



Written Submission for the Pre-Budget Consultations in Advance of the 2019 Budget

By Canadian Music Publishers Association

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List of recommendations

The Canadian Music Publishers Association recommends that the federal government:

Recommendation 1: increase the Canada Music Fund's annual allocation by \$7.5 million in order to ensure the long-term stability of Canada's music companies and artists.

Recommendation 2: in its efforts to modernize the Canada Music Fund, include a review of its criteria for access to funding to ensure that all companies in the music sector are on a level playing field and to ensure they don't go against the government's Creative Export Strategy goals and overall export goals for SMEs.

Recommendation 3: increase the maximum annual contribution a music publisher can receive under the Canada Music Fund's Music Entrepreneur components from \$75,000 to the amount for sound recording companies (which currently sits at \$550,000) and review the maximum eligible net revenue criteria of \$5 million or 20% of earnings.

Recommendation 4: consider how to sustain the Trade Commissioner Service's valuable support for creative exporters beyond the current funding envelope that will end in 2021.

Recommendation 5: continue its review of the Copyright Act and Copyright Board to lay the groundwork for a modern, efficient copyright regime.

Introduction

The Canadian Music Publishers Association greatly appreciates the recognition by the federal government of the unique, innovative contribution that Canada's creators and their business partners can provide to the over-arching goal of expanding this country's exports and cultural presence abroad.

As the former Canadian Heritage Minister Mélanie Joly has stated, Canadian cultural industries represent a key economic sector of our economy with the potential for inclusive growth, job creation and opportunities for the country's middle class.

Responding to far-reaching economic and technological shifts, this country's music publishers have demonstrated in recent years how ingenuity, global reach and a commitment to opening up new markets can indeed put Canada's artistic talent in the global spotlight as never before. Additionally, these same music publishers have embraced the digital world and shown how to innovate and succeed.

Canada's music publishers

To evaluate our role in this cutting-edge endeavour, it is important to understand what our member companies do. A professional music publisher is the business partner of songwriters, lyricists and composers. Music publishers represent and invest in thousands of Canadian songwriters and songs that are heard daily on the radio and streaming services, in video games and film and television productions around the world.

By combining this country's talent, entrepreneurial expertise and publishers' international networks, we strive to advance the music publishing industry and our songwriting partners by providing a competitive edge both at home and abroad.

Export has become a major driver of growth for Canada's music publishing industry. Among our members, who generate the substantial majority of the revenues of active Canadian music publishers, more than two-thirds of revenues in 2015 and 2016 came from foreign sources.

There is no doubt that our industry can play an important, innovative role in helping to improve Canada's export potential and competitiveness in the global market—priorities that align with those of the federal government.

But to do so in a time of rapidly-shifting business conditions and intense global competition, access to well-designed federal programs continues to be critical if Canada is to remain competitive and compete on the world stage.

Modernizing the Canada Music Fund to better support export activities

The Canada Music Fund is a highly valuable asset for Canada's music publishers and their creative partners. We welcome the additional funding under the Creative Export Strategy of an additional \$2.5 million per year to the Canada Music Fund, however, to achieve the growth in cultural exports envisioned in the federal government's economic plan, we believe it is imperative to provide more financial support through this initiative.

This is all the more important at a moment when the government is in the process of modernizing the Canada Music Fund. While Canadian Music Publishers Association welcomes the modernization, we urge the government to ensure that it is done in a way that will provide effective incentives for Canada's music publishers to continue their rapid transformation to an export-oriented creative enterprise with a digital focus.

Increase Canada Music Fund's annual allocation by \$7.5 million per year

The modernization of the Canada Music Fund is expected to expand the program's eligibility requirements, with the result that more organizations will be applying for financial backing. Unless the overall financial resources available to the fund are increased, this will inevitably result in a reduction in per company funding to Canada Music Fund recipients. This would fly in the face of the government's commitment to taking an instrumental role in the increased penetration of cultural markets abroad.

Recommendation 1:

For the CMF modernization to be truly effective for the industry, another \$7.5 million -- bringing the additional annual investment total to \$10 million -- is needed for the long-term stability of Canada's music companies and artists.

Updating access criteria to better reflect modern songwriting environment

In modernizing the Fund to support export activities, the government needs to provide effective eligibility requirements and allocation guidelines that will ensure that funds are available on an equal basis to all participants in the sector and are in keeping with the modern environment of the songwriting and music publishing community.

For instance, the notion of the lone singer-songwriter out on tour with his or her personally written songs is largely out of date and misleading as a basis for policy. The main issue is that many of our most successful songwriters are not performers.

A recent analysis of the top 20 songs played on Canadian radio during a random week found not one was written solely by the performing artist. All 20 songs had non-performing songwriters – in total, 90 writers were involved. Additionally, the average international hit has four songwriters.

Further, our sector relies on exports and innovation to succeed. As previously mentioned, two-thirds of the sector's revenue comes from foreign sources compared to just 28 per cent in the last 10 years because of global collaborations between Canadian songwriters, their international counterparts and music publishing partners. Our sector is increasingly a global success story and it can only continue to grow with the right policy levers in place.

In short, to ensure that the updated Fund does not work against the Heritage Canada's Creative Export Strategy goals to showcase Canada's creative industries abroad and the government's goal of supporting SMEs in their export activities, the criteria for receiving support from a modernized Canada Music Fund needs to be revised so that music publishers and their songwriting partners can have equal access to the funding.

Recommendation 2:

We recommend that the government's efforts to modernize the Canada Music Fund include a review of its criteria for access to funding to ensure that all companies in the music sector are on a level playing field and to ensure they don't go against the government's Creative Export Strategy and overall export goals for SMEs.

Recommendation 3:

We recommend the government increase the maximum annual contribution a music publisher can receive from \$75,000 to the amount for sound recording companies (which currently sits at \$550,000) and the maximum eligible net revenue criteria of \$5 million or 20% of earnings should be reviewed.

These revisions and updates are essential to ensuring that Canada's music publishers (who are primarily innovative SMEs) can continue to be successful in the export efforts that are bringing Canada's songwriting excellence to the world.

Sustaining support for the Trade Commissioner Service for creative exporters

To take advantage of the huge global market, travelling is a vital and necessary component of the music publishing industry. To this end, Canadian Music Publishers Association hosts writing camps and B2B trade missions that bring together Canadian and international songwriters and publishers to collaborate with each other, which helps to build strategic business connections and encourage export. We've hosted four Create missions, which include a business-to-business component and a song camp with great success. Two more are planned in Denmark and Germany in September.

With the support of the Canadian Trade Commissioner Service, we have been able to use diplomatic assets to help the music publishing sector while building relationships and exporting Canadian songs around the world. This is a highly-regarded initiative by the Trade Commissioner Service.

Recommendation 4:

We recommend the government take time in advance to consider how to continue this initiative and fund it once the current allocation for this program expires in 2021.

Continue reviews of Copyright Act and Copyright Board to lay the groundwork for modern, efficient copyright regime

Canadian Music Publishers Association appreciates the government's support for the protection of creators' intellectual property and fair compensation for those who help contribute to Canadian cultural content. Changes to the Copyright Act to ensure Canadian works are competitive with international standards and reform of the Copyright Board are the keys to success for a robust, successful music publishing industry and Canadian economy. It is essential that the government act on these items quickly in order to allow our sector to remain globally competitive.

Recommendation 5:

We recommend that the federal government continue its review of the Copyright Act and Copyright Board to lay the groundwork for a modern, efficient copyright regime.

Conclusion: Great opportunities for Canada’s music publishers to better compete globally

Overall, Canadian Music Publishers Association shares former Minister Joly’s point of view that the biggest challenge facing our sector is expanding our efforts abroad at a time of digital change. The way forward is about “focusing on how to best support Canada’s creators and cultural entrepreneurs in creating great content and in competing globally for both Canadian and international audiences,” she has said.

With that in mind, we hope the government will use Budget 2019 to take the necessary, concrete steps—both in terms of funding support and administrative updates—to provide the opportunity for music publishers to join with the government in fulfilling to the maximum extent the goal of expanding Canada’s creative exports. The potential for our sector to innovate, export and expand, given the right support and encouragement, is truly unlimited.