

Written Submission for the Pre-Budget Consultations in Advance of the Upcoming Federal Budget

Submitted by:

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List of recommendations

Music Publishers Canada recommends that the Government of Canada:

Recommendation 1:

Establish an Economic Strategy Table on Creative Industries to ensure sector growth and maintain global competitiveness.

Recommendation 2:

Prioritize copyright reform as a part of the sector's long-term recovery.

Recommendation 3:

Develop incentives targeted at increasing the profile and usage of Canadian songs and composers within audio-visual productions.

Recommendation 4:

Make the supplemental funding increase to the Canada Music Fund from 2019 permanent, and increase funding by an additional \$10 million annually.

Recommendation 5:

Cultural and trade funding programs must continue to take into account activities that allow Canadian companies in the creative sector to grow and export.

Introduction

We thank the House of Commons Finance Committee for the opportunity to submit this pre-budget submission. As members are well aware, the Canadian and global music industry is currently experiencing unprecedented upheaval due to the COVID-19 global pandemic. From cancelled productions and performance to travel bans, as is the case with other sectors, businesses in the music sector are struggling with their operations. Because of COVID-19, the livelihoods of creators and the businesses that invest in them are collapsing. In short, the Canadian and global music industries are being severely and devastatingly impacted. Royalty income, which forms the basis of revenue for the music publishing industry, is typically collected and distributed based on activity from past periods, meaning that any downturn from COVID-19 will not be reflected until near the end of 2020 or in 2021.

We thank the Government of Canada for ensuring that music publishers were eligible to receive emergency support in Phases 1 and 2 of the Emergency Support Fund for Cultural, Heritage and Sport Organizations. The recently announced changes and extension to the Canada Emergency Wage Subsidy until December 19, 2020, will also be helpful to the businesses that we represent.

Create, promote, protect: About Music Publishers Canada

Music Publishers Canada is a membership-based organization, founded in 1949, that ensures the views of music publishers working in Canada are heard. It is our mission to create business opportunities for our members and to promote their interests and those of their songwriting partners through advocacy, communication, and education.

Music publishers are the business partners of songwriters, lyricists and composers. Our members represent and make investments into thousands of Canadian songwriters and songs that are heard daily on the radio, on streaming services, in video games and film and television productions around the world.

In 2019, the sector grew to \$277 million in revenues. Export is at the heart of what music publishers do: in 2019, 79 per cent of the music publishing revenues accrued by Canadian-owned independent companies came from foreign sources. By all accounts, Canadian music publishing is a global success story.

We must ensure that as a country, our companies maintain their global advantage in the post-pandemic recovery. As a sector, the music industry was one of the first to rise to the digital challenge and embrace it wholeheartedly. MPC has first hand knowledge and experience of how recovery in a digital age could work.

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Growing and maintaining global competitiveness through a creative industries economic strategy table; whole of government lens on sector critical, especially now

The creative industries as a whole are a Canadian and global success story. In 2017, the creative industries in Canada accounted for \$53.1 billion in GDP – almost three per cent of overall GDP. More than 666,500 Canadians are directly employed in the creative industries, with countless spinoff jobs that contribute to the economy. The creative industries – which includes the music, book, magazine, screen-based media, interactive media, broadcasting, performing arts and digital sectors in addition to associated subsectors – is a key economic industry undergoing significant change with numerous opportunities.

Canada's creative industries are a key economic sector that drive job creation and economic growth. They not only support Canadian culture and identity at home and abroad, but also invest in creators and communities from coast to coast to coast. These are businesses that help grow exports, make Canada globally competitive and ensure our economy is diversified. Helping the sector overcome challenges, especially as a result of the COVID-19 pandemic, and capitalizing on opportunities abroad will support job creation and economic growth.

The government's own Economic Strategy Tables on Digital Industries noted in its report that: "To fully capture the potential of Canadian creative firms, we recommend the creation of a dedicated creative industries forum as a next step."

We urge the Government of Canada to implement this, and Recommendation 80 from the Standing Committee on Finance's report *Canadian Ideas: Leveraging Our Strengths* from February 2020: "Urgently assemble an Economic Strategy Table on Creative Industries to unlock the full innovative potential of these sectors, produce world class content, and share its creative works both at home and abroad."

This whole of government lens on the creative industries is needed, now more than ever, and will significantly contribute to Canada's post-pandemic economic recovery.

Recommendation 1:

Establish an Economic Strategy Table on Creative Industries to ensure sector growth and maintain global competitiveness.

Copyright reform essential to sector's long-term recovery

A strong copyright regime is central to the work of a music publisher, composers and songwriters. Music publishers are innovators, and their focus on strong export strategies have allowed these entrepreneurs and Canadian companies to flourish internationally. The reality is that due to

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Canada's size as a market, music publishers could not succeed simply by relying on Canada, and have had to be innovative in their approaches to build strong international businesses.

At its heart, music publishing is about championing a song and its songwriter through the lifespan of its career and the song's copyright. Music publishers, by necessity, take a long-term perspective and work to create value for copyright behind the scenes. This long-term perspective results in songs being covered again and again, and being given new life in audio-visual productions long after the first recording, and continuing to generate royalties long after their release. These revenues matter — not only because they are earned income for rights holders — but because they are reinvested into emerging songwriters.

While we await legislative direction following the review of the Copyright Act, we urge the government to prioritize copyright reform as part of a strategy to address the sector's long-term recovery from COVID-19.

As a priority measure, we urge the government of Canada to amend the Copyright Act to ensure that the private copying regime is made technologically neutral. This is a marketplace-driven legislative solution that will put earned revenues back into the music ecosystem.

The private copying regime has been limited to recordable CDs since 2008. This critical source of revenue for rightsholders has declined from a high of \$38-million per year down to just \$1.5 million in 2018. The most recent research shows that there are 5.95 billion tracks of music currently stored on Canadians' phones and tablets, and that half of those copies are unlicensed.

In the medium-to-long term, marketplace solutions like a technologically-neutral private copying regime will be critical to economic recovery.

Recommendation 2:

Prioritize copyright reform as a part of the sector's long-term recovery.

Increasing the profile and use of Canadian songs and composers

There are important linkages between the music publishing sector and the audio-visual production sector. As noted earlier, Canadian songs and compositions are heard around the world - and often - in various television & film productions. This is an important revenue source for Canadian songwriters, composers, and music publishers. As we look to emerge from the pandemic, we believe that there is an opportunity to incentivize the use of Canadian songs and composers in audio-visual productions through tools like tax credits for film & television production.

Recommendation 3:

Develop incentives targeted at increasing the profile and usage of Canadian songs and composers within audio-visual productions.

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Continued support for the Canada Music Fund

The support provided by the Government of Canada through the Canada Music Fund (CMF) has the potential to be a valuable tool for Canada's music publishers, their songwriting partners as well as the companies within the music industry ecosystem. As we look towards sector recovery, we urge the government to not only maintain the CMF's supplemental funding invested in Budget 2019, but increase the available funding by an additional \$10 million annually.

Music publishers in particular are resilient. The sector has undergone tremendous change because of the digital revolution and increased global competition. Our members have embraced this change, moved to the global digital marketplace and increased our investment in songwriters. However, the whole Canadian industry — and the global music industry at-large — is particularly fragile. The particular nuances of the music publishing sector means the negative impacts may only be realized in late 2020 or early 2021, long after emergency support programs like the Canada Emergency Wage Subsidy have ended. With this relative fragility of the ecosystem in mind, we believe this supplemental funding has the potential to ensure that small and medium music publishers are able to find new ways to support Canadian songs and songwriters both domestically and globally in a post-pandemic world.

Recommendation 4:

Make the supplemental funding increase to the Canada Music Fund from 2019 permanent, and increase funding by an additional \$10 million annually.

Growing export and trade opportunities

Because of the size of Canada's music market, there is not enough volume — of writers, catalogues, deals, or copyright royalties — for the music publishing sector to thrive domestically. International trade and exports have allowed the sector to grow exponentially in the face of digital transformation and global competitiveness. Our industry plays an important role in improving Canada's export potential and economic recovery strategy.

For publishers to create an international presence, they travel to established and emerging markets to land co-write opportunities as well as synchronizations in films, TV, commercials, trailers, video games, digital content and being added to radio or online playlists. All of this takes time and relationship building. With COVID-19, many events and B2B opportunities have been cancelled or postponed, but Music Publishers Canada has pivoted to online and virtual initiatives to continue supporting our members in this uncertain time.

Our members have been able to use diplomatic assets to help the music publishing sector while building relationships and exporting Canadian songs around the world and we thank the Trade Commissioner Service for its support.

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Programs to support songwriting camps or business-to-business trade missions and activities to grow export and trade opportunities are crucial and should be expanded. This will lead to greater investment in Canadian creators.

Recommendation 5

Cultural and trade funding programs must continue to take into account activities that allow Canadian companies in the creative sector to grow and export.

Conclusion

The Canadian and music industry is currently experiencing unprecedented upheaval and turmoil due to the COVID-19 global pandemic. Music publishers are grateful for the extensive and broad measures that the federal government has already implemented to support the industry, however more needs to be done to ensure that our sector is able to fully recover. Establishing an Economic Strategy Table for the Creative Industries, increased support and incentives to use Canadian songs and composers, ensuring rightsholders are compensated and growing trade and export opportunities are all essential to Canada's recovery in a post-pandemic economy. Supporting recovery of the creative industries, especially the music publishing sector, is vital to overcoming the challenges of the pandemic. As a country, we must not leave the music sector behind, but rather help it to maintain global success.