



Canadian Independent Music Association

May 2, 2013

The Hon. James Moore
Minister of Canadian Heritage and Official Languages
Department of Canadian Heritage
15 Eddy Street
Gatineau, Quebec K1A 0M5

Re: Canada Music Fund Renewal 2015-2020

Dear Minister:

As you know, the Canada Music Fund (CMF) is scheduled to expire in 2015. The Canadian Independent Music Association (CIMA) recognizes that this important fund is the lifeblood of the domestic music industry, while also providing a direct and tangible benefit to the Canadian economy. Therefore, CIMA believes the CMF should be enhanced and renewed for another five year term.

CIMA is a not-for-profit trade association representing more than 190 English Canadian-owned companies and professionals engaged in the worldwide commercialization of Canadian independent music.

CIMA's membership consists of Canadian-owned companies and their representatives who are involved in every aspect of the music and music-related industries. They are exclusively small businesses which include: record producers, record labels, recording studios, managers, agents, licensors, music video producers and directors, creative content owners, artists and others professionally involved in the sound recording and music video industries.

For almost 38 years, CIMA has dedicated its efforts to developing business opportunities through an international network of business contacts in the music and entertainment industries and in the associated media such as film, TV, new media and other users of music products.



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CIMA's mandate is to ensure the long-term development of the Canadian-owned sector and to raise the profile of Canadian independent music both in Canada and around the world.

CIMA is a strong proponent of the CMF, as the broad-based support it provides is effectively leveraged by the Canadian-owned music industry to the benefit of the music sector and the Canadian economy as a whole. Therefore, CIMA recommends that the Government of Canada commit to renewing and enhancing the Canada Music Fund in 2015 for another five-year term.

CIMA believes that music has an inherent social, cultural and business value, both domestically and abroad. Music is also a renewable and sustainable resource – one that is successfully traded and monetized the world over. The independent music industry in Canada is a growing and vibrant concern, as Canadian talent is increasingly being sought after by markets, investors and consumers around the globe.

It is crucial that Canada maintains its brand presence and image as a supplier of world-class music, and the Canada Music Fund (CMF) is a critical component of that strategy. Canada has already proven it has great music products to sell. Those music products keep changing as new export-ready artists enter the marketplace. As well, the evolution of technology has given greater access to potential audiences and new digital outlets around the world for exposing music and promoting artists – for both catalogue and new music.

Over the past several years, the industry and business models have shifted significantly, wherein the Canadian-owned independent music companies have largely – and successfully -- assumed the role of artist discovery and development. These independent companies take the risk and make the investments in the development of new and emerging artists across the country. The majority of new and breaking acts are being driven by the Canadian-owned independent companies - through their investments in artist development, recording, touring and showcasing, marketing and promotion. Thus it is the independent sector that is largely driving the domestic music scene, and it is proving to be a successful business model, as witnessed by the growing influence and domestic and global success of such indie artists as:

Carly Rae Jespen, Dan Mangan, Our Lady Peace, Justin Nozuka, USS, Rush, The Reason, Faber Drive, Marianas Trench, Suzie McNeil, Theory of a Deadman, Econoline Crush, The



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Trews, Big Wreck, The Tea Party, Steven Page, Broken Social Scene, Cold Specks, Feist, Zeus, Great Lake Swimmers, Young Rival, Poor Young Things, The Belle Game, Tegan & Sara, Alexisonfire, City and Colour, Hannah Georgas, Hey Rosetta!, Hot Hot Heat, Monster Truck, The Lumineers, Tokyo Police Club, Yukon Blonde, Blackie & The Rodeo Kings, Bruce Cockburn, Emily Haines, Metric, Sarah McLachlan, Austra, The Rural Alberta Advantage, P.S. I Love You, Jarvis Church, Diamond Rings, Jenn Grant, Luke Doucet, Melissa McClelland, Whitehorse, k-os, Ian Thornley, Slow Down Molasses, Matt Mays, Rich Aucoin, Karkwa, The Wooden Sky, Canadian Brass....and many more.

Canada has a great wealth of talent and diversity to showcase to the world, and the independent sector is a vital part of the equation. As you know, Canada ranks as the seventh largest music market in the world and the third largest supplier of English-language music after the United States and the United Kingdom.

While 73% of the Canadian-owned music industry's revenues are earned in Canada, approximately 19% are earned in the United States, 3% from the UK, 1% from New Zealand and Australia and 4% from the rest of the world. While these numbers demonstrate that the Canadian independent industry as a whole is largely a domestic one, it highlights the fact that international export is among the key strategic objectives for the industry, and that tremendous business opportunities exist in foreign markets. Most Canadian music companies see themselves growing in Canada, but almost half of them seek to expand in the United States and a significant number view other international markets as key to their future growth and success.

According to CIMA's latest report, *Sound Analysis, an Examination of the Canadian Independent Music Industry* by research firm Nordicity, government support of the domestic music sector is indeed a sound investment, both from a cultural as well as an economic perspective.

Consider that the independent music sector in English Canada is not a homogenous industry – it is a community of Canadian-owned small businesses (46% are sole proprietors), in which 60% earn less than \$50,000 in gross revenues and the top 10% earn more than \$500,000 annually.

In the aggregate, the domestic, English language music sector truly punches above its weight, annually contributing at least \$303 million to Canada's GDP and employing more than 13,400 people, according to *Sound Analysis*.



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An important economic indicator for industry is the measure of its intensity ratio, or how much of its economic activity ‘sticks’ to the Canadian economy. According to CIMA’s research, for every \$10 million of revenues earned, the independent music industry adds \$8.2 million to the Canadian economy – giving it an 82% return, which is arguably a higher intensity ratio than many other industry sectors in Canada. In other words, the domestic music industry is a good investment, considering its positive rate of return to the Canadian economy.

From a tax perspective alone, Canada’s federal and provincial governments annually receive a healthy rate of return from the Canadian-owned music sector. Consider that in 2011, the English-language independent music industry paid \$93.2 million in taxes to the provincial and federal governments. This means that on average, for every \$1 of public support it received through programs like the Canada Music Fund, the music industry generated \$1.22 in taxes across Canada to the net benefit of our governments.

According to the Department of Canadian Heritage, the CMF “is the primary tool implementing the three major objectives of the Canadian Sound Recording Policy, from *Creators to Audience*, which are:

- to enhance Canadians’ access to a diverse range of Canadian music choices through existing and emerging media;
- to increase the opportunities available for Canadian music artists and entrepreneurs to make a significant and lasting contribution to Canadian cultural expression; and,
- to ensure that Canadian music artists and entrepreneurs have the skills, know-how and tools to succeed in a global and digital environment.”

The CMF consists of the following four (4) components:

- [New Musical Works Component](#) (FACTOR and Musicaction)
- [Collective Initiatives Component](#) (FACTOR and Musicaction)
- [Music Entrepreneur Component](#) (Department of Heritage)
- [Canadian Music Memories Component](#) (Library and Archives Canada)

These objectives and the four current components supported by the CMF have served the industry (and the Canadian economy) extremely well over the years, and have



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proven to be a critical component of the industry's domestic and international successes. They have provided much needed capital to an industry that, as noted, is comprised solely of small businesses. The Canadian small business sector has traditionally faced significant challenges relating to cash flow as well as to accessing capital, and the domestic, independent music community is certainly no exception.

As an aside, there have been suggestions in certain quarters about the need for a federal sound recording tax credit to provide additional support to the industry for the production, marketing and promotion of music recordings. While this idea has merit and warrants a full discussion, it is important to note that tax credits are applied after specific, eligible investments have been made by companies. The current discussion about the renewal of the Canada Music Fund is focused on government support 'on the front end' – support that provides the necessary capital - the cash flow - for artists and companies to invest in a wide range of projects and initiatives. As previously noted, this investment is successfully leveraged to the benefit of the industry, the economy and the government treasury.

According to CIMA's 2011 report, *Analysis of the Impact of the Ontario Sound Recording Tax Credit* by research firm Nordicity, managing cash flow has proven to be a major challenge for the independent music sector. Improved cash flow can have a real and tangible impact on music companies' long-term financial performance, according to the report. "Cash flow is critical to music companies' ability to grow and to compete, domestically and internationally."

In large part, the banking industries' unfamiliarity with the intricacies of the music industry makes them disinclined to accept receivables or other assets etc., as the music sector's 'product' is their intellectual property (music). If banks truly understood the music industry, they would recognize credit-worthy receivables and inventory just like in any other industry. In addition, music companies must often wait up to 180 days for their trade receivables, while their suppliers often demand 30-90 day payments.

CIMA's latest report *Sound Analysis* also identified cash flow and access to capital as the top challenges to the domestic music industry. "Given the constantly shifting nature of music industry business models, companies routinely require access to capital to finance the expansion of their businesses into new areas. For example, if a company wants to expand into the digital retail business to diversify its revenue base, that expansion will require a substantial investment in a website, an ecommerce solution, and so forth. As



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such, only those companies that have access to sufficient capital will be positioned to grow into diversified, agile music companies,” according to *Sound Analysis*.

Therefore, support provided by the CMF is truly the lifeline of the domestic music industry, as it facilitates cash flow and provides some of the capital required for the creation of sound recordings, videos, domestic and international touring and showcasing, as well as marketing and promotion initiatives. The CMF supports artists, record labels, distributors, music publishers, artist managers, songwriters, music industry associations, music industry events and collective digital initiatives.

Indeed, CIMA as an association has been able to leverage resources from the CMF to deliver a highly effective public-private partnership, wherein we act in the capacity of a national ‘music export office.’ It is because of the Canada Music Fund that CIMA has been able to leverage additional support from the Ontario government, broadcasters and the music industry to create trade and investment opportunities for Canadian music worldwide.

CIMA annually facilitates at least two dozen targeted business and showcasing opportunities around the world, under our international exporting brand, ‘*Canadian Blast*’. CIMA works to establish the Canadian music industry’s business presence worldwide, while providing opportunities for their artists and bands to showcase their exceptional talent. CIMA provides strategic support for Canadian companies and organizations looking to increase Canadian exports, expand trade and brand Canada as a key player in the international music marketplace.

Overall, CIMA is able to facilitate Canadian independent labels and companies to: build strategic alliances in major markets and establish new contacts and networks; strengthen relations with existing contacts; access new sales territories and new distribution networks; license product; export/import finished goods; explore opportunities in the digital and mobile markets; and gain a better understanding of international markets.

We engage in a collective, industry-wide approach that benefits the sector by providing opportunities for Canadian music companies and artists on the world stage, emphasizing business “wins” in North America, Europe and South Asian markets. CIMA also explores new markets and finding ways for the Canadian-owned sector to access



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foreign markets and meet with buyers and decision makers through trade shows, missions, showcases and targeted business seminars/workshops.

Consider that from 2007-2012, participants in CIMA's key international trade missions have reported more than \$105 million worth of business deals completed and/or initiated as a result of CIMA's export missions. In short, Canada's music industry directly benefits from the support provided by the Canada Music Fund, commercial broadcasters and others – whether it is for exporting initiatives, artist marketing or tour support, artist development, record or video production, professional development, education seminars, and more.

Canada Music Fund

In the fiscal year 2011-2012, FACTOR had approved 1,783 applications, offering a total of \$16.831 million in funding to the Canadian independent music industry. That year, FACTOR received 3,881 applications for funding, which equaled more than \$43.6 million in requests. Clearly, the needs of the industry far exceed the funding that is currently available. With more funding in the right programs, there is a demonstrated return on investment to government and the industry.

Consider that from 2007-2012, the Department of Canadian Heritage has provided \$49.9 million to directly support the creation of new Canadian sound recordings and collective industry activities. In addition, Canada's private radio broadcasters have in total contributed \$49.2 million from 2006-2012, thus making private radio FACTOR's largest financial contributor. Indeed, the combination of public-private financing is an inherent strength of Canada's support of the independent music industry.

These funds were leveraged by the recipient companies and artists for sound production, tour support, showcasing, market and promotion, educational initiatives, attending industry conferences and festivals, business development and more. The CMF provided invaluable support to a healthy mix of culturally diverse as well as mainstream projects, for artists and companies coast to coast to coast.

Between April 1, 2011 and March 31, 2012, artists who had received funding through one or more of FACTOR's programs received 42 major Canadian and international awards. In the previous five years, 70 artists who have received funding through one or more of FACTOR's programs received 134 sales certifications of Gold (40,000 sales units) or Platinum (80,000 sales units) by Music Canada.



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Independent artists and Juno Award winners in 2013 such as Carly Rae Jepsen, The Sheepdogs, Marianas Trench, Monster Truck, Rose Cousins, Lorraine Klaasen...not to mention their peers and fellow winners and nominees in previous years...all had one thing in common – the tremendous and important support they (and their business representatives) received in the form of the Canada Music Fund in order to grow their artistry, fan base and business opportunities around the world.

In order to continue to provide such positive and important support of the industry going forward, in an effective and prudent manner, it is recommended that the Government of Canada renew and increase the Canada Music Fund, and include a modest annual increase (starting in fiscal 2016-17) in order to account for inflationary and other rising cost factors.

RECOMMENDATION 1, 2 and 3

- 1. It is recommended that the Government of Canada renew the Canada Music Fund and all of its component programs for a five year term, beginning April 1, 2015.*
- 2. Increase the CMF to \$30 million from its 2013-2014 level of \$25.56 million*
- 3. Progressively increase the amount of the Canada Music Fund each year by a minimum of 2%, in order to meet or exceed the annual rate of inflation.*

Challenges and Opportunities

The past decade has seen tremendous changes in the music industry, both domestically and around the globe.

Business models have continually adjusted to meet fluctuating market conditions as well as the constant advent of new and different technologies that have served to both help and hinder the industry. By necessity, Canadian independent music companies are occupying greater and more varied roles. As a result, the music industry has broadly diversified its revenue streams as a prudent measure against the shifting sands of market conditions, consumer demand and business strategies. As a consequence, companies are less exposed to fluctuating market conditions for any one revenue stream.



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At the same time, the Canadian music industry is experiencing rising costs in the production, licensing, touring and promotion of Canadian independent music, according to CIMA's report, *Sound Analysis*. Many of these increased costs result from the aforementioned changing role of independent music companies.

As *Sound Analysis* notes, one major change in industry expenditures over the last five years has been in physical CD production costs, and in how such costs are categorized. "The primary function of the CD has shifted towards becoming a promotional tool due to a decline in demand for physical CDs, placing downward pressure on their value." according to *Sound Analysis*. "For many music businesses, the CD has become a break-even or loss leader proposition." However, while physical product is still fundamentally important for the development and promotion of artists, the challenge in recouping their production expenses can be significant to music businesses.

While they comprise roughly 13% of all industry expenditures, music production costs have seemingly stratified. According to *Sound Analysis*, low-end production costs have lowered to unprecedented levels while high end production costs have increased to equally unparalleled levels. Indeed, the barriers to entry in producing music have decreased significantly as a result of low-cost production technology. But the pervasiveness of affordable, digital recording technologies has led to a flooding of the market, leading to a downward pressure on licensing rates. Conversely, high-end music production costs have increased significantly, leading to greater cost barriers for the production of high-quality sound recordings. The increased costs include hiring new staff, investing in content management and distribution technology, developing means of exploiting catalogue material and marketing in the face of growing competition.

In addition, marketing and promotion costs have increased in recent years. Following the retrenchment in the market by the foreign-owned major labels, artists and independent businesses have had to absorb greater marketing and promotional costs. Since they now bear more of the risk in developing an artist, independent labels, artists and managers make significant investments in touring and marketing in order to develop 'label-ready' and 'export-ready' artists. Typical costs include marketing and promotion around live performances and through social media campaigns.

Collective Initiatives: Showcase Support

At the same time, independent music companies have experienced increased costs and risks associated with live performances and touring, as their business models have by



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necessity shifted significantly towards these initiatives. In fact, sound recording sales (25%) and live performances (15%) are the two music activities that generated the most revenue for the English-language music sector in 2011.

FACTOR provides support for touring and showcases through the *Showcase Production Component for Export-Ready Artists* fund, through the CMF's Collective Initiatives (CI) program.

The program is designed to support those industry initiatives that serve to increase awareness of Canadian music around the world by providing artists with opportunities to secure record distribution, licensing or publishing deals, tour bookings, radio/television exposure, major festival bookings, management, or other representation. These outcomes are generally created in one of two ways: either through inbound projects that bring international music industry professionals to a domestic showcase event, or through the production of a showcase at an international industry-oriented event. Funding is awarded at 50% of the total eligible budget to an annual maximum of \$40,000 per initiative.

This showcase support is fundamental to the success of the independent music industry, and as previously noted, it is highly leveraged to create and support jobs and a positive return on investment to government coffers and the broader economy. Domestic, and increasingly international, touring and showcasing initiatives are integral components of today's music business. It is fundamental to the development of their artists, as well as to the commercialization of their music products. As such, the current support limits under today's CI guidelines are artificially low in today's global environment – increasing the total funding amounts in this program will encourage more innovation and help to increase music trade and investment, both domestically and internationally.

Marketing and promotional costs have shifted from traditional to new media and digital platforms. A major change in the cost of international marketing and promotion has been the trend away from print and other mediums towards digital and interactive mediums. Such budgets are now largely directed online, and require a significantly larger amount of time and attention from artists and music businesses, in order to manage social media presence, digital media campaigns and engage with 'tastemakers'.



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Collective Initiatives: Digital Platforms

Fortunately, the Canada Music Fund, through the Collective Initiatives (CI) program administered by FACTOR, provides much needed seed money to digital marketing initiatives that have seen great success in helping the independent music community market their artists at home and abroad. FACTOR's CI program is generating positive results, and is an important component that helps Canadian-based digital services develop the tools for our independent music companies to effectively market, promote and ultimately commercialize their music products around the world.

Two such FACTOR-supported digital successes include the '*Cardboard Box Project*' (www.thecbp.com) and the '*Volu.me Project*' (www.volu.me), two innovative digital applications that have created successful platforms that support artists and their companies.

The *Cardboardbox Project* provides artists with a business infrastructure that supports them in their domestic and international business strategies. Its creators have developed a just-in-time global merchandise delivery system for artists, complete with back-end support – and all on an innovative digital platform that can accommodate small to large volumes of orders at a reasonable cost.

Volu.me is another example of how digital innovation is supporting the globalization of the independent music industry. Its product is a mobile platform that enables artists to connect with their fanbase around the world, promote their shows, and sell their music. As with the *Cardboardbox Project*, many emerging and established artists have taken advantage of these innovative offerings in order to monetize and commercialize their music.

These two digital applications clearly demonstrate that Canadian companies can create innovative products that are successfully leveraged by the domestic music industry. But these innovative Canadian companies need the type of financial support provided by FACTOR in order to enable success in the music industry. Global competition in this field is such that we need to support home-grown innovation, for it is the domestic industry that will help the independent music sector market and commercialize in ways that other, foreign-owned companies may not necessarily be capable of doing.

Therefore, it is recommended that the CMF's Collective Initiatives programs be reviewed, with the intention of enhancing support for domestic and international



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touring, showcasing, digital marketing and promotion activities, in order to better reflect the modern business practices of the music industry, and to encourage greater innovation and commercialization opportunities.

RECOMMENDATION 4

4. *Increase overall program funding, as well as per project funding limits, dedicated to Collective Initiatives programs 'Digital Marketing Component' and the 'Showcase Production Component for Export-Ready Artists'.*

Diversified Revenues

FACTOR has recently instituted many innovative and welcome changes to its policies, programs and procedures, all designed to be more effective and responsive to the independent music community. One of its key changes has been the shift from evaluating applicants on 'CD' or unit-based sales, to one based on company revenues relating to master recordings from a wider range of sources.

As previously noted, CDs are still an important component of music production, but their sales figures only capture part of the business of creating and monetizing recordings and therefore do not completely illustrate a music company's "business". Therefore, FACTOR has adopted the consideration of other revenue sources to evaluate an applicant's business, including revenues from the master recording 'sync' placements in film and TV; digital streams and other digital sales of recordings (to video games etc.); and neighbouring rights from radio and other sources.

The CMF's *Music Entrepreneur Component (MEC) – Aid to Canadian Sound Recording Firms* provides funding to support the ongoing production and promotion of Canadian sound recordings, and is administered by the Department of Canadian Heritage. It is important to note that 'MEC' supported companies are ineligible to receive *New Musical Works* funding from FACTOR.

MEC provides assistance on an annual basis to eligible Canadian sound recording firms using a funding formula based on applicants' unit sales. Considering the changing nature of the music industry, and the diversification of revenues, it seems reasonable for the government to consider adjusting the eligibility criteria of the MEC program to reflect one similar to the FACTOR approach – namely, to move to revenue-based criteria rather than strictly a unit-based policy. A full analysis of what that may entail, complete with



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full consultations involving MEC companies, should be initiated in order to determine the optimum course of action. While CIMA believes it may be a positive shift going forward, we realize that the government needs to be very careful on changing rules governing the program, as MEC is a successful program and is essential to the continued success and growth of its participating companies. Should the government deem it wise to change the qualifying criteria, it is strongly recommended that the new rules be phased in, in order to provide a reasonable transition period between the current and future systems.

RECOMMENDATION 5

- 5. Explore the option of adjusting the eligibility criteria and funding formula for the MEC – Aid to Canadian Sound Recording Firms component from a unit sales base to that of a revenue-based model, using all revenues derived from the master recordings as the basis of eligibility. Consult MEC companies as part of this analysis, and provide a reasonable period of transition should changes to the current rules governing the program be adopted.*

Administration of MEC Component

Two of the four current CMF components are administered by the Foundation Assisting Canadian Talent on Recordings (FACTOR) for the English-language sector of the music industry, and the Fondation Musicaction (Musicaction) for the French-language sector. These non-profit organizations provide transparent, professional and cost-effective management and administration of these programs. They are regulated by Canadian Heritage, and are governed by Boards of Directors comprising music and broadcasting professionals.

A significant element of the CMF is its MEC program (Music Entrepreneur Component) – a \$9 million fund for established sound recording and publishing firms, as well as for national organizations like CIMA and ADISQ. The MEC program provides support for established companies and enables them to offer a wide range of products and services, to become increasingly competitive nationally and internationally and to play a leading role in the global digital economy.

Given that FACTOR and Musicaction have approximately 30 years of experience and expertise in administering such programs, it is CIMA's view that the Music Entrepreneur Component be transferred to these two organizations for the administration and



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disbursement of these funds. It is a logical step to give FACTOR and Musicaction the responsibility to administer all funds relating to the Canadian-owned sound recording industry, given that they have a proven and cost-effective history of managing these funds.

In order to ensure a smooth transition and maintain the same quality of administration, it is recommended that the Department of Heritage continue to define and set policy parameters of the MEC components, as well as provide the appropriate program and sufficient administrative funds to FACTOR/Musicaction.

RECOMMENDATIONS 6 & 7

6. *Delegate the administration and disbursement of the Music Entrepreneur Component -Sound Recording program to FACTOR/Musicaction. Ensure that FACTOR is allocated the appropriate level of funds and sufficient administrative support to effectively administer the program.*

7. *Delegate the administration and disbursement of the Music Entrepreneur Component -National Music Industry Service Support program to FACTOR/Musicaction. Ensure that FACTOR is allocated the appropriate level of funds and sufficient administrative support to effectively administer the program.*

Strengthening Copyright

CIMA certainly supports efforts made by the Library and Archives Canada to keep and maintain the historical record of our Canadian heritage. In the context of the music industry, CIMA recommends that the Library's role be expanded to include copyright registration of sound recordings and musical works. The Library of Congress in the USA serves the dual purpose of collecting its national heritage, and protecting the rights of creators and copyright owners.

With your government's enactment of Bill C-11, the *Copyright Modernization Act*, we have taken steps to move Canada towards a copyright regime that is in line with international treaties. The ability to register copyright in musical works in Canada is extremely limited and costly for creators, most of whom are small businesses.



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At present, the Canadian Intellectual Property Office will accept registrations of titles in musical works. However, this registration is for one musical work at a time, and precludes ‘bulk’ registration (eg: an “album” of material). As there is no copyright protection in a title, the registration itself only provides prima facie evidence of copyright ownership. Copyright ownership will still have to be proven with evidence. In other words, Canadian registration of musical works is entirely unsatisfactory in its current form.

South of the border, the Library of Congress allows for (a) online registration of actual musical works and sound recordings, (b) one fee for multiple registrations, and (c) recognition of both sound recording and musical work. This registration is proven to be useful and cost effective to copyright creators and owners in proving their ownership of copyright.

With the “Notice and Notice” provisions of the *Copyright Modernization Act* (to be enacted with regulations), the onus will be on creators and copyright owners to prove copyright in a court of law in order to force the removal of infringing materials from the internet. As such, the Government of Canada has an opportunity to provide a cost-effective and important copyright registration system for the registration of musical works and sound recordings. Without creating new infrastructure, CIMA believes that the government could invest resources in either the Library and Archives Canada, or the Canadian Intellectual Property Office, to establish a registration system similar to the Library of Congress model of registration.

RECOMMENDATION 8

8. *Establish a formal copyright registration system for sound recordings and musical works, similar to the registration program administered by the Library of Congress in the USA. With the appropriate level of resources, this registration system would be administered by either the Library and Archives Canada or the Canadian Intellectual Property Office.*

CONCLUSION

Canada’s support of the domestic music industry is virtually second to none, and is known and envied worldwide. Several countries such as the United Kingdom, South Africa, and even to some degree the United States, are examining the Canadian support model and are adapting it for their own music industries, to varying degrees. In addition,



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many nations across Europe, as well as New Zealand and Australia, also have effective and influential music export offices -- publicly supported organizations that solely focus on international trade opportunities for their respective industries. We must ensure that Canada does not lose its competitive advantage -- we must ensure that a modernized and enhanced Canada Music Fund is renewed in 2015.

SUMMARY OF RECOMMENDATIONS

The Canadian Independent Music Association recommends that the Government of Canada:

1. *Renew the Canada Music Fund and all of its component programs for a five year term, beginning April 1, 2015*
2. *Increase the CMF to \$30 million from its 2013-2014 level of \$25.56 million*
3. *Progressively increase the amount of the fund in each year by a minimum of 2%, in order to meet or exceed the rate of inflation*
4. *Increase overall program funding, as well as per project funding limits, dedicated to Collective Initiatives programs 'Digital Marketing Component' and the 'Showcase Production Component for Export-Ready Artists'.*
5. *Explore the option of adjusting the eligibility criteria and funding formula for the MEC -- Aid to Canadian Sound Recording Firms component from a unit sales base to that of a revenue-based model, using all revenues derived from the master recordings as the basis of eligibility. Consult MEC companies as part of this analysis, and provide a reasonable period of transition should changes to the current rules governing the program be adopted.*
6. *Delegate the administration and disbursement of the Music Entrepreneur Component - Sound Recording program to FACTOR/Musicaction. Ensure that FACTOR is allocated the appropriate level of funds and sufficient administrative support to effectively administer the program.*
7. *Delegate the administration and disbursement of the Music Entrepreneur Component - National Music Industry Service Support program to FACTOR/Musicaction. Ensure that FACTOR is allocated the appropriate level of funds and sufficient administrative support to effectively administer the program.*
8. *Establish a formal copyright registration system for sound recordings and musical works, similar to the registration program administered by the Library of Congress in the USA. With the appropriate level of resources, this registration*



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system would be administered by either the Library and Archives Canada or the Canadian Intellectual Property Office

Minister, thank you for your time and attention to this very important issue -- the renewal of the Canada Music Fund. I would be pleased to meet with you to discuss these and other issues with you at your earliest convenience. If you would like to arrange a meeting, or if you have any questions or comments, please direct your staff to contact my administrative assistant, Emy Stantcheva, at 416-485-3152 ext. 221, or emy@cimamusic.ca.

Yours sincerely,

Stuart Johnston
President

cc: CIMA Membership