total Canada | 20 | 69 |

An overall response rate of 74% is viewed as satisfactory by the Study Team. The major reasons for non-response are as follows:

1. In some cases, we were not able to establish a mutually acceptable interview time with the newspaper publisher during the limited time period available for the telephone survey. The fact that the telephone survey was conducted in mid-summer probably added to our difficulties.
2. In a few cases, the Study Team was not able to make contact with the publisher of the sample newspaper, despite repeated telephone calls.
3. A few of the papers simply refused to participate in the telephone surveys. Many refusals reflected hostility to the Post Office and concerns about how the Post Office and other government agencies will use the results.

The lower response rate for dailies reflects two factors:

- Some of the dailies which are part of newspaper chains did not have the necessary information on file or were not given permission by the chain to participate in the

telephone survey.

- . Dailies receive less benefit from the program and therefore have less interest in this study and possible changes to the program.

In Chapter five, the Study Team has reported on the results from the telephone interviews with dailies. At the same time, because of the relatively small number of completed interviews for dailies, conclusions on the dailies must be based on a variety of data sources, including the telephone survey, the Kent Commission report, the Master List of newspapers, and consultations with industry representatives which included officials with the Southam and Thomson chains. (We also attempted to interview the head of the Sterling newspaper chain, but with no success). Fortunately, the available information from other sources on dailies is of fairly high quality and provided good support to the telephone survey results.

No other major unforeseen difficulties were encountered in completing the telephone survey. Most publishers happily cooperated in completing the questionnaire although their busy schedules often meant interview times had to be set many days in advance or rescheduled several times. As anticipated, some publishers were reluctant to answer questions related to their financial operations. Appendix D contains basic cross tabulations of the data. The results from the telephone survey are described in Chapter five.

3.0 RESULTS FROM POLICY CONSULTATIONS

The DPA Study Team held interviews with officials of four associations which represent community and daily newspapers in Canada:

- . Canadian Community Newspapers Association
- . Canadian Daily Newspaper Association
- . Les Hebdos Regionaux
- . Association Des Medias Ecrit

The Canadian Community Newspaper Association (CCNA) has a membership of 630 distributed as follows by province:

| | No. |
|----------------------|------------|
| British Columbia | 75 |
| Alberta | 112 |
| Saskatchewan | 73 |
| Manitoba | 49 |
| Ontario | 230 |
| Quebec | 13 |
| New Brunswick | 14 |
| Nova Scotia | 21 |
| Prince Edward Island | 3 |
| Newfoundland | 20 |
| Other* | <u>20</u> |
| Total | 630 |

* Mainly papers published at Canadian Forces Bases.

Therefore, the CCNA represents almost two-thirds of the 1000 or so community newspapers in Canada. Most of the CCNA members have a total circulation of 4,500 or less.

In our meetings, the Executive Director of the Association expressed the association's position that postal rate subsidies benefit the reader, not the publisher. The Association does not believe the subsidy should flow directly to the newspaper (this would provide the appearance of a "bought press"). Alternate forms of subsidization are not obvious to the Association. The industry is totally opposed to direct grants to newspapers. For example, the industry recently protested LEAD grants to local newspapers which displaced other newspapers in the same community.

The Association is particularly concerned about the effects of postage rate increases on the smaller papers. These are much more dependent on the mail system than the larger papers and therefore, can be seriously affected by even small changes in postal rates. The smaller papers will be forced to raise their mail subscription price, thereby reducing demand. At the other extreme, newspapers with circulations of 100,000 or more do not need the subsidy (suggesting perhaps the potential for subsidization on a sliding scale based on size). Some community papers are particularly dependent on the mail system and cannot use direct home delivery. These include papers published in rural communities (e.g., in Saskatchewan) and in more remote areas such as the two Territories. In contrast, urban and suburban weeklies have been able to develop alternative delivery systems.

The Executive Director offered some other comments:

- . Volume discounts for third class mail are generally not available to community weeklies; (to be eligible for a volume discount, the publisher requires a single mailing of 5,000 items in one province, or 10,000 items throughout Canada).
- . The industry is concerned about the lack of costing data

available from Canada Post; this limitation makes it impossible to precisely estimate the subsidy associated with second class mail rates.

The Canadian Daily Newspaper Association (CDNA) represents 80 of the 111 daily newspapers in Canada. Their membership includes both English and French newspapers. A member of the DPA Study Team met with the President of the Association plus representatives of the Southam newspaper chain, the Thomson chain, and the Toronto Star. They emphasized that large newspapers (circulation of 100,000 or more) distribute very little through the mail. For example, the Toronto Star wastes more newspapers each day than it distributes through the mail. However, some of the smaller papers -- with a significant readership in non-urban and rural areas -- continue to be highly dependent on mail circulation.

The volume of daily papers circulated by mail has decreased greatly in the last fifteen years, in response to rising postage rates and reduced mail service (e.g., dropping Saturday delivery). Alternatives to mail delivery include using contract trucking firms, and extending truck service routes. For example, independent contractors are now used to deliver newspapers in some rural areas. The representatives suggested that subscribers are also doubtful about the reliability of the postal service. When the local daily in Thunder Bay dropped mail delivery in favor of a contractor, its total subscription went up significantly. Subscribers are concerned about strikes, the cancellation of deliveries, and further service reductions in the future. Many publishers are working towards the day when they will be fully independent of the post office, but others do not have that option.

The dailies question whether they or their readers receive a subsidy from the post office. The following reasons were offered for this positions:

- because of the packaging done by the newspaper before delivery to the post office, the processing and handling cost of the post office is very limited
- in the past, newspapers have been asked in some areas to drop direct delivery in favor of mail delivery in order to expand the throughput and profitability of the local post office
- the inefficiencies of the postal service make it difficult to estimate the full cost of delivering second class mail.

The dailies believe that the post office would be hurt more than the dailies if increased postal rates resulted in reduced mail circulation. The post office would be hurt by the smaller throughput, especially in smaller post offices. The CDNA asserts that if a subsidy exists the subsidy is received by the reader not by the newspaper. Lower second class rates especially benefit people in outlying areas who do not have the same access to communication services as people in urban areas. The representatives stated clearly that if second class rates go up all of the increase will be passed on to the reader, resulting in a drop in readership in rural areas.

The meeting indicated that the daily newspaper industry does not trust the post office and views the postal service as a potential competitor for the advertising dollar. Some dailies believe the post office moves ad mail in preference to second class mail. To summarize, the position of the CDNA is as follows:

- the subsidy if it exists at all is to the reader not the industry
- smaller dailies and weeklies could be badly hurt by a significant postal increase

- the larger dailies will not be affected significantly but rural readership (which is a small portion of total circulation for larger dailies) could decrease substantially.

Les Hebdomadaires Regionaux has 108 members in the province of Quebec. All are commercial newspapers: 35 are sold and 73 are distributed free of charge. Their mandate is to represent their membership in discussions with government, other industries and community groups. The total distribution of the associations' members is 1,750,000 copies per week. Approximately 45% of the distribution is by mail and the balance is distributed directly to households and through newsstands. The Association's members pay \$2 million a year in postage to the Canada Post Office.

The Association believes the process to become eligible for second class rates is very time consuming. A government inspector is required to visit the newspaper's office and review its mailing list before granting second class mailing privileges. The Association's position is that higher second class rates will lead to a loss in subscriptions and services to its members. The only short term alternative to the post office is the expanded use of paper boys but direct delivery requires a great deal of organization and management.

Association Des Medias Ecris represents 58 community newspapers in the province of Quebec. Basically, the Association is a lobby group for its members and supplies training programs to its membership. All member newspapers are non-profit organizations except for one (L'Evenement) which is operated by a cooperative. The majority of the newspapers are oriented to the local community and are distributed within a 15km radius of the community of publication. Their circulation ranges from 280 to 28,000 copies per week and the total weekly circulation of all members combined is estimated at 260,000 copies. Approximately 50% of this distribution is by mail (third

class mail - 5.7¢ local and 7 to 8¢ non-local). The Association's members are not eligible for second class mailing privileges as their newspapers are distributed free of charge rather than on a subscription basis. According to one source, many of these newspapers receive government grants in order to supplement their operating budgets; (the source did not indicate the government providing the grants).

The major concern of the Association is that their members be made eligible for second class mailing privileges just like other community newspapers. The Association noted that a commercial business generates money to pay postage fees, while non-profit organizations need volunteers, grants and publicity.

Summary of Major Findings

- . The industry believes the subsidy is to the reader, not to newspapers. At the same time, industry representatives stated that many smaller dailies and weeklies could be hurt badly by significant rate increases, implying that the industry receives important financial benefits from the current system.
- . Some papers have no viable alternative to mail delivery. These papers are particularly vulnerable to changes in rates. The industry would prefer to be totally independent of the post office but some papers do not have this option.
- . Relatively few dailies are dependent on the postal system to any significant degree.
- . the industry is very concerned about the lack of costing data on Canada Post's operations.
- . The industry views the postal system with considerable distrust and as a potential competitor.

- . Papers not eligible for second class mailing privileges believe they should receive the same treatment as papers which are eligible.
- . The study should address not only the financial health of the industry but also cultural issues such as equal access of all Canadians to printed material.

4.0 RESULTS FROM LITERATURE AND DATA REVIEW

The purpose of this chapter is to summarize the findings from the previous studies on the postal subsidies program and the newspaper industry, and from existing statistical sources. The sources utilized are listed in Chapter two.

4.1 Evaluation of Canadian Concessionary Postal Tariffs and Their Classification Structures

This document prepared by Ekos Research in January 1984, traced the history of Canada's concessionary postal rates from before Confederation to almost the present day. The current system of concessionary rates was largely established in the late 1960's through Bill C-116 which was introduced to the House of Commons in October 1968. The legislation provided for the following changes (page 35 of the Ekos study):

1. A 2¢ charge on each piece of mail;
2. Increases to 5¢ per pound on all second class mail, and 15¢ per pound on the advertising content of dailies;
3. Reclassification of second class mail into three categories:
 - a) Dailies - including semi-weeklies
 - b) Weeklies;
 - c) Other publications.
4. Exclusion from second class mail of:
 - a) Publications of co-operatives, unions, church organizations, house organs and associations - i.e., groups whose main activity was not publishing;
 - b) Publications with an annual subscription rate of less than 50¢.

5. Discontinuation of statutory rates for sample copies of publications;
6. Further restrictions on the conditions of admissability to statutory rates of postage;
7. Elimination of preferential statutory rates for publications devoted to science, religion and agriculture;
8. Repeal of separate postage rates for copies of publications addressed for local delivery;
9. Discontinuance of statutory rates for mailings of newspapers and periodicals by newsdealers;
10. Definition of what constitutes a "Canadian" newspaper or periodical.

The legislation was in response to three important developments of the post-war years: the rising costs of subsidizing second class mail; the development of competing media to newspapers and periodicals handled by the Post Office; and the emergence of alternative distribution systems to the Post Office. During debate on the Bill, the Postmaster General outlined the two major objectives of the proposed changes:

- . To make second class mail pay its fair share of postal costs.
- . To amend and clarify the terms and conditions under which statutory rates apply in order to establish a rational basis for conferring the privilege of second class rates.

The study noted on page 36 that Bill C-116 was not intended to balance the postal budget but to control the level of

subsidy. The Post Office's objective was for revenues to cover about 50% rather than 20% of the cost of service, with figures being anywhere from approximately 80% for dailies, to 13% for weeklies and 33% for magazines.

Many of the issues raised at the time the Bill was debated and the changes that were made continue to be relevant today. The publishers and some members of Parliament objected that the Post Office was primarily designed to deliver first class mail and that most of its costs were fixed in relation to that service. Given that second class mail was a "by-product" of postal operations, the user should only pay the small additional costs which its delivery entails. The Post Office did not accept the by-product costing theory.

The Postmaster General argued that the publishers rather than subscribers benefitted from postal subsidies because they made the profits and controlled prices. Opposition members expressed concerns about the 2% of Canadians who relied exclusively on mailed newspapers for communication, and that the Bill would encourage the trend towards monopoly ownership and control of Canadian publications.

The rate increases resulting from the 1968 legislation were implemented in three stages: in April and October of 1969 and April of 1970. The impacts of the changes were as follows:

- more than 5,000 second class users before 1968 were excluded from second class privileges
- the volume of second class mail fell by 20% in one year
- second class revenue as a proportion of costs rose from 20% to 34%; the ratio for dailies showed the largest increase, from 12% to 50%
- the percentage of daily newspaper circulation sent

through the mail fell from 10 to 6 percent; the effects on the dailies were not judged to be too significant because of their limited reliance on the mail, however, a few dailies were affected in a more serious manner

- the overall effects on the weeklies were more serious, as their postal rates more than doubled; the authors concluded that the weeklies could less readily absorb the cost increases and had fewer options with respect to alternative delivery systems.

The daily newspaper publishers especially objected to the suddenness of the changes. The publishers of weeklies protested strongly to both the rate increases and the changes in free zone privileges. The Ekos report concluded that in general the economically viable weeklies shifted to alternative distribution systems while the smaller ones continued to be in a poor financial position.

The reactions to the rate increases were included in a study of the demand of newspapers and periodicals for postal services. This study was conducted by Kostuck Consulting Associates and completed in 1971. The report highlighted the dependence of most publications on advertising rather than subscription revenues and that many dailies were forced to seek alternative distribution schemes after the 1968 legislation was passed. Most of the dailies did not make a profit on their postal subscriptions -- rather, mail subscribers were considered important to maintain subscription levels that were high enough to attract large scale advertising. With regard to weeklies, the Kostuck study concluded that the rate revisions were not a major factor for many because of the free zone provisions. The author expressed the view that as many as 50% of the economically marginal weeklies would fold if the free zone provisions were withdrawn. The viable weeklies, which generally cater to more densely populated urban centers, responded to the rate increase by moving away from the postal

service in favor of their own distribution systems. The weaker ones remained dependent on the post office.

The rate and classification changes since Bill C-116 was enacted have largely been limited to rate increases on individual items or on an "across-the-board" basis. The latest changes occurred in 1984 when all postal rates were increased by 6%. In short, the system established by Bill C-116 is essentially in place today and is the system under review in the present set of studies.

4.2 A Study of the Canadian Periodical Publishing Industry

This study commissioned by DOC, was completed in June 1984, by Woods Gordon. The report did not cover daily or weekly newspapers. Because of the important operational and financial differences between the newspaper and periodical publishing industries, many of the findings from the Woods Gordon study may not be relevant to the current investigation. Not surprisingly, the major issue identified by the study was the postal program. The industry expressed concerns about: (i) future postal rate increases; (ii) unequal access of periodicals to favorable rates; and (iii) lack of knowledge about actual postal costs.

The government expressed concerns about whether its subsidy is providing appropriate benefits to Canada. Woods Gordon proposed that if the government wishes to reduce the financial subsidy to the periodical industry, it should adopt a cautious and pragmatic approach in any move to change postal rates beyond the rate of inflation, including:

- . a clear statement of the objectives of the government vis-a-vis the periodicals industry
- . a continuation of the policy of subsidizing major elements of the industry

- . an attitude that the subsidy be regarded as a combined subsidy for the industry and the consumer
- . further understanding of the actual cost of the Post Office
- . a more targetted use of subsidies over time
- . a reduction but not elimination of the cost to the government, over time, of the subsidy program
- . an application of the program solely to Canadian-owned periodicals
- . a decision by the government as to the degree to which it intends to differentiate between paid circulation addressed periodicals and controlled circulation addressed periodicals
- . an opportunity on the part of a consumer to request and to refuse receipt of a periodical if a subsidy is involved
- . support by the government, in its own domestic advertising expenditures, of Canadian media
- . a study of the sensitivity of the industry to advertising rate changes
- . the simplification and tightening of eligiblity criteria for 2nd class privileges
- . an increase in the minimum subscription rate per annum for periodicals receiving the 2nd class code 3 rate to 50¢ per copy

- . a minimum set at 25% of subscriptions by persons who are not members of a related association for that association to qualify for preferential postal rates
- . after key elements of the above have been completed or are in place, a specific, flexible, pragmatic and reasonable approach be taken to increasing postal rates.

The more detailed analysis of the effects of the subsidy program offered the following findings:

- . A Canadian publisher mailing a 150 gram periodical may have a rate which is more than twenty times the rate paid by another publisher with a different kind of 150 gram periodical.
- . Even within the second class rate structure, mailing costs for a Canadian publisher for a 150 gram periodical can vary between 4.2¢ and 13.8¢.
- . Unless there were significant changes in prices and advertising rates, most periodicals would operate at a substantial loss without subsidized postal rates.
- . The postal subsidy may have distorted the choice of distribution by the industry. Second class rates may have pulled the industry towards subscription sales and away from newsstand sales.
- . Most of the benefit from the program accrues to the mass circulation, consumer periodicals and to a lesser extent business periodicals. The smallest and most needy periodicals benefit least from the subsidy.
- . Many in the industry contend that the reader is the prime beneficiary of 2nd class postal rates. In Woods Gordon's view, the benefit is split evenly between publisher and reader. The Woods Gordon study suggested

the abolition of second class rates would have a number of impacts:

- subscription rates would increase but by less than the postal rate increase;
 - advertising rates would increase, although competition from unsubsidized periodicals and other media could dampen this effect;
 - some subscription magazines could be converted to unaddressed controlled circulation magazines;
 - some subscription magazines would seek to purge their subscription lists of readers who do not match their advertiser's requirements; the purging would result in increased concentration of promotional efforts in urban areas among more affluent readers.
- . There is little doubt the federal government is substantially subsidizing second class mail, and the level of federal support has increased immensely especially in the last few years. However, a study is needed to clearly calculate the cost of moving second class mail and the extent of the subsidy.

Woods Gordon concluded that the most serious concern of the government is that the current system of reduced second class rates is no longer an effective instrument whereby the government can pursue any clear economic, communication or cultural goals in the periodicals industry. The study then analyzed possible options for change, suggesting that any move to increase subsidized postal rates over and above the inflation rate should:

- bring the rate structures closer to the cost base

- be done carefully by stages with considerable monitoring as to the impact on the health of each segment of the industry
- be done with a view to the different rates that exist now by sector for periodicals that are competing against each other in that sector.

The study argued against drastic changes in the postal rates, noting that industry profitability (around 5% of sales) is low and that drastic changes could readily remove all profits from the industry. Periodical mailing costs typically represent 6% of expenses for a high circulation periodical. An increase in rates of 620% to the lowest non-subsidized rate (the third class bulk addressed rate) would imply that mailing costs would increase to about 35% of expenses. This increase would wipe out profits many times over.

4.3 Royal Commission on Newspapers

The Kent Commission Report of 1981 focussed only on the daily newspapers and offered no direct comment on the postal subsidies program and postage rates. Chapters 4 and 5 of the main report assessed the business and financial aspects of the newspaper industry. Some of the findings and conclusions from these two chapters could be relevant to the present investigation.

- . The circulation of daily newspapers increased rapidly from 1900 to 1911 but circulation growth after that was largely limited to growth in population and urbanization. Daily circulation per capita almost doubled from 1901 to 1911, going from 0.105 to 0.192. In contrast, the current figure of 0.230 per capita is only 20% higher than the 1911 figure. This is well below the advances in per capita income and the standard of living over the same period, indicating that the income elasticity of demand for daily newspapers is probably quite low.

- . The cover price of newspapers accounts for a declining proportion of total newspaper revenue, from 28% in 1950 to about 20% today. In terms of constant 1971 dollars, the price of a newspaper declined slightly from an average of 12¢ per issue in 1974 to 11¢ per issue in 1980.
- . The experience of newspapers which markedly increased prices in the 1970's does not provide any guide to the price elasticity of demand for daily newspapers. Three small town papers with daily circulation under 40,000 increased prices from 15 to 20¢ in 1976 and 1977; all three suffered losses in reported circulation in the following period. Another newspaper in the same size range increased its price 2.5 times and enjoyed circulation advances throughout the period.
- . Advertising now accounts for nearly 80% of total newspaper revenue; from 1974 to 1980, advertising revenues in terms of constant dollars rose at an annual average rate of 3.5%. Retail advertising accounts for 56% of advertising revenue, followed by classified (26%) and a category called national (17%) which covers advertising which is more general in scope.
- . The daily papers are now paying greater attention to the competition for the advertising dollar from other segments of the information industry: community newspapers, television, radio, news magazines etc. Dailies have responded to the challenge of the community newspapers by attempting to "gobble them up". The earlier Davey Commission and the Kent Commission identified a growing trend for dailies to acquire weeklies in the dailies' market areas. The report cited the long-term possibility that weeklies owned by dailies could even be absorbed into the zoned editions of the daily, as has occurred in the United States.

- . From 1955 on, television has significantly eroded the daily newspapers' share of total advertising revenue (accruing to all media). The daily newspapers' share of total advertising expenditures from all media fell from 30.7% to 26.5% from 1972 to 1980. Over the same period, the weeklies share rose from 4.9% to 5.4%, television's share increased from 12.7% to 17% and radio stayed constant at 11%.

- . Throughout North America, daily newspapers have been pulling back into their retail trading zones. Some papers deliberately go after a regional or national audience, but most are local in orientation. This situation reflects both the cost of delivery and the demands of advertisers.

- . Most daily newspapers continue to handle their own printing. The weekly newspaper industry in contrast has experienced a sustained trend towards centralizing printing of many different papers at one plant.

- . The daily newspaper industry is becoming increasingly capital intensive, resulting in greater labour productivity and declines in labour costs as a proportion of total expenses. The study estimated that as of 1980 there were about 22,000 employees in the daily newspaper industry.

- . The Kent Commission concluded that relative to other industries the daily newspaper industry is generally highly profitable.

Volume 4 of the Kent Commission documents: The Newspaper as a Business, incorporated four essays on the industry. Essay number one looked at the publisher's philosophy. Of the publishers interviewed while preparing the essay, only two indicated a willingness for the government to provide assistance to newspapers in difficulty under appropriate conditions and safeguards. The rest were opposed to any

intrusion by government in the form of direct assistance to the press, or the establishment of official newspapers supported by government funds. Publishers view intrusions as a direct threat to the independence and integrity of daily newspapers.

Essay two involved a financial and economic study of the newspaper industry in Canada. Financial performance was assessed in terms of four newspaper size categories:

- newspapers with less than 250,000 aggregate weekly circulation
- newspapers with 250,000 to 500,000 aggregate weekly circulation
- newspapers with 500,000 to one million aggregate weekly circulation
- newspapers with more than one million aggregate weekly circulation.

Exhibit 4.1 presents industry ratios for the four size categories for two years, 1974 and 1980. The potential exists that the smaller dailies with aggregate weekly circulation of 250,000 or less have some features in common with the larger community weeklies. Compared to the larger dailies, the smallest size class has the following characteristics:

- greater dependence on retail advertising and circulation as sources of revenue
- higher labour costs as a proportion of total expenses
- relatively higher printing, administration, advertising and marketing costs; and lower newsprint costs, circulation and distribution expenses (which include postage costs).

EXHIBIT 4.1: FINANCIAL RATIOS FOR NEWSPAPERS, BY SIZE CLASS: 1974 AND 1980

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| | Less Than 250,000 Weekly Circulation | | 250,000-500,000 Weekly Circulation | | 90,000-1,000,000 Weekly Circulation | | 1,000,000 Plus Weekly Circulation | |
|-------------------------------------|---|--------------|---------------------------------------|--------------|--|--------------|--------------------------------------|--------------|
| | 1974 | 1980 | 1974 | 1980 | 1974 | 1980 | 1974 | 1980 |
| Distribution of Revenues | | | | | | | | |
| Advertising | | | | | | | | |
| - National | 7.9 | 7.8 | 11.4 | 11.6 | 12.4 | 12.5 | 18.1 | 17.1 |
| - Retail | 48.5 | 46.1 | 44.8 | 44.8 | 42.6 | 41.0 | 32.0 | 32.1 |
| - Classified | 14.7 | 16.1 | 15.9 | 17.5 | 19.1 | 20.1 | 22.7 | 23.3 |
| - Other | <u>1.8</u> | <u>5.5</u> | <u>1.3</u> | <u>4.1</u> | <u>1.9</u> | <u>6.5</u> | <u>2.1</u> | <u>5.4</u> |
| Total Revenues | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| Distribution of Expenses | | | | | | | | |
| Production | | | | | | | | |
| - Newsprint | 10.4 | 14.2 | 17.5 | 17.5 | 20.5 | 24.3 | 23.0 | 26.2 |
| - Printing | 30.0 | 26.3 | 30.5 | 27.4 | 27.7 | 22.3 | 24.6 | 21.0 |
| Circulation and Distribution | 9.9 | 13.1 | 12.7 | 13.0 | 12.8 | 14.9 | 14.8 | 16.2 |
| Advertising and Marketing | 9.2 | 10.3 | 7.9 | 8.8 | 9.9 | 10.5 | 9.4 | 8.8 |
| Administration and Other | 25.4 | 19.0 | 15.3 | 15.3 | 11.0 | 10.4 | 12.7 | 10.5 |
| Editorial Expenses | <u>15.0</u> | <u>17.1</u> | <u>16.2</u> | <u>17.9</u> | <u>18.0</u> | <u>17.6</u> | <u>15.6</u> | <u>17.3</u> |
| Total Expenses | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| Salaries as % of | | | | | | | | |
| Total Expenses | 53.1 | 48.9 | 47.8 | 44.5 | 50.0 | 44.4 | 46.1 | 41.9 |
| Net Income % of | | | | | | | | |
| Gross Revenues | 24.8 | 21.0 | 5.0 | -1.6 | 16.5 | 12.6 | 14.5 | 5.3 |
| Return on Net | | | | | | | | |
| Assets Employed | 53.0 | 45.0 | 8.7 | -4.8 | 35.0 | 31.4 | 31.2 | 12.5 |

Source: The Newspaper as a Business; by Eugene Hallman, P.F. Oliphant and R.C. White, Communications Research Centers (Leonard Kubas); Research Studies on the Newspaper Industry, Volume 4, 1981.

In short, the smaller papers carry higher labour and overhead expenses but these are offset by relatively lower expenditures on goods and services. Similar to the other size classes, the smaller dailies have responded to higher newsprint and other costs by attempting to economize on the use of labour. The smallest size class displayed the most favorable profitability measures. No information is available to indicate whether the community weeklies displayed similar profitability.

This essay also included a section describing the links between daily newspapers and the weekly press. The study estimated there were about 1,000 community weekly newspapers in Canada in 1980, plus a small number (fewer than 50) of special interest weeklies with circulations which spanned a number of provinces. The number of community weeklies rose by over 100 from 1971 to 1980. The number of community weekly newspapers in centers where there are daily newspapers increased significantly from 1971 to 1980, whereas the number of weeklies serving other communities declined. Community newspapers have relatively short lives -- of the 352 weeklies in areas also served by dailies in 1971, only 152 had the same title in 1980.

The aggregate circulation of community newspapers increased substantially from 1971 to 1980. Most of the growth occurred in weeklies distributed free of charge (the controlled distribution weeklies). The annual average growth rate in circulation of weeklies not sold was 13.6% compared to 3.8% for weeklies which are sold. In 1971, the aggregate weekly circulation of community newspapers sold to the public was 45.3% of the total circulation of community newspapers. By 1980, this percentage had fallen to 26.5%. The circulation of special interest weeklies showed a general decline from 1971 to 1980.

This section concluded with the following comparisons between weekly and daily newspapers:

- the major growth in the number of community newspapers has occurred in centres where there are resident dailies;
- both paid and controlled-circulation community weeklies are showing more rapid growth in aggregate weekly circulation than are dailies;
- special interest weeklies have shown a major decline in aggregate weekly circulation, much below the growth in daily newspaper circulation.

Some other findings from this essay could be of consequence to the present investigation:

- . The geographic coverage of dailies appears to have increased in recent years. In 1980, 114 daily newspapers were in -- or served -- 98 cities (centres with more than 50,000 people and/or with a resident daily newspaper). In 1980, 19 anglophone and 14 francophone cities were not served by resident dailies in 1980. In 1971, the numbers of anglophone and francophone cities not served by resident dailies were 27 and 15.
- . In June 1981, there were 1044 weekly newspapers in Canada, owned by 761 proprietors. More than half, 527, belong to community newspaper chains of more than one weekly newspaper. All but two daily newspaper chains also own weekly newspapers, and the largest weekly newspaper chains are owned by daily newspaper chains. Weekly newspapers owned by dailies generally are distributed in the same area as served by the daily. Of the 111 daily newspapers in Canada in 1981, 99 are owned by proprietors who also own weekly newspapers. These 26 owners own nearly 15% of all weeklies.
- . Economies of scale are very important to the newspaper industry. On the revenue side, as a newspaper's circulation rises, so do its advertising rates. This is

because the advertiser's cost of reaching each reader goes down as the circulation of the daily newspaper expands. On the expense side, the cost per circulated page for lower circulation dailies is substantially higher than for larger papers. In addition, the size of the newspaper increases with annual aggregate circulation. The consequence is that the economies resulting from the lower cost per circulated page in the larger newspapers are offset by an increase in the number of pages it prints. Stated differently, economies of scale disappear into making the newspaper larger.

- . Circulation and distribution expenses rise with the size of circulation. The higher circulation and distribution costs for larger newspapers reflect their high circulation outside their city of publication.

Essay four was on "advertiser's choice". The essay reported that advertisers are becoming more professional and are seeking to maximize their return on investment. Broad audience generalizations are being replaced by increasingly detailed descriptions of the primary target audience. Marketing and merchandizing decisions are becoming more centralized, and television continues to occupy a prominent position with media decision makers involved with national advertising. Increasing professionalism of marketers and retailers means greater emphasis on reliable audience data to support advertising decisions. In short, newspapers, both dailies and weeklies, are fighting growing competition for the advertising dollar, and more professional and knowledgeable retailers and advertisers.

4.4 Canadian Daily Newspaper Publishers: Brief Re Post Office Crown Corporation

The CDNA presented a brief to the federal government at the time that the Post Office became a Crown Corporation. The

brief detailed the history of newspaper-Post Office relations, the role of the Post Office in Canada, the role of newspapers in society, the price sensitivity of circulation sales, the relationship of circulation to advertising income, and recent technological changes that will effect daily newspapers. The following paragraphs discuss the conclusions important to the current study.

The brief notes that, with respect to the basic principle of payment for services rendered, publishers of dailies believe the service should be charged for and payments made. Publishers traditionally have believed they were paying this usage fee on the reader's behalf and more recently have incorporated these fees into their rates.

Advertising is by far the largest source of newspaper revenue and typically accounts for over 75% of the newspaper's total revenue. However, circulation is critical, as advertisers purchase the market they are attempting to reach. Anything that affects the growth of circulation adversely affects the ability of the newspaper to charge the advertising rates required to maintain the newspaper's viability.

The brief argued that postal rate increases have the greatest effect on newspapers which can least afford them. Small daily newspapers with circulations of 50,000 or less have a greater dependence upon the mail service than larger papers; mail subscription averages 8.5% of their total circulation. For newspapers with a circulation of over 100,000 mail accounts for less than 1% of their total circulation. The brief's analysis discussed the negative effect of postal rate increases on mail circulation. The effect is greatest on newspapers with less than 50,000 circulation who make the greatest use of the nation's mail service to reach subscribers outside the newspaper's community of publication. The brief quoted the Davey Commission Report which stated with regard to rate increases that "there seems to be a point, and some Canadian publications have now (1970)

encountered it, beyond which subscribers will not go, at which they will refuse to pay an extra price, however slight and legitimate. When that happens, communication suffers".¹ The brief also cited American evidence to the effect that from 1966 to 1970 postal rates increased by 25% while daily newspaper use of the mail decreased by over 30%. The position of the American newspaper industry was that the second class rate increase proposed at the time the US Postal Corporation was established would put some publications out of business and would substantially reduce the circulation of others. The projected result was that many thousands of readers would be deprived of publications which are no longer published or become too expensive to purchase. The American industry concluded that the general circulation of daily newspapers is price sensitive and that circulation falls when prices are raised; this negatively effects the newspaper's ability to cover cost increases through advertising rate increases as circulation and advertising are interrelated.

The brief concluded that Canadian daily newspapers are subject to the same price sensitivity.

The brief offered some other views which could be relevant to the present investigation.

- . The postal service has been used as a threat against the newspaper industry in other countries. This may help to explain the sensitivity of Canadian newspapers to any changes in postal rates and systems.
- . The Bill which established the Post Office showed no recognition of the social role of the Post Office. By ignoring this role, an important change occurred in the contract between the Post Office and the user.
- . Traditionally, the differential between the cost of providing service to the newspaper industry and the rate charged to mail newspapers has been considered a "subsidy to the people", not to the newspaper industry.

The brief expresses concern that the traditional view is changing. Freedom of the press could be compromised if the subsidy is seen and administered as a government payment to the newspaper industry.

- . Daily newspapers are facing growing competition for advertising revenue from other media, and for circulation and readership from other leisure time activities.
- . A CDNA survey of July 1979 indicated considerable dissatisfaction among dailies with the services of the Post Office and that improved service, in particular guaranteed one-day mail service, would greatly expand Post Office usage under existing rate policies.

4.5 CDNA Data Base

The Canadian Daily Newspaper Publishers Association (CDNA) presented the Study Team with its analysis of the utilization of the postal service by daily newspapers. The analysis focussed on differences between larger and smaller daily newspapers. The results by newspaper size class are presented in Exhibit 4.2. The Exhibit also displays the experiences of individual dailies which may be of particular interest because of their past or present dependence on the mail. The total number of newspapers in each size class -- including those no longer publishing -- are distributed as follows:

| Circulation | No. |
|------------------|------------|
| 100,000 and over | 21 |
| 25,000-100,000 | 29 |
| Under 25,000 | <u>72</u> |
| Total | 122 |

Exhibit 4.2 and the CDNA data base indicate that mail circulation plays a negligible role in the operations of the

EXHIBIT 4.2: CIRCULATION BY MAIL OF DAILY NEWSPAPERS: BY SIZE, CLASS AND SELECTED PAPERS

| | Circulation by Mail | | | | Total Circulation | | | Mail of Total Circulation | | |
|---|---------------------|----------------|----------------|----------------|-------------------|-----------------|-----------------|---------------------------|------------|-------------|
| | 1984 | 1981 | 1979 | 1968 | 1984 | 1979 | 1968 | 1984 | 1979 | 1968 |
| Circulation 100,000 and Over | 91,478 | 170,421 | 143,957 | 328,331 | 5557,932 | 5412,245 | 4577,038 | 1.6 | 2.7 | 7.2 |
| Montreal Gazette | 944 | 2,140 | 2,403 | 4,678 | 209,895 | 200,732 | 136,487 | 0.5 | 1.2 | 3.4 |
| Ottawa Citizen | 500 | 700 | 642 | 3,250 | 192,287 | 126,140 | 81,288 | 0.3 | 0.5 | 4.0 |
| Globe and Mail: Toronto | 7,976 | 42,790 | 5,018 | 10,861 | 311,142 | 275,812 | 251,598 | 2.6 | 1.8 | 4.3 |
| Edmonton Journal | 587 | 934 | 1,268 | 8,656 | 172,651 | 179,973 | 145,203 | 0.3 | 0.7 | 6.0 |
| Chronicle Herald and Mail Star: Halifax | 1,066 | 1,486 | 1,909 | 19,063 | 134,483 | 128,275 | 116,928 | 0.8 | 1.5 | 16.3 |
| Le Soleil, Quebec | 2,236 | 3,168 | 4,060 | 29,922 | 124,631 | 130,118 | 161,748 | 2.1 | 3.1 | 18.5 |
| London Free Press | 2,868 | 3,504 | 3,481 | 18,947 | 127,877 | 132,365 | 123,382 | 2.2 | 2.6 | 15.4 |
| Calgary Herald | 600 | 1,000 | 1,251 | 4,199 | 140,768 | 132,426 | 95,695 | 0.4 | 0.9 | 4.4 |
| Circulation 25,000-100,000 | 28,891 | 41,352 | 46,299 | 117,701 | 1206,415 | 1225,696 | 1015,580 | 2.4 | 3.8 | 17.5 |
| Telegraph Journal and Evening Times Globe, Saint John | 8,978 | 9,121 | 9,460 | 10,662 | 71,607 | 64,309 | 53,319 | 12.5 | 14.7 | 20.0 |
| Times and Transcript, Moncton | 1,807 | 5,617 | 5,853 | 6,279 | 44,807 | 45,029 | 32,029 | 4.0 | 13.0 | 19.6 |
| Le Devoir, Montreal | 2,982 | 5,959 | 6,851 | 18,411 | 33,210 | 43,099 | 42,123 | 9.1 | 17.0 | 43.7 |
| La Tribune, Sherbrooke | 1,645 | 2,470 | 2,882 | 6,867 | 41,059 | 41,377 | 37,724 | 4.0 | 7.0 | 18.2 |
| Circulation Under 25,000 | 41,949 | 67,228 | 68,484 | 83,611 | 717,607 | 694,764 | 561,498 | 5.9 | 9.9 | 14.9 |
| Guardian and Patriot, Charlottetown | 7,584 | 8,805 | 8,381 | 8,733 | 23,022 | 21,863 | 20,692 | 32.9 | 38.3 | 42.2 |
| Journal - Pioneer, Summerside | 3,377 | 3,858 | 4,105 | 3,827 | 11,259 | 11,413 | 7,912 | 30.1 | 36.0 | 48.4 |
| Sun Times, Owen Sound | 3,901 | 4,812 | 4,525 | 5,276 | 20,777 | 19,920 | 14,169 | 18.8 | 22.7 | 37.2 |
| Amherst Daily News | 956 | 1,089 | 992 | 1,359 | 3,547 | 3,537 | 3,877 | 26.9 | 25.2 | 35.1 |
| Sherbrooke Record | 3,442 | 4,041 | 3,781 | 4,995 | 6,455 | 7,195 | 8,823 | 53.3 | 52.7 | 56.6 |
| La Voix de l'Est Granby | 901 | 1,075 | 1,052 | 4,253 | 12,958 | 10,280 | 11,207 | 6.9 | 10.2 | 38.0 |
| Beacon Herald, Stratford | 213 | 308 | 303 | 3,073 | 12,894 | 12,702 | 9,831 | 1.7 | 2.4 | 31.3 |
| Simcoe Reformer | 627 | 2,618 | 2,989 | 2,686 | 9,647 | 10,314 | 7,913 | 6.5 | 29.0 | 33.3 |
| Total: All Size Classes | 162,318 | 279,001 | 258,740 | 529,643 | 7481,954 | 7332,705 | 6154,116 | 2.2 | 3.5 | 8.6 |

4-20

Source: Canadian Daily Newspaper Association, based on data from the Audit Bureau of Circulations, and Canadian Advertising Rates and Data.

vast majority of newspapers in Canada. Of the 96 dailies in the database which were still in operation in 1984, only 12 distributed more than 10% of their total circulation by mail in that year. Virtually all newspapers in the database distributed a declining proportion of their circulation by mail from 1968 to 1984. For all papers combined, the proportion distributed by mail fell from 8.6% in 1968 to 2.2% in 1984. Distribution by mail plays almost no role in the operations of the larger papers, and is important to the operations of only selected papers in the other two size groups.

The experiences of individual papers are illustrative of the overall trend. In 1968, the Chronicle Herald and Mail - Star in Halifax, the London Free Press and Le Soleil in Quebec City distributed better than 15% of total circulation by mail. By 1984, these percentages are 2% or less in all three cases. No newspaper with circulation greater than 100,000 distributed more than 3% of total circulation by mail in that year. Over the same 16 year period, Le Nouvelliste in Trois Rivieres went from 16 to 1% of total circulation, Le Droit in Ottawa from 18 to 1%, La Voix De L'est in Granby from 38 to 7%, and the Beacon Herald at Stratford, Ontario from 31 to 2%. The evidence suggests, therefore, that daily papers which had alternatives have responded to postal rate increases and service reductions by becoming as independent as possible of the Post Office. The newspapers which continue to have some dependence on mail circulation are typically published from small to medium sized cities in Ontario, Quebec and the Maritimes. These include:

| Newspaper Name | City |
|---|-------------------|
| Telegraph Journal and Evening Times-Globe | Saint John NB |
| Guardian and Patriot | Charlottetown PEI |
| Journal-Pioneer | Summerside PEI |
| Amherst Daily News | Amherst NB |
| Sherbrooke Record | Sherbrooke PQ |
| The Recorder & Times | Brockville Ont. |
| The Sun Times | Owen Sound Ont. |
| Coburg Daily Star | Coburg Ont. |
| Lindsay Daily Post | Lindsay Ont. |
| Evening Guide | Port Hope |

The two other dailies with more than 10% of circulation by mail are published in smaller cities in Alberta (Daily Herald Tribune in Grande Prairie) and BC (Nelson Daily News). The CDNA database indicates clearly that larger dailies use the mails very little and only selected papers in small to medium sized cities continue to have some dependence on mail delivery. The database suggests therefore that relatively few daily papers are vulnerable to major increases in second-class postal rates.

However, access to information is also an important study issue. Despite the sharp decrease in mail circulation in the past 16 years, better than 160,000 Canadian families and businesses continue to depend on the mail for the delivery of their daily newspaper. Better than 90,000 of the mail circulation is from the larger dailies. Past evidence indicates that these figures could suffer further declines in response to a major increase in postal rates. The CDNA representatives stated to the Study Team that dailies will attempt to pass on all of the rate increases to their readers. Exhibit 4.2 suggests that a significant portion of mail circulation readers will not accept the higher subscription price but instead will turn to other forms of information.

4.6 Statistics Canada Data

The Study Team reviewed information on the newspaper industry available from the three Statistics Canada publications listed in the methodology chapter. This data is presented in Appendix B. Most of the information is too highly aggregated to be useful to this investigation. For example, the two relevant SIC classifications incorporate all types of publications, books, periodicals, newspapers etc. However, some of the Statistics Canada data tend to confirm information available from other documents. Data on revenue by source from the Census of Manufacturers indicates that all types of newspapers are highly dependent upon advertising.

The ratios are as follows (see page B-2 in Appendix B):

| | Advertising Revenues as % of Total Revenue |
|--|---|
| Newspapers: daily | 78.0 |
| Newspapers: national weekend | 67.9 |
| Newspapers: weekly semi-weekly and tri-weekly | 73.1 |
| Other newspapers | 82.8 |

By SIC industry code, in 1982, sales of services (probably largely advertising) accounted for 47% of the total income of the publishing only industry (SIC 288), and for 82% of the total income of the publishing and printing industry. From this and other information, it would appear that the dailies are largely included in SIC industry 289, but that the community weeklies are found in both categories.

Information from the Statistics Canada publication on newspapers and periodicals indicated that over the last half of the 1970's the dailies displayed less growth in circulation and advertising revenues than other newspapers (see page B-4 in Appendix B). From 1976 to 1980, the circulation of dailies increased at an annual average rate of 1.9% compared to 5.6% for non-daily newspapers. Over the same period, the absolute number of non-dailies experienced a decline and the average circulation of each non-daily rose sharply from 7,920 to 10,100. The advertising revenues of dailies increased at an annual average rate of 8.7% from 1976 to 1980 compared to 15.7% for non-daily newspapers.

4.7 Master List of Newspapers

The Study Team used existing data sources to put together an information base on newspapers which are dependent on the mail. The list is divided between daily and weekly newspapers and was developed from the following sources:

- . CARD was used to provide up-to-date information on

circulation.

- Computer analysis completed by DOC in 1981/82 was used to code each newspaper by:

- the percentage of total circulation by mail
- the absolute amount of the postal subsidy, defined as the revenue foregone (revenue from third class mail minus actual revenue based on 1982 second class rates); size ranges are as follows:

| | | |
|---|-----------|-----------|
| A | \$1 - | 5,000 |
| B | 5,001 - | 10,000 |
| C | 10,001 - | 20,000 |
| D | 20,001 - | 40,000 |
| E | 40,001 - | 70,000 |
| F | 70,001 - | 100,000 |
| G | 100,001 - | 200,000 |
| H | 200,001 - | 300,000 |
| I | 300,001 - | 500,000 |
| J | 500,001 - | 1,000,000 |
| K | 1,000,001 | and over |

- the relative significance of the subsidy (estimated revenue from third class mail divided by actual revenue based on second class rates); this ratio indicates the potential increase in postage costs to the newspaper if second class mailing privileges were totally removed.
- Some of the newspapers not in the 1981/82 printout but in 1985 Canada Post lists of newspapers with second class mailing privileges were added to the Master List. Those no longer in the Canada Post lists were deleted from the information base when it was known that the paper was no longer published.

All of this information was placed on computer and processed using a software program developed to manipulate both quantified and non-quantified information. The computerized information base includes 149 daily and semi-weekly papers (plus a few others eligible for Code one second class mailing privileges), and 535 community weekly papers. Appendix C presents frequency distributions and cross tabulations based on the Master List, divided between dailies and weeklies. The major results for the dailies are:

- 67% have daily circulations of 25,000 or less (Table C-2 in Appendix C)
- 30% of the dailies distribute more than 10% of total circulation by mail and another 21% distribute from 6 to 10% by mail (Table C-5 in Appendix C)
- 44% of the dailies are located in Ontario, 20% in BC and only 9% in Quebec (Table C-1 in Appendix C)
- 64% are located in communities of 100,000 or less (Table C-3 in Appendix C)
- 23% of the dailies each received an implicit subsidy of \$300,000 or more based on 1981 mailings and 1982 second class postage rates (Table C-6 in Appendix C)
- if the subsidy were removed and dailies mailed under third class rates, 82% of the dailies in the Master List would experience an increase in postage costs of six times or more (Table C-7 in Appendix C)
- 28 of the 36 dailies which distribute more than 10% of total circulation by mail are located in urban centers with populations of 100,000 or less (Table C-9 in Appendix C)
- 25 of the 36 dailies which distribute more than 10% of

the total circulation by mail have total paid daily circulation of 10,000 or less and another 7 have daily circulation of between 10,000 and 25,000 (Table C-10 in Appendix C)

- most of the dailies which would experience substantial increases in postage costs from removing second class rates are lower circulation dailies located in smaller urban centers (with populations of 100,000 or less) (Table C-15 in Appendix C)
- at the same time, some of the larger dailies receive the largest absolute benefits from the program; all 16 dailies with total paid circulations of 100,000 plus each received implicit subsidies of \$40,000 or more. (Table C-13 in Appendix C)

In short, smaller dailies in less populous centers are most dependent on the mail service and receive the greatest financial benefits from the program relative to their size of operation. At the same time, some larger papers and/or their readers receive significant absolute benefits from the program.

The frequency distributions and cross tabulations for the community weeklies highlight their greater dependence on the mail service. The major findings from Appendix C are as follows:

- 80% have weekly circulations of 5000 or less (Table C-19 in Appendix C)
- 92% of the weeklies distribute more than 10% of total circulation by mail, and 87% distribute more than 20% by mail (Table C-21 in Appendix C)
- 41% of the weeklies distribute better than 70% of their total circulation by mail, indicating that a large

number of weekly papers -- better than 200 -- are virtually fully dependent on mail service for their circulation (Table C-21 in Appendix C)

- 32% of the weeklies are located in Ontario, 15% in Alberta, 14% in Saskatchewan, 12% in BC, and 9% each in Quebec and Manitoba (Table C-17 in Appendix C)
- 97% are located in communities with populations¹ of 100,000 or less, and 93% in communities of 20,000 or less (Table C-18 in Appendix C)
- 50% of the weeklies received an implicit subsidy of \$40,000 or more based on 1981 mailings and 1982 second class postage rates and another 39% receive an implicit subsidy of \$10,000; accordingly the program provides a significant financial benefit to most weeklies in the Master List and to close to one-half of the 1000 or so weeklies in Canada (Table C-22 in Appendix C)
- if the subsidy were removed and weeklies were mailed under third class rates, 25% of the weeklies in the Master List would experience an increase in postage rates of more than 20 times, and another 40% would experience an increase of from 6 to 20 times. (Table C-23 in Appendix C)

The typical community weekly benefitting from second class mailing privileges has a total paid circulation of 5000 or less and is published in a community with less than 20,000 population. The removal of second class rates would result in a dramatic rise in postage costs for the vast majority of these small-town weeklies. Unless the increase in postage costs can be passed on to their readers, with little or no loss of readership, the removal of second class rates could potentially have a significant effect on the total costs, total circulation and/or profitability of many of these small-town weeklies.

4.8 Summary of Major Findings

The literature and data review provided some of the same conclusions as the consultations with industry and DOC staff. The most important results are as follows:

- . There is a strong and direct relationship between subscriptions and advertising revenues. A drop in subscription revenue is generally associated with a corresponding drop in advertising revenue.
- . Many weeklies could be highly dependent on low second class rates and free zone privileges. Removal of these privileges could place many of these weeklies, especially those in rural areas, in jeopardy.
- . Profitability of the periodicals industry is generally low and drastic changes to postal rates could readily remove all profits from the industry.
- . The financial health of the daily newspaper industry is generally good and the industry in aggregate has been able to accommodate the increases in second class postal rates, and the changes in mail service, which have occurred in the past 15 years.
- . The daily newspaper industry has responded to past cost increases (in newsprint etc.) by becoming more capital intensive and by economizing on labour. Smaller papers are less capital intensive and carry relatively higher labour costs, suggesting they as a group may have been less successful in responding to technological changes and increases in costs.
- . Past increases in postal rates and changes in postal services are associated with a dramatic decline in the mail circulation of daily newspapers. The effects are greatest on smaller dailies with less than 50,000 circulation.

- . Dailies will attempt to pass on all of any future postal rate increases to their readers, resulting perhaps in further declines in mail circulation and further decreases in access to information.
- . During the 1970's non-daily newspapers displayed stronger increases in aggregate circulation and advertising revenues than daily newspapers. The average circulation of non-dailies also increased as their total number declined from 1976 to 1980.
- . Newspapers are facing growing competition for the advertising dollar, suggesting perhaps that papers possess limited potential to pass on higher postage costs to advertisers in the form of higher advertising rates.
- . Most of the recent growth in community weeklies' circulation was enjoyed by weeklies circulated free of charge, the segment of the industry which is not eligible for second class mailing privileges.
- . Past experience suggests the industry may respond more favorably to phased increases in postal rates rather than the same increases implemented rapidly.
- . In light of past adjustments to increases in rates and decreases in service, future adjustments may be harder for the industry. The possibility exists that most of the dailies and weeklies which can use alternative delivery systems have already exercised these options.
- . Many smaller dailies and community weeklies can be characterized as highly dependent on advertising revenues, relatively labour intensive, and highly dependent on the mail. These papers may not have the latitude and flexibility to respond to postal rate increases by expanding advertising rates, economizing on

labour, and/or using alternative delivery systems.

- . Growing concentration of the newspaper industry is reflected within the community weeklies through the purchase of weeklies by community or daily newspaper chains. Cost increases which affect the financial performance of independent community weeklies could accelerate the trend toward concentration of ownership.

These observations and the observations at the end of Chapter three can be viewed as preliminary findings which were further tested through the telephone interviews and case studies.

FOOTNOTE

- 1 Population figures include populations in suburbs for larger centers (defined as Census Metropolitan Areas and Census Agglomerations by Statistics Canada).

5.0 RESULTS FROM TELEPHONE INTERVIEWS

5.1 Background

This chapter describes the results of the telephone survey of 20 daily and 69 community weekly newspapers conducted in July and August, 1985. Section 2.4 outlines sample selection and survey administration and Appendix D presents the basic frequency distributions and cross tabulations of survey data.

Exhibits 5.1 and 5.2 show the sample's distribution of weekly and daily papers by community population size and regular total paid circulation. About 80% of weeklies surveyed have less than 5,000 paid circulation and 88% are located in communities with populations of 20,000 or less. By comparison 35% of dailies have paid circulations of under 5,000 and 45% are in communities with 20,000 people or less. Newspapers surveyed also had the following general characteristics:

- . About 53% of weeklies had less than 10 employees and only 9% had 30 or more. No dailies had fewer than 10 employees but 75% had 30 or more; (Table D-6 and D-7 in Appendix D)
- . About 62% of weeklies and 95% of dailies distribute over half their circulation in their local community;
- . Weeklies distributed an average of 66% of their total circulation by mail, while dailies distributed about 13% by mail; (Table D-1 in Appendix D);
- . On average, weeklies surveyed sent 50% of their mail distribution to their local community, 23% to urban centres in Canada, 25% to rural or unincorporated places and less than 1% out of Canada. Dailies sent on average 26% to their local community, 28% to other urban centres,

**EXHIBIT 5.1: SAMPLE WEEKLY NEWSPAPERS BY COMMUNITY
POPULATION SIZE AND REGULAR TOTAL PAID
CIRCULATION**

----- Cross Tabulation -----

Postal Subsidy Program -- WEEKLY

Row Variable: Population

Column Variable: Regular Total Paid Circulation

| | Freq | 11-1000 | 1001-2000 | 2001-5000 | 5001-10000 | 10001-25000 | 25001-50000 | 50001-100000 | Total |
|----------------|------|---------|-----------|-----------|------------|-------------|-------------|--------------|--------|
| Pct | | 10 | 10 | 100 | 1000 | 1000 | 10000 | | |
| 1-1000 | | 3 | 4 | | | | | | 7 |
| | | 4.35 | 5.80 | | | | | | 10.14 |
| 1,001-2,000 | | 2 | 5 | 6 | 2 | | | | 15 |
| | | 2.90 | 7.25 | 8.70 | 2.90 | | | | 21.74 |
| 2,001-5,000 | | 1 | 2 | 16 | | | | | 19 |
| | | 1.45 | 2.90 | 23.19 | | | | | 27.54 |
| 5,001-20,000 | | | 1 | 11 | 7 | 1 | | | 20 |
| | | | 1.45 | 15.94 | 10.14 | 1.45 | | | 28.99 |
| 20,001-50,000 | | | | 1 | 2 | | | | 3 |
| | | | | 1.45 | 2.90 | | | | 4.35 |
| 50,001-100,000 | | | | | | 1 | | | 1 |
| | | | | | | 1.45 | | | 1.45 |
| Over 100,000 | | 1 | 1 | 1 | | 1 | | | 4 |
| | | 1.45 | 1.45 | 1.45 | | 1.45 | | | 5.80 |
| Total | | 7 | 13 | 35 | 11 | 3 | | | 69 |
| | | 10.14 | 18.84 | 50.72 | 15.94 | 4.35 | | | 100.00 |

EXHIBIT 5.2: SAMPLE DAILY NEWSPAPERS BY COMMUNITY POPULATION SIZE AND REGULAR TOTAL PAID CIRCULATION

----- Cross Tabulation -----

Postal Subsidy Program -- DAILY

Row Variable: Population

Column Variable: Regular Total Paid Circulation

| Freq | 1-1000 | 1001-2000 | 2001-5000 | 5001-10000 | 10001-25000 | 25001-50000 | 50001-100000 | Total |
|----------------|--------|-----------|-----------|------------|-------------|-------------|--------------|--------|
| Pct | 10 | 10 | 100 | 1000 | 1000 | 10000 | | |
| 1-1000 | | | | | | | | |
| 1,001-2,000 | | | | | | | | |
| 2,001-5,000 | | | | | | | | |
| 5,001-20,000 | | | 5 | 3 | 1 | | | 9 |
| | | | 25.00 | 15.00 | 5.00 | | | 45.00 |
| 20,001-50,000 | | | | | 3 | | | 3 |
| | | | | | 15.00 | | | 15.00 |
| 50,001-100,000 | | | | | 1 | 1 | | 2 |
| | | | | | 5.00 | 5.00 | | 10.00 |
| Over 100,000 | | | 2 | | 1 | 2 | 1 | 6 |
| | | | 10.00 | | 5.00 | 10.00 | 5.00 | 30.00 |
| Total | | | 7 | 3 | 6 | 3 | 1 | 20 |
| | | | 35.00 | 15.00 | 30.00 | 15.00 | 5.00 | 100.00 |

45% to rural areas and less than 1% out of the country; (Tables D-2, D-3, D-4 and D-5 in Appendix D)

- . About half the weeklies but only 5% of the dailies surveyed distributed more than 70% of their circulation by mail. (Tables D-13 and D-14 in Appendix D)

Exhibit 5.3 shows averages of selected characteristics for weeklies and dailies.

EXHIBIT 5.3: SUMMARY OF SELECTED AVERAGE CHARACTERISTICS, WEEKLY AND DAILY NEWSPAPERS

| | Weeklies | Dailies |
|--|----------|---------|
| Number of total employees | 14 | 82 |
| Regular total circulation | 4,875 | 16,770 |
| Regular total paid circulation | 3,705 | 15,975 |
| 2nd class mail distribution | 2,360 | 639 |
| Other mail distribution | 77 | 1,386 |
| Total mail distribution | 2,438 | 2,025 |
| % of regular total circulation to local | 56% | 75% |
| % -to remaining trade area | 31% | 18% |
| % -to rest of province | 9% | 5% |
| % -to rest of Canada | 4% | 1% |
| % of regular total circulation mailed | 66% | 13% |
| % of regular total paid circulation mailed | 84% | 14% |
| % of mail distribution to local | 50% | 26% |
| % -to urban centres | 23% | 28% |
| % -to rural areas | 25% | 45% |
| % of revenue from advertising | 83% | 78% |
| % -from newspaper sales | 16% | 22% |
| % of operating costs for postage | 4% | 3% |

5.2 Financial Performance

Of the publishers surveyed, about 40% considered their newspapers fairly profitable, roughly the same proportion for both weeklies and dailies. These publishers therefore viewed their profits as adequate but not outstanding. About 52% of weeklies and 35% of dailies were marginally profitable (perceived as some but not adequate profits) and 7% of

weeklies and 23% of dailies were not profitable. (Tables D-11 and D-12 in Appendix D)

Most weeklies operate small firms, over 40% earning less than \$200,000 a year in gross revenue. None of the dailies surveyed generated less than \$200,000 a year in revenue (Tables D-6 and D-7 in Appendix D). Most revenue for both groups comes from advertising: only 24% of the weeklies and 45% of the dailies earn less than 80% of their revenue from ads. Newspaper sales contribute under 15% of revenue for 56% of weeklies and 20% of dailies.

Productivity, measured in terms of the number of employees/1000 circulation, is higher among weeklies than among the daily papers surveyed (Table D-9 in Appendix D). About 72% of weeklies and 30% of dailies had less than 5 employees/1000 circulation. However, this should not be interpreted as representative of all dailies since the highest circulation dailies were excluded from the survey sample and possibly have higher productivity than those surveyed.

5.3 Importance of Postal Subsidies

The importance of postal subsidies to each paper seems related to:

- .the proportion of their circulation which is mailed;
- .the size of the community they operate in;
- .and the size of their circulation.

Weeklies with the highest proportion of mail distribution tend to be in the smallest communities. Over half the weeklies surveyed distributed more than 70% of their total circulation by mail. Of these heavy mail users, 89% were in communities with a population of 5,000 or less compared with only 59% of all weeklies sampled (Table D-35 in Appendix D). Only 5% of dailies distributed more than 70% of their circulation by mail and no daily operated in communities with 5,000 people or less (Table D-36 in Appendix D).

Weeklies sending 70% or more of their circulation by mail also tend to have smaller total circulation. About 89% of heavy mail users have circulations of 5,000 or less compared with only 74% of all weeklies (Table D-37 in Appendix D).

On the average, postal costs comprised 4% of operating costs for weeklies and 3% for dailies (Table D-10 in Appendix D). Postage costs amounted to 5% or more of operating costs for one-third of the weeklies and one-quarter of the dailies surveyed. Half of the daily newspaper and almost three-quarters of the weekly newspaper publishers who were interviewed considered low postage very important to their circulation (Tables D-13 and D-14 in Appendix D). Although the least profitable dailies had the highest average postal costs, unprofitable weeklies have somewhat lower average postal costs than profitable ones, indicating they may be even more sensitive to rate increases than weeklies making a profit.

Most weekly and daily newspapers would respond to postage rate increases by passing them on to their readers. Exhibit 5.4 shows the distribution of responses to a 5¢ and 10¢ increase. About 66% of weeklies and 75% of dailies would pass a 5¢ increase on: all of the increase would be passed on to readers by 41% of weeklies and 55% of dailies. With a 10¢ increase a smaller proportion of papers would pass it on to readers.

About 12% of weeklies and 15% of dailies would stop or reduce mail distribution with a 5¢ hike; with a 10¢ increase, mail distribution would be changed by 25% of weeklies and 20% of dailies.

Only 3% of weeklies and 5% of dailies would increase advertising with either a 5¢ or 10¢ increase. Dailies would not reduce any of their expenses but 6% of weeklies would reduce employment expenses; these are papers already paying a high proportion of their operating costs for postage and

sending a high proportion of their circulation by mail.
(Tables D-15, D-16, D-17 and D-18 in Appendix D).

EXHIBIT 5.4: PERCENTAGE OF NEWSPAPERS BY RESPONSE TO 5¢ AND 10¢ INCREASES IN POSTAGE COSTS OF EACH COPY MAILED

| | Weeklies | | Dailies | |
|--|--------------|--------------|--------------|--------------|
| | 5¢ | 10¢ | 5¢ | 10¢ |
| Pass on all to readers | 41.2 | 25.0 | 55.0 | 55.0 |
| Pass on some to readers | 25.0 | 29.4 | 20.0 | 15.0 |
| Reduce mail circulation | 5.9 | 10.3 | 15.0 | 15.0 |
| Stop mail circulation | 5.9 | 14.7 | 0.0 | 5.0 |
| Offset part by increased ad revenue | 2.9 | 1.5 | 5.0 | 5.0 |
| Offset all by increased ad revenue | 0.0 | 1.5 | 0.0 | 0.0 |
| Reduce Employment | 5.9 | 5.9 | 0.0 | 0.0 |
| Reduce Non-Wage Expenses | 0.0 | 0.0 | 0.0 | 0.0 |
| Other | 13.2 | 11.7 | 5.0 | 5.0 |
| Total | 100.0 | 100.0 | 100.0 | 100.0 |

Newspapers generally felt that postal rate increases would reduce their circulation. About 73% of weeklies and 70% of dailies felt a 5¢ hike would decrease circulation. A 10¢ increase was expected to decrease circulation for 85% of the weeklies and 80% of the dailies (Tables D-19, D-20, D-21 and D-22 in Appendix D).

| Circulation | Weeklies | | Dailies | |
|----------------|--------------|--------------|--------------|--------------|
| | 5¢ (%) | 10¢ (%) | 5¢ (%) | 10¢ (%) |
| Stay Same | 26.9 | 15.4 | 30.0 | 20.0 |
| Decrease 1-5% | 23.9 | 12.3 | 55.0 | 35.0 |
| Decrease 5-10% | 22.4 | 26.2 | 5.0 | 15.0 |
| Decrease 10% + | 26.8 | 46.1 | 10.0 | 30.0 |
| Total | 100.0 | 100.0 | 100.0 | 100.0 |

Of the alternatives to mail distribution chosen by newspapers, direct delivery was selected about one-third of the time. Weeklies chose to sell more in stores about 23%, in newsstands 20%, and through other alternatives in only 4% of the cases. Dailies chose direct delivery about 33% of the time, sale in stores 10%, newsstands 15%, and other alternatives 4% of the time. The amount of the increased postal rate made little or no difference in the alternative favored. Ten of the twenty dailies, and 21 of the 69 weeklies, indicated they could not or would not consider any alternative to mail delivery for at least some if not all of their current mail customers (Tables D-23, D-24, D-25 and D-26 in Appendix D).

About half the weekly and almost two-thirds of the daily newspaper publishers interviewed feel that the readers benefit from the current subsidy program, not the papers (Tables D-33 and D-34 in Appendix D). They generally disapprove of government interference with the media. Nevertheless, about 40% of weeklies and 30% to 40% of dailies felt other forms of government assistance would be needed if postal rates were to increase. Of those who felt their paper needed other government assistance the greatest number favored direct grants (Tables D-27, D-28, D-29, D-30, D-31 and D-32 in Appendix D). The positions of those papers therefore differed somewhat from the stated positions of the newspaper associations.

The final question in the questionnaire asked respondents to offer additional views on the program. Many publishers of weeklies emphasized the important role of community weeklies and of low cost mail distribution to the community life of rural Canada. Community weeklies are often the only source of local news and are an important force in enhancing community cohesion and in linking rural and urban Canada. Without low second class rates, advertising content would be increased at the cost of editorial content and quality. Many publishers as well expressed the view that low second class

rates are critical to the financial health of smaller weeklies in rural communities. Respondents therefore linked low second class rates to a wide range of interrelated variables: size of readership, advertising revenue, profitability, and editorial content and quality. This situation suggests the pervasive influence of the program on the operation of many weeklies, especially the rural weeklies, in Canada.

Some publishers offered strong comments regarding the growing competition they are facing. This includes competition from Canada Post for advertising flyers, and from regional shoppers¹ (which are capturing an increasing share of federal and provincial government advertising). The industry is particularly upset therefore that the postal subsidy program is being questioned at a time when competition supported in part by the government is becoming very intense. In these final comments, many publishers, especially of dailies, restated the industry position that the subsidy goes to the reader. The question of program beneficiary continues to be a major issue in the newspaper industry.

5.4 Conclusions

The telephone survey found the sample of weekly newspapers differed in several important respects from sample dailies:

- . smaller staff;
- . smaller circulation;
- . serving smaller communities;
- . larger proportion of circulation distributed by mail;
- . larger proportion of mail sent second class;
- . larger proportion of mail sent to the local community;
- . higher proportion of marginally profitable papers;
- . lower proportion of unprofitable papers;
- . higher productivity in terms of employment/1000 circulation;
- . and slightly higher proportion of operating costs for postage.

Despite the differences between types of papers the response to postal increases was roughly the same. Most newspapers will transfer some or all of the increase to their readers and expect circulation to drop by some amount. Weekly newspapers expect the drop to be greater than do dailies, largely because of their greater dependance on mail distribution.

When asked to consider alternatives to mail distribution, publishers said they had no alternative in about 30% of the weeklies and 50% of the dailies, regardless of the size of the increase. Although most publishers feel the subsidy goes to the reader, 30% to 40% stated they would require alternative assistance if postal rates went up.

FOOTNOTE

¹ Regional shoppers are newspaper like publications with little or no editorial content, largely distributed free of charge to readers.

6.0 MAJOR FINDINGS FROM CASE STUDIES

6.1 Background

The weeklies selected for case studies were chosen because the telephone survey and other data sources indicated they were particularly dependent on mail distribution. Five of the eight papers selected for case studies were also covered in the telephone survey. The other three were not part of the original telephone survey sample. These were first administered the telephone questionnaires at the start of the case study interview. The interviewer then went on to the more detailed financial and operational questions required to complete the case study. The eight case study newspapers do not represent a random sample of all weeklies in the country, or of all the weeklies in Canada which use second class mail. Therefore, summary conclusions for the case studies must be viewed more as observations than as study results. The case study observations are combined with the findings from other data sources in order to assess the overall impact of the postal subsidy program in Chapter 7 and to develop final conclusions in Chapter 8.

The characteristics of the community weeklies in the eight case studies are shown in Exhibit 6.1.

While not representing a random sample, the eight community weeklies appear to be quite representative of the papers dependent on the mail for distribution. Total circulation ranges from 1,300 to 11,000, and all distribute at least one-third of their copies through the Post Office. Four of the eight are highly dependent on the Post Office for distributing their papers to readers. All eight are published in small communities with populations of 10,000 or less, and have limited market areas to serve. Many are

EXHIBIT 6.1: CHARACTERISTICS OF CASE STUDY NEWSPAPERS

| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 |
|--|-------------|------------|------------|--------------------|---------------------------------|-------------------|-------------|--------------------|
| Total Circulation | 3,300 | 4,500 | 6,500 | 2,200 | 1,300 | 2,800 | 11,000 | 6,500 |
| Circulation Mailed | 64% | 80% | 50% | 90% | 70% | 34% | 100% | 52% |
| Advertising/Editorial Ratio | 60/40 | 50/50 | 60/40 | NA | 50/50 | 50/50 | NA | NA |
| Advertising as % of Revenue | 86% | 90% | 82% | 70% | 95% | 90% | 80% | 63% |
| Gross operating profit as % of Revenue | 18% | 2.6% | 4% | 20% | 9% | 1.5% | 5% | 5-10% |
| Years of Operation | NA | 30 | 150 | 75 | 70 | 9 | 20 | 10 |
| Ownership | Owner Oper. | Ltd. Corp. | Ltd. Corp. | Owner Oper. | Ltd. Corp. | Owner Oper. | Owner Oper. | Partnership |
| Other Businesses | Book sales | None | Print. | Print. other paper | Print. other papers, stationary | Print. photo-copy | NA | Print. other paper |
| Number of Employees | 8 | 12 | 17 | 9 | 3 | 9 | 30 | 8 |
| Postal Costs as % of Operating Costs | 1% | 2.7% | 1% | 3% | 2.2% | 1.5% | 4% | 3% |
| Effect of 5¢ Increase on Gross Operating Profits ² | -10% | -100% | -50% | -7% | -20% | -80% | -30% | -45 to 85% |
| Effect of 10¢ increase on Gross Operating Profits ² | -20% | -100% | -100% | -14% | -41% | -100% | -60% | -85 to 100% |

¹ Revenues minus operating costs, before interest payments, depreciation, dividends or taxes.

² Assumes no change in subscription rates, circulation or other costs. In some cases profits will become losses.

facing growing competition from a variety of sources: other weeklies, dailies in nearby metropolitan centers, the Post Office in the view of some respondents. Many expect their market areas to expand very little or even diminish in terms of population, income and potential sales and ad revenue.

6.2 Financial Performance

None of the eight publishers viewed their newspapers as highly profitable. Some respondents may have believed it was in their interest to downplay their profitability. However, the financial data tended to support their views in every case. For some publishers, the paper is a labour of love and the paper's survival could be doubtful without the "sweat equity" contributed by the publisher and other family members.

Half of the papers have been in operation 30 years or longer and most are operated by their owners. Five out of the eight case study papers have less than 10 employees. Several of the papers are owned by companies which operate other newspapers, other side businesses or both. These other businesses at times subsidize an otherwise unprofitable weekly publication, or at least enable the firm to spread overhead over a larger operation.

Advertising accounts for the vast majority of revenue of all of the eight weeklies in the case studies. This result is consistent with the revenue mix of the newspaper industry throughout Canada, both dailies and weeklies. Most respondents though are very cognizant of the strong direct relationship between circulation and advertising revenue, and are very sensitive to any development, including postal rate changes, which could result in a significant fall in readership. A few respondents also expressed the view that mail subscription and newsstand sales allowed the paper to have a higher editorial content, compared to papers which are distributed for free. Some would respond to a threatened

decrease in circulation by transferring to free distribution and increasing the advertising content - and lowering the information content and quality - of the paper.

6.3 Importance of Postal Subsidies

Low second class rates and the postal subsidy program play an integral role in the operations of all eight papers.

Generally, postage costs only comprise between 1% and 4% of total operating costs for case study papers, with most being less than 3%. Most of the eight papers are healthy enough to survive small to modest postal increases, but not without changes in paper content or means of distribution. Many would risk closure if the rate increases were too high or occurred too quickly. The breaking point would be reached at different times for each paper, depending on:

- the current extent of mail distribution;
- the importance of the free zone in mail distribution;
- the size and density of the population served;
- available alternatives to mail distribution;
- perhaps most importantly, the size and financial strength of the operation and of associated business activities which could support losses in the weekly.

Although no one measure can capture all of these variables, Exhibit 6.1 showed the implications of 5¢ and 10¢ postage rate increases on each paper's gross operating profit, assuming no change in subscription rates, circulation or other costs. The majority of papers would experience a reduction in gross profit of 30% or more with a 5¢ increase and a reduction of 60% or more with a 10¢ increase.

The eight papers would respond quite differently to potential rate increases depending on the circumstances of each paper.

For a 5¢ increase:

- three of the papers would pass on all of the increase to readers;
- one would pass on some to readers and attempt to increase ad revenue;
- one would reduce mail circulation;
- one would stop mail circulation;
- one would reduce employment;
- one would attempt a combination of all responses with these exceptions: passing on all to readers, stopping mail circulation, and offsetting the full increase through expanding advertising revenue.

For a 10¢ increase:

- three papers would pass some of the increase on to readers;
- one would stop mail circulation;
- one would reduce employment;
- one would change to a free distribution paper;
- one would cease publication;
- one would attempt a combination of responses (same as for the 5¢ increase).

Three observations could be particularly important to this study. None of the eight papers believe they are in the competitive position needed to pass on all of a 10¢ increase to their readers. None believe they have the market strength to offset all of the postal increase (5¢ or 10¢) by expanding ad revenues. Only one would increase ad revenue at all, and only in conjunction with higher subscription prices. Most publishers noted that phased increases could be better because they would provide the time needed to assess and implement viable distribution alternatives; at the same time, a few emphasized that phased increases, while easier to accommodate, would ultimately have the same effect on the operation of the paper. In short, phased increases would be

viewed as preferable to the industry, but not as a panacea. The apparent preference of all respondents is that the current system and rates remain unchanged. The publishers are skeptical of any other forms of government assistance. Profits are too low to allow them to benefit from tax incentives and direct subsidies are viewed as a threat to the freedom of the press.

The reactions of three papers especially dependent on the mail could be particularly important.

- . One paper which circulates 90% by mail would respond to a 10¢ increase by changing to a free distribution paper with less editorial content.
- . A second paper which distributes 80% by mail would respond by passing on some or all of the increase to their readers because the paper has no alternatives to mail distribution in rural areas and no additional sources for ad revenues.
- . A third paper which distributes 70% by mail would stop mail distribution and attempt to live with the loss in readership in rural areas.

Comparisons of operating profits and increases in postage costs from different postal rate increases indicated that few if any of the eight papers could absorb significant postal rate increases without some response. In most cases postal rate increases of 5¢ or more could totally offset the paper's operating profits unless efforts are made to increase revenues, reduce operating costs, or both. The case study results suggest that the papers which are most vulnerable are those with no alternative to mail distribution for most customers and little potential to expand advertising revenue. Many papers in this position will be forced to reduce mail circulation and/or change the format and content of the paper in order to survive. These changes hold implications for the

volume and quality of information available to newspaper readers, especially those in smaller towns and in rural and remote areas.

6.4 Other Observations

Some other observations should be noted. The case studies uncovered some confusion regarding eligibility for and the application of second class mail privileges. Despite efforts to simplify second class regulations, the current system is still quite complex. Any changes should attempt to simplify - not further complicate - the system of second class mail.

Not surprisingly, concerns were expressed regarding the level of service provided by the Post Office. However, some positive comments were also offered regarding recent improvements and good working relationships with specific officers with Canada Post. Greater hostility to Canada Post was directed towards its emergence as a competitor in the distribution of flyers. One respondent believes that the Post Office is distributing flyers at a loss to the Crown Corporation.

One respondent suggested that increasing the differential between second class postage rates and third class bulk rates would enhance the competitive position of smaller papers in attracting the advertising dollar.

7.0 ANALYSIS OF PROGRAM IMPACTS

The purpose of the chapter is to integrate the results from the telephone survey, case studies and other data sources in order to identify the significance of postal subsidies to the newspaper industry and their readers and to evaluate the potential effects of specific increases to postal rates.

7.1 Significance of Postal Subsidies

The significance of postal subsidies can best be addressed by analyzing the study results in terms of the evaluation issues posed in the Evaluation Assessment prepared by DOC staff in March 1985.

Impacts and Effects

1. What effect does the program have on the distribution costs and final price of newspapers, periodicals and books?

The study results indicate that the program has lowered the distribution costs of newspapers. This in turn has had a downward effect on the final price of newspapers to mail subscribers, especially in the case of newspapers which have limited alternatives to mail distribution. In an effort to maximize readership, the publisher typically passes on the full financial impact of the subsidy to the mail subscriber in the form of a lower subscription price. The financial benefits to the publisher are realized from higher circulation and increased advertising revenues. The Study Team concludes that in this manner both the reader and the industry benefit from the postal subsidy program.

2. What effect has the program had on the profitability of the Canadian publishing industry?

There is no question that the program is important to the profitability of the Canadian newspaper industry. However, its significance varies greatly depending on the size and characteristics of each paper. At one extreme, the program's effects on larger dailies with daily circulations of 50,000 plus are negligible. These dailies typically use the mail very little and will be prepared to pass on any postage cost increases to their readers if the program was removed. Any subsequent loss of readership would have little effect on gross revenues and profits.

At the other extreme, the postal subsidy program is an integral part of the operations and financial health of many smaller weeklies located in rural communities. Many of these weeklies are operating very close to the margin and provide a relatively small income to their owners/operators. For many papers, especially those with no delivery alternatives, the program allows the expanded circulation needed to generate increased advertising revenues; dropping the program would mean lower profits and the risk of ceasing publication. The smaller dailies and the larger weeklies are somewhere between these two extremes, but for many of these papers the program probably has a measurable effect on newspaper profitability.

3. What effect has the program had on employment in the Canadian publishing industry?

The program has probably had some effect on newspaper industry employment, through its impacts on:

- the size, competitiveness and profitability of the industry relative to alternative information sources;
- the ratio of editorial to advertising content in assisted papers (more advertising typically means fewer jobs).

At the same time, the specific employment impact, while very difficult to quantify, is probably quite small when compared to the employment in the total newspaper industry. This is

because the size and profitability of the larger dailies are affected relatively little by the program.

4. Has the program improved the awareness of Canadians particularly in rural or remote areas?

Because this study did not include a survey of readers, we have no direct evidence of the program's impacts on "awareness". However, the evidence from the various data sources suggests the program has improved the availability of information materials and the access of Canadians to information. Information provided by the CDNA indicates that better than 160,000 Canadian families and businesses continue to depend on the mail for the delivery of their daily newspapers.

The sampling frame for the dailies incorporated 97 dailies with circulations of 100,000 or less. The 20 dailies in the sample averaged total circulation of 16,770 copies, with 2,075 or 12.4% distributed by mail. Projecting on to the sampling frame, the combined circulation of the 97 papers would be 1.6 million of which 200,000 would be distributed by mail.

These figures are higher than the mail circulation identified in the CDNA analysis. Our sampling frame includes publications not included in the CDNA database. As well, the small size of the daily sample suggests that conclusions from that sample must be developed with care. Nonetheless, the survey results suggest that compared to the CDNA database even more Canadian families and businesses may be utilizing the mails to receive their daily paper and related daily publications. The larger figure of 200,000 is used in later calculations. If the program was dropped, most dailies would attempt to pass on to the consumer the full increase in postage, resulting (based on historical and American experiences) in declines in mail circulation and information access.

Many more Canadian families and businesses utilize the mails for their weekly newspaper. The weekly sample is taken from a sampling frame of 572. The total circulation of these sample papers averages 4,875 of which 2,438 or 50% is distributed by mail. Projecting these sample results on the total population indicates that the 572 papers have a combined circulation of 2.8 million, of which 1.4 million is distributed by mail. Accordingly, a minimum of 1.4 million Canadian families and businesses receive their weekly paper by mail. The other 500 or so weeklies in Canada - with combined circulation of about 8 million copies - distributed less than 10% of their total circulation by mail, but many of these are also eligible for second class mailing privileges under Rate Codes three and four. This is why the figure of 1.4 million is a minimum estimate.

To summarize, perhaps 200,000 families, businesses and other groups receive their daily paper by mail and a minimum of 1.4 million families, businesses and other groups receive their weekly by mail. Despite the declines in mail circulation in recent years, the mail system and second class mailing privileges continue to play an important role in enhancing the availability of information materials and the access of Canadians to information. In the case of dailies, mail distribution and the program play an especially important role in distributing daily papers to people in rural and remote areas. The telephone survey indicated that 45% of mail distribution of dailies was to subscribers in rural areas. In the case of weeklies, the program enhances access to local and regional news which often are not available from any other source. The vast majority of weeklies dependent on the mails are published in communities with less than 10,000 population. Since all papers sampled in this study mail by means of paid subscriptions, it can be hypothesized that the papers are read and therefore that awareness is enhanced. However, this hypothesis must be directly tested through reader surveys. The next sub-section will attempt to evaluate the extent to which newspaper readership and access to information would decline if the program was removed.

Objectives Achievement

5. What contribution has the program made to the financial health of the Canadian publishing industry?

As described under issue 2, the program has had a favourable effect on the financial health of the Canadian newspaper industry. The overall impact has declined in recent years with decreases in total circulation by mail (in response to increased postal rates and changes to postal service) but the program remains important to the financial health of some smaller dailies and many smaller rural weeklies.

6. What contribution has the program made to a more informed or better educated Canadian publisher?
7. Has the program improved access to Canadian cultural products?

Issues 6 and 7 are best addressed together. As discussed under issue 4, reader surveys are needed to test whether the program has contributed to a more informed or better educated public. However, the program, by enhancing access, has provided an opportunity for this to occur. As well, evidence from the case studies suggests the program may have had a positive effect on the content of newspapers, especially the weeklies. Program regulations may have acted to enhance the editorial volume and quality of assisted papers compared to papers distributed for free (and therefore not eligible for second class mailing privileges).

Unintended Effects

8. Has the program inhibited the development of alternate distribution systems?

This was probably true in the past but is likely less the case today, especially for dailies. As postal rates

increased and postal services changed, many papers, especially the larger dailies, have turned to alternative systems and have attempted to reduce their dependence on the mails. Community weeklies with a free zone had no incentive to search out alternative systems. However, some smaller dailies and many smaller weeklies which serve a highly dispersed rural population have few if any options to the mail system. The Study Team's view is that many papers which possessed distribution alternatives have already exercised that option. The remaining papers will face harder operational and financial choices if the postal subsidy program was removed.

9. Have program subsidies been substituted for advertising revenues?

In general, program subsidies have not substituted for advertising revenues. Market conditions and competition from other media dictate the advertising revenue of an individual paper, not the existence of low second class postal rates. Accordingly, few papers responded that they would attempt to offset increased postage rates by expanding advertising revenue. Publishers who addressed this issue believe that causation operates in the opposite direction. Postal subsidies expand the available market area and total circulation which in turn enhance ad revenue.

10. Has the program provided a regressive income transfer?

The study did not include an analysis of the socioeconomic attributes of readers. However, for the most part, the study evidence suggests that the program has not provided a regressive income transfer. Important beneficiaries of the program include:

- publishers of smaller dailies and rural weeklies
- readers of dailies and weeklies in small communities, rural areas, and remote parts of Canada.

Many smaller publishers receive average or below average incomes for long hours of work. Per capita incomes in small communities, and rural and remote areas, are often below the Canadian norm. The one possible exception is the apparently large absolute benefit received by many larger circulation dailies (see sub-section 4.7 of Chapter 4). The dailies however would argue that most of this benefit is transferred to readers in the form of lower subscription prices, and that any financial benefit accruing to the papers is negligible when compared to their total cost of operation. The telephone survey results -- e.g., on responses to postal rate increases (Exhibit 5.4) -- tend to support this view.

11. Has the program provided unintended assistance to special interest groups?

The study -- although far from comprehensive in this regard -- tend to support a negative response. The identified beneficiaries, publishers and readers, appear to be the intended beneficiaries of the program.

Alternatives

12. Could high distribution costs be passed on to the readers or back to the advertiser?

Papers expect to have some success in passing on higher postage costs to the reader, but at the expense of some loss in readership and circulation. The sample papers expect to have less success in passing on higher costs to advertisers. Rather, higher postage costs and reduced circulation are anticipated to result in lower advertising revenues.

13. Would other distributional subsidies be more effective?
14. Would other types of communication subsidies provide a higher information dissemination or educational benefit?

15. Are there more effective means of providing assistance to the publishing industry?

Results from the other study components are needed to provide definitive answers to these three questions. However, the study results do clearly indicate that the current postal subsidy program is strongly preferred by publishers to any potential alternatives. This preference is based on the program's neutrality and indirect nature and its relative ease of access. Publishers stated that in many cases they do not make sufficient profits to benefit from tax incentives, and that direct subsidies would involve the danger of government interference in their operations. The Study Team tends to support the publishers' views. A program of direct subsidies, which attempts to target incentives on those papers which most require help, would be very difficult to administer and, in terms of appearance or reality, would involve significant and perhaps intolerable interference in the independence of the newspaper industry.

Rationale

16. Does the Canadian publishing industry require subsidized postal service to be profitable?

Viewed in the aggregate, the answer to this question is probably negative in the sense that if postal subsidies were removed tomorrow there would still be a newspaper industry in Canada. After difficult industry adjustments many components of the newspaper industry would continue to be profitable. However, some parts of the industry -- some smaller dailies and many small rural weeklies -- would likely face lower circulations, revenues and profits, and some papers operating at the margin today may be forced to close their doors. In short, program removal will likely mean a smaller industry -- as measured by the number of operations and total circulation -- and rural weeklies will account for a smaller portion of total circulation.

17. Do postal subsidies improve Canadian's access to Canadian cultural products?

The analysis of earlier issues clearly outlines the Study Team's view that the program has enhanced access to daily and weekly papers. Both types of media, especially rural weeklies with their emphasis on local and regional news, would appear to be consistent with the term "Canadian cultural products".

18. Should the federal government continue to subsidize the distribution of printed material and films as a means of encouraging an educated and informed population?

All study components must be brought together in order to address this issue. However, the results of this study suggests the postal subsidy program is having a favorable effect on some key indicators (as listed on page 2-4 of Chapter 2) and that program objectives, as these relate to the newspaper industry, are being achieved to at least some degree.

7.2 Potential Effects of Postal Rate Increases

The telephone survey and case studies have evaluated the potential effects of different postal rate increases on dailies and weeklies. The analysis clearly indicates that the effects will vary greatly depending on the size of the increase, the size of the paper, the spatial distribution of its readership, the market conditions faced by the paper, and many other factors. It is very difficult to generalize the results on to the total population of dailies and weeklies. This analysis will be attempted here in the case of a 10¢ increase. This larger increase will be used as a point of reference because a 10¢ change would involve a substantial reduction in, if not the total removal of, postal subsidies to the newspaper industry. The reader should be aware that the following represents generalizations based on the

responses of individual publishers in the telephone survey the case studies, and the industry consultations.

The responses of publishers, and the effects of the increase, can be generalized to some degree according to the size and characteristics of the paper.

1. Large dailies with circulations of 50,000 or more will attempt to pass on some or all of the postal rate increases to their readers. Any subsequent loss in mail circulation will be readily absorbed by most papers because of the small role of mail distribution in total circulation. The effects on revenues and profitability will be minimal.
2. The same response and effects can be anticipated for larger urban based weeklies which distribute less than 10% by mail. Many of these, including those with a low percentage of paid circulation, are not particularly vulnerable to postal rate increases.
3. Smaller dailies which distribute a larger volume by mail and many more community weeklies which distribute 50% or more by mail and have a high percentage of paid to total circulation are more vulnerable to increases in postal rates. The more vulnerable community weeklies constitute 70% of the weekly sample (Table D-38 in Appendix D) and therefore could number as many as 400 weeklies throughout Canada. Exhibit 5.4 outlines that the vulnerable dailies and weeklies could attempt a variety of responses to the 10¢ postal increase. Only a quarter of these weeklies expect to pass on all of the increase to their readers and advertisers. Therefore, the remainder expect to absorb some of the increase in the form of lower profits. Many of these weeklies will attempt to implement alternative delivery systems; (it is possible however that some have not fully considered the cost and operational considerations of these alternatives). Some

papers will consider changes in the format and content of their papers. The majority of the more vulnerable papers will survive but a significant minority could be placed at risk.

4. The weeklies which will be most at risk are the low circulation weeklies in small communities with a high dependence on mail circulation and no alternative to mail distribution. This sub-set of category three constitutes about 15% of the total number of weeklies in the sample. Projected on to the sampling frame, this suggests that 80 to 90 community weeklies in Canada (close to 10% of the total of 1,000 plus) may require low second class postage rates in order to survive.

Partial or full removal of the program can also be expected to result in some drop in readership and therefore some decrease in the availability of information to Canadians. Because of the limited availability of other information sources, the reduced access to local news could be particularly significant for smaller communities and rural areas.

In the weekly sample, 72% of publishers expected that a postal rate increase of 10¢ would lead to reductions of 5% or more in their total circulation - the expected decrease averaged across the sample weeklies is a minimum of 7%. In the daily sample, 45% of daily publishers expected that a postal rate increase of 10¢ would result in reductions of 5% or more in their total circulations - the average expected decrease is a minimum of 5%.¹ Applying these average percentage reductions to the total sampling frame, it is estimated that the total circulation of dailies will decrease by about 80,000; this represents about 40% of the total mail distribution of 200,000 estimated for the 97 dailies in the sampling frame. Turning to the weeklies, it is estimated that the total circulation of weeklies could fall by 200,000; this represents 14% of the total mail distribution of the 572

weeklies in the sampling frame. Further losses in circulation would be incurred by the 500 or so weeklies which are less dependent on the mail and therefore were not included in the sampling frame. To summarize, these broad order-of-magnitude estimates suggest that a 10¢ increase in postal rates could reduce access to information for up to 300,000 families, businesses and other groups in Canada.

FOOTNOTE

- ¹ These averages are minimums because in calculating from the frequency distributions all values of 10% or more are assumed to be 10%.

8.0 FINDINGS AND CONCLUSIONS

This section lists the major conclusions generated in this study, grouped under four headings. Nearly all numbers refer to results from the telephone survey. The final paragraphs offer some observations on the program's future.

Impact on the Industry

1. Industry representatives continue to insist that the subsidy is to the reader, not the newspaper. This was the position of 51% of weeklies and 63% of dailies. At the same time, papers recognize the importance of low second class rates to many papers, especially smaller rural weeklies with few distribution alternatives. About 70% of weeklies and 50% of dailies consider low postal costs very important to their circulation.
2. The program has become an integral part of the operations of many smaller weeklies -- and a fewer number of small dailies -- and has a significant effect on the circulation, revenues and profitability of these papers. Many of these newspapers operate very close to the margin. Almost 60% of weeklies and dailies consider themselves to be unprofitable or only marginally profitable.
3. The program has less effect on the financial performance of larger dailies (circulation of 50,000 plus) and of larger urban based weeklies. At the same time, many larger papers receive an implicit subsidy from the program which is significant in absolute size, even if its effects on their financial performances are minimal.
4. There is a strong and direct relationship between subscriptions and advertising revenues. Publishers are very cognizant of this relationship and are sensitive to any developments, including postal rate changes, which

could lower circulation.

5. The importance of postal subsidies to each paper is directly related to the proportion of their circulation which is mailed, the size of the community they operate in, and the size of their circulation. The papers most vulnerable to changes are smaller rural weeklies with high mail circulation and few alternatives to mail distribution. About one half of sample weeklies distribute over 70% of their circulation by mail; 89% of these mail dependent weeklies published in communities of 5,000 or less population and 89% have circulations of 5,000 or less.
6. For the papers in the case study, relatively modest postal rate increases could totally offset the paper's operating profits unless successful efforts are made to reduce costs, increase revenues, or both.
7. To summarize, the program is important to the profitability of the newspaper industry, but its significance varies greatly depending on the size and characteristics of each paper. The Canadian newspaper industry, viewed in the aggregate, would survive removal of subsidized postal rates, but some segments are highly dependent on mail distribution and the program. Program removal would likely result in a smaller industry in terms of aggregate circulation and the number of operations.

Impact on Readership

8. Many publishers of weeklies emphasized the important role of community weeklies and of low cost mail distribution to the community life of rural Canada. Community weeklies are often the only source of local news.
9. The program has lowered the distribution costs of newspapers and typically these savings have been passed on to the mail subscriber in the form of a lower subscription price.

10. Postal rate subsidies have had a measurable effect on the availability of information to Canadians. Approximately 200,000 families, businesses and other groups receive their daily paper by mail, and a minimum of 1.4 million families etc. receive their weekly newspaper by mail. Mail distribution and the program play an especially important role in distributing daily papers to people in rural and remote areas.

Implications of Postal Rate Increases

11. Past increases in postal rates and changes in postal services are associated with a dramatic decline in the mail circulation of daily newspapers, especially smaller dailies with less than 50,000 circulation. Despite recent declines, smaller dailies are still more dependent on mail than larger dailies.
12. Newspapers are facing growing competition for the advertising dollar, suggesting that papers possess limited potential to pass on higher postage costs to advertisers in the form of higher advertising rates. Only 3% of weeklies and 5% of dailies indicated that higher postal rates would be passed on to advertisers.
13. Past experience suggests the industry may respond more favorably to phased increases in postal rates rather than the same increases implemented rapidly. However, some respondents emphasized that the effects on the paper's bottom line are the same, whether or not the increases are phased in.
14. In light of past adjustments to increases in rates and decreases in service, future adjustments may be harder for the industry. The possibility exists that many of the dailies and weeklies which can use alternative delivery systems have already exercised these options.

15. As many as 400 weeklies in Canada could be vulnerable to postal rate increases of 10¢. These are the 70% of weeklies with 50% or more of their total circulation paid and 50% and over distributed by mail. The weeklies which are most at risk are the low circulation weeklies in small communities with a high dependence on mail circulation and no distribution alternatives. These could total 80 to 90 weeklies.
16. A postal rate increase of 10¢ could result in declines in mail circulation of 200,000 for weeklies and 80,000 for dailies, reducing access to information for up to 300,000 families, businesses and other groups in Canada.

Other Findings

17. The industry views Canada Post with considerable distrust and as an emerging competitor in the distribution of flyers.
18. The case studies uncovered some confusion regarding eligibility for and the application of second class mailing privileges. Despite efforts to simplify second class regulations, the current system is still quite complex.

Any recommendations for program changes must arise from a detailed review of the results from all study components which make up this evaluation. However the Study Team can offer a few observations based on the results of the current assignment. The Study Team agrees with the industry position that postal subsidies are a preferable form of assistance compared to tax incentives and direct subsidies. Any program changes should be phased in over an extended period of years and should be designed to further simplify the system of second class mail. Changes should be designed to take account of the relative vulnerability of different groups of newspapers to postal rate increases and their dependence on

postal delivery. Using the current system, the newspaper groups can be listed in order, from the least to the most vulnerable to program changes.

1. Dailies with circulations of 50,000 plus
2. Other dailies and weeklies eligible under Rate Codes 3 and 4
3. Weeklies eligible for Rate Code 2 Paid
4. Weeklies eligible for Rate Code 2 Free.

Finally, it should be recognized that any significant changes to postal rates will result in some loss of readership and of access to information, especially among people in small communities and in rural and remote areas. In many instances, the community weekly is the only source of local news.

APPENDIX A
QUESTIONNAIRES

Interview No. _____

**THE DPA GROUP: POSTAL SUBSIDIES PROGRAM; IMPACT ON
NEWSPAPERS**

**Questionnaire for Telephone Survey of Community
Weekly Newspapers**

INTRODUCTION

The purpose of this survey is to learn the views of community newspapers regarding the importance of the postal subsidies program to their newspaper operations. The DPA Group is attempting to interview up to 40 daily newspapers and up to 80 weeklies. This questionnaire is being distributed to weekly newspapers. A slightly different set of questions is being administered to dailies. The results from the surveys will be incorporated into a report to be submitted to the federal Department of Communications. The DPA report will be used as one component in an overall evaluation of the postal subsidies program. All individual responses to this questionnaire will be held in strictest confidence by the DPA Group.

The following five items are to be filled in by the interviewer and then confirmed during the telephone interview.

| | |
|--|-----|
| Newspaper Name _____ | 010 |
| Location _____ | 020 |
| Population of Community _____ | 030 |
| Telephone No. _____ | 040 |
| Language (% of newspaper): English _____ | 050 |
| French _____ | 060 |
| Other (specify) _____ | 070 |
| Second Class Registration No. _____ | 080 |

The following questions will be asked during the telephone interview. However, the newspaper official may wish to collect some information on these questions prior to the interview. The questionnaire does not need to be returned to DPA, unless this is the preference of the newspaper publisher.

1. How frequently do you publish? 100

1. Daily _____

2. Semi-Weekly _____

3. Weekly _____

4. Other (specify) _____

2. What is your circulation?

| | Total | Total Paid | |
|------------------|-------|------------|-----|
| Regular | _____ | _____ | 210 |
| Other* (specify) | _____ | _____ | |
| _____ | _____ | _____ | 220 |

* e.g., at Christmas.

3. What percentage of your total circulation is

| | % | | |
|-------------------------------------|-------|--|-----|
| 1. Local* | _____ | | 310 |
| 2. Remainder of Retail Trading Area | _____ | | 320 |
| 3. Rest of Province | _____ | | 330 |
| 4. Rest of Canada | _____ | | 340 |
| 5. Foreign | _____ | | 350 |
| | 100 | | |

* Community/City of Publication

4. What is the sales price per copy of your newspaper?

| | ¢ | | |
|---------------------|-------|--|-----|
| 1. Regular | _____ | | 410 |
| 2. Other* (specify) | _____ | | |
| _____ | _____ | | 420 |

5. What is your annual subscription price for:
\$

| | | |
|-----------------------------|-------|-----|
| 1. Home Delivery | _____ | 510 |
| 2. Mailed Within Free Area | _____ | 520 |
| 3. Mailed Outside Free Area | _____ | 530 |

6. Out of your regular circulation, what volume is distributed by:

| | | |
|----------------------|-------|-----|
| | No. | |
| 1. Second Class Mail | _____ | 610 |
| 2. Other Mail | _____ | 620 |
| 3. Total Mail | _____ | 630 |

7. What percentage of the mail distribution goes to:

| | | |
|---|-------|-----|
| | % | |
| 1. Local* | _____ | 710 |
| 2. Other Urban Centres in Canada | _____ | 720 |
| 3. Rural Areas and Unincorporated Centres in Canada | _____ | 730 |
| 4. Foreign | _____ | 740 |
| | 100 | |

* Community/City of Publication

8. What is the average weight per single newspaper copy?

_____ grams/ounces 800

9. In distributing by second class mail, which postage rate codes are used (indicate % distribution of regular circulation)?

| | | |
|---|-------|-----|
| | % | |
| 1. Rate Code 2 Free | _____ | 910 |
| 2. Other Rate Codes (specify if known) | _____ | 920 |
| | _____ | 100 |

10. What are the annual gross revenues of the newspaper?
(Indicate the relevant range and the year the range
relates to.)

1010

1. \$5 million plus _____
2. \$3-5 million _____
3. \$2-3 million _____
4. \$1-2 million _____
5. \$500,000-\$1,000,000 _____
6. \$200,000-\$500,000 _____
7. \$100,000-\$200,000 _____
8. \$50,000-\$100,000 _____
9. less than \$50,000 _____
10. Year _____

1020

11. How are newspaper revenues divided between:

%

1. Advertising _____
2. Newspaper Sales _____
3. Other (specify) _____

1110

1120

1130

100

12. What percentage of annual operating costs is accounted
for by postage costs?

%

1200

13. Do you use a mailing house to handle your mail
distribution?

Yes _____ No _____

1300

14. How many employees work at the paper?
No.
- | | | |
|----------------------------|-------|------|
| 1. Hourly Staff: Full Time | _____ | 1410 |
| 2. Hourly Staff: Part Time | _____ | 1420 |
| 3. Other Regular Staff | _____ | 1430 |
| 4. Freelance Writers | _____ | 1440 |
| 5. Total | _____ | 1450 |
15. Do you consider your newspaper operation:
- | | | |
|--------------------------|-------|--|
| 1. Highly Profitable | _____ | |
| 2. Fairly Profitable | _____ | |
| 3. Marginally Profitable | _____ | |
| 4. Not Profitable | _____ | |
16. How important are low postage costs to the circulation of your newspaper? 1600
- | | | |
|-------------------------|-------|--|
| 1. Very Important | _____ | |
| 2. Fairly Important | _____ | |
| 3. Not at all Important | _____ | |
17. How would your newspaper respond to a 5¢ increase in the postage cost of each newspaper distributed by mail? (Answer only one) 1700
- | | | |
|--|-------|--|
| 1. Pass on all of the increase to the reader | _____ | |
| 2. Pass on some of the increase to the reader | _____ | |
| 3. Reduce mail circulation | _____ | |
| 4. Stop mail circulation | _____ | |
| 5. Increase advertising revenues to offset part of the cost increase | _____ | |
| 6. Increase advertising revenues to offset all of the cost increase | _____ | |
| 7. Decrease cost by reducing employment | _____ | |
| 8. Decrease cost by reducing non-wage expenses | _____ | |
| 9. Other (specify) _____ | _____ | |

Comments: _____

18. If the postage costs of each newspaper mailed increased by 5¢ would your total circulation: (Answer only one) 1800

1. Stay the Same _____
2. Decrease by 1-5% _____
3. Decrease by 5-10% _____
4. Decrease by More than 10% _____

19. How would your newspaper respond to a 10¢ increase in the postage cost of each newspaper distributed by mail? (Answer only one) 1900

1. Pass on all of the increase to the reader _____
2. Pass on some of the increase to the reader _____
3. Reduce mail circulation _____
4. Stop mail circulation _____
5. Increase advertising revenues to offset part of the cost increase _____
6. Increase advertising revenues to offset all of the cost increase _____
7. Decrease cost by reducing employment _____
8. Decrease cost by reducing non-wage expenses _____
9. Other (specify) _____

Comments: _____

20. If the postage costs of each newspaper mailed increase by 10¢ would your total circulation: (Answer only one) 2000

1. Stay the Same _____
2. Decrease by 1-5% _____
3. Decrease by 5-10% _____
4. Decrease by More than 10% _____

21. If postage costs increased by 5¢ or 10¢, what alternatives would you consider for circulation to your current mail customers? (Answer one or more) 2100

- | Increase of 5¢ | | Increase of 10¢ | |
|-----------------------|-------|-----------------------|-------|
| 1. Direct Delivery | _____ | 6. Direct Delivery | _____ |
| 2. Sales at Stores | _____ | 7. Sales at Stores | _____ |
| 3. Sales at Newstands | _____ | 8. Sales at Newstands | _____ |
| 4. Other (specify) | _____ | 9. Other (specify) | _____ |
| | _____ | | _____ |
| 5. None | _____ | 10. None | _____ |

22. If the postal rates were raised as outlined above, would alternative forms of government assistance be necessary for your newspaper?

- | | | | |
|--------------------|-----------|----------|------|
| 1. Increase of 5¢ | Yes _____ | No _____ | 2210 |
| 2. Increase of 10¢ | Yes _____ | No _____ | 2220 |

23. If you answered yes to the previous question, what form should the alternative assistance take? (Answer only one) 2300

1. Direct Grants _____
2. Tax Incentives _____
3. Other (Specify) _____

4. None _____

24. In your view, which group benefits from the current second class postage rates? (Answer only one) 2400

1. Reader _____
2. Newspaper _____
3. Both _____
4. Other (specify) _____

25. Do you have any other comments on the postal subsidies program and its importance to the newspaper industry?

2500

N.B. If you would like to send us written comments on the program and this survey, please write to:

Derek Ireland
The DPA Group Inc.
Suite 130, The Station
601 West Cordova Street
Vancouver, BC
Canada, V6B 1G1

Phone: (604) 681-7577

Interview No. _____

THE DPA GROUP: POSTAL SUBSIDIES PROGRAM; IMPACT ON
NEWSPAPERS

Questionnaire for Telephone Survey of Daily Newspapers

INTRODUCTION

The purpose of this survey is to learn the views of daily newspapers regarding the importance of the postal subsidies program to their newspaper operations. The DPA Group is attempting to interview up to 40 daily newspapers and up to 80 weeklies. This questionnaire is being distributed to daily newspapers. A slightly different set of questions is being administered to community weeklies. The results from the surveys will be incorporated into a report to be submitted to the federal Department of Communications. The DPA report will be used as one component in an overall evaluation of the postal subsidies program. All individual responses to this questionnaire will be held in strictest confidence by the DPA Group.

The following five items are to be filled in by the interviewer and then confirmed during the telephone interview.

| | |
|--|-----|
| Newspaper Name _____ | 010 |
| Location _____ | 020 |
| Population of Community _____ | 030 |
| Telephone No. _____ | 040 |
| Language (% of newspaper): English _____ | 050 |
| French _____ | 060 |
| Other (specify) _____ | 070 |
| Second Class Registration No. _____ | 080 |

The following questions will be asked during the telephone interview. However, the newspaper official may wish to collect some information on these questions prior to the interview. The questionnaire does not need to be returned to DPA, unless this is the preference of the newspaper publisher.

1. How frequently do you publish? 100
- | | | |
|--------------------|-------|--|
| 1. Daily | _____ | |
| 2. Semi-Weekly | _____ | |
| 3. Weekly | _____ | |
| 4. Other (specify) | _____ | |
| _____ | _____ | |

2. What is your circulation?

| | Total | Total Paid | |
|------------------|-------|------------|-----|
| Regular | _____ | _____ | 210 |
| Other* (specify) | _____ | _____ | |
| _____ | _____ | _____ | 220 |

* e.g., Saturday, Sunday, at Christmas.

3. What percentage of your total circulation is

| | % | |
|-------------------------------------|-------|-----|
| 1. Local* | _____ | 310 |
| 2. Remainder of Retail Trading Area | _____ | 320 |
| 3. Rest of Province | _____ | 330 |
| 4. Rest of Canada | _____ | 340 |
| 5. Foreign | _____ | 350 |
| | 100 | |

* Community/City of Publication

4. What is the sales price per copy of your newspaper?

| | ¢ | |
|---------------------|-------|-----|
| 1. Regular | _____ | 410 |
| 2. Other* (specify) | _____ | |
| _____ | _____ | 420 |

* e.g., Saturday or Sunday.

5. What is your annual subscription price for:

| | \$ | |
|------------------|-------|-----|
| 1. Home Delivery | _____ | 510 |
| 2. Mailed | _____ | 520 |

6. Out of your regular circulation, what volume is distributed by:

| | No. | |
|----------------------|-------|-----|
| 1. Second Class Mail | _____ | 610 |
| 2. Other Mail | _____ | 620 |
| 3. Total Mail | _____ | 630 |

7. What percentage of the mail distribution goes to:

| | % | |
|---|-------|-----|
| 1. Local* | _____ | 710 |
| 2. Other Urban Centres in Canada | _____ | 720 |
| 3. Rural Areas and Unincorporated Centres in Canada | _____ | 730 |
| 4. Foreign | _____ | 740 |
| | 100 | |

* Community/City of Publication

8. What is the average weight per single newspaper copy?

_____ grams/ounces 800

9. In distributing by second class mail, which postage rate codes are used (indicate % distribution of regular circulation)?

| | % | |
|--|-------|-----|
| 1. Rate Code 1 | _____ | 910 |
| 2. Other Rate Codes (specify if known) | _____ | 920 |
| | 100 | |

10. What are the annual gross revenues of the newspaper?
(Indicate the relevant range and the year the range relates to.) 1010
- | | | |
|--------------------------|-------|------|
| 1. \$20 million plus | _____ | |
| 2. \$10-20 million | _____ | |
| 3. \$5-10 million | _____ | |
| 4. \$3-5 million | _____ | |
| 5. \$2-3 million | _____ | |
| 6. \$1-2 million | _____ | |
| 7. \$500,000-\$1,000,000 | _____ | |
| 8. \$200,000-\$500,000 | _____ | |
| 9. less than \$200,000 | _____ | |
| 10. Year | _____ | 1020 |
11. How are newspaper revenues divided between:
- | | | |
|--------------------|-------|------|
| | % | |
| 1. Advertising | _____ | 1110 |
| 2. Newspaper Sales | _____ | 1120 |
| 3. Other (specify) | | |
| _____ | _____ | 1130 |
| | 100 | |
12. What percentage of annual operating costs is accounted for by postage costs? 1200
- | | | |
|--|---------|--|
| | _____ % | |
|--|---------|--|
13. Do you use a mailing house to handle your mail distribution? 1300
- | | | | |
|-----|-------|----|-------|
| Yes | _____ | No | _____ |
|-----|-------|----|-------|

14. How many employees work at the paper?
No.
- | | | |
|----------------------------|-------|------|
| 1. Hourly Staff: Full Time | _____ | 1410 |
| 2. Hourly Staff: Part Time | _____ | 1420 |
| 3. Other Regular Staff | _____ | 1430 |
| 4. Freelance Writers | _____ | 1440 |
| 5. Total | _____ | 1450 |
15. Do you consider your newspaper operation: 1500
- | | |
|--------------------------|-------|
| 1. Highly Profitable | _____ |
| 2. Fairly Profitable | _____ |
| 3. Marginally Profitable | _____ |
| 4. Not Profitable | _____ |
16. How important are low postage costs to the circulation of your newspaper? 1600
- | | |
|-------------------------|-------|
| 1. Very Important | _____ |
| 2. Fairly Important | _____ |
| 3. Not at all Important | _____ |
17. How would your newspaper respond to a 5¢ increase in the postage cost of each newspaper distributed by mail? (Answer only one) 1700
- | | |
|--|-------|
| 1. Pass on all of the increase to the reader | _____ |
| 2. Pass on some of the increase to the reader | _____ |
| 3. Reduce mail circulation | _____ |
| 4. Stop mail circulation | _____ |
| 5. Increase advertising revenues to offset part of the cost increase | _____ |
| 6. Increase advertising revenues to offset all of the cost increase | _____ |
| 7. Decrease cost by reducing employment | _____ |
| 8. Decrease cost by reducing non-wage expenses | _____ |
| 9. Other (specify) _____ | _____ |

Comments: _____

18. If the postage costs of each newspaper mailed increased by 5¢ would your total circulation: (Answer only one) 1800

1. Stay the Same _____
2. Decrease by 1-5% _____
3. Decrease by 5-10% _____
4. Decrease by More than 10% _____

19. How would your newspaper respond to a 10¢ increase in the postage cost of each newspaper distributed by mail? (Answer only one) 1900

1. Pass on all of the increase to the reader _____
2. Pass on some of the increase to the reader _____
3. Reduce mail circulation _____
4. Stop mail circulation _____
5. Increase advertising revenues to offset part of the cost increase _____
6. Increase advertising revenues to offset all of the cost increase _____
7. Decrease cost by reducing employment _____
8. Decrease cost by reducing non-wage expenses _____
9. Other (specify) _____

Comments: _____

20. If the postage costs of each newspaper mailed increase by 10¢ would your total circulation: (Answer only one) 2000

1. Stay the Same _____
2. Decrease by 1-5% _____
3. Decrease by 5-10% _____
4. Decrease by More than 10% _____

21. If postage costs increased by 5¢ or 10¢, what alternatives would you consider for circulation to your current mail customers? (Answer one or more) 2100

- | Increase of 5¢ | | Increase of 10¢ | |
|-----------------------|-------|-----------------------|-------|
| 1. Direct Delivery | _____ | 6. Direct Delivery | _____ |
| 2. Sales at Stores | _____ | 7. Sales at Stores | _____ |
| 3. Sales at Newstands | _____ | 8. Sales at Newstands | _____ |
| 4. Other (specify) | _____ | 9. Other (specify) | _____ |
| | _____ | | _____ |
| 5. None | _____ | 10. None | _____ |

22. If the postal rates were raised as outlined above, would alternative forms of government assistance be necessary for your newspaper?

- | | | | |
|--------------------|-----------|----------|------|
| 1. Increase of 5¢ | Yes _____ | No _____ | 2210 |
| 2. Increase of 10¢ | Yes _____ | No _____ | 2220 |

23. If you answered yes to the previous question, what form should the alternative assistance take? (Answer only one) 2300

1. Direct Grants _____
2. Tax Incentives _____
3. Other (Specify) _____
- _____
4. None _____

24. In your view, which group benefits from the current second class postage rates? (Answer only one) 2400

1. Reader _____
2. Newspaper _____
3. Both _____
4. Other (specify) _____
- _____

25. Do you have any other comments on the postal subsidies program and its importance to the newspaper industry?

2500

N.B. If you would like to send us written comments on the program and this survey, please write to:

Derek Ireland
The DPA Group Inc.
Suite 130, The Station
601 West Cordova Street
Vancouver, BC
Canada, V6B 1G1

Phone: (604) 681-7577

PROGRAMMES DE SUBSIDES POSTAUX
SON IMPACT SUR LES ENTREPRISES DE PRESSE

EBAUCHE DE QUESTIONNAIRE POUR ENQUETE TELEPHONIQUE

Introduction

Le but de ce questionnaire est de recevoir l'opinion des quotidiens et des hebdomadaires sur l'importance du programme de subsides postaux sur les opérations journalières d'une publication journalistique. Notre société compte enquêter auprès de quarante (40) quotidiens et de soixante quinze (75) hebdomadaires. Les résultats de cette enquête seront inclus dans un rapport qui sera soumis au Ministère des Communications. Notre rapport sera l'une des composantes servant à l'évaluation globale du programme de subsides postaux. Nous assurons l'entière confidentialité de l'ensemble des réponses données dans le cadre de cette évaluation.

Quelques informations primaires sont nécessaires. Elles devront être obtenues avant et confirmées durant l'entrevue.

Ces informations sont:

Nom du journal: _____

Emplacement: _____

Population de la communauté: _____

Numéro de téléphone: _____

Langue (donner la distribution (%) s'il y a lieu):

Français: _____

Anglais: _____

Autres (spécifier): _____

Les questions suivantes seront demandées durant l'entrevue téléphonique. Cependant, les représentants de journaux préféreront assembler certaines informations de base avant l'entrevue. C'est pourquoi ce questionnaire est envoyé à l'avance et n'a pas besoin d'être retourné.

1. Quel est la fréquence de votre publication?

- a) Quotidien _____ %
- b) Bi-hebdomadaire _____
- c) Hebdomadaire _____
- d) Autre (Spécifier) _____

2. Quel est votre circulation?

| | Totale | Total Payé |
|--------------------|--------|------------|
| Régulière | _____ | \$ _____ |
| Autre (Spécifier)* | _____ | \$ _____ |

(* Publication du samedi, dominicale et de Noël)

3. Quel pourcentage de votre circulation est:

- a) Locale _____ %
 - b) Régionale* _____ %
 - c) Provinciale _____ %
 - d) Reste du Canada _____ %
 - e) Internationale _____ %
- 100%

(* Territoire commercial)

4. Quel est le prix de vente de votre journal?

¢ ou \$

- a) Régulier _____
- b) Autre* (Spécifier) _____

(*publication du samedi ou dominicale)

5. Quel est le prix pour votre abonnement annuel:

a) Livraison à domicile \$ _____

b) Livraison postale \$ _____

6. De votre circulation régulière, quel volume est distribué par:

Nombre

?

a) Courrier de seconde classe _____

b) Courrier autre (spécifier) _____

c) Distribution totale par
courrier _____

7. Quel pourcentage de votre distribution par courrier va:

a) Locale _____ %

b) Autre centre urbain au
Canada _____ %

c) Régions rurales au Canada _____ %

d) Internationale _____ %

100%

8. Quel est le poids moyen par copie de votre publication?

_____ grammes

9. En distribuant par courrier de deuxième classe, quels sont les codes de coûts postaux utilisés?

- a) Code 1 _____ %
 - b) Code 2 gratuit _____ %
 - c) Code 2 payé _____ %
 - d) Code 3 _____ %
 - e) Code 4 _____ %
 - f) Code 7 _____ %
 - g) Code 8 _____ %
- 100%

10. Quels sont les revenus bruts annuels de votre publication? (ordre de grandeur de la dernière année disponible serait satisfaisant)

- a) \$ _____
- b) Année _____

11. Comment sont répartis les revenus entre:

- a) Publicité _____ %
 - b) Ventes de journaux _____ %
 - c) Autre (spécifier) _____ %
- 100%

12. Quels sont les frais d'exploitation annuels de votre publication en excluant les frais d'intérêt, de taxes et de dépréciation? (ordre de grandeur basée sur la dernière année disponible serait satisfaisant; si possible inclure seulement les coûts reliés à l'exploitation du journal et non ceux réunissant les sociétés parentes)

- a) \$ _____
- b) Année _____

13. Quel est le pourcentage des frais d'exploitation annuels
reliés aux coûts postaux?

_____ %

14. Utilisez-vous une entreprise de distribution postale pour
manipuler votre courrier?

Oui _____ Non _____

15. Combien d'employés travaillent à votre journal et quel est
leur salaire moyen*?

| | Nombre | |
|--|--------|---------------------------------|
| a) Employés horaires: temps plein | _____ | \$_____ /heure |
| b) Employés horaires: temps partiel | _____ | \$_____ /heure |
| c) Employés réguliers, autres | _____ | \$_____ /semaine/ mois/année |
| d) Journalistes à la pige | _____ | \$_____ /article/ _____ |

(*: Ordre de grandeur de salaire serait satisfaisant. Pour
autres employés réguliers, spécifier la période
utilisée.)

16. Quel est votre marge bénéficiaire brute? (définie comme revenus annuels bruts moins les frais annuels d'exploitation excluant les frais d'intérêt, de taxes et de dépréciation)

- a) Plus de \$500,000 _____
- b) \$200,000 - \$500,000 _____
- c) \$100,000 - \$200,000 _____
- d) \$50,000 - \$100,000 _____
- e) \$25,000 - \$50,000 _____
- f) \$10,000 - \$25,000 _____
- g) \$0 - \$10,000 _____
- h) Déficitaire _____

17. Quels est la valeur actuelle des actifs immobilisés de votre entreprise?

- a) Plus de \$10,000,000 _____
- b) \$5,000,000 - \$10,000,000 _____
- c) \$1,000,000 - \$5,000,000 _____
- d) \$500,000 - \$1,000,000 _____
- e) \$200,000 - \$500,000 _____
- f) \$100,000 - \$200,000 _____
- g) \$50,000 - \$100,000 _____
- h) Moins de \$50,000 _____

18. Comment considérez-vous l'exploitation de votre journal?

- a) Très rentable _____
- b) Moyennement rentable _____
- c) Marginalement rentable _____
- d) Non rentable _____

19. Quel est l'importance de l'ordre de grandeur des coûts postaux sur votre rentabilité?

- a) Très important _____
- b) Moyennement important _____
- c) Aucune importance _____

20. Comment réagirait votre entreprise à une augmentation de 5¢ des coûts postaux de chaque journal distribué par la poste? (répondre à une ou plus)

- a) Transférer toute l'augmentation au lecteur _____
- b) Transférer une partie de l'augmentation au lecteur _____
- c) Réduire la distribution par la poste _____
- d) Arrêter la distribution postale _____
- e) Augmenter les revenus publicitaires pour contrebalancer une partie de l'augmentation des coûts postaux _____
- f) Augmenter les revenus publicitaires pour contrebalancer toute l'augmentation des coûts postaux _____
- g) Diminuer les coûts par la réduction de personnel _____
- h) Diminuer les coûts par la réduction d'autres dépenses _____
- i) Autres (Spécifier) _____

Commentaires: _____

21. Si l'augmentation des coûts de distribution postale serait de 5¢ par unité, quel serait l'impact sur votre tirage? (Répondre à une seulement)

- a) Inchangé _____
- b) Diminution de 1 à 5% _____
- c) Diminution de 5 à 10% _____
- d) Diminution supérieure à 10% _____

22. Comment réagirait votre entreprise à une augmentation de 10¢ des coûts postaux de chaque journal distribué par la poste? (répondre à une ou plus)

- a) Transférer toute l'augmentation au lecteur _____
- b) Transférer une partie de l'augmentation au lecteur _____
- c) Réduire la distribution par la poste _____
- d) Arrêter la distribution postale _____
- e) Augmenter les revenus publicitaires pour contrebalancer une partie de l'augmentation des coûts postaux _____
- f) Augmenter les revenus publicitaires pour contrebalancer toute l'augmentation des coûts postaux _____
- g) Diminuer les coûts par la réduction de personnel _____
- h) Diminuer les coûts par la réduction d'autres dépenses _____
- i) Autres (Spécifier) _____

Commentaires: _____

23. Si l'augmentation des coûts de distribution postale serait de 10¢ par unité, quel serait l'impact sur votre tirage?
(Répondre à une seulement)

- a) Inchangé _____
- b) Diminution de 1 à 5% _____
- c) Diminution de 5 à 10% _____
- d) Diminution supérieure à 10% _____

24. Si les coûts postaux augmenteraient de 5¢ ou 10¢, quelles alternatives seraient envisagées pour la distribution à vos clients? (répondre à une ou plus)

Augmentation de 5¢

Augmentation de 10¢

- | | |
|--------------------------------|-----------------------------|
| a) Camelot _____ | f) Camelot _____ |
| b) Magasins _____ | g) Magasins _____ |
| c) Marchands de journaux _____ | h) Marchands de _____ |
| d) Autres (Spécifier) _____ | journaux _____ |
| _____ | i) Autres (Spécifier) _____ |
| e) Aucuns changements _____ | _____ |
| | j) Aucuns changements _____ |

25. Si les taux postaux seraient augmentés comme mentionnés auparavant, une alternative d'assistance financière gouvernementale serait-elle nécessaire pour votre entreprise?

- | | Oui | Non |
|------------------------|-------|-------|
| a) Augmentation de 5¢ | _____ | _____ |
| b) Augmentation de 10¢ | _____ | _____ |

26. Si vous avez répondu oui à la question précédente, quelle formule d'assistance financière serait idéale ou à suggérer?

- a) Subventions directes _____
- b) Incitatifs fiscaux _____
- c) Autres (Spécifier) _____
- d) Aucune assistance _____

27. Selon votre avis, quel groupe bénéficie le plus du programme de subsides postaux actuel? (répondre à une seulement)

- a) Lecteur _____
- b) Entreprise de presse _____
- c) Les deux _____

28. Avez-vous d'autres commentaires à formuler sur le programme de subsides postaux et son importance sur l'industrie de la presse?

N.B. Si vous désirez transmettre des commentaires verbaux ou écrits sur ce programme d'assistance financière et cette enquête, téléphoner ou écrire à:

Gille J. Bernier
Le Groupe DPA Inc.
346, rue Brunswick
Fredericton, Nouveau-Brunswick
E3B 1H1

Téléphone: (506) 454-7585

**APPENDIX B
DATA FROM
STATISTICS CANADA**

PRINCIPAL MANUFACTURING STATISTICS
(\$'000)

| | No of Est. | Wage & Salaries | Cost of Fuel & Elec. | Cost of Materials & Supplies | Value of Shipments | Value Added | Total Activity | | | |
|--|------------|-----------------|----------------------|------------------------------|--------------------|-------------|---------------------------|---------------|--------------|-------------|
| | | | | | | | No of Working Owners etc. | Employees No. | Sal. & Wages | Value Added |
| Total Canada: Publishing Only (SIC 288) | | | | | | | | | | |
| 1974 | 558 | - | - | 127,771 | 332,493 | 197,570 | 164 | 8,791 | 79,054 | 210,697 |
| 1975 | 524 | - | - | 162,487 | 391,990 | 231,418 | 99 | 9,182 | 92,769 | 244,838 |
| 1976 | 506 | - | - | 194,089 | 462,946 | 274,331 | 71 | 9,371 | 105,252 | 290,254 |
| 1977 | 473 | - | - | 210,880 | 520,414 | 313,066 | 52 | 9,515 | 113,287 | 327,681 |
| 1978 | 591 | - | - | 274,437 | 662,903 | 390,042 | 67 | 11,001 | 146,967 | 414,987 |
| 1979 | 669 | - | - | 308,648 | 730,927 | 429,234 | 67 | 10,128 | 143,525 | 449,403 |
| 1980 | 664 | - | - | 383,657 | 873,208 | 514,550 | 55 | 11,002 | 172,195 | 531,433 |
| 1981 | 751 | - | - | 433,796 | 1,020,633 | 586,268 | 64 | 11,679 | 214,467 | 622,912 |
| 1982 | 817 | - | - | 479,782 | 1,152,361 | 670,747 | 70 | 12,193 | 241,697 | 709,327 |

By Size (Total Employed): 1982

| | | | | | | | | | | |
|-------|-----|---|---|---------|---------|---------|----|-------|---------|---------|
| 0-4 | 358 | - | - | 33,759 | 65,456 | 29,407 | 55 | 697 | 10,724 | 43,018 |
| 5-9 | 197 | - | - | 41,263 | 80,207 | 39,227 | 12 | 1,348 | 22,434 | 39,382 |
| 10-19 | 134 | - | - | 61,982 | 135,875 | 73,314 | 2 | 1,760 | 31,607 | 73,422 |
| 20-49 | 95 | - | - | 121,003 | 275,039 | 153,861 | - | 2,882 | 57,079 | 163,061 |
| Other | 33 | - | - | 221,775 | 595,784 | 374,938 | 1 | 5,506 | 119,853 | 390,444 |

Total Canada: Publishing and Printing (SIC 289)

| | | | | | | | | | | |
|------|-----|---------|--------|---------|-----------|-----------|-----|--------|---------|-----------|
| 1974 | 614 | 164,757 | 6,042 | 211,121 | 878,842 | 663,127 | 94 | 32,786 | 343,900 | 660,083 |
| 1975 | 615 | 196,910 | 6,416 | 255,130 | 1,002,057 | 740,909 | 155 | 33,562 | 391,016 | 740,932 |
| 1976 | 574 | 218,812 | 7,724 | 299,052 | 1,147,866 | 842,081 | 109 | 34,275 | 447,595 | 839,120 |
| 1977 | 557 | 225,551 | 8,857 | 324,825 | 1,213,521 | 880,651 | 104 | 33,026 | 485,683 | 877,321 |
| 1978 | 599 | 243,056 | 9,877 | 355,114 | 1,315,659 | 951,504 | 95 | 34,334 | 503,026 | 948,098 |
| 1979 | 635 | 291,750 | 10,735 | 406,637 | 1,496,000 | 1,079,034 | 90 | 36,350 | 580,781 | 1,081,787 |
| 1980 | 619 | 315,803 | 12,152 | 469,686 | 1,739,784 | 1,259,237 | 70 | 36,473 | 656,363 | 1,267,050 |
| 1981 | 599 | 328,752 | 14,217 | 514,375 | 1,923,534 | 1,396,188 | 71 | 33,764 | 687,110 | 1,396,017 |
| 1982 | 552 | 351,750 | 19,027 | 538,926 | 1,969,671 | 1,411,205 | 60 | 33,636 | 754,010 | 1,414,716 |

By Size (Total Employed): 1982

| | | | | | | | | | | |
|-------|-----|--------|--------|---------|-----------|-----------|----|--------|---------|-----------|
| 0-4 | 120 | - | 179 | 4,481 | 10,420 | 5,759 | 36 | 279 | 4,264 | 5,758 |
| 5-9 | 109 | - | 396 | 8,972 | 24,439 | 15,071 | 20 | 700 | 10,556 | 15,073 |
| 10-19 | 107 | 20,411 | 772 | 15,635 | 50,722 | 34,305 | 4 | 1,488 | 23,793 | 34,374 |
| 20-49 | 115 | 41,716 | 1,824 | 40,793 | 146,160 | 109,106 | - | 3,643 | 59,859 | 106,441 |
| Other | 101 | - | 15,856 | 468,415 | 1,737,930 | 1,246,964 | - | 27,526 | 659,538 | 1,253,070 |

REVENUE BY SOURCE: 1982

| | From Advertising | From Subscriptions and Sales | Total |
|---|---------------------|------------------------------------|-----------|
| Publishing Only (SIC 288) | | | |
| Newspapers & Periodicals: Total | 547,443 | 228,803 | 776,246 |
| - newspapers: daily ^e | 150,770 | 39,812 | 190,582 |
| - newspapers: national, weekend and community ^e | 2,363 | 46,172 | 48,445 |
| - other newspapers | 35,305 | 7,724 | 43,029 |
| - periodicals & other | 359,005 | 135,185 | 494,190 |
| Publishing & Printing (SIC 289) | | | |
| Newspapers & Periodicals: Total | 1,304,054 | 364,852 | 1,668,906 |
| - newspapers: daily ^e | 998,954 | 284,836 | 1,282,790 |
| - newspapers: national, weekend and community ^e | 68,438 | 14,359 | 82,977 |
| - other newspapers | 17,468 | 3,219 | 20,687 |
| - periodicals & other | 219,194 | 62,258 | 282,452 |
| SIC 288 & 289 Combined | | | |
| Newspapers & Periodicals: Total | 1,951,082 | 600,677 | 2,551,759 |
| - newspapers: daily ^e | 1,149,724 | 324,648 | 1,474,372 |
| - newspapers: national weekend | 37,286 | 19,075 | 56,361 |
| - newspapers: weekly, semi- weekly & tri-weekly | 132,100 | 48,586 | 180,668 |
| - other newspapers | 52,773 | 10,943 | 63,716 |
| - periodicals & other | 578,199 | 197,443 | 776,642 |

e = estimated.

¹ Including Head office activity.

Source: Statistics Canada #36-203; Printing, Publishing and Allied Industries, 1982.

DETAILED INCOME STATISTICS: 1978-1982 (\$ Million)

| | Publishing Only (SIC 288) | | | | | Publishing & Printing (SIC 289) | | | | |
|--|---------------------------|------|------|------|------|---------------------------------|------|------|------|------|
| | 1978 | 1979 | 1980 | 1981 | 1982 | 1978 | 1979 | 1980 | 1981 | 1982 |
| No. of Corporations | 739 | 816 | 925 | 1004 | 1043 | 620 | 694 | 736 | 793 | 745 |
| Income | | | | | | | | | | |
| 1. Sales-Products | 434 | 381 | 475 | 618 | 545 | 278 | 231 | 413 | 447 | 401 |
| 2. Sales-Services | 238 | 335 | 344 | 369 | 549 | 1183 | 1458 | 1432 | 2042 | 2205 |
| 3. Other Income ¹ | 26 | 22 | 30 | 25 | 70 | 61 | 29 | 40 | 76 | 94 |
| 4. Total Income | 698 | 738 | 849 | 1012 | 1164 | 1522 | 1718 | 1885 | 2565 | 2700 |
| Expenses | | | | | | | | | | |
| 5. Materials | 218 | 189 | 254 | 312 | 266 | 115 | 101 | 166 | 184 | 156 |
| 6. Salaries & Wages | 132 | 136 | 158 | 182 | 218 | 507 | 609 | 629 | 790 | 904 |
| 7. Repairs and Maintenance | 1 | 1 | 1 | 2 | 3 | 4 | 7 | 6 | 7 | 8 |
| 8. Other Expenses ² | 243 | 283 | 319 | 382 | 509 | 672 | 807 | 817 | 1150 | 1251 |
| 9. Misc. Costs ³ | 39 | 54 | 45 | 69 | 83 | 72 | 90 | 117 | 178 | 206 |
| 10. Total Expenses | 632 | 663 | 777 | 947 | 1079 | 1370 | 1614 | 1735 | 2309 | 2525 |
| 11. Net Profits Before Taxes & Non Recurring Items | 67 | 75 | 71 | 65 | 85 | 152 | 104 | 150 | 256 | 175 |
| 12. Net Profit Before Direct Taxes | 71 | 77 | 74 | 66 | 83 | 158 | 116 | 185 | 272 | 182 |
| 13. Current Income Tax | -32 | -33 | -34 | -35 | -34 | -45 | -35 | -45 | -76 | -49 |
| 14. Deferred Income Tax | - | 2 | 3 | - | 7 | -2 | -3 | -10 | -21 | -5 |
| 15. Net Profit (Loss) after Taxes | 39 | 45 | 42 | 32 | 55 | 111 | 78 | 130 | 175 | 128 |

¹ Other income includes rental income, commissions, ? interest, mortgage interest, dividends etc.

² Other expenses include office supplies, provision for bad debt, charitable and political donations, travelling expenses, etc. Postal costs are probably included under this items (as part of office supplies).

³ Miscellaneous costs are rent, royalties, interest, taxes other than direct taxes, depreciation, and depletion and amortization.

Source: Statistics Canada #61-207. Corporation Financial Statistics. 1978 to 1982.

OTHER STATISTICS ON NEWSPAPERS: 1976-1980

| | 1976 | 1977 | 1978 | 1979 | 1980 |
|---|----------|----------|----------|----------|----------|
| Dailies | | | | | |
| - No. | 122 | 123 | 127 | 126 | 123 |
| - Circulation ('000) | 5035 | 5150 | 5534 | 5353 | 5425 |
| Circulation by Province ('000) (Number in brackets) | | | | | |
| Nfld | 52(3) | 54(3) | 54(3) | 56(3) | 54(3) |
| PEI | 31(3) | 32(3) | 32(3) | 33(3) | 35(3) |
| N.S. | 169(6) | 174(6) | 178(6) | 192(6) | 194(7) |
| N.B. | 137(6) | 140(6) | 146(6) | 155(6) | 156(6) |
| Que. | 1137(13) | 1165(13) | 1375(14) | 1054(11) | 1144(11) |
| Ont. | 2169(50) | 2237(50) | 2283(50) | 2306(50) | 2346(48) |
| Man. | 261(8) | 269(8) | 269(9) | 292(8) | 284(8) |
| Sask | 131(4) | 135(4) | 139(4) | 159(5) | 162(5) |
| Alta | 383(8) | 402(8) | 456(9) | 464(9) | 480(9) |
| B.C. | 565(21) | 579(2) | 579(22) | 639(23) | 564(22) |
| Yukon | NA | NA | 4(1) | 5(1) | 5(1) |
| By Language | | | | | |
| English: No. | NA | 105 | 108 | 109 | 107 |
| Circ. ('000) | NA | 4213 | 4351 | 4370 | 4440 |
| French: No. | NA | 12 | 12 | 11 | 11 |
| Circ. ('000) | NA | 921 | 1092 | 940 | 980 |
| Other: No. | NA | 6 | 7 | 6 | 5 |
| Circ. ('000) | NA | 46 | 90 | 50 | 40 |
| Non Daily Newspapers | | | | | |
| Community & Ethnic | | | | | |
| - No. | 1123 | 1134 | 1180 | 1164 | 1093 |
| - Circulation ('000) | 8890 | 9828 | 10,547 | 10,822 | 11,036 |
| Student | | | | | |
| - No. | 90 | 86 | 88 | 92 | 84 |
| - Circulation ('000) | 1246 | 961 | 2081 | 1235 | 924 |
| Weekend Tabloids | | | | | |
| - No. | 16 | 16 | 15 | 14 | 7 |
| - Circulation ('000) | 1186 | 1167 | 1167 | 1107 | 613 |

...continued

OTHER STATISTICS ON NEWSPAPERS: 1976-1980 continued

| | 1976 | 1977 | 1978 | 1979 | 1980 |
|--|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| Total Non Daily Circulation ('000) by Language (no. in brackets) | | | | | |
| - English | NA | 6838 (976) | NA | 7872 (936) | 7953 (886) |
| - French | NA | 3025 (151) | NA | 3200 (160) | 2778 (166) |
| - Bilingual | NA | 1064 (56) | NA | 934 (50) | 990 (43) |
| - Other | NA | 1028 (114) | 1108 (127) | 1159 (124) | 871 (89) |
| Total | 11,322 (1229) | 11,955 (1236) | 12,795 (1283) | 13,163 (1270) | 12,592 (1184) |

Circulation ('000) by Province
(Number in brackets)

| | | | | | |
|-------|-----------|-----------|-----------|-----------|----------|
| Nfld. | 78(14) | 83(14) | 57(14) | 58(14) | 54(13) |
| PEI | 11(4) | 11(4) | 15(4) | 13(4) | 12(4) |
| N.S. | 181(33) | 181(33) | 198(36) | 159(30) | 192(32) |
| N.B. | 119(21) | 137(21) | 145(25) | 139(24) | 134(21) |
| Que. | 4113(24) | 4245(214) | 4822(247) | 4656(235) | 4152(22) |
| Ont. | 3122(405) | 3271(405) | 4183(468) | 4303(475) | 4166(42) |
| Man. | 404(69) | 375(69) | 430(75) | 419(75) | 463(67) |
| Sask | 402(103) | 386(103) | 449(100) | 452(97) | 476(88) |
| Alta | 729(112) | 790(112) | 1051(132) | 1074(133) | 1049(13) |
| B.C. | 1111(131) | 1118(131) | 1415(152) | 1815(173) | 1863(17) |
| Yukon | 13(2) | 13(2) | 9(1) | 11(2) | 11(2) |
| NWT | 24(6) | 25(6) | 23(5) | 23(7) | 20(6) |

Advertising Revenues (\$M)

| | | | | | |
|------------------|-----|-----|-----|-----|-----|
| Daily Newspapers | 661 | 730 | 763 | 855 | 924 |
| Non Dailies | 106 | 116 | 147 | 170 | 190 |

Source: Statistics Canada 87-625. Culture Statistics, Newspapers and Periodicals. 1976 to 1980. No publications were available past 1980 in the two libraries visited by the Study Team.

**APPENDIX C
ANALYSIS BASED ON THE
MASTER LIST OF NEWSPAPERS**

The development of the Master List is explained in section 4.7 of the text. The computerized information base includes the following variables:

1. Name and location of the paper, taken from Canada Post and CARD.
2. Population Size, the population of the community/urban center (not trading area) where the paper is published.
3. Total Circulation, including Total Paid circulation, as well as geographic categories in the case of dailies.
4. CARD, which indicates whether the publication is in CARD.
5. % Distributed by Mail, which indicates the % of total circulation which is distributed by mail.
6. Estimate of Subsidy, which indicates, by size category, the implicit subsidy to the paper, based on subtracting actual postage costs from the estimated postage costs if third class postage rates had been applied. This estimate, based on revenue foregone by the Post Office, is developed from 1981 mailings and 1982 postage rates. The size categories are as follows:

| | | | |
|---|----|--------------------|-----------|
| A | \$ | 1 - | 5,000 |
| B | | 5,001 - | 10,000 |
| C | | 10,001 - | 20,000 |
| D | | 20,001 - | 40,000 |
| E | | 40,001 - | 70,000 |
| F | | 70,001 - | 100,000 |
| G | | 100,001 - | 200,000 |
| H | | 200,001 - | 300,000 |
| I | | 300,001 - | 500,000 |
| J | | 500,001 - | 1,000,000 |
| K | | 1,000,001 and over | |

7. Increase X in Postage indicates the increase (2 times, 4 times etc.) in the postage costs of the paper if second class rates were replaced by third class rates. This variable indicates the relative importance of the program to the paper, while Estimate of Subsidy indicates the absolute amount of the subsidy.

Table C-1

-----Frequency Distributions-----

DAILY NEWSPAPERS

PROVINCE

| ==== Value ===== | Frequency | Percent |Cumulative.... | |
|------------------|-----------|---------|--------------------|---------|
| | | | Frequency | Percent |
| NFLD | 3 | 2.13 | 3 | 2.13 |
| NS | 5 | 3.55 | 8 | 5.67 |
| NB | 5 | 3.55 | 13 | 9.22 |
| PEI | 3 | 2.13 | 16 | 11.35 |
| QUE | 12 | 8.51 | 28 | 19.86 |
| DNT | 62 | 43.97 | 90 | 63.83 |
| MAN | 7 | 4.96 | 97 | 68.79 |
| SASK | 6 | 4.26 | 103 | 73.05 |
| ALTA | 9 | 6.38 | 112 | 79.43 |
| BC | 28 | 19.86 | 140 | 99.29 |
| NWT | | | 140 | 99.29 |
| YT | 1 | .71 | 141 | 100.00 |

Missing 8

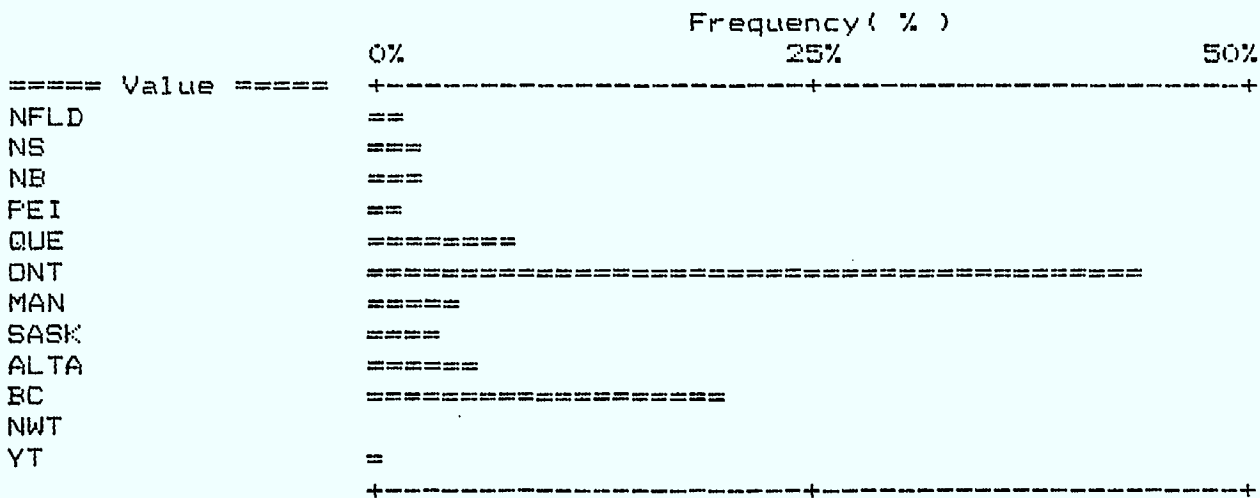


Table C-2

-----Frequency Distributions-----
 DAILY NEWSPAPERS

TOTAL PAID

| ==== Value ==== | Frequency | Percent |Cumulative... | |
|-----------------|-----------|---------|--------------------|---------|
| | | | Frequency | Percent |
| 0-10000 | 54 | 42.52 | 54 | 42.52 |
| 10001-25000 | 31 | 24.41 | 85 | 66.93 |
| 25001-50000 | 19 | 14.96 | 104 | 81.89 |
| 50001-100000 | 7 | 5.51 | 111 | 87.40 |
| 100001-2000000 | 16 | 12.60 | 127 | 100.00 |

Missing 22

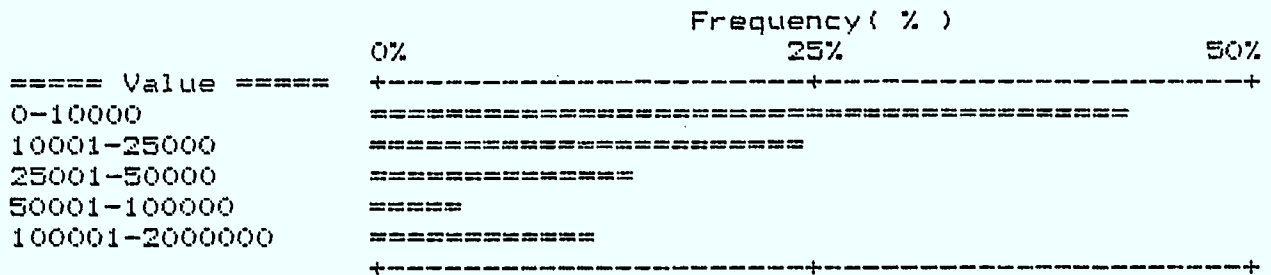


Table C-3

-----Frequency Distributions-----
 DAILY NEWSPAPERS

POPULATION SIZE

| ==== Value ==== | Frequency | Percent |Cumulative... | |
|-----------------|-----------|---------|--------------------|---------|
| | | | Frequency | Percent |
| 1-2000 | | | | |
| 2001-5000 | 2 | 1.45 | 2 | 1.45 |
| 5001-20000 | 26 | 18.84 | 28 | 20.29 |
| 20001-50000 | 38 | 27.54 | 66 | 47.83 |
| 50001-100000 | 22 | 15.94 | 88 | 63.77 |
| 100001-3000000 | 50 | 36.23 | 138 | 100.00 |

Missing 11

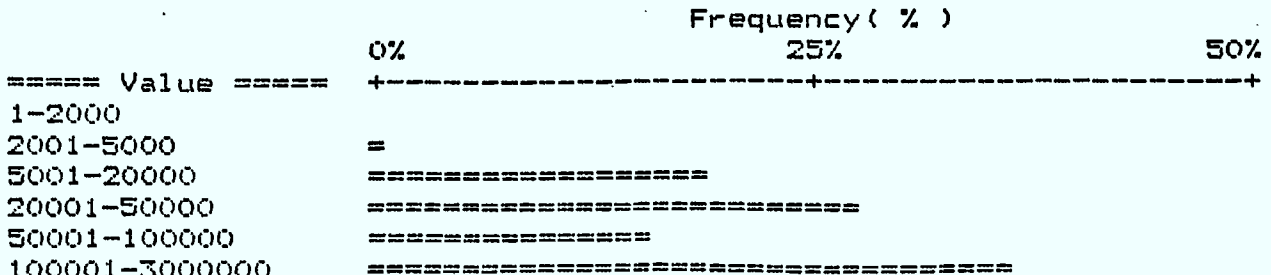


Table C-4

-----Frequency Distributions-----
 DAILY NEWSPAPERS

CARD

| ==== Value ===== | Frequency | Percent |Cumulative.... | |
|------------------|-----------|---------|--------------------|---------|
| | | | Frequency | Percent |
| YES | 136 | 91.89 | 136 | 91.89 |
| NO | 12 | 8.11 | 148 | 100.00 |

Missing 1

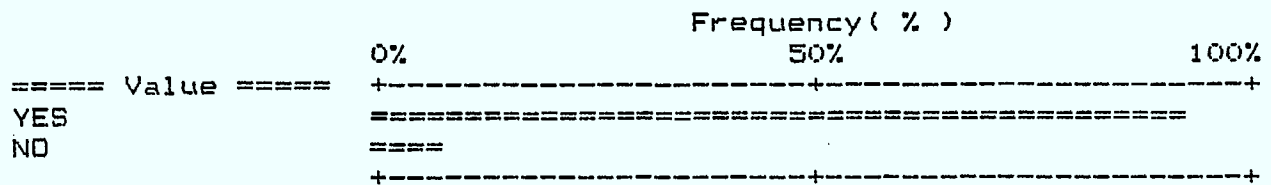


Table C-5

-----Frequency Distributions-----
 DAILY NEWSPAPERS

% DISTRIBUTED BY MAIL

| ==== Value ===== | Frequency | Percent |Cumulative.... | |
|------------------|-----------|---------|--------------------|---------|
| | | | Frequency | Percent |
| 0-2% | 51 | 37.23 | 51 | 37.23 |
| 3-5% | 16 | 11.68 | 67 | 48.91 |
| 6-10% | 29 | 21.17 | 96 | 70.07 |
| 11-20% | 15 | 10.95 | 111 | 81.02 |
| 21-100% | 26 | 18.98 | 137 | 100.00 |

Missing 12

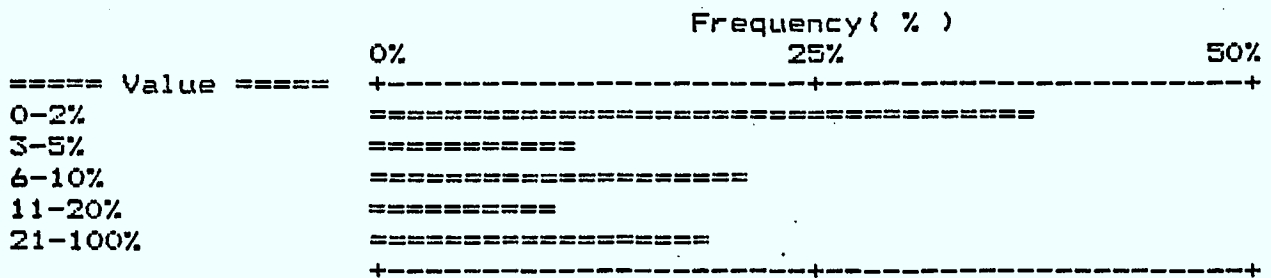


Table C-6

-----Frequency Distributions-----
 DAILY NEWSPAPERS

ESTIMATE OF SUBSIDY

| ==== Value ===== | Frequency | Percent |Cumulative... | |
|------------------|-----------|---------|-------------------|---------|
| | | | Frequency | Percent |
| A-B | 6 | 4.05 | 6 | 4.05 |
| C-D | 21 | 14.19 | 27 | 18.24 |
| E-F | 41 | 27.70 | 68 | 45.95 |
| G-H | 46 | 31.08 | 114 | 77.03 |
| I-J | 31 | 20.95 | 145 | 97.97 |
| K | 3 | 2.03 | 148 | 100.00 |

Missing 1

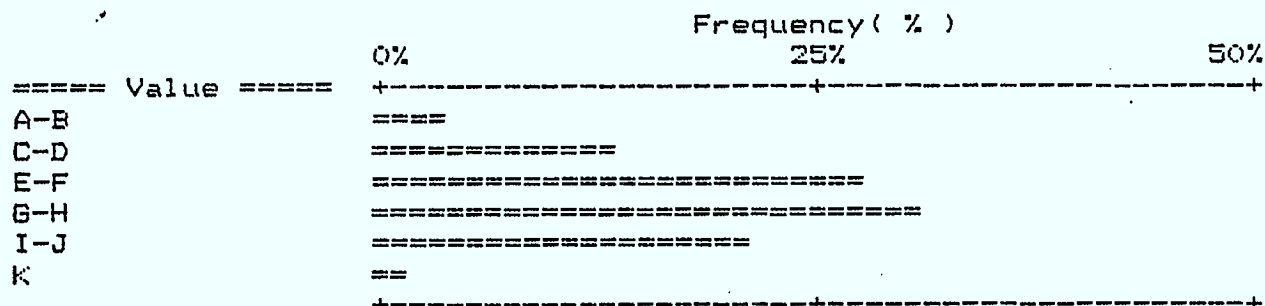


Table C-7

-----Frequency Distributions-----
 DAILY NEWSPAPERS

INCREASE X IN POSTAGE

| ==== Value ===== | Frequency | Percent |Cumulative... | |
|------------------|-----------|---------|-------------------|---------|
| | | | Frequency | Percent |
| 0-2X | 2 | 1.35 | 2 | 1.35 |
| 3-5X | 25 | 16.89 | 27 | 18.24 |
| 6-8X | 71 | 47.97 | 98 | 66.22 |
| 9-10X | 33 | 22.30 | 131 | 88.51 |
| 11-20X | 16 | 10.81 | 147 | 99.32 |
| 21-100X | 1 | .68 | 148 | 100.00 |

Missing 1

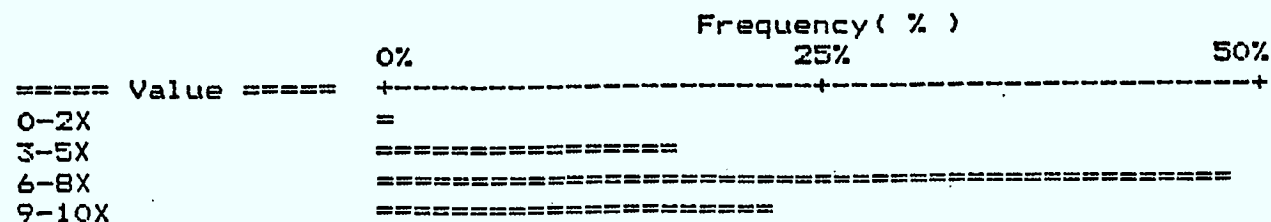


Table C-8

Cross Tabulation

DAILY NEWSPAPERS

Row Variable: PROVINCE

Column Variable: % DISTRIBUTED BY MAIL

| | Freq | 10-2% | 13-5% | 16-10% | 11-20% | 21-100% | Total |
|-------|------|-------|-------|--------|--------|---------|--------|
| | Pct | | | | | | |
| NFLD | | | 1 | 2 | | | 3 |
| | | | .76 | 1.52 | | | 2.27 |
| NS | | 1 | 1 | 1 | 1 | 1 | 5 |
| | | .76 | .76 | .76 | .76 | .76 | 3.79 |
| NB | | 2 | | 1 | | 2 | 5 |
| | | 1.52 | | .76 | | 1.52 | 3.79 |
| PEI | | 1 | | | | 2 | 3 |
| | | .76 | | | | 1.52 | 2.27 |
| QUE | | 6 | 1 | 1 | 2 | | 10 |
| | | 4.55 | .76 | .76 | 1.52 | | 7.58 |
| ONT | | 24 | 6 | 11 | 4 | 13 | 58 |
| | | 18.18 | 4.55 | 8.33 | 3.03 | 9.85 | 43.94 |
| MAN | | 2 | | 3 | 1 | 1 | 7 |
| | | 1.52 | | 2.27 | .76 | .76 | 5.30 |
| SASK | | 2 | | 1 | 1 | 2 | 6 |
| | | 1.52 | | .76 | .76 | 1.52 | 4.55 |
| ALTA | | 4 | 2 | 1 | 1 | | 8 |
| | | 3.03 | 1.52 | .76 | .76 | | 6.06 |
| BC | | 8 | 4 | 7 | 5 | 2 | 26 |
| | | 6.06 | 3.03 | 5.30 | 3.79 | 1.52 | 19.70 |
| NWT | | | | | | | |
| YT | | | | 1 | | | 1 |
| | | | | .76 | | | .76 |
| Total | | 50 | 15 | 29 | 15 | 23 | 132 |
| | | 37.88 | 11.36 | 21.97 | 11.36 | 17.42 | 100.00 |

Missing

17

Table C-9

----- Cross Tabulation -----

DAILY NEWSPAPERS

Row Variable: POPULATION SIZE

Column Variable: % DISTRIBUTED BY MAIL

| | Freq | 10-2% | 13-5% | 16-10% | 11-20% | 121-100% | Total |
|----------------|------|-------|-------|--------|--------|----------|--------|
| | Pct | | | | | | |
| 1-2000 | | | | | | | |
| 2001-5000 | | | | | | 2 | 2 |
| | | | | | | 1.55 | 1.55 |
| 5001-20000 | | 2 | 3 | 8 | 5 | 8 | 26 |
| | | 1.55 | 2.33 | 6.20 | 3.88 | 6.20 | 20.16 |
| 20001-50000 | | 5 | 6 | 13 | 6 | 6 | 36 |
| | | 3.88 | 4.65 | 10.08 | 4.65 | 4.65 | 27.91 |
| 50001-100000 | | 12 | 3 | 3 | | 1 | 19 |
| | | 9.30 | 2.33 | 2.33 | | .78 | 14.73 |
| 100001-3000000 | | 30 | 3 | 5 | 4 | 4 | 46 |
| | | 23.26 | 2.33 | 3.88 | 3.10 | 3.10 | 35.66 |
| Total | | 49 | 15 | 29 | 15 | 21 | 129 |
| | | 37.98 | 11.63 | 22.48 | 11.63 | 16.28 | 100.00 |

Missing

20

Table C-10

----- Cross Tabulation -----

DAILY NEWSPAPERS

Row Variable: TOTAL PAID

Column Variable: % DISTRIBUTED BY MAIL

| | Freq | 0-2% | 3-5% | 6-10% | 11-20% | 21-100% | Total |
|----------------|------|-------|-------|-------|--------|---------|--------|
| | Pct | | | | | | |
| 0-10000 | | 5 | 6 | 16 | 11 | 14 | 52 |
| | | 4.07 | 4.88 | 13.01 | 8.94 | 11.38 | 42.28 |
| 10001-25000 | | 10 | 4 | 8 | 2 | 5 | 29 |
| | | 8.13 | 3.25 | 6.50 | 1.63 | 4.07 | 23.58 |
| 25001-50000 | | 8 | 4 | 4 | 1 | 2 | 19 |
| | | 6.50 | 3.25 | 3.25 | .81 | 1.63 | 15.45 |
| 50001-100000 | | 6 | 1 | | | | 7 |
| | | 4.88 | .81 | | | | 5.69 |
| 100001-2000000 | | 14 | 1 | | 1 | | 16 |
| | | 11.38 | .81 | | .81 | | 13.01 |
| Total | | 43 | 16 | 28 | 15 | 21 | 123 |
| | | 34.96 | 13.01 | 22.76 | 12.20 | 17.07 | 100.00 |

Missing 26

Table C-11

Cross Tabulation

DAILY NEWSPAPERS

Row Variable: PROVINCE

Column Variable: ESTIMATE OF SUBSIDY

| | Freq Pct | IA-B | IC-D | IE-F | IG-H | II-J | IK | Total |
|-------|-------------|------|-------|-------|-------|-------|------|--------|
| NFLD | | | | 1 | 1 | 1 | | 3 |
| | | | | .71 | .71 | .71 | | 2.13 |
| NS | | | | | 3 | 2 | | 5 |
| | | | | | 2.13 | 1.42 | | 3.55 |
| NB | | | | | 2 | 3 | | 5 |
| | | | | | 1.42 | 2.13 | | 3.55 |
| PEI | | | 1 | | | 2 | | 3 |
| | | | .71 | | | 1.42 | | 2.13 |
| QUE | | | | 4 | 2 | 6 | | 12 |
| | | | | 2.84 | 1.42 | 4.26 | | 8.51 |
| ONT | | 1 | 6 | 26 | 17 | 9 | 3 | 62 |
| | | .71 | 4.26 | 18.44 | 12.06 | 6.38 | 2.13 | 43.97 |
| MAN | | 2 | 1 | 1 | 2 | 1 | | 7 |
| | | 1.42 | .71 | .71 | 1.42 | .71 | | 4.96 |
| SASK | | | | 1 | 4 | 1 | | 6 |
| | | | | .71 | 2.84 | .71 | | 4.26 |
| ALTA | | | 3 | | 3 | 3 | | 9 |
| | | | 2.13 | | 2.13 | 2.13 | | 6.38 |
| BC | | 3 | 7 | 7 | 9 | 2 | | 28 |
| | | 2.13 | 4.96 | 4.96 | 6.38 | 1.42 | | 19.86 |
| NWT | | | | | | | | |
| YT | | | 1 | | | | | 1 |
| | | | .71 | | | | | .71 |
| Total | | 6 | 19 | 40 | 43 | 30 | 3 | 141 |
| | | 4.26 | 13.48 | 28.37 | 30.50 | 21.28 | 2.13 | 100.00 |

Missing

8

Table C-12

----- Cross Tabulation -----

DAILY NEWSPAPERS

Row Variable: POPULATION SIZE

Column Variable: ESTIMATE OF SUBSIDY

| | Freq | IA-B | IC-D | IE-F | IG-H | II-J | IK | Total |
|----------------|------|------|-------|-------|-------|-------|------|--------|
| | Pct | | | | | | | |
| 1-2000 | | | | | | | | |
| 2001-5000 | | | 1 | | 1 | | | 2 |
| | | | .72 | | .72 | | | 1.45 |
| 5001-20000 | | 3 | 4 | 8 | 10 | 1 | | 26 |
| | | 2.17 | 2.90 | 5.80 | 7.25 | .72 | | 18.84 |
| 20001-50000 | | 1 | 7 | 5 | 19 | 6 | | 38 |
| | | .72 | 5.07 | 3.62 | 13.77 | 4.35 | | 27.54 |
| 50001-100000 | | 1 | 2 | 8 | 7 | 4 | | 22 |
| | | .72 | 1.45 | 5.80 | 5.07 | 2.90 | | 15.94 |
| 100001-3000000 | | 1 | 5 | 18 | 6 | 17 | 3 | 50 |
| | | .72 | 3.62 | 13.04 | 4.35 | 12.32 | 2.17 | 36.23 |
| Total | | 6 | 19 | 39 | 43 | 28 | 3 | 138 |
| | | 4.35 | 13.77 | 28.26 | 31.16 | 20.29 | 2.17 | 100.00 |

Missing

11

Table C-13

----- Cross Tabulation -----

DAILY NEWSPAPERS

Row Variable: TOTAL PAID

Column Variable: ESTIMATE OF SUBSIDY

| | Freq | A-B | C-D | E-F | G-H | I-J | K | Total |
|----------------|------|------|-------|-------|-------|-------|------|--------|
| | Pct | | | | | | | |
| 0-10000 | | 3 | 11 | 17 | 20 | 2 | | 53 |
| | | 2.38 | 8.73 | 13.49 | 15.87 | 1.59 | | 42.06 |
| 10001-25000 | | | 4 | 7 | 12 | 8 | | 31 |
| | | | 3.17 | 5.56 | 9.52 | 6.35 | | 24.60 |
| 25001-50000 | | 1 | 1 | 3 | 6 | 8 | | 19 |
| | | .79 | .79 | 2.38 | 4.76 | 6.35 | | 15.09 |
| 50001-100000 | | | | 1 | 2 | 4 | | 7 |
| | | | | .79 | 1.59 | 3.17 | | 5.56 |
| 100001-2000000 | | | | 4 | 2 | 7 | 3 | 16 |
| | | | | 3.17 | 1.59 | 5.56 | 2.38 | 12.70 |
| Total | | 4 | 16 | 32 | 42 | 29 | 3 | 126 |
| | | 3.17 | 12.70 | 25.40 | 33.33 | 23.02 | 2.38 | 100.00 |

Missing

23

Table C-14

Cross Tabulation

DAILY NEWSPAPERS

Row Variable: PROVINCE

Column Variable: INCREASE X IN POSTAGE

| | Freq | 10-2X | 13-5X | 16-8X | 19-10X | 111-20X | 121-100X | Total |
|-------|------|-------|-------|-------|--------|---------|----------|--------|
| | Pct | | | | | | | |
| NFLD | | | | 3 | | | | 3 |
| | | | | 2.13 | | | | 2.13 |
| NS | | | | 2 | 1 | 2 | | 5 |
| | | | | 1.42 | .71 | 1.42 | | 3.55 |
| NB | | | 2 | 3 | | | | 5 |
| | | | 1.42 | 2.13 | | | | 3.55 |
| PEI | | | 1 | 1 | 1 | | | 3 |
| | | | .71 | .71 | .71 | | | 2.13 |
| QUE | | 1 | 4 | 3 | 2 | 2 | | 12 |
| | | .71 | 2.84 | 2.13 | 1.42 | 1.42 | | 8.51 |
| ONT | | 1 | 11 | 29 | 15 | 5 | 1 | 62 |
| | | .71 | 7.80 | 20.57 | 10.64 | 3.55 | .71 | 43.97 |
| MAN | | | 1 | 1 | 2 | 3 | | 7 |
| | | | .71 | .71 | 1.42 | 2.13 | | 4.96 |
| SASK | | | | 3 | 2 | 1 | | 6 |
| | | | | 2.13 | 1.42 | .71 | | 4.26 |
| ALTA | | | 2 | 5 | 1 | 1 | | 9 |
| | | | 1.42 | 3.55 | .71 | .71 | | 6.38 |
| BC | | | 4 | 16 | 6 | 2 | | 28 |
| | | | 2.84 | 11.35 | 4.26 | 1.42 | | 19.86 |
| NWT | | | | | | | | |
| YT | | | | 1 | | | | 1 |
| | | | | .71 | | | | .71 |
| Total | | 2 | 25 | 67 | 30 | 16 | 1 | 141 |
| | | 1.42 | 17.73 | 47.52 | 21.28 | 11.35 | .71 | 100.00 |

Missing

8

Table C-15

----- Cross Tabulation -----

DAILY NEWSPAPERS

Row Variable: POPULATION SIZE

Column Variable: INCREASE X IN POSTAGE

| | Freq | 10-2X | 13-5X | 16-8X | 19-10X | 11-20X | 121-100X | Total |
|----------------|------|-------|-------|-------|--------|--------|----------|--------|
| | Pct | | | | | | | |
| 1-2000 | | | | | | | | |
| 2001-5000 | | | | 1 | 1 | | | 2 |
| | | | | .72 | .72 | | | 1.45 |
| 5001-20000 | | | | 10 | 8 | 8 | | 26 |
| | | | | 7.25 | 5.80 | 5.80 | | 18.84 |
| 20001-50000 | | 1 | 2 | 16 | 15 | 4 | | 38 |
| | | .72 | 1.45 | 11.59 | 10.87 | 2.90 | | 27.54 |
| 50001-100000 | | | 3 | 16 | 2 | 1 | | 22 |
| | | | 2.17 | 11.59 | 1.45 | .72 | | 15.94 |
| 100001-3000000 | | 1 | 19 | 23 | 3 | 3 | 1 | 50 |
| | | .72 | 13.77 | 16.67 | 2.17 | 2.17 | .72 | 36.23 |
| Total | | 2 | 24 | 66 | 29 | 16 | 1 | 138 |
| | | 1.45 | 17.39 | 47.83 | 21.01 | 11.59 | .72 | 100.00 |

Missing

11

Table C-16

Cross Tabulation

DAILY NEWSPAPERS

Row Variable: TOTAL PAID

Column Variable: INCREASE X IN POSTAGE

| | Freq | 10-2X | 13-5X | 16-8X | 19-10X | 11-20X | 121-100X | Total |
|----------------|------|-------|-------|-------|--------|--------|----------|--------|
| | Pct | | | | | | | |
| 0-10000 | | | 2 | 21 | 19 | 11 | | 53 |
| | | | 1.59 | 16.67 | 15.08 | 8.73 | | 42.06 |
| 10001-25000 | | 1 | 5 | 15 | 6 | 3 | 1 | 31 |
| | | .79 | 3.97 | 11.90 | 4.76 | 2.38 | .79 | 24.60 |
| 25001-50000 | | | 4 | 13 | 1 | 1 | | 19 |
| | | | 3.17 | 10.32 | .79 | .79 | | 15.08 |
| 50001-100000 | | | 1 | 6 | | | | 7 |
| | | | .79 | 4.76 | | | | 5.56 |
| 100001-2000000 | | 1 | 11 | 3 | 1 | | | 16 |
| | | .79 | 8.73 | 2.38 | .79 | | | 12.70 |
| Total | | 2 | 23 | 58 | 27 | 15 | 1 | 126 |
| | | 1.59 | 18.25 | 46.03 | 21.43 | 11.90 | .79 | 100.00 |

Missing 23

Table C-17

-----Frequency Distributions-----
 COMMUNITY WEEKLY NEWSPAPERS

PROVINCE

| ==== Value ==== | Frequency | Percent |Cumulative... | |
|-----------------|-----------|---------|-------------------|---------|
| | | | Frequency | Percent |
| NFLD | 7 | 1.35 | 7 | 1.35 |
| NS | 18 | 3.47 | 25 | 4.83 |
| NB | 14 | 2.70 | 39 | 7.53 |
| PEI | 2 | .39 | 41 | 7.92 |
| QUE | 49 | 9.46 | 90 | 17.37 |
| ONT | 165 | 31.85 | 255 | 49.23 |
| MAN | 46 | 8.88 | 301 | 58.11 |
| SASK | 73 | 14.09 | 374 | 72.20 |
| ALTA | 79 | 15.25 | 453 | 87.45 |
| BC | 60 | 11.58 | 513 | 99.03 |
| NWT | 5 | .97 | 518 | 100.00 |
| YT | | | 518 | 100.00 |

Missing 17

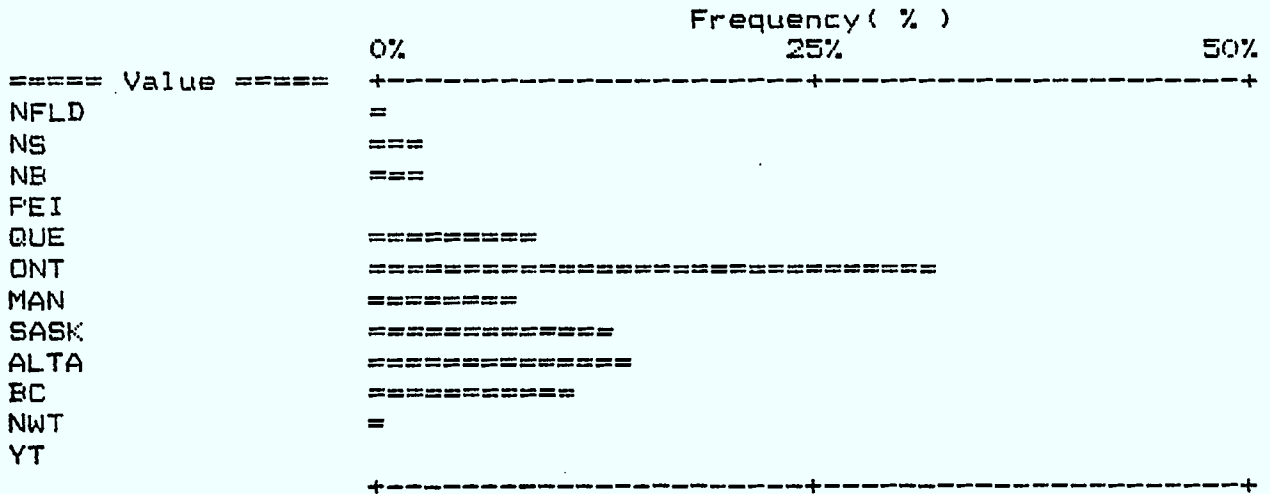


Table C-18

-----Frequency Distributions-----
 COMMUNITY WEEKLY NEWSPAPERS

POPULATION SIZE

| ==== Value ==== | Frequency | Percent |Cumulative... | |
|-----------------|-----------|---------|-------------------|---------|
| | | | Frequency | Percent |
| 1-2000 | 169 | 34.92 | 169 | 34.92 |
| 2001-5000 | 148 | 30.58 | 317 | 65.50 |
| 5001-20000 | 132 | 27.27 | 449 | 92.77 |
| 20001-50000 | 15 | 3.10 | 464 | 95.87 |
| 50001-100000 | 6 | 1.24 | 470 | 97.11 |
| 100001-3000000 | 14 | 2.89 | 484 | 100.00 |

Missing 51



Table C-19

-----Frequency Distributions-----
 COMMUNITY WEEKLY NEWSPAPERS

TOTAL PAID

| ==== Value ==== | Frequency | Percent |Cumulative... | |
|-----------------|-----------|---------|-------------------|---------|
| | | | Frequency | Percent |
| 0-1000 | 41 | 8.22 | 41 | 8.22 |
| 1001-2000 | 134 | 26.85 | 175 | 35.07 |
| 2001-5000 | 223 | 44.69 | 398 | 79.76 |
| 5001-10000 | 79 | 15.83 | 477 | 95.59 |
| 10001-2000000 | 22 | 4.41 | 499 | 100.00 |

Missing 36

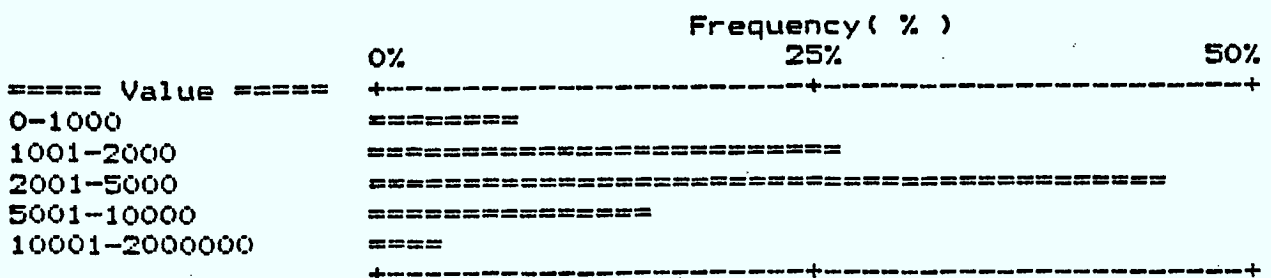


Table C-20

-----Frequency Distributions-----
 COMMUNITY WEEKLY NEWSPAPERS

CARD

| ==== Value ===== | Frequency | Percent |Cumulative... | |
|------------------|-----------|---------|-------------------|---------|
| | | | Frequency | Percent |
| YES | 501 | 93.64 | 501 | 93.64 |
| NO | 34 | 6.36 | 535 | 100.00 |

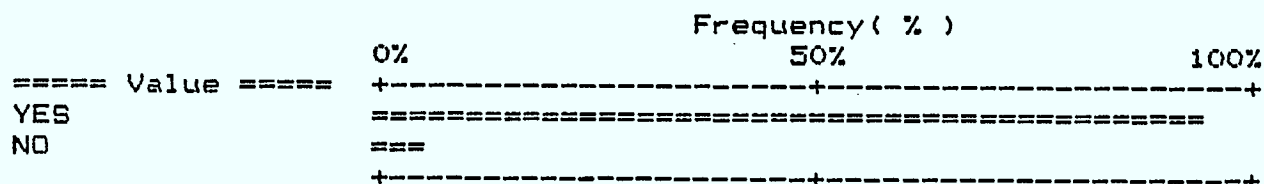


Table C-21

-----Frequency Distributions-----
 COMMUNITY WEEKLY NEWSPAPERS

% DISTRIBUTED BY MAIL

| ==== Value ===== | Frequency | Percent |Cumulative... | |
|------------------|-----------|---------|-------------------|---------|
| | | | Frequency | Percent |
| 0-2% | 33 | 6.45 | 33 | 6.45 |
| 3-5% | 1 | .20 | 34 | 6.64 |
| 6-10% | 6 | 1.17 | 40 | 7.81 |
| 11-20% | 28 | 5.47 | 68 | 13.28 |
| 21-40% | 78 | 15.23 | 146 | 28.52 |
| 41-70% | 156 | 30.47 | 302 | 58.98 |
| 71-100% | 210 | 41.02 | 512 | 100.00 |

Missing 23

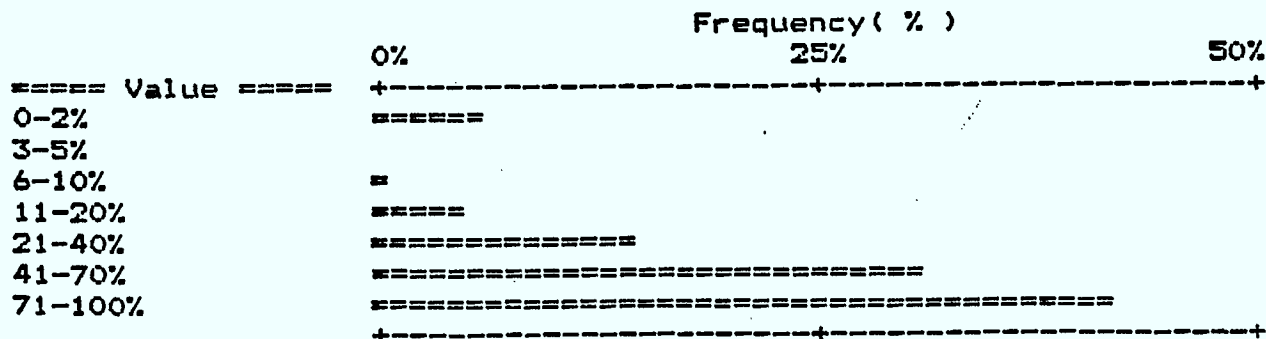


Table C-22

-----Frequency Distributions-----
 COMMUNITY WEEKLY NEWSPAPERS

ESTIMATE OF SUBSIDY

| ==== Value ===== | Frequency | Percent |Cumulative.... | |
|------------------|-----------|---------|--------------------|---------|
| | | | Frequency | Percent |
| A-B | 59 | 11.09 | 59 | 11.09 |
| C-D | 206 | 38.72 | 265 | 49.81 |
| E-F | 172 | 32.33 | 437 | 82.14 |
| G-H | 92 | 17.29 | 529 | 99.44 |
| I-J | 3 | .56 | 532 | 100.00 |
| K | | | 532 | 100.00 |

Missing 3



Table C-23

-----Frequency Distributions-----
 COMMUNITY WEEKLY NEWSPAPERS

INCREASE X IN POSTAGE

| ==== Value ===== | Frequency | Percent |Cumulative.... | |
|------------------|-----------|---------|--------------------|---------|
| | | | Frequency | Percent |
| 0-2X | | | | |
| 3-5X | 18 | 3.38 | 18 | 3.38 |
| 6-10X | 49 | 9.21 | 67 | 12.59 |
| 11-20X | 163 | 30.64 | 230 | 43.23 |
| 21-40X | 228 | 42.86 | 458 | 86.09 |
| 41-100X | 74 | 13.91 | 532 | 100.00 |

Missing 3

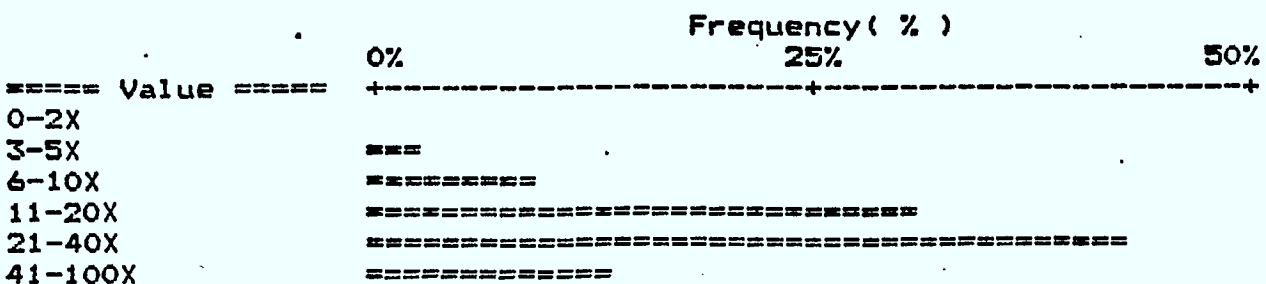


Table C-24

Cross Tabulation

COMMUNITY WEEKLY NEWSPAPERS

Row Variable: PROVINCE

Column Variable: % DISTRIBUTED BY MAIL

| | Freq | 10-2% | 13-5% | 16-10% | 11-20% | 21-40% | 41-70% | 71-100% | Total |
|-------|------|-------|-------|--------|--------|--------|--------|---------|--------|
| | Pct | | | | | | | | |
| NFLD | | | | | | 1 | 4 | 1 | 6 |
| | | | | | | .20 | .80 | .20 | 1.20 |
| NS | | 1 | | | | 1 | 10 | 6 | 18 |
| | | .20 | | | | .20 | 2.00 | 1.20 | 3.61 |
| NB | | 1 | | | 1 | 3 | 8 | | 13 |
| | | .20 | | | .20 | .60 | 1.60 | | 2.61 |
| PEI | | | | | | | 1 | 1 | 2 |
| | | | | | | | .20 | .20 | .40 |
| QUE | | | | 1 | 4 | 14 | 9 | 19 | 47 |
| | | | | .20 | .80 | 2.81 | 1.80 | 3.81 | 9.42 |
| ONT | | 13 | | 1 | 9 | 30 | 68 | 43 | 164 |
| | | 2.61 | | .20 | 1.80 | 6.01 | 13.63 | 8.62 | 32.87 |
| MAN | | 5 | | | | | 5 | 33 | 43 |
| | | 1.00 | | | | | 1.00 | 6.61 | 8.62 |
| SASK | | 6 | | | 2 | 3 | 5 | 54 | 70 |
| | | 1.20 | | | .40 | .60 | 1.00 | 10.82 | 14.03 |
| ALTA | | 4 | 1 | 1 | 3 | 8 | 21 | 39 | 77 |
| | | .80 | .20 | .20 | .60 | 1.60 | 4.21 | 7.82 | 15.43 |
| BC | | 2 | | 2 | 9 | 13 | 21 | 7 | 54 |
| | | .40 | | .40 | 1.80 | 2.61 | 4.21 | 1.40 | 10.82 |
| NWT | | | | 1 | | 4 | | | 5 |
| | | | | .20 | | .80 | | | 1.00 |
| YT | | | | | | | | | |
| | | | | | | | | | |
| Total | | 32 | 1 | 6 | 28 | 77 | 152 | 203 | 499 |
| | | 6.41 | .20 | 1.20 | 5.61 | 15.43 | 30.46 | 40.68 | 100.00 |

Missing 36

Table C-25

----- Cross Tabulation -----

COMMUNITY WEEKLY NEWSPAPERS

Row Variable: POPULATION SIZE

Column Variable: % DISTRIBUTED BY MAIL

| | Freq | 10-2% | 13-5% | 16-10% | 11-20% | 12-40% | 14-70% | 17-100% | Total |
|----------------|------|-------|-------|--------|--------|--------|--------|---------|--------|
| | Pct | | | | | | | | |
| 1-2000 | 16 | | | | | 8 | 35 | 103 | 162 |
| | 3.43 | | | | | 1.71 | 7.49 | 22.06 | 34.69 |
| 2001-5000 | 11 | | | | 8 | 25 | 45 | 56 | 145 |
| | 2.36 | | | | 1.71 | 5.35 | 9.64 | 11.99 | 31.05 |
| 5001-20000 | 2 | | | 6 | 10 | 30 | 55 | 25 | 128 |
| | .43 | | | 1.28 | 2.14 | 6.42 | 11.78 | 5.35 | 27.41 |
| 20001-50000 | | | | | 5 | 8 | 1 | | 14 |
| | | | | | 1.07 | 1.71 | .21 | | 3.00 |
| 50001-100000 | | | | | 4 | | 1 | | 5 |
| | | | | | .86 | | .21 | | 1.07 |
| 100001-3000000 | | | | | | 1 | 4 | 8 | 13 |
| | | | | | | .21 | .86 | 1.71 | 2.78 |
| Total | 29 | | | 6 | 27 | 72 | 141 | 192 | 467 |
| | 6.21 | | | 1.28 | 5.78 | 15.42 | 30.19 | 41.11 | 100.00 |

Missing

68

Table C-26

----- Cross Tabulation -----

COMMUNITY WEEKLY NEWSPAPERS

Row Variable: TOTAL PAID

Column Variable: % DISTRIBUTED BY MAIL

| | Freq | 10-2% | 3-5% | 6-10% | 11-20% | 21-40% | 41-70% | 71-100% | Total |
|---------------|------|-------|------|-------|--------|--------|--------|---------|--------|
| | Pct | | | | | | | | |
| 0-1000 | | 5 | | | 2 | 4 | 8 | 21 | 40 |
| | | 1.02 | | | .41 | .82 | 1.64 | 4.29 | 8.18 |
| 1001-2000 | | 4 | | 1 | 4 | 16 | 37 | 68 | 130 |
| | | .82 | | .20 | .82 | 3.27 | 7.57 | 13.91 | 26.58 |
| 2001-5000 | | 5 | 1 | 4 | 12 | 31 | 73 | 95 | 221 |
| | | 1.02 | .20 | .82 | 2.45 | 6.34 | 14.93 | 19.43 | 45.19 |
| 5001-10000 | | 1 | | 1 | 7 | 20 | 32 | 16 | 77 |
| | | .20 | | .20 | 1.43 | 4.09 | 6.54 | 3.27 | 15.75 |
| 10001-2000000 | | | | | 3 | 6 | 5 | 7 | 21 |
| | | | | | .61 | 1.23 | 1.02 | 1.43 | 4.29 |
| Total | | 15 | 1 | 6 | 28 | 77 | 155 | 207 | 489 |
| | | 3.07 | .20 | 1.23 | 5.73 | 15.75 | 31.70 | 42.33 | 100.00 |

Missing 46

Table C-27

Cross Tabulation

COMMUNITY WEEKLY NEWSPAPERS

Row Variable: PROVINCE

Column Variable: ESTIMATE OF SUBSIDY

| | Freq | IA-B | IC-D | IE-F | IG-H | II-J | IK | Total |
|-------|------|-------|-------|-------|-------|------|----|--------|
| | Pct | | | | | | | |
| NFLD | | | 1 | 3 | 3 | | | 7 |
| | | | .19 | .58 | .58 | | | 1.36 |
| NS | | | 2 | 7 | 9 | | | 18 |
| | | | .39 | 1.36 | 1.75 | | | 3.50 |
| NB | | 1 | 2 | 7 | 4 | | | 14 |
| | | .19 | .39 | 1.36 | .78 | | | 2.72 |
| PEI | | | 1 | | 1 | | | 2 |
| | | | .19 | | .19 | | | .39 |
| QUE | | 5 | 10 | 16 | 17 | 1 | | 49 |
| | | .97 | 1.94 | 3.11 | 3.30 | .19 | | 9.51 |
| ONT | | 14 | 75 | 59 | 17 | | | 165 |
| | | 2.72 | 14.56 | 11.46 | 3.30 | | | 32.04 |
| MAN | | 3 | 21 | 16 | 4 | 1 | | 45 |
| | | .58 | 4.08 | 3.11 | .78 | .19 | | 8.74 |
| SASK | | 7 | 32 | 25 | 9 | | | 73 |
| | | 1.36 | 6.21 | 4.85 | 1.75 | | | 14.17 |
| ALTA | | 8 | 31 | 19 | 20 | 1 | | 79 |
| | | 1.55 | 6.02 | 3.69 | 3.88 | .19 | | 15.34 |
| BC | | 12 | 24 | 17 | 5 | | | 58 |
| | | 2.33 | 4.66 | 3.30 | .97 | | | 11.26 |
| NWT | | 2 | 3 | | | | | 5 |
| | | .39 | .58 | | | | | .97 |
| YT | | | | | | | | |
| | | | | | | | | |
| Total | | 52 | 202 | 169 | 89 | 3 | | 515 |
| | | 10.10 | 39.22 | 32.82 | 17.28 | .58 | | 100.00 |

Missing

20

Table C-28

Cross Tabulation

COMMUNITY WEEKLY NEWSPAPERS

Row Variable: POPULATION SIZE

Column Variable: ESTIMATE OF SUBSIDY

| | Freq | A-B | C-D | E-F | G-H | I-J | K | Total |
|----------------|------|------|-------|-------|-------|-----|---|--------|
| | Pct | | | | | | | |
| 1-2000 | | 19 | 102 | 40 | 8 | | | 169 |
| | | 3.95 | 21.21 | 8.32 | 1.66 | | | 35.14 |
| 2001-5000 | | 19 | 41 | 61 | 27 | | | 148 |
| | | 3.95 | 8.52 | 12.68 | 5.61 | | | 30.77 |
| 5001-20000 | | 7 | 37 | 45 | 40 | 2 | | 131 |
| | | 1.46 | 7.69 | 9.36 | 8.32 | .42 | | 27.23 |
| 20001-50000 | | 2 | 2 | 4 | 7 | | | 15 |
| | | .42 | .42 | .83 | 1.46 | | | 3.12 |
| 50001-100000 | | 1 | 1 | 3 | | | | 5 |
| | | .21 | .21 | .62 | | | | 1.04 |
| 100001-3000000 | | | 2 | 6 | 4 | 1 | | 13 |
| | | | .42 | 1.25 | .83 | .21 | | 2.70 |
| Total | | 48 | 185 | 159 | 86 | 3 | | 481 |
| | | 9.98 | 38.46 | 33.06 | 17.88 | .62 | | 100.00 |

Missing 54

Table C-29

----- Cross Tabulation -----

COMMUNITY WEEKLY NEWSPAPERS

Row Variable: TOTAL PAID

Column Variable: ESTIMATE OF SUBSIDY

| | Freq | A-B | C-D | E-F | G-H | I-J | K | Total |
|---------------|------|------|-------|-------|-------|-----|---|--------|
| | Pct | | | | | | | |
| 0-1000 | | 17 | 23 | 1 | | | | 41 |
| | | 3.41 | 4.62 | .20 | | | | 8.23 |
| 1001-2000 | | 18 | 100 | 14 | 2 | | | 134 |
| | | 3.61 | 20.08 | 2.81 | .40 | | | 26.91 |
| 2001-5000 | | 7 | 64 | 116 | 34 | 1 | | 222 |
| | | 1.41 | 12.85 | 23.29 | 6.83 | .20 | | 44.58 |
| 5001-10000 | | 1 | 7 | 30 | 41 | | | 79 |
| | | .20 | 1.41 | 6.02 | 8.23 | | | 15.86 |
| 10001-2000000 | | 1 | | 8 | 11 | 2 | | 22 |
| | | .20 | | 1.61 | 2.21 | .40 | | 4.42 |
| Total | | 44 | 194 | 169 | 88 | 3 | | 498 |
| | | 8.84 | 38.96 | 33.94 | 17.67 | .60 | | 100.00 |

Missing

37

Table C-30

Cross Tabulation

COMMUNITY WEEKLY NEWSPAPERS

Row Variable: PROVINCE

Column Variable: INCREASE X IN POSTAGE

| | Freq | 10-2X | 13-5X | 16-10X | 11-20X | 21-40X | 41-100X | Total |
|-------|------|-------|-------|--------|--------|--------|---------|--------|
| | Pct | | | | | | | |
| NFLD | | | 3 | | 4 | | | 7 |
| | | | .58 | | .78 | | | 1.36 |
| NS | | | | 2 | 8 | 7 | 1 | 18 |
| | | | | .39 | 1.55 | 1.36 | .19 | 3.50 |
| NB | | | | 2 | 8 | 4 | | 14 |
| | | | | .39 | 1.55 | .78 | | 2.72 |
| PEI | | | 1 | | 1 | | | 2 |
| | | | .19 | | .19 | | | .39 |
| QUE | | | 6 | 10 | 15 | 13 | 5 | 49 |
| | | | 1.17 | 1.94 | 2.91 | 2.52 | .97 | 9.51 |
| ONT | | | 2 | 13 | 52 | 79 | 19 | 165 |
| | | | .39 | 2.52 | 10.10 | 15.34 | 3.69 | 32.04 |
| MAN | | | 2 | 1 | 14 | 26 | 2 | 45 |
| | | | .39 | .19 | 2.72 | 5.05 | .39 | 8.74 |
| SASK | | | 1 | 4 | 20 | 34 | 14 | 73 |
| | | | .19 | .78 | 3.88 | 6.60 | 2.72 | 14.17 |
| ALTA | | | | 4 | 11 | 39 | 25 | 79 |
| | | | | .78 | 2.14 | 7.57 | 4.85 | 15.34 |
| BC | | | 3 | 6 | 24 | 20 | 5 | 58 |
| | | | .58 | 1.17 | 4.66 | 3.88 | .97 | 11.26 |
| NWT | | | | 4 | 1 | | | 5 |
| | | | | .78 | .19 | | | .97 |
| YT | | | | | | | | |
| | | | | | | | | |
| Total | | | 18 | 46 | 158 | 222 | 71 | 515 |
| | | | 3.50 | 8.93 | 30.68 | 43.11 | 13.79 | 100.00 |

Missing

20

Table C-31

----- Cross Tabulation -----
 COMMUNITY WEEKLY NEWSPAPERS

Row Variable: POPULATION SIZE

Column Variable: INCREASE X IN POSTAGE

| | Freq | 10-2X | 13-5X | 16-10X | 11-20X | 121-40X | 141-100X | Total |
|----------------|------|-------|-------|--------|--------|---------|----------|--------|
| | Pct | | | | | | | |
| 1-2000 | | | 3 | 8 | 52 | 85 | 21 | 169 |
| | | | .62 | 1.66 | 10.81 | 17.67 | 4.37 | 35.14 |
| 2001-5000 | | | 2 | 10 | 26 | 74 | 36 | 148 |
| | | | .42 | 2.08 | 5.41 | 15.38 | 7.48 | 30.77 |
| 5001-20000 | | | 5 | 16 | 52 | 48 | 10 | 131 |
| | | | 1.04 | 3.33 | 10.81 | 9.98 | 2.08 | 27.23 |
| 20001-50000 | | | 1 | 3 | 10 | 1 | | 15 |
| | | | .21 | .62 | 2.08 | .21 | | 3.12 |
| 50001-100000 | | | 1 | 1 | 3 | | | 5 |
| | | | .21 | .21 | .62 | | | 1.04 |
| 100001-3000000 | | | 5 | 4 | 3 | 1 | | 13 |
| | | | 1.04 | .83 | .62 | .21 | | 2.70 |
| Total | | | 17 | 42 | 146 | 209 | 67 | 481 |
| | | | 3.53 | 8.73 | 30.35 | 43.45 | 13.93 | 100.00 |

Missing

54

Table C-32

Cross Tabulation

COMMUNITY WEEKLY NEWSPAPERS

Row Variable: TOTAL PAID

Column Variable: INCREASE X IN POSTAGE

| | Freq | 10-2X | 13-5X | 16-10X | 111-20X | 121-40X | 141-100X | Total |
|---------------|------|-------|-------|--------|---------|---------|----------|--------|
| | Pct | | | | | | | |
| 0-1000 | | | 1 | 5 | 11 | 14 | 10 | 41 |
| | | | .20 | 1.00 | 2.21 | 2.81 | 2.01 | 8.23 |
| 1001-2000 | | | 3 | 12 | 42 | 59 | 18 | 134 |
| | | | .60 | 2.41 | 8.43 | 11.85 | 3.61 | 26.91 |
| 2001-5000 | | | 6 | 15 | 56 | 110 | 35 | 222 |
| | | | 1.20 | 3.01 | 11.24 | 22.09 | 7.03 | 44.58 |
| 5001-10000 | | | 2 | 6 | 38 | 27 | 6 | 79 |
| | | | .40 | 1.20 | 7.63 | 5.42 | 1.20 | 15.86 |
| 10001-2000000 | | | 6 | 9 | 6 | 1 | | 22 |
| | | | 1.20 | 1.81 | 1.20 | .20 | | 4.42 |
| Total | | | 18 | 47 | 153 | 211 | 69 | 498 |
| | | | 3.61 | 9.44 | 30.72 | 42.37 | 13.86 | 100.00 |

Missing

37

APPENDIX D

**DETAILED RESULTS OF
TELEPHONE SURVEY**

This appendix contains results from most of the questions asked in the telephone survey of weekly and daily newspapers. Data are displayed in one of three formats: frequency distributions of a single variable, cross tabulations of two variables, or crossbreaks of three variables. The specific variables are identified in each table using names and descriptions taken from the questionnaires. (Refer to Appendix A for the full questions asked).

Frequency distributions show the number of responses to a single question. The number and percent of responses are given in columns and the percent of responses shown in a horizontal bar graph. Cross tabulations show the distribution of newspapers by row and column variables. The frequency and percent of newspapers are both shown in each cell of the cross tabulation. Crossbreaks show the value of a third, dependent variable by row and column variables. Each cell shows the number of papers as well as the sum and the mean of the dependent variable.

If any responses to individual questions (or to parts of questions where more than one response is allowed to a single question) are missing, the number of missing responses are recorded on the bottom of each table.

For a full discussion and analysis of survey results, see Chapter 5.

Table D-1

----- Crossbreak -----

Postal Subsidy Program

Dependent Variable: % of total circulation distributed by mail

Row Variable: Population

Column Variable: Daily/Weekly Newspaper

| | Mean | Daily | Weekly | Total |
|----------------|------|-------|--------|-------|
| Sua | : | : | : | : |
| N | : | : | : | : |
| 1-1000 | : | : | 71 | 71 |
| | : | : | 495 | 495 |
| | : | : | 7 | 7 |
| 1,001-2,000 | : | : | 75 | 75 |
| | : | : | 1126 | 1126 |
| | : | : | 15 | 15 |
| 2,001-5,000 | : | : | 66 | 66 |
| | : | : | 1263 | 1263 |
| | : | : | 19 | 19 |
| 5,001-20,000 | : | 16 | 60 | 46 |
| | : | 147 | 1193 | 1340 |
| | : | 9 | 20 | 29 |
| 20,001-50,000 | : | 2 | 54 | 28 |
| | : | 5 | 163 | 168 |
| | : | 3 | 3 | 6 |
| 50,001-100,000 | : | 5 | 94 | 34 |
| | : | 9 | 94 | 103 |
| | : | 2 | 1 | 3 |
| Over 100,000 | : | 17 | 48 | 29 |
| | : | 99 | 192 | 291 |
| | : | 6 | 4 | 10 |
| Total | : | 13 | 66 | 54 |
| | : | 260 | 4526 | 4786 |
| | : | 20 | 69 | 89 |

Table D-2

----- Crossbreak -----

Postal Subsidy Program

Dependent Variable: % of Mail distribution - Local

Row Variable: Population

Column Variable: Daily/Weekly Newspaper

| | Mean | Daily | Weekly | Total |
|----------------|------|-------|--------|-------|
| | Sum | | | |
| | N | | | |
| 1-1000 | | | 63 | 63 |
| | | | 440 | 440 |
| | | | 7 | 7 |
| 1,001-2,000 | | | 49 | 49 |
| | | | 740 | 740 |
| | | | 15 | 15 |
| 2,001-5,000 | | | 56 | 56 |
| | | | 1061 | 1061 |
| | | | 19 | 19 |
| 5,001-20,000 | | 29 | 36 | 34 |
| | | 265 | 719 | 984 |
| | | 9 | 20 | 29 |
| 20,001-50,000 | | 7 | 80 | 37 |
| | | 22 | 161 | 183 |
| | | 3 | 2 | 5 |
| 50,001-100,000 | | 61 | | 41 |
| | | 122 | | 122 |
| | | 2 | 1 | 3 |
| Over 100,000 | | 19 | 78 | 43 |
| | | 113 | 312 | 425 |
| | | 6 | 4 | 10 |
| Total | | 26 | 50 | 45 |
| | | 521 | 3432 | 3953 |
| | | 20 | 68 | 88 |

Missing

1

Table D-3

----- Crossbreak -----

Postal Subsidy Program

Dependent Variable: % of Mail distribution - Urban Centres in Cda

Row Variable: Population

Column Variable: Daily/Weekly Newspaper

| | Mean | Daily | Weekly | Total |
|----------------|------|-------|--------|-------|
| Sum | | | | |
| N | | | | |
| 1-1000 | | | 15 | 15 |
| | | | 103 | 103 |
| | | | 7 | 7 |
| 1,001-2,000 | | | 24 | 24 |
| | | | 364 | 364 |
| | | | 15 | 15 |
| 2,001-5,000 | | | 21 | 21 |
| | | | 406 | 406 |
| | | | 19 | 19 |
| 5,001-20,000 | 26 | 31 | 29 | |
| | 234 | 613 | 847 | |
| | 9 | 20 | 29 | |
| 20,001-50,000 | 60 | 15 | 42 | |
| | 179 | 30 | 209 | |
| | 3 | 2 | 5 | |
| 50,001-100,000 | 11 | 10 | 11 | |
| | 23 | 10 | 33 | |
| | 2 | 1 | 3 | |
| Over 100,000 | 20 | 14 | 18 | |
| | 123 | 55 | 177 | |
| | 6 | 4 | 10 | |
| Total | 28 | 23 | 24 | |
| | 558 | 1579 | 2137 | |
| | 20 | 68 | 88 | |

Missing 1

Table D-4

----- Crossbreak -----

Postal Subsidy Program

Dependent Variable: % of Mail distribution - Rural Areas

Row Variable: Population

Column Variable: Daily/Weekly Newspaper

| | Mean | Daily | Weekly | Total |
|----------------|------|-------|--------|-------|
| Sua | : | : | : | : |
| N | : | : | : | : |
| 1-1000 | : | : | 22 | 22 |
| | : | : | 151 | 151 |
| | : | : | 7 | 7 |
| 1,001-2,000 | : | : | 25 | 25 |
| | : | : | 381 | 381 |
| | : | : | 15 | 15 |
| 2,001-5,000 | : | : | 22 | 22 |
| | : | : | 423 | 423 |
| | : | : | 19 | 19 |
| 5,001-20,000 | 44 | 32 | 36 | |
| | 398 | 642 | 1040 | |
| | 9 | 20 | 29 | |
| 20,001-50,000 | 33 | 5 | 21 | |
| | 98 | 9 | 107 | |
| | 3 | 2 | 5 | |
| 50,001-100,000 | 28 | 90 | 48 | |
| | 55 | 90 | 145 | |
| | 2 | 1 | 3 | |
| Over 100,000 | 59 | 8 | 39 | |
| | 353 | 33 | 386 | |
| | 6 | 4 | 10 | |
| Total | 45 | 25 | 30 | |
| | 903 | 1728 | 2632 | |
| | 20 | 68 | 88 | |

Missing

1

Table D-5

----- Crossbreak -----

Postal Subsidy Program

Dependent Variable: % of Mail distribution - Foreign

Row Variable: Population

Column Variable: Daily/Weekly Newspaper

| | Mean | Daily | Weekly | Total |
|----------------|------|-------|--------|-------|
| Sun | | | | |
| N | | | | |
| 1-1000 | | | 1 | 1 |
| | | | 7 | 7 |
| | | | 7 | 7 |
| 1,001-2,000 | | | 1 | 1 |
| | | | 15 | 15 |
| | | | 15 | 15 |
| 2,001-5,000 | | | 1 | 1 |
| | | | 11 | 11 |
| | | | 19 | 19 |
| 5,001-20,000 | | | 1 | 1 |
| | | 4 | 26 | 30 |
| | | 9 | 20 | 29 |
| 20,001-50,000 | | | | |
| | | 1 | 1 | 2 |
| | | 3 | 2 | 5 |
| 50,001-100,000 | | 1 | | |
| | | 1 | | 1 |
| | | 2 | 1 | 3 |
| Over 100,000 | | 2 | | 1 |
| | | 12 | | 12 |
| | | 6 | 4 | 10 |
| Total | | 1 | 1 | 1 |
| | | 18 | 60 | 78 |
| | | 20 | 68 | 88 |

Missing 1

Table D-6

Cross Tabulation

Postal Subsidy Program -- WEEKLY

Row Variable: Total Employees

Column Variable: Annual Gross Revenues

| Freq | 15\$ | 10\$ | 5\$ | 2-3\$ | 1-2\$ | 500,000- | 100,000- | 100,000- | 50,000- | Less than | Total |
|----------|------|---------|---------|---------|---------|------------|----------|----------|----------|------------|--------|
| Pct | plus | million | million | million | million | 1,000,000- | 500,000- | 200,000- | 100,000- | in 50,000- | |
| 0-1 | | | | | | | | | | | |
| 2-4 | | | | | | | | 2 | 5 | 5 | 12 |
| | | | | | | | | 3.17 | 7.94 | 7.94 | 19.05 |
| 5-9 | | | | | | 1 | 9 | 7 | 4 | | 21 |
| | | | | | | 1.59 | 14.29 | 11.11 | 6.35 | | 33.33 |
| 10-14 | | | | | | 1 | 7 | 3 | | | 11 |
| | | | | | | 1.59 | 11.11 | 4.76 | | | 17.46 |
| 15-19 | | | | | 1 | | 5 | | | | 6 |
| | | | | | 1.59 | | 7.94 | | | | 9.52 |
| 20-29 | | | | 1 | | 5 | 1 | | | | 7 |
| | | | | 1.59 | | 7.94 | 1.59 | | | | 11.11 |
| 30-49 | | | | | 1 | 3 | | | | | 4 |
| | | | | | 1.59 | 4.76 | | | | | 6.35 |
| 50-100 | | | | | 1 | 1 | | | | | 2 |
| | | | | | 1.59 | 1.59 | | | | | 3.17 |
| Over 100 | | | | | | | | | | | |
| Total | | | | 1 | 3 | 11 | 22 | 12 | 9 | 5 | 63 |
| | | | | 1.59 | 4.76 | 17.46 | 34.92 | 19.05 | 14.29 | 7.94 | 100.00 |

Missing 6

Table D-7

----- Cross Tabulation -----

Postal Subsidy Program -- DAILY

Row Variable: Total Employees

Column Variable: Annual Gross Revenues

| Freq | 20 \$mil | 10-20 mi | 5-10 \$mil | 3-5 \$mil | 2-3 \$mil | 1-2 \$mil | 500,000-1,000,000 | 200,000-500,000 | Less than 200000 | Total |
|----------|----------|----------|------------|-----------|-----------|-----------|-------------------|-----------------|------------------|--------|
| Pct | plus | | | | | | | | | |
| 0-1 | | | | | | | | | | |
| 2-4 | | | | | | | | | | |
| 5-9 | | | | | | | | | | |
| 10-14 | | | | | | | | 3 | | 3 |
| | | | | | | | | 18.75 | | 18.75 |
| 15-19 | | | | | | | | | | |
| 20-29 | | | | | | 2 | | | | 2 |
| | | | | | | 12.50 | | | | 12.50 |
| 30-49 | | | | | | 2 | 1 | | | 3 |
| | | | | | | 12.50 | 6.25 | | | 18.75 |
| 50-100 | | | | 3 | | 2 | | | | 5 |
| | | | | 18.75 | | 12.50 | | | | 31.25 |
| Over 100 | | 2 | 1 | | | | | | | 3 |
| | | 12.50 | 6.25 | | | | | | | 18.75 |
| Total | | 2 | 1 | 3 | | 6 | 1 | 3 | | 16 |
| | | 12.50 | 6.25 | 18.75 | | 37.50 | 6.25 | 18.75 | | 100.00 |

Missing 4

Table D-8

----- Crossbreak -----

Postal Subsidy Program

Dependent Variable: Total Employees

Row Variable: Population

Column Variable: Daily/Weekly Newspaper

| | Mean | Daily | Weekly | Total |
|----------------|------|-------|--------|-------|
| | Sus | | | |
| | N | | | |
| 1-1000 | | | 4 | 4 |
| | | | 25 | 25 |
| | | | 7 | 7 |
| 1,001-2,000 | | | 6 | 6 |
| | | | 97 | 97 |
| | | | 15 | 15 |
| 2,001-5,000 | | | 12 | 12 |
| | | | 219 | 219 |
| | | | 19 | 19 |
| 5,001-20,000 | | 38 | 25 | 29 |
| | | 342 | 497 | 639 |
| | | 9 | 20 | 29 |
| 20,001-50,000 | | 79 | 13 | 46 |
| | | 237 | 40 | 277 |
| | | 3 | 3 | 6 |
| 50,001-100,000 | | 142 | 28 | 104 |
| | | 283 | 28 | 311 |
| | | 2 | 1 | 3 |
| Over 100,000 | | 130 | 17 | 92 |
| | | 780 | 51 | 831 |
| | | 6 | 3 | 9 |
| Total | | 82 | 14 | 30 |
| | | 1642 | 957 | 2599 |
| | | 20 | 68 | 88 |

Missing 1

Table D-9

Crossbreak

Postal Subsidy Program

Dependent Variable: # Employees per 1000 circulation

Row Variable: Population

Column Variable: Daily/Weekly Newspaper

| | Mean | Daily | Weekly | Total |
|----------------|------|-------|--------|-------|
| | Sum | | | |
| | N | | | |
| 1-1000 | | | 4 | 4 |
| | | | 29 | 29 |
| | | | 7 | 7 |
| 1,001-2,000 | | | 2 | 2 |
| | | | 37 | 37 |
| | | | 15 | 15 |
| 2,001-5,000 | | | 4 | 4 |
| | | | 75 | 75 |
| | | | 19 | 19 |
| 5,001-20,000 | | 6 | 4 | 5 |
| | | 58 | 87 | 145 |
| | | 9 | 20 | 29 |
| 20,001-50,000 | | 6 | 3 | 4 |
| | | 18 | 8 | 26 |
| | | 3 | 3 | 6 |
| 50,001-100,000 | | 5 | 3 | 4 |
| | | 9 | 3 | 12 |
| | | 2 | 1 | 3 |
| Over 100,000 | | 4 | 4 | 4 |
| | | 25 | 11 | 34 |
| | | 6 | 3 | 9 |
| Total | | 5 | 4 | 4 |
| | | 108 | 250 | 358 |
| | | 20 | 68 | 88 |

Missing 1

Table D-10

----- Crossbreak -----

Postal Subsidy Program

Dependent Variable: Costs of postage as % of ann operating costs

Row Variable: Population

Column Variable: Daily/Weekly Newspaper

| | Mean | Daily | Weekly | Total |
|----------------|------|-------|--------|-------|
| | Sua | | | |
| | N | | | |
| 1-1000 | | | 3 | 3 |
| | | | 16 | 16 |
| | | | 6 | 6 |
| 1,001-2,000 | | | 5 | 5 |
| | | | 71 | 71 |
| | | | 15 | 15 |
| 2,001-5,000 | | | 4 | 4 |
| | | | 67 | 67 |
| | | | 16 | 16 |
| 5,001-20,000 | | 3 | 5 | 5 |
| | | 25 | 90 | 115 |
| | | 8 | 17 | 25 |
| 20,001-50,000 | | 1 | 3 | 2 |
| | | 2 | 8 | 10 |
| | | 3 | 3 | 6 |
| 50,001-100,000 | | 2 | 4 | 2 |
| | | 3 | 4 | 7 |
| | | 2 | 1 | 3 |
| Over 100,000 | | 4 | 2 | 3 |
| | | 19 | 9 | 28 |
| | | 5 | 4 | 9 |
| Total | | 3 | 4 | 4 |
| | | 49 | 264 | 313 |
| | | 18 | 62 | 80 |

Missing 9

Table D-11

Crossbreak

Postal Subsidy Program -- WEEKLY

Dependent Variable: Costs of postage as % of ann operating costs

Row Variable: % of total circulation distributed by mail

Column Variable: Do you consider your newspaper operation....

| | Mean | Highly Profitable | Fairly Profitable | Marginal Profitable | Not Profitable | Total |
|----------|------|-------------------|-------------------|---------------------|----------------|-------|
| | Sum | Profitable | Profitable | Profitable | Profitable | |
| | N | | | | | |
| Under 5% | | | 1 | | | 1 |
| | | | 2 | | | 2 |
| 5-14% | | | | 2 | | 2 |
| | | | | 5 | | 5 |
| | | | | 2 | | 2 |
| 15-29% | | | 1 | | 3 | 2 |
| | | | 2 | | 3 | 5 |
| | | | 2 | | 1 | 3 |
| 30-49% | | | 7 | 5 | 2 | 6 |
| | | | 36 | 25 | 2 | 62 |
| | | | 5 | 5 | 1 | 11 |
| 50-69% | | | 5 | 3 | | 4 |
| | | | 28 | 24 | | 52 |
| | | | 6 | 7 | | 13 |
| 70-89% | | | 6 | 4 | | 5 |
| | | | 26 | 33 | | 59 |
| | | | 4 | 8 | | 12 |
| 90-100% | | | 2 | 6 | 2 | 4 |
| | | | 12 | 57 | 5 | 74 |
| | | | 6 | 10 | 2 | 18 |
| Total | | | 4 | 4 | 3 | 4 |
| | | | 103 | 144 | 10 | 257 |
| | | | 25 | 32 | 4 | 61 |

Missing 8

Table D-12

Crossbreak

Postal Subsidy Program -- DAILY

Dependent Variable: Costs of postage as % of ann operating costs

Row Variable: % of total circulation distributed by mail

Column Variable: Do you consider your newspaper operation....

| | Mean | Highly Profitable | Fairly Profitable | Marginal Profitable | Not Profitable | Total |
|----------|------|-------------------|-------------------|---------------------|----------------|-------|
| | Sum | | | | | |
| | N | | | | | |
| Under 5% | | 1 | 2 | 1 | 1 | 1 |
| | | 2 | 5 | 1 | 8 | |
| | | 3 | 2 | 1 | 6 | |
| 5-14% | | 4 | 1 | 4 | 2 | |
| | | 7 | 3 | 7 | 17 | |
| | | 2 | 3 | 2 | 7 | |
| 15-29% | | | 10 | | 10 | |
| | | | 10 | | 10 | |
| | | | 1 | | 1 | |
| 30-49% | | 2 | | 10 | 6 | |
| | | 2 | | 10 | 12 | |
| | | 1 | | 1 | 2 | |
| 50-69% | | | | | | |
| | | | | | | |
| | | | | | | |
| 70-89% | | | | | | |
| | | | | | | |
| | | | | | | |
| 90-100% | | | | | | |
| | | | | | | |
| | | | | | | |
| Total | | 2 | 3 | 5 | 3 | |
| | | 11 | 18 | 18 | 46 | |
| | | 6 | 6 | 4 | 16 | |

Missing

4

Table D-13

Crossbreak

Postal Subsidy Program -- WEEKLY

Dependent Variable: Costs of postage as % of ann operating costs

Row Variable: % of total circulation distributed by mail

Column Variable: How important are low postal costs to circulation.

| | Mean | Very Imp | Fairly Imp | Not at all | Total |
|----------|------|-----------|------------|------------|-------|
| | Sum | Important | Important | Impor | |
| | N | | | | |
| Under 5% | | | | | |
| | | | | 1 | 1 |
| | | | | 2 | 2 |
| 5-14% | | | 2 | | 2 |
| | | | 5 | | 5 |
| | | | 2 | | 2 |
| 15-29% | | 1 | | 3 | 2 |
| | | 2 | | 3 | 5 |
| | | 2 | | 1 | 3 |
| 30-49% | | 7 | 4 | 2 | 6 |
| | | 53 | 7 | 2 | 62 |
| | | 8 | 2 | 1 | 11 |
| 50-69% | | 4 | 5 | | 4 |
| | | 38 | 10 | | 48 |
| | | 10 | 2 | | 12 |
| 70-89% | | 6 | 1 | | 5 |
| | | 57 | 2 | | 59 |
| | | 10 | 2 | | 12 |
| 90-100% | | 6 | 1 | | 4 |
| | | 74 | 6 | | 81 |
| | | 13 | 6 | | 19 |
| Total | | 5 | 2 | 1 | 4 |
| | | 225 | 29 | 6 | 260 |
| | | 43 | 14 | 4 | 61 |

Missing 8

Table D-14

----- Crossbreak -----

Postal Subsidy Program -- DAILY

Dependent Variable: Costs of postage as % of ann operating costs

Row Variable: % of total circulation distributed by mail

Column Variable: How important are low postal costs to the circlula

| | Mean | Very Imp | Fairly Imp | Not at all | Total |
|----------|------|-----------|------------|------------|-------|
| | Sum | Important | Important | Impor | |
| | N | | | | |
| Under 5% | | 2 | 1 | 1 | 4 |
| | | 2 | 5 | 1 | 8 |
| | | 1 | 4 | 1 | 6 |
| 5-14% | | 2 | 2 | 5 | 9 |
| | | 12 | 2 | 5 | 19 |
| | | 6 | 1 | 1 | 8 |
| 15-29% | | 10 | | | 10 |
| | | 10 | | | 10 |
| | | 1 | | | 1 |
| 30-49% | | 2 | 10 | | 12 |
| | | 2 | 10 | | 12 |
| | | 1 | 1 | | 2 |
| 50-69% | | | | | |
| | | | | | |
| | | | | | |
| 70-89% | | | 1 | | 1 |
| | | | 1 | | 1 |
| | | | 1 | | 1 |
| 90-100% | | | | | |
| | | | | | |
| | | | | | |
| Total | | 3 | 3 | 3 | 9 |
| | | 25 | 18 | 6 | 49 |
| | | 9 | 7 | 2 | 18 |

Missing 2

Table D-15

----- Cross Tabulation -----

Postal Subsidy Program -- WEEKLY

Row Variable: Respond to a 5 cent increase in postage costs....

Column Variable: % of total circulation distributed by mail

| Freq Pct | Under 5% | 5-14% | 15-29% | 30-49% | 50-69% | 70-89% | 90-100% | Total |
|-------------------|-----------|-----------|-----------|-------------|-------------|-------------|-------------|--------------|
| Pass on all | 1 1.47 | 1 1.47 | 1 1.47 | 6 8.82 | 5 7.35 | 7 10.29 | 7 10.29 | 28 41.18 |
| Pass on some | | 1 1.47 | 2 2.94 | 2 2.94 | 3 4.41 | 1 1.47 | 8 11.76 | 17 25.00 |
| Reduce mail circ | | | 1 1.47 | 1 1.47 | 2 2.94 | | | 4 5.88 |
| Stop mail circ | 1 1.47 | | | 1 1.47 | | | 2 2.94 | 4 5.88 |
| Advertise/part | | | | | 1 1.47 | 1 1.47 | | 2 2.94 |
| Advertise/All | | | | | | | | |
| Reduce Employment | | | | | 1 1.47 | 2 2.94 | 1 1.47 | 4 5.88 |
| Non-wage expense | | | | | | | | |
| Other | | | | 2 2.94 | 1 1.47 | 3 4.41 | 3 4.41 | 9 13.24 |
| Total | 2 2.94 | 2 2.94 | 4 5.88 | 12 17.65 | 13 19.12 | 14 20.59 | 21 30.88 | 68 100.00 |

Missing 1

Table D-16

----- Cross Tabulation -----

Postal Subsidy Program -- DAILY

Row Variable: Respond to a 5 cent increase in postage costs....

Column Variable: % of total circulation distributed by mail

| Freq Pct | Under 5% | 5-14% | 15-29% | 30-49% | 50-69% | 70-89% | 90-100% | Total |
|-------------------|------------|------------|-----------|------------|--------|-----------|---------|--------------|
| Pass on all | 6 30.00 | 3 15.00 | 1 5.00 | 1 5.00 | | | | 11 55.00 |
| Pass on some | | 3 15.00 | | | | 1 5.00 | | 4 20.00 |
| Reduce mail circ. | 1 5.00 | 2 10.00 | | | | | | 3 15.00 |
| Stop mail circ. | | | | | | | | |
| Advertise/part | | 1 5.00 | | | | | | 1 5.00 |
| Advertise/All | | | | | | | | |
| Reduce Employment | | | | | | | | |
| Non-wage expense | | | | | | | | |
| Other | | | | 1 5.00 | | | | 1 5.00 |
| Total | 7 35.00 | 9 45.00 | 1 5.00 | 2 10.00 | | 1 5.00 | | 20 100.00 |

Table D-17

----- Cross Tabulation -----

Postal Subsidy Program -- WEEKLY

Row Variable: Respond to a 10 cent increase on postage costs....

Column Variable: % of total circulation distributed by mail

| Freq Pct | Under 5% | 5-14% | 15-29% | 30-49% | 50-69% | 70-89% | 90-100% | Total |
|-------------------|----------|-------|--------|--------|--------|--------|---------|--------|
| Pass on all | 1 | | 1 | 4 | 3 | 4 | 4 | 17 |
| | 1.47 | | 1.47 | 5.88 | 4.41 | 5.88 | 5.88 | 25.00 |
| Pass on some | | 2 | | 1 | 3 | 3 | 11 | 20 |
| | | 2.94 | | 1.47 | 4.41 | 4.41 | 16.18 | 29.41 |
| Reduce mail circ | | | 2 | 2 | 2 | 1 | | 7 |
| | | | 2.94 | 2.94 | 2.94 | 1.47 | | 10.29 |
| Stop mail circ | 1 | | 1 | 2 | 1 | 2 | 3 | 10 |
| | 1.47 | | 1.47 | 2.94 | 1.47 | 2.94 | 4.41 | 14.71 |
| Advertise/part | | | | | | 1 | | 1 |
| | | | | | | 1.47 | | 1.47 |
| Advertise/All | | | | 1 | | | | 1 |
| | | | | 1.47 | | | | 1.47 |
| Reduce Employment | | | | | 2 | 1 | 1 | 4 |
| | | | | | 2.94 | 1.47 | 1.47 | 5.88 |
| Non-wage expense | | | | | | | | |
| Other | | | | 2 | 2 | 2 | 2 | 8 |
| | | | | 2.94 | 2.94 | 2.94 | 2.94 | 11.76 |
| Total | 2 | 2 | 4 | 12 | 13 | 14 | 21 | 68 |
| | 2.94 | 2.94 | 5.88 | 17.65 | 19.12 | 20.59 | 30.88 | 100.00 |

Missing 1

Table D-18

----- Cross Tabulation -----

Postal Subsidy Program -- DAILY

Row Variable: Respond to a 10 cent increase on postage costs....

Column Variable: % of total circulation distributed by mail

| Freq Pct | Under 5% | 5-14% | 15-29% | 30-49% | 50-69% | 70-89% | 90-100% | Total |
|-------------------|------------|------------|-----------|------------|--------|-----------|---------|--------------|
| Pass on all | 6 30.00 | 4 20.00 | | 1 5.00 | | | | 11 55.00 |
| Pass on some | 1 5.00 | 2 10.00 | | | | | | 3 15.00 |
| Reduce mail circ | | 2 10.00 | 1 5.00 | | | | | 3 15.00 |
| Stop mail circ | | 1 5.00 | | | | | | 1 5.00 |
| Advertise/part | | | | | | 1 5.00 | | 1 5.00 |
| Advertise/All | | | | | | | | |
| Reduce Employment | | | | | | | | |
| Non-wage expense | | | | | | | | |
| Other | | | | 1 5.00 | | | | 1 5.00 |
| Total | 7 35.00 | 9 45.00 | 1 5.00 | 2 10.00 | | 1 5.00 | | 20 100.00 |

Table D-19

----- Cross Tabulation -----

Postal Subsidy Program -- WEEKLY

Row Variable: Post Costs increased 5 cents would your circulatio

Column Variable: % of total circulation distributed by mail

| Freq Pct | Under 5% | 5-14% | 15-29% | 30-49% | 50-69% | 70-89% | 90-100% | Total |
|-------------------|----------|-------|--------|--------|--------|--------|---------|--------|
| Stay same | 2 | | 2 | 4 | 1 | 1 | 8 | 18 |
| | 2.99 | | 2.99 | 5.97 | 1.49 | 1.49 | 11.94 | 26.87 |
| Decrease 1-5% | | 2 | 1 | 3 | 2 | 3 | 5 | 16 |
| | | 2.99 | 1.49 | 4.48 | 2.99 | 4.48 | 7.46 | 23.88 |
| Decrease 5-10% | | | 1 | 2 | 3 | 6 | 3 | 15 |
| | | | 1.49 | 2.99 | 4.48 | 8.96 | 4.48 | 22.39 |
| Decrease over 10% | | | | 2 | 7 | 4 | 5 | 18 |
| | | | | 2.99 | 10.45 | 5.97 | 7.46 | 26.87 |
| Total | 2 | 2 | 4 | 11 | 13 | 14 | 21 | 67 |
| | 2.99 | 2.99 | 5.97 | 16.42 | 19.40 | 20.90 | 31.34 | 100.00 |

Missing 2

Table D-20

----- Cross Tabulation -----

Postal Subsidy Program -- DAILY

Row Variable: Post Costs increased 5 cents would your circulatio

Column Variable: % of total circulation distributed by mail

| Freq | Under 5% | 5-14% | 15-29% | 30-49% | 50-69% | 70-89% | 90-100% | Total |
|-------------------|----------|-------|--------|--------|--------|--------|---------|--------|
| Pct | | | | | | | | |
| Stay same | 5 | 1 | | | | | | 6 |
| | 25.00 | 5.00 | | | | | | 30.00 |
| Decrease 1-5% | 2 | 6 | 1 | 1 | | 1 | | 11 |
| | 10.00 | 30.00 | 5.00 | 5.00 | | 5.00 | | 55.00 |
| Decrease 5-10% | | 1 | | | | | | 1 |
| | | 5.00 | | | | | | 5.00 |
| Decrease over 10% | | 1 | | 1 | | | | 2 |
| | | 5.00 | | 5.00 | | | | 10.00 |
| Total | 7 | 9 | 1 | 2 | | 1 | | 20 |
| | 35.00 | 45.00 | 5.00 | 10.00 | | 5.00 | | 100.00 |

Table D-21

----- Cross Tabulation -----

Postal Subsidy Program -- WEEKLY

Row Variable: Post Costs increased 10 cts would your circulation

Column Variable: % of total circulation distributed by mail

| Freq Pct | Under 5% | 5-14% | 15-29% | 30-49% | 50-69% | 70-89% | 90-100% | Total |
|-------------------|-----------|-----------|-----------|-------------|-------------|-------------|-------------|--------------|
| Stay same | 1 1.54 | | 2 3.08 | 2 3.08 | | 1 1.54 | 4 6.15 | 10 15.38 |
| Decrease 1-5% | 1 1.54 | 1 1.54 | | 1 1.54 | 1 1.54 | 2 3.08 | 2 3.08 | 8 12.31 |
| Decrease 5-10% | | 1 1.54 | 1 1.54 | 4 6.15 | 3 4.62 | 2 3.08 | 6 9.23 | 17 26.15 |
| Decrease over 10% | | | 1 1.54 | 4 6.15 | 9 13.85 | 8 12.31 | 8 12.31 | 30 46.15 |
| Total | 2 3.08 | 2 3.08 | 4 6.15 | 11 16.92 | 13 20.00 | 13 20.00 | 20 30.77 | 65 100.00 |

Missing 4

Table D-22

----- Cross Tabulation -----

Postal Subsidy Program -- DAILY

Row Variable: Post Costs increased 10 cts would your circulation

Column Variable: % of total circulation distributed by mail

| Freq Pct | Under 5% | 5-14% | 15-29% | 30-49% | 50-69% | 70-89% | 90-100% | Total |
|-------------------|------------|------------|-----------|------------|--------|-----------|---------|--------------|
| Stay same | 3 15.00 | 1 5.00 | | | | | | 4 20.00 |
| Decrease 1-5% | 4 20.00 | 1 5.00 | | 1 5.00 | | 1 5.00 | | 7 35.00 |
| Decrease 5-10% | | 2 10.00 | 1 5.00 | | | | | 3 15.00 |
| Decrease over 10% | | 5 25.00 | | 1 5.00 | | | | 6 30.00 |
| Total | 7 35.00 | 9 45.00 | 1 5.00 | 2 10.00 | | 1 5.00 | | 20 100.00 |

Table D-23

-----Frequency Distributions-----
 Postal Subsidy Program -- WEEKLY

Alternative you would consider (5 cents).....

| ==== Value ==== | Frequency | Percent |Cumulative... | |
|-----------------|-----------|---------|-------------------|---------|
| | | | Frequency | Percent |
| Direct Delivery | 31 | 31.96 | 31 | 31.96 |
| Sales/Stores | 22 | 22.68 | 53 | 54.64 |
| Sale/Newstands | 19 | 19.59 | 72 | 74.23 |
| Other | 4 | 4.12 | 76 | 78.35 |
| None | 21 | 21.65 | 97 | 100.00 |

Missing 248

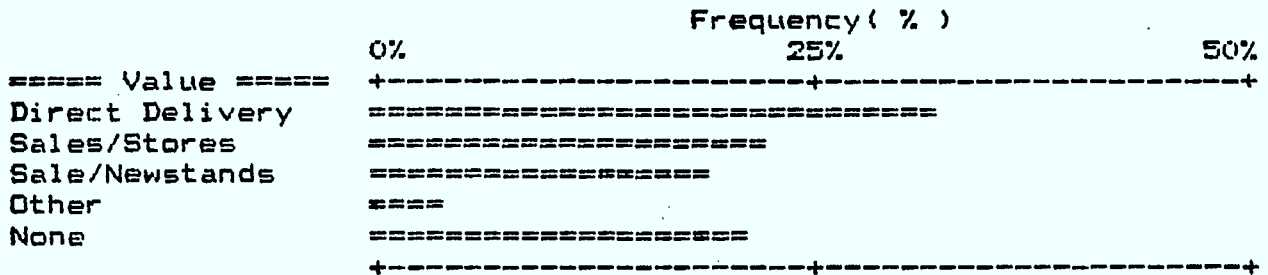


Table D-24

-----Frequency Distributions-----
 Postal Subsidy Program -- DAILY

Alternative you would consider (5 cents).....

| ==== Value ==== | Frequency | Percent |Cumulative... | |
|-----------------|-----------|---------|-------------------|---------|
| | | | Frequency | Percent |
| Direct Delivery | 9 | 33.33 | 9 | 33.33 |
| Sales/Stores | 3 | 11.11 | 12 | 44.44 |
| Sale/Newstands | 4 | 14.81 | 16 | 59.26 |
| Other | 1 | 3.70 | 17 | 62.96 |
| None | 10 | 37.04 | 27 | 100.00 |

Missing 73



Table D-25

-----Frequency Distributions-----
Postal Subsidy Program -- WEEKLY

Alternative you would consider (10 cents).....

| ==== Value ==== | Frequency | Percent |Cumulative... | |
|-----------------|-----------|---------|-------------------|---------|
| | | | Frequency | Percent |
| Direct Delivery | 31 | 31.63 | 31 | 31.63 |
| Sales/Stores | 23 | 23.47 | 54 | 55.10 |
| Sale/Newstands | 18 | 18.37 | 72 | 73.47 |
| Other | 6 | 6.12 | 78 | 79.59 |
| None | 20 | 20.41 | 98 | 100.00 |

Missing 247



Table D-26

-----Frequency Distributions-----
Postal Subsidy Program -- DAILY

Alternative you would consider (10 cents).....

| ==== Value ==== | Frequency | Percent |Cumulative... | |
|-----------------|-----------|---------|-------------------|---------|
| | | | Frequency | Percent |
| Direct Delivery | 9 | 33.33 | 9 | 33.33 |
| Sales/Stores | 3 | 11.11 | 12 | 44.44 |
| Sale/Newstands | 4 | 14.81 | 16 | 59.26 |
| Other | 1 | 3.70 | 17 | 62.96 |
| None | 10 | 37.04 | 27 | 100.00 |

Missing 73



Table D-27

-----Frequency Distributions-----
 Postal Subsidy Program -- WEEKLY

Alternative gov't assistance be necessary? (5 cen

| ==== Value ===== | Frequency | Percent |Cumulative.... | |
|------------------|-----------|---------|--------------------|---------|
| | | | Frequency | Percent |
| Yes | 26 | 40.63 | 26 | 40.63 |
| No | 38 | 59.38 | 64 | 100.00 |

Missing 5

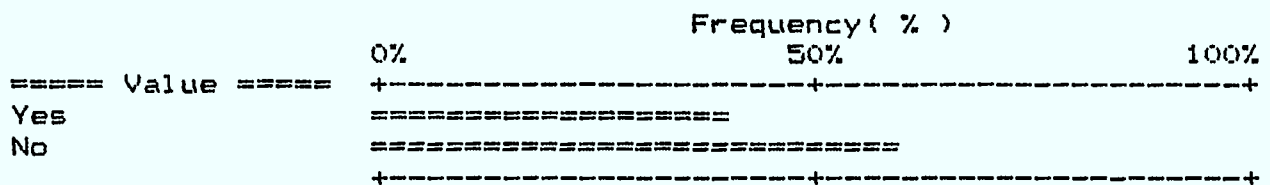


Table D-28

-----Frequency Distributions-----
 Postal Subsidy Program -- DAILY

Alternative gov't assistance be necessary? (5 cen

| ==== Value ===== | Frequency | Percent |Cumulative.... | |
|------------------|-----------|---------|--------------------|---------|
| | | | Frequency | Percent |
| Yes | 5 | 31.25 | 5 | 31.25 |
| No | 11 | 68.75 | 16 | 100.00 |

Missing 4

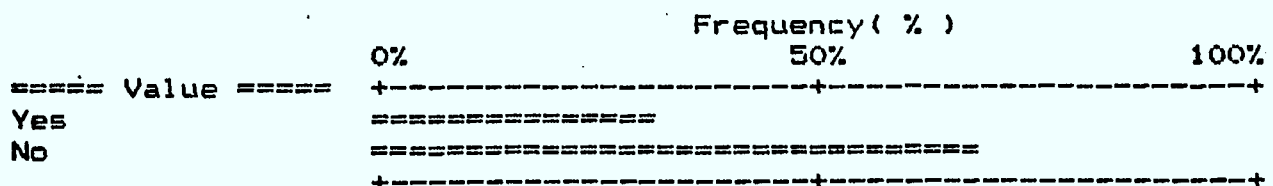


Table D-29

-----Frequency Distributions-----

Postal Subsidy Program -- WEEKLY

Alternative gov't assistance be necessary? (10 cen

| ==== Value ==== | Frequency | Percent |Cumulative... | |
|-----------------|-----------|---------|-------------------|---------|
| | | | Frequency | Percent |
| Yes | 28 | 43.08 | 28 | 43.08 |
| No | 37 | 56.92 | 65 | 100.00 |

Missing 4

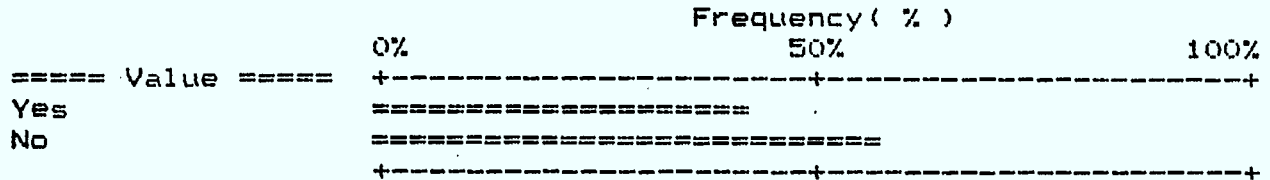


Table D-30

-----Frequency Distributions-----

Postal Subsidy Program -- DAILY

Alternative gov't assistance be necessary? (10 cen

| ==== Value ==== | Frequency | Percent |Cumulative... | |
|-----------------|-----------|---------|-------------------|---------|
| | | | Frequency | Percent |
| Yes | 7 | 41.18 | 7 | 41.18 |
| No | 10 | 58.82 | 17 | 100.00 |

Missing 3

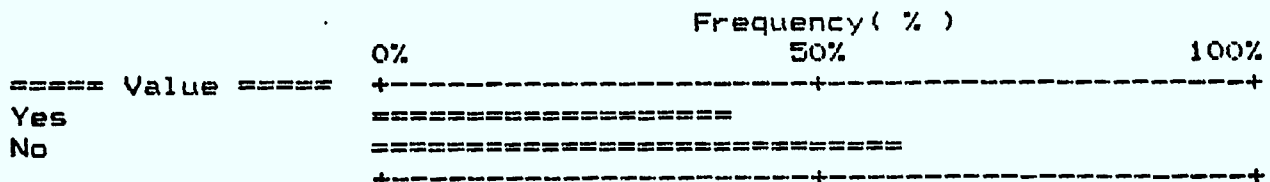


Table D-31

-----Frequency Distributions-----
 Postal Subsidy Program -- WEEKLY

What form should the alternative assistance take?

| ==== Value ==== | Frequency | Percent |Cumulative... | |
|-----------------|-----------|---------|-------------------|---------|
| | | | Frequency | Percent |
| Direct Grants | 11 | 39.29 | 11 | 39.29 |
| Tax Incentives | 10 | 35.71 | 21 | 75.00 |
| Other | 7 | 25.00 | 28 | 100.00 |
| None | | | 28 | 100.00 |

Not Applicable 164 Missing 84

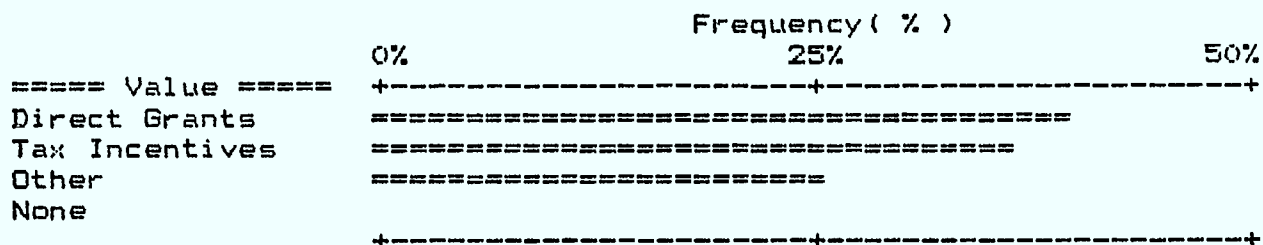


Table D-32

-----Frequency Distributions-----
 Postal Subsidy Program -- DAILY

What form should the alternative assistance take?

| ==== Value ==== | Frequency | Percent |Cumulative... | |
|-----------------|-----------|---------|-------------------|---------|
| | | | Frequency | Percent |
| Direct Grants | 4 | 57.14 | 4 | 57.14 |
| Tax Incentives | 2 | 28.57 | 6 | 85.71 |
| Other | 1 | 14.29 | 7 | 100.00 |
| None | | | 7 | 100.00 |

Not Applicable 52 Missing 21



Table D-35

----- Cross Tabulation -----
 Postal Subsidy Program -- WEEKLY

Row Variable: Population

Column Variable: % of total circulation distributed by mail

| Freq Pct | Under 5% | 5-14% | 15-29% | 30-49% | 50-69% | 70-89% | 90-100% | Total |
|----------------|----------|-------|--------|--------|--------|--------|---------|--------|
| 1-1000 | | | | 2 | | 3 | 2 | 7 |
| | | | | 2.90 | | 4.35 | 2.90 | 10.14 |
| 1,001-2,000 | | | 1 | 1 | 4 | 3 | 6 | 15 |
| | | | 1.45 | 1.45 | 5.80 | 4.35 | 8.70 | 21.74 |
| 2,001-5,000 | | | 1 | 3 | 5 | 6 | 4 | 19 |
| | | | 1.45 | 4.35 | 7.25 | 8.70 | 5.80 | 27.54 |
| 5,001-20,000 | | 1 | 2 | 6 | 4 | 2 | 5 | 20 |
| | | 1.45 | 2.90 | 8.70 | 5.80 | 2.90 | 7.25 | 28.99 |
| 20,001-50,000 | | 1 | | | 1 | | 1 | 3 |
| | | 1.45 | | | 1.45 | | 1.45 | 4.35 |
| 50,001-100,000 | | | | | | | 1 | 1 |
| | | | | | | | 1.45 | 1.45 |
| Over 100,000 | 2 | | | | | | 2 | 4 |
| | 2.90 | | | | | | 2.90 | 5.80 |
| Total | 2 | 2 | 4 | 12 | 14 | 14 | 21 | 69 |
| | 2.90 | 2.90 | 5.80 | 17.39 | 20.29 | 20.29 | 30.43 | 100.00 |

Table D-36

----- Cross Tabulation -----

Postal Subsidy Program -- DAILY

Row Variable: Population

Column Variable: % of total circulation distributed by mail

| Freq Pct | Under 5% | 5-14% | 15-29% | 30-49% | 50-69% | 70-89% | 90-100% | Total |
|----------------|------------|------------|-----------|------------|--------|-----------|---------|--------------|
| 1-1000 | | | | | | | | |
| 1,001-2,000 | | | | | | | | |
| 2,001-5,000 | | | | | | | | |
| 5,001-20,000 | 2 10.00 | 5 25.00 | 1 5.00 | | | 1 5.00 | | 9 45.00 |
| 20,001-50,000 | 3 15.00 | | | | | | | 3 15.00 |
| 50,001-100,000 | 1 5.00 | 1 5.00 | | | | | | 2 10.00 |
| Over 100,000 | 1 5.00 | 3 15.00 | | 2 10.00 | | | | 6 30.00 |
| Total | 7 35.00 | 9 45.00 | 1 5.00 | 2 10.00 | | 1 5.00 | | 20 100.00 |

Table D-37

----- Cross Tabulation -----

Postal Subsidy Program -- WEEKLY

Row Variable: Regular Total Circulation

Column Variable: % of total circulation distributed by mail

| Freq Pct | Under 5% | 5-14% | 15-29% | 30-49% | 50-69% | 70-89% | 90-100% | Total |
|--------------|----------|-------|--------|--------|--------|--------|---------|--------|
| 1-1000 | | | 1 | 3 | | 1 | 1 | 6 |
| | | | 1.45 | 4.35 | | 1.45 | 1.45 | 8.70 |
| 1001-2000 | | | | | 1 | 4 | 7 | 12 |
| | | | | | 1.45 | 5.80 | 10.14 | 17.39 |
| 2001-5000 | | | 3 | 3 | 9 | 9 | 9 | 33 |
| | | | 4.35 | 4.35 | 13.04 | 13.04 | 13.04 | 47.83 |
| 5001-10000 | | 2 | | 5 | 4 | | 3 | 14 |
| | | 2.90 | | 7.25 | 5.80 | | 4.35 | 20.29 |
| 10001-25000 | | | | 1 | | | 1 | 2 |
| | | | | 1.45 | | | 1.45 | 2.90 |
| 25001-50000 | 2 | | | | | | | 2 |
| | 2.90 | | | | | | | 2.90 |
| 50001-100000 | | | | | | | | |
| | | | | | | | | |
| Total | 2 | 2 | 4 | 12 | 14 | 14 | 21 | 69 |
| | 2.90 | 2.90 | 5.80 | 17.39 | 20.29 | 20.29 | 30.43 | 100.00 |

Table D-38

Cross Tabulation

Postal Subsidy Program -- DAILY

Row Variable: Regular Total Circulation

Column Variable: % of total circulation distributed by mail

| Freq Pct | Under 5% | 5-14% | 15-29% | 30-49% | 50-69% | 70-89% | 90-100% | Total |
|--------------|----------|-------|--------|--------|--------|--------|---------|--------|
| 1-1000 | | | | | | | | |
| 1001-2000 | | | | | | | | |
| 2001-5000 | | 4 | 1 | 1 | | 1 | | 7 |
| | | 20.00 | 5.00 | 5.00 | | 5.00 | | 35.00 |
| 5001-10000 | 2 | 1 | | | | | | 3 |
| | 10.00 | 5.00 | | | | | | 15.00 |
| 10001-25000 | 4 | 2 | | | | | | 6 |
| | 20.00 | 10.00 | | | | | | 30.00 |
| 25001-50000 | 1 | 2 | | | | | | 3 |
| | 5.00 | 10.00 | | | | | | 15.00 |
| 50001-100000 | | | | 1 | | | | 1 |
| | | | | 5.00 | | | | 5.00 |
| Total | 7 | 9 | 1 | 2 | | 1 | | 20 |
| | 35.00 | 45.00 | 5.00 | 10.00 | | 5.00 | | 100.00 |

Table D-39

----- Cross Tabulation -----

Postal Subsidy Program -- WEEKLY

Row Variable: % of total circulation paid

Column Variable: % of total circulation distributed by mail

| Freq Pct | Under 5% | 5-14% | 15-29% | 30-49% | 50-69% | 70-89% | 90-100% | Total |
|-------------|-----------|-----------|-----------|-------------|-------------|-------------|-------------|--------------|
| Under 5% | 1 1.45 | | | | | | | 1 1.45 |
| 5-14% | | | | | | | 1 1.45 | 1 1.45 |
| 15-29% | | | | | | | | |
| 30-49% | | | | | | | | |
| 50-69% | 1 1.45 | | 1 1.45 | | | | 2 2.90 | 4 5.80 |
| 70-89% | | 1 1.45 | 1 1.45 | 3 4.35 | 1 1.45 | 5 7.25 | | 11 15.94 |
| 90-100% | | 1 1.45 | 2 2.90 | 9 13.04 | 13 18.84 | 9 13.04 | 18 26.09 | 52 75.36 |
| Total | 2 2.90 | 2 2.90 | 4 5.80 | 12 17.39 | 14 20.29 | 14 20.29 | 21 30.43 | 69 100.00 |

Table D-40

Cross Tabulation

Postal Subsidy Program -- DAILY

Row Variable: % of total circulation paid

Column Variable: % of total circulation distributed by mail

| Freq Pct | Under 5% | 5-14% | 15-29% | 30-49% | 50-69% | 70-89% | 90-100% | Total |
|-------------|----------|-------|--------|--------|--------|--------|---------|--------|
| Under 5% | | | | | | | | |
| 5-14% | | | | | | | | |
| 15-29% | | | | | | | | |
| 30-49% | | | | | | | | |
| 50-69% | | | | | | | | |
| 70-89% | | 2 | | 1 | | | | 3 |
| | | 10.00 | | 5.00 | | | | 15.00 |
| 90-100% | 7 | 7 | 1 | 1 | | 1 | | 17 |
| | 35.00 | 35.00 | 5.00 | 5.00 | | 5.00 | | 85.00 |
| Total | 7 | 9 | 1 | 2 | | 1 | | 20 |
| | 35.00 | 45.00 | 5.00 | 10.00 | | 5.00 | | 100.00 |

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