

Cultural policy goals and low postal rates for Canadian bookstores and publishers

Prepared by the More Canada think tank
project steering committee

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Introduction

This report has been prepared by the More Canada think tank project steering committee. It is based on discussions by an advisory group of trade and academic Canadian publishers drawn from across the country. These videoconference discussions are held using “Chatham House” rules, meaning that participants are free to share information and analysis from the discussions, without attribution to individual participants.

This report is offered to contribute to public information and discussion on Canadian cultural policy matters. More reports and documents arising from our project including the More Canada report can be found at www.morecanada.ca.

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Executive Summary

Covid-19 has led book readers to rely more on delivery services to obtain print books. As well as online book sales by Amazon and Indigo, independent bookstores have made increased use of delivery along with curbside pickup to sell to their customers. These developments have heightened industry awareness of the high costs of shipping books through Canada Post and other carriers, particularly for smaller shippers. Some publisher-distributors have used the new Support for Distribution program from Canadian Heritage to offer customers free shipping. They have discovered how effective low shipping costs can be in encouraging bookstore purchases from smaller Canadian-owned publisher-distributors.

The impacts of high shipping costs for books are multiple. Canada Post has lost the business of shipping the vast majority of small parcels containing books in Canada to its competitors; Canadian publishers of Canadian authored books have lost market share to foreign authored books and foreign-owned publishing conglomerates; Canadian book retailers have purchased and displayed fewer Canadian-authored titles from independent Canadian publishers; Canadian online booksellers have been disadvantaged compared to the dominant foreign-owned online retailer; and Canadian-owned publishers and retailers have experienced reduced margins and profitability.

Industry groups are coalescing around a proposal for extending access to the existing, low rate library book rate currently offered by Canada Post to public libraries for shipping books to other libraries and to library users. Other countries offer a low postal rate for books, notably US Mail, where the media rate is marginally higher than Canada's public library book rate and much lower than current Canada Post charges for book parcels.

A low book rate could be a major and enlightened cultural policy initiative that would strengthen the accessibility, discoverability and readership of Canadian books. A book rate measure informed by cultural goals would focus on benefiting Canadian-authored books, and would aim to promote growth in the distribution, access, discovery and reading of Canadian-authored books. It would incentivize a greater presence of Canadian-authored books, greater discovery and a higher share of sales and reading. The Canadian Book Rate could be realized by expanding the existing public library book rate and making it available to eligible Canadian-owned publishers, independent bookstores, and chain bookstores, as well as to the current public library users.

This paper proposes that the Canadian Book Rate be put in place as a cultural policy measure by tying it to the goal of increasing discovery and reading of Canadian-authored books.

This paper proposes that Canadian-owned bricks-and-mortar bookstores would qualify for the Canadian Book Rate by achieving an initial 20% Canadian-authored titles in the stock of books they offer customers. Independent bookstores today already achieve a 20% share of sales for Canadian authors, although these books represent an average 14–15% of their stock. A 20% level of Canadian-authored inventory amounts to matching inventory to consumer interests, and would be expected to lead to a further increase in the Canadian-authored share of their sales. For chain retailing, where Canadian-authored books today represent about 12% of sales, qualifying for the Canadian Book Rate would incentivize a greater share of store space and bring it inline with actual consumer preferences.

This paper proposes that Canadian-owned online retailers also qualify for the Canadian Book Rate by achieving an initial 20% share for Canadian authors of total book sales. This measure would give a boost to Indigo and other Canadian-owned online book retailers facing the tough competitive challenge offered by Amazon, and it would help ensure that Canada, unlike many other countries, would continue to see substantial competition in online book sales.

This paper's third proposed category of new Canadian Book Rate users are Canadian-owned publishers. These companies publish 75% of all Canadian-authored books in English Canada, and include many small companies whose books bear the brunt of high shipping costs. Since these publishers are already supported by the Canada Book Fund, the Canada Council for the Arts, the Awards to Scholarly Publishing Program, and provincial programs for their creative and publishing activities, access to a Canadian Book Rate would enhance the benefits of the public investments already being made.

A policy to implement a cultural policy-oriented book rate measure would benefit independent bookstores, improving their margins, encouraging start-ups, and increasing their stock of Canadian authored books. Online book purchasers would discover and buy more Canadian-authored books, while online bookstores benefitted from lower costs. Chain bookstores would benefit from lower shipping costs by increasing their stock, display, and sales of Canadian-authored books. Customers would discover a greater range of Canadian-authored books on store shelves and displays. Overall, Canadian readers would have available more Canadian-authored books from a wider diversity of authors and publishers across the country. Canada Post would also benefit by capturing a dramatically higher share of book parcel shipments away from commercial couriers and thus potentially earning incremental net revenues from doing so.

A Canadian Book Rate based on the current library book rate offered by Canada Post is now being advocated by many book industry voices, including the new Canadian Independent Bookstores Association and the Association of Canadian Publishers. BookNet Canada, an industry-wide supply chain group, has also taken up advocacy of this measure. Indigo CEO Heather Riesman has cited the need for lower shipping costs

in order to make online bookselling viable. Canada Post's board has heard from industry groups and individuals on this matter.

This paper's contribution to the discussion is to highlight how a targeted approach based on cultural policy would make a substantial contribution to a key policy goal of increasing access, discovery and reading of Canadian-authored books. This can be done by tying access to the Canadian Book Rate to realistic but significant cultural performance indicators, as suggested above.

The December 2019 evaluation of the Canada Book Fund highlighted the decline in Canadian-authored book sales as the key policy area where new initiatives are needed. A cultural policy-informed Canadian Book Rate can be one important such initiative. It can be put in place quickly, by extending an already-existing program into new areas.

To conclude, the recommendations of this policy paper are:

1. The Canada Post Library Book Rate be expanded to the Canadian Book Rate and be available to other qualifying participants in the book supply chain in Canada
2. Canadian-owned retail bookstores should qualify for the Canadian Book Rate by stocking and displaying a broad range of Canadian-authored books, initially set as 20% of their inventory
3. Canadian-owned online print bookstores should qualify for the Canadian Book Rate when Canadian-authored books account for 20% or more of total book sales
4. Canadian-owned book publishers eligible for current federal publishing support programs such as the Canada Book Fund should qualify for use of the Canadian Book Rate
5. The impact of the Canadian Book Rate on bookstore stocking and sales of Canadian-authored books should be measured by the Canada Book Fund, and ongoing program administration should aim at achieving a steady, substantial increase in access, discovery and reading of Canadian-authored books from independent Canadian publishers and other publishers

Cultural policy goals and low postal rates for Canadian bookstores and publishers

As the Canadian book supply chain has dealt with the impact of the Covid-19 pandemic, publishers, book distributors, bookstores and even book buyers have become more aware of the impact of high shipping charges on the flow of Canadian books from publishers to readers across a vast geographical area. Industry groups have begun to advocate strongly for access to low shipping rates for books, as a way to make book publishing and bookselling by Canadian-owned companies more viable.

In this short paper, we offer some background on this complex issue, and explore policy options that would contribute to the viability of the supply chain while increasing the purchasing and reading of Canadian books

Background

Easy public access to information in print format has always been a difficult policy issue for national postal systems. Easy access has generally meant low prices for mailers. The government operators of postal systems in many countries have long provided special low rates for print materials and other forms of written communication (for instance, letters from Canadian service personnel abroad) deemed to be in the public interest. Canada's post office provided very low rates for all print publications – newspapers, magazines and books – for decades in the 20th century.

Regarded as a form of subsidy for publishers and/or readers, a commercially mandated Canada Post eliminated a low rate – the book rate – for books, but maintained one for Canadian magazines. Today Canada Post's Publications Mail provides magazine publishers with preferential rates when they meet specific Canadian content requirements. Other measures for low postal rates also exist. Federal government officials, for example, benefit from free mailing to and from citizens. Books and other materials are mailed free of charge to and from visually impaired Canadians. These existing low rates are subsidized by an annual, federal government grant of approximately \$22 million to Canada Post.

Even more relevant for the Canadian book supply chain is the ongoing library book rate, under which Canadian public libraries are able to use the post office for sending books at extremely low rates. The most recent adjustment in 2019 led to a rate of \$1.38 for

shipping a small package of books that would cost \$30 if shipped at a post office (see press release, attached). Canada Post's legislation specifically allows for this rate. Canada Post absorbs any costs associated with this rate, and does not receive any funding for it from the federal government.

Many other countries continue to offer low rates for shipping books through their national post office. Most relevant to Canada is the rate offered by the US postal service, under a rate called Media Mail. The US rate for the same small package of books discussed in the library book rate press release would be US\$3.16.

Impact of current shipping rates

The book supply chain creates an enormous movement of small parcels across the country. Retail bookstores generate frequent orders of relatively small numbers of books from suppliers that range in size from the largest book distributor supplying Canada (Penguin Random House, serving Canadian customers from warehouses in the US) to small Canadian publishers and distributors located all across the country. Chain bookstores operate distribution centres which ship a constant stream of small parcels to individual retail locations. Online bookstores ship an enormous number of small parcels to book buyers. Because the book business operates on terms which allow retailers to return unsold books for credit, there is a smaller but nevertheless substantial stream of small parcels containing returned books shipped from bookstores to publishers or distributors. Unfortunately, we have been unable to locate any statistics reporting on the volume of these parcel movements.

The value of the goods in these small parcels, in proportion to their weight, means that shipping costs represent a surprisingly high percentage of the value of the books shipped. Two-three paperback books with a retail value of \$60-\$70 would make up the \$30 parcel noted in the press release announcing the library book rate. The small publisher special rate for this parcel Halifax-Winnipeg is \$17.05. A single book sent by Canada Post with a value of \$20-\$25 can cost \$10-\$15 to ship from bookstore to customer at the normal post office rate.

The impact on book sales and Canadian publishers and bookstores of shipping costs that are high in relation to the value of the cultural goods being shipped includes the following:

- Canada Post has over the years lost most of the book parcel business in Canada; their high rates have allowed key competitors -- Canpar, UPS, and FedEx -- to capture the bulk of this business, at rates somewhat lower than Canada Post
- The huge volume of shipping by large book retailers, especially Amazon and national book retail chains, has given them sufficient market power to obtain far lower rates

than smaller retailers and publishers. This imbalance has assisted them in growing market share at the expense of Canadian-owned businesses, particularly independent bookstores seeking to compete for online book orders and publishers shipping directly to independents.

- The handful of large multinational publishers which dominate the supply of trade books in English Canada can use a combination of market power and bulk shipping arrangements from their US distribution warehouses serving Canada and thus achieve lower rates for getting books to retailers in Canada. This contributes to the dominance of their products in the Canadian cultural marketplace
- Bulk buying initiatives by Canadian-based publishers and distributors in English Canada have achieved rates somewhat lower than Canada Post for publisher-distributors from a selected carrier such as Canpar, but competitors can and do underbid. Nevertheless this is still far more expensive than the Canadian public library book rate or the US Media Mail rate
- Margins earned by independent Canadian publishers on sales where distributors pay shipping costs to compete with the largest multinational publisher-distributors are significantly reduced by the high cost of shipping to customers
- Smaller independent Canadian publisher-distributors which bill shipping costs to customers experience smaller or zero sales to customers because the margin available to customers paying shipping costs make those products unprofitable
- Bookstores minimize their purchases of Canadian-authored Canadian-published books compared to foreign-authored books available from multinational publisher-distributors because the Canadian product earns lower or insignificant margins
- Independent bookstores are unable to compete effectively with the largest online book vendors for online sales to their customers because they face substantially higher shipping costs for parcels to customers
- Major Canadian-owned online booksellers earn lower or negative margins on online sales of books to customers, partly because of the higher shipping costs they pay compared to their major foreign-owned competitors as their scale does not enjoy lower shipping costs. Although Indigo has large volumes of small parcels, company CEO Heather Riesman has reported recently that high shipping costs on online sales to consumers make this important and growing source of book sales unprofitable to the company

In sum: Canada Post has lost the business of shipping the vast majority of small parcels containing books in Canada; Canadian publishers of Canadian authored books lose market share to foreign authored books and foreign-owned publishing conglomerates; Canadian

book retailers purchase and display fewer Canadian-authored titles from independent Canadian publishers; Canadian online booksellers are disadvantaged compared to the dominant foreign-owned online retailer; and Canadian-owned publishers and retailers face reduced margins and profitability because of the high costs of shipping books in Canada.

These impacts all have a negative effect on a key goal of Canadian cultural policy. High shipping costs reduce access to Canadian books for Canadian readers, and reduce reading of Canadian authors by Canadians.

Evidence for the impact of shipping costs on bookstore stocking and sales

The 2020 Canada Book Fund Support for Distribution initiative has produced new concrete evidence about the impact of high shipping costs on bookstore stocking, discovery and access to Canadian-authored books, and sales and reading of Canadian books. Some publisher-distributors which benefited from this program have used it to offer improved terms to bookstores. The improved terms varied from distributor to distributor, but generally offered bookstores better margins on new purchases of Canadian-authored books. These offers included a higher discount on purchases and/or free shipping of orders, depending on the distributor.

Early experience from the first weeks of this program in fall 2020 has been that distributors were able to increase the presence of Canadian-authored books in many independent bookstores – more copies per title, and a wider range of titles – by offering improved margins. Further experience with this initiative is expected to document that increased stocking and display generates increased sales. Not surprisingly, increasing a bookstore’s margin on books from 33-35% (after shipping costs are included) to 48%-50% made Canadian-authored books a more profitable and more attractive category of inventory, and the resulting stocking increased sales for authors and publishers, and earned bookstores a higher margin on those dollars of sales.

The evidence from the Support for Distribution program is that an initiative to offer publisher-distributors access to the current library book rate would improve publisher and bookstore margins by 4-5% (for the largest Canadian-owned publishers) to 8%-10% for smaller firms across the country. It would produce a gradual and then permanent shift in bookstore buying and stocking towards Canadian-authored books, particularly from independent Canadian-owned publishers.

Policy options

Any policy initiative regarding lower shipping costs for books through Canada Post should be consistent with Canada’s cultural policy goals, and should contribute to

achieving those goals. “The Canada Book Fund (CBF) ensures access to a diverse range of Canadian-authored books nationally and internationally...” is the one-sentence official statement of the goal of the key support program. With regard to the goal of providing Canadians with access to Canadian books, the recent CBF evaluation study noted one key policy failure – in English Canada, access, discovery and reading of Canadian-authored books has been declining. Currently in English Canada, an estimated 88% of books purchased are by foreign authors. Canadian authored books take up now a market share of 12%, which is less than half the percentage of a decade ago. (The market share of Canadian Francophone authors in Quebec is dramatically different, and is estimated at greater than 50%.)

A book rate measure informed by cultural goals would focus on benefiting Canadian-authored books, and would aim to promote growth in the distribution, access, discovery and reading of Canadian-authored books.

Bookstores

An across-the-board subsidy for book shipping costs would mostly benefit the sale of foreign-authored books, and would do little or nothing to increase the reading of Canadian books. However, there is an opportunity to achieve the goal of Canadian cultural policy in structuring a book rate initiative to incentivize greater access to Canadian-authored books in retail bookstores.

Incentives to encourage greater stocking and display of Canadian-authored books have proven their worth in Canada already. The Quebec government’s accredited bookstore program offers a major incentive to retail booksellers in that province to stock and display a wide range of Canadian-authored books. The incentive Quebec uses is eligibility for institutional purchases from schools, public libraries, and other publicly-funded bodies. Today 280 retail bookstores in Quebec adhere to the criteria of the accredited bookstore program, and benefit from institutional purchases. More important, however, is that the reading public also benefits. Quebec has a network of independent bookstores unparalleled in the rest of Canada. Those bookstores offer their customers a wide range of newly-published, and backlist Canadian-authored titles, resulting in an estimated 50%+ of sales.

A policy measure of a low book rate from Canada Post can be structured in parallel fashion to incentivize retail bookstores across Canada to stock and display a wide range of Canadian-authored books. This could be done by offering the book rate to bookstores stocking a minimum percentage of Canadian-authored books. We propose that the percentage be set initially at 20%. This is the average share of Canadian-authored book sales in independent Canadian bookstores today, so it is completely in line with current book reader preferences and interests.

Even though independent bookstores' sales are 20% Canadian, their stock of Canadian authored books averages about 14%. The factors noted above lead independent bookstores to devote less shelf space to Canadian-authored books than their sales would justify. Access to a low book rate with the proviso of maintaining stock at 20% would enable them to match their inventory with customers' preferences for Canadian books. It would also strengthen their capacity for online book sales and enable them to compete more effectively with chain retail and Amazon

Chain retailing in English Canada is not as successful as independent bookstores in achieving sales of Canadian-authored books. Currently, Canadian authors represent about 12% of chain retail sales. Access to a low book rate would significantly improve the margins chain retail would earn by reducing shipping costs. The benefit of a low book rate would incentivize the chain to increase its stocking and display of Canadian-authored titles to earn access to the book rate. It would also improve the margin on sales of Canadian-authored titles where the chain pays inbound shipping costs from publisher-distributors.

Online sales of print books account for a substantial share of total sales, and English Canada is in an unusual situation compared to many other countries of the world for online book retail. Chapters Indigo remains a strong competitor in this market, and has the unique advantage of bricks-and-mortar stores which it is now using as it ramps up its efforts to push back against Amazon. Access to a low book rate would be very beneficial to Chapters Indigo's online book sales. Offering this rate in exchange for achieving a 20% share of sales for Canadian-authored books would be supportive of Chapters Indigo's current pivot towards emphasizing local, regional, and Canadian book sales. Online book vendors have many tools at their disposal to influence buying decisions through search result algorithms, title recommendations, promotional offers, and digital marketing activities amongst others. Setting a 20% market share criterion for book rate access would encourage the use of these tools to reach this target. The impact would be beneficial for Canadian authors and readers. It could also help the Canadian-owned chain differentiate itself from the world's leading online vendor of almost everything.

Publishers

Access to a low book rate for Canadian-owned book publishers would also be a structural measure that would contribute to cultural policy goals. The Canadian-owned sector in English Canada accounts for about 4% of total retail book sales, but is responsible for publishing 75% of all Canadian-authored titles. For its contribution in creating and producing Canadian books, this industry sector benefits from the \$40 million Canada Book Fund annually. A wide range of other federal and provincial measures also sustain the industry, and these are essential to its viability.

A very high percentage of all books sold by independent Canadian publisher–distributors are Canadian-authored. Effectively, a low book rate for these publisher–distributors would be a targeted reduction in the shipping costs of Canadian-authored books. The impact would depend on the business practices of the recipients. For publisher–distributors and their client publishers who currently offer free freight to their customers, access to a low book rate would increase their margins on sales by an estimated 4–5%. The initial effect would be to increase the profitability and viability of these low-profit publishers.

For publisher–distributors and their client publishers who charge freight to their customers, access to a low book rate would improve their bookstore customers’ margins on purchases, encouraging wider stocking and more frequent reorders of selling titles.

Publishers and publisher–distributors could be qualified for the low book rate by making this new program a component of the Canada Book Fund, which already qualifies Canadian-owned book publishers based on their publishing of Canadian authored books and their Canadian ownership and control. Eligibility could be extended to publishers qualifying for other federal support programs, such as those from the Canada Council for the Arts.

Impact of a cultural policy book rate measure

In brief, the impacts that would flow from an extension of the existing library book rate as proposed to other participants of the book supply chain are:

- Independent and chain bookstores would earn higher margins on sales of independent publishers’ Canadian-authored books where they currently pay incoming shipping charges, improving the bookstores’ viability
- Independent and chain bookstores would expand their stock of Canadian-authored books in order to qualify for access to the book rate, resulting in an increase in discovery, sales and reading of all Canadian-authored books
- Online book purchasers would benefit from greater awareness and discoverability of Canadian-authored books
- With dramatically reduced costs of shipping books to customers, Canadian-owned independent and chain bookstores would be better positioned to compete with multinational online book vendors and to capture sales through online orders
- Independent Canadian publishers would achieve greater presence on bookstore shelves and resulting higher sales due to increased stocking of their books generated by better margins for bookstores on some books, and changes in bookstore stocks to meet the book rate stock percentage qualification

- Canadian authors would earn increased royalties as a result of Canadian books gaining market share in the domestic book market
- Canadian readers would have greater access to a wider range of Canadian-authored books, leading to increased discovery of these books and a larger share of leisure book reading
- Canada Post would capture a dramatically higher share of small parcel shipments containing books, with higher revenues and potentially significantly incremental margins on those revenues depending on the cost-subsidy-price relationship struck for the book rate program

Advocates of a book rate program

As firms and organizations involved in Canada's book supply chain have come to terms with the impact of the Covid-19 pandemic, there has been heightened awareness of the role of online sales of print books. Digital books have enjoyed a major increase in their share of total reading, but the print format continues to have a strong appeal for book readers. The biggest pandemic shift has been for print purchases to move from in-store to online. Indigo reported that in its June-September quarter, an increase of 100%+ in online print book sales helped it achieve a surprising result -- somewhat better financial results than in the same quarter in 2019. Publisher-distributors report that their sales to Amazon have jumped substantially in the pandemic, reflecting much higher online print sales through that company as well.

Most independent bookstores have stayed open during pandemic shutdowns to provide delivery and curbside pickup. Many were not initially positioned to process online orders, though there has been substantial acceleration in the work of making books available for online ordering by Independent bookstores.

Both Indigo and the new Canadian Independent Booksellers Association have publicly asked for access to a low book rate, similar to the library book rate.

Other industry organizations have also taken up this issue. The Association of Canadian Publishers asked for this measure in its mid-2020 brief to the House of Commons Finance Committee. BookNet Canada, the book industry supply chain organization, has been tasked with pursuing this issue. The Nova Scotia committee of the Atlantic Publishers Marketing Association has approached the board of Canada Post to request this measure.

The library book rate extension as cultural policy

In the last two years, there has been growing awareness of the issue of the declining share of Canadian-authored book reading in English Canada. This decline, originally documented in

the More Canada report (2018), is seen in purchases in retail bookstores and in borrowing by public library users. The best estimates of the decline are that there has been a drop of at least 50% in the share of leisure reading of Canadian authors in English Canada since 2005.

Strongly associated with this development is the decline in book sales by independent Canadian publishers in English Canada. The evaluation of the Canada Book Fund from 2012-13 to 2017-18 released by the Department of Canadian Heritage in December 2019 showed that English Canadian independent publishers' domestic sales declined by 27% in just six years. French-language independent publishers' sales fell by just 9% in the same period. Total book sales in both markets have been declining by 1-2% annually. The reduction in sales by independent publishers in English Canada was identified in the evaluation as the one area where federal book policy has been unsuccessful, and where new initiatives are urgently needed.

A new initiative to extend the library book rate to independent Canadian publishers and bookstores has industry support, and can be designed to make a substantial contribution to the goal of increasing the sales and reading of Canadian-authored books.

Offering a low book rate to bookstores which provide book buyers with a reasonable range of Canadian-authored books would respond to book industry groups -- and move to the goal of increasing the share of Canadian-authored books available for readers to browse, purchase and read.

We know from industry experience in Quebec bookstores that access to Canadian books generates discovery, and discovery leads to purchases and reading.

A culturally-informed book rate measure through the Canadian post office would use a long-established arm of government policy in an innovative way to increase the use of the post office. It would also improve the viability of Canadian bookstores large and small, while at the same time facilitate readers discovering a wider range of the Canadian-authored books being presently written and published all across the country.

Recommendations

The recommendations of this policy paper are:

1. The Canada Post Library Book Rate be expanded to the Canadian Book Rate and be available to other qualifying participants in the book supply chain in Canada
2. Canadian-owned retail bookstores should qualify for the Canadian Book Rate by stocking and displaying a broad range of Canadian-authored books, initially set as 20% of their inventory

3. Canadian-owned online print bookstores should qualify for the Canadian Book Rate when Canadian-authored books account for 20% or more of total book sales
4. Canadian-owned book publishers eligible for current federal publishing support programs such as the Canada Book Fund should qualify for use of the Canadian Book Rate
5. The impact of the Canadian Book Rate on bookstore stocking and sales of Canadian-authored books should be measured by the Canada Book Fund, and ongoing program administration should aim at achieving a steady, substantial increase in access, discovery and reading of Canadian-authored books from independent Canadian publishers and other publishers

Appendices

- A) Canada Post website, public policy programs
- B) Undated press release, Canada Post
- C) United States Post Office website – Media mail
- D) TECHNICAL DETAILS RE IMPLEMENTATION

Appendix A: from the Canada Post website, November 2020

Other public policy programs

Government mail and material for the use of the blind

The *Canada Post Corporation Act* (Act) allows for mailing of letters free of charge between citizens and the Governor General, members of Parliament (MPs), the speakers of the Senate and the House of Commons, and other designated officials of Parliament. MPs can also send up to four flyer mailings a year free of charge to their constituents.

The Act also provides for free mailing of material for the use of the blind. Canadians who are visually impaired and many libraries across the country, including that of the Canadian National Institute for the Blind (CNIB), send talking books and other materials free of charge across Canada and around the world.

Canada Post received a government appropriation of approximately \$22 million in 2019 to help offset the financial impact of government mail and materials for the use of the blind. Additional information can be found in the organization's Corporate Plan summary

Library materials

The library materials service, mandated by the *Canada Post Corporation Act*, is available to recognized public libraries, university libraries or other libraries that are maintained by non-profit organizations or associations and are for public use in Canada. The service provides reduced postage rates for eligible library materials circulated between a library and its patrons. Canada Post receives no appropriation or compensation of any kind from the government to offset this reduced postage rate.

Appendix B: Press Release, undated, Canada Post

CANADA POST CONTINUES TO SUPPORT LIBRARY MATERIALS

Canada Post continues to support Canadian libraries by providing reduced postal rates when mailing Library Materials to their users and other libraries.

On January 14, 2019, Canada Post will increase the rates for Library Materials by a weighted average of 5%.

Even with the increase, the rates continue to be substantially lower than Canada Post's most discounted commercial parcel rates. A 1.28-kg package mailed at the Library Materials rate today costs \$1.31 to cover sending and returning the materials; this will increase to \$1.38 in January 2019. Without the Library Materials rate, the same service would cost approximately \$30.00 if mailed at a post office.

Canada Post does not receive government compensation for this service. Canada Post is committed to continue working with the library community – through the Canadian Urban Libraries Council (CULC) and the Association pour l'avancement des sciences et des techniques de la documentation (ASTED) – to ensure their needs are understood and considered in the future.

Appendix C: United States Post Office website – Media Mail

<https://www.usps.com/ship/mail-shipping-services.htm>

Using Media Mail

Here's what you can send:

- Books (at least 8 pages)
- 16-millimeter or narrower width films
- Printed music and test materials
- Video and sound recordings
- Playscripts and manuscripts
- Printed educational reference charts
- Medical loose-leaf pages and binders
- Computer-readable media

NOTE: Video games, computer drives, and digital drives do not qualify for Media Mail prices.

Weight, Size, & Shape Requirements

- Maximum weight is 70 lbs.

Weight Not Over (lbs)	Single Piece	5-Digit Presort	Basic Presort
1	2.80	2.10	2.67
2	3.33	2.63	3.20
3	3.86	3.16	3.73
4	4.39	3.69	4.26
5	4.92	4.22	4.79
6	5.45	4.75	5.32
7	5.98	5.28	5.85
8	6.52	5.82	6.39

Appendix D: Technical Details

Re Implementation

Implementing the proposed criteria for the Canadian Book Rate can be achieved using existing book industry data flows.

In English Canada, the resources available for this purpose include:

- BookNet Canada's salesdata service, which captures weekly stock for all individual reporting retail bookstores (chain and independent)
- BookNet Canada's title metadata, which incorporates Canadian authorship information for titles stocked by retail bookstores
- Store-level data reports can be generated by BookNet Canada showing the percentage of total bookstore stock represented by Canadian-authored books
- All significant Canadian-owned online book vendors provide sales data weekly to BookNet Canada
- Online sales can be combined with title metadata to track the share of total sales represented by Canadian-authored books

BookNet Canada could be given the role of certifying bricks-and-mortar and online bookstores as meeting the criteria of the Canadian Book Rate for the English-language market.

Across Canada, both English-language and French-language Canadian-owned publishing houses provide ongoing information on their ownership and publishing activities to the Department of Canadian Heritage and/or the Canada Council for the Arts. A publishing house receiving operating grant support from one or both of these organizations has been determined to be Canadian-owned and controlled. Receipt of funding support from one or both of these federal agencies can be used to qualify a publishing house as a Canadian-owned book publisher, for the purpose of the proposed Canadian Book Rate.