



Canadian Independent Music Association

December 6, 2015

Ontario Cultural Strategy Consultation
Ministry of Tourism, Culture and Sport
Hearst Block, 9th Floor
900 Bay Street
Toronto, ON M7A 2E1

Ontario Cultural Strategy Consultation: CIMA and MusicOntario Submission

The Canadian Independent Music Association (CIMA) and MusicOntario commend the Government of Ontario on its efforts to craft the province's first-ever cultural strategy. On behalf of CIMA's Ontario-based membership as well as MusicOntario's membership, we are grateful for the opportunity to provide our industry's insight and input during the cultural strategy consultation process.

The development of a cultural strategy is an important milestone for Ontario. With recent data from the *Provincial and Territorial Culture Satellite Account* showing that Ontario alone accounts for close to 46% of Canada's culture GDP (with a value of \$21.9 billion in 2010), culture is, without a doubt, a key part of Ontario's economy and identity.¹ According to this same data, more than 4% of jobs in the province are considered to be 'culture jobs', while the GDP of Ontario's cultural industries were valued at \$23.8 billion, accounting for over 301,000 jobs.² The importance of the cultural industries (and creative industries) isn't a phenomenon that's restricted to Ontario either. A recent study, conducted by EY on behalf of the International Confederation of Societies of Authors and Composers (CISAC) and the United Nations Education, Scientific and Cultural Organization (UNESCO) concluded that the global

¹ Statistics Canada. "Culture and sport activities in the provinces and territories, 2010". Published on June 9, 2015. <http://www.statcan.gc.ca/daily-quotidien/150609/dq150609b-eng.pdf>

² "Culture and sport activities in the provinces and territories, 2010"



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cultural and creative industries generate \$2,250 billion USD, which is approximately 3% of the global GDP, and employ 29.5 people around the globe.³ In short, culture – as well as both the cultural and creative industries - matters.

Given the fact that Ontario’s Ministry of Tourism, Culture and Sport spends about \$800 million annually through 12 culture agencies and attractions, the development of a unified, forward-thinking and innovative cultural strategy is an important step towards building and strengthening a truly dynamic cultural sector. On behalf of CIMA’s Ontario-based membership and MusicOntario’s members, we believe that the music industry in particular has a significant role to play in Ontario’s cultural landscape, both in the present and in the future.

ABOUT CIMA AND MUSICONTARIO

By way of background, CIMA is the not-for-profit national trade association representing the English-language, Canadian-owned sector of the music industry. Celebrating its 40th year in 2015, CIMA represents a diverse membership consisting of Canadian-owned companies, all of which are involved in every aspect of the music, sound recording and music-related industries. These 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 industry. CIMA’s mandate is to develop and advocate policies and services that serve to support a strong and economically stable Canadian independent music and sound recording industry, ensuring the long-term development of the sector and to raise the profile of Canadian independent music both in Canada and around the world.

CIMA represents more than 240 Canadian-owned companies and professionals located in every province and the Yukon Territory, engaged in the worldwide production and commercialization of Canadian independent music. Collectively, CIMA’s members employ almost 2,400 people and represent approximately 6,200 artists. Geographically, Ontario-based companies represent 63% of CIMA’s membership.

³ World Creative. “Cultural and Creative Industries Fuel The Economy.” 2015.
<http://www.worldcreative.org/>



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CIMA launched MusicOntario in 2012 as a non-profit, membership-based division whose mission is to provide professional development, education, information and support to the provincial music industry. Through support from the Ontario Music Fund (OMF), MusicOntario has been able to deliver programs, services, events and initiatives that focus on nurturing, developing, promoting and sustaining growth across the province's music sector. Over its existence, MusicOntario has engaged in professional development workshops, artist showcases, community networking events, one-on-one consultations with artists and businesses, and much more to support Ontario's emerging artists and music companies at the grassroots level.

MusicOntario represents more than 600 artists and industry professionals, including emerging artists, industry professionals and companies, promoters, publishers, record labels, venues, music supervisors, booking agents and agencies, designers, engineers, lawyers, and more. Furthermore, MusicOntario is committed to advocacy and outreach initiatives that stretch beyond the Greater Toronto Area and across the province.

Both CIMA's Ontario-based membership and MusicOntario's membership have benefited from the business support programs created to support Ontario's music industry. Through the Ontario Music Fund (OMF) and the now-defunct Ontario Sound Recording Tax Credit (OSRTC), Ontario's music companies and artists have been able to grow their businesses, create jobs and export Ontario's musical talent to the world.

THE CURRENT STATE OF THE MUSIC INDUSTRY IN ONTARIO

By any measure, Ontario's music industry is a success story. Operating as the unofficial capital of the Canadian music industry, Ontario is currently responsible for generating 78% of the country's music industry-related revenues⁴, and the music industry generates annual revenues of over \$429 million for the province.⁵ As mentioned in the preamble to this submission, the most recent data from the *Provincial and Territorial Cultural Satellite Account* shows that Ontario is a national leader in the cultural

⁴ Statistics Canada. Sound Recording and Music Publishing, 2013. Published August 12, 2015. <http://www.statcan.gc.ca/daily-quotidien/150812/dq150812a-eng.pdf>

⁵ Government of Ontario. "Ontario Music Fund Grants Go to 123 Recipients". Published March 25, 2015. <http://news.ontario.ca/opo/en/2015/03/ontario-music-fund-grants-go-to-123-recipients.html>



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industries in regards to its share of the national culture GDP and culture employment. Given the size and strength of the music industry in this province, it becomes clear that music (and the music industry) is a key component of Ontario's cultural sector landscape.

It comes as no surprise, then, that Ontario's music industry produces a great number of *success stories*, punching far above its weight nationally and internationally. In particular, the Canadian-owned, independent companies which call Ontario home have been leading the charge for the province's music industry; ensuring that Ontario earns and maintains its title as one of North America's leading music industry clusters for production and performance. Spanning the musical gamut from Rush to The Weeknd to Feist, Ontario's music industry has been at the forefront of creating and exporting rich, diverse and high-quality Canadian musical talent to the world.

From **Canada's Music Incubator** at **Coalition Music** to award winning Toronto-based indie label/management company/publisher **Six Shooter Records** to the internationally-minded **Dine Alone Records**, Canadian-owned companies can be counted on to develop, invest and support Ontario's artists throughout their careers. On broader terms, the success of these Canadian-owned small businesses help to build a thriving music industry that creates jobs, and serves to build up Ontario's economy.

Following are just some of the highlights and successes experienced by CIMA and MusicOntario members this past year:

- The 2015 Polaris Music Prize, a prestigious award given annually to the best Canadian album, was awarded to **Buffy Sainte-Marie** for *Power In The Blood*, released by Ontario-based CIMA member **True North Records** and distributed by CIMA member **eOne Music Canada**. This marks the second year in a row where the winning album was released by a CIMA member label. In 2014, the Polaris Music Prize was awarded to **Tanya Tagaq** for *Animism*, released on Ontario-based CIMA member **Six Shooter Records**.



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- The 2015 JUNO Awards were held in Hamilton last March, and unsurprisingly, Ontario’s artists and music companies were once again at the forefront. Leading Ontario music companies (and CIMA members) like **Arts & Crafts, Anthem Entertainment, Dine Alone Records, Six Shooter Records, Sonic Unyon, Last Gang Entertainment, Outside Music** and **Coalition Music**, just to name a few, saw their artists nominated for the prestigious award. Of the 12 CIMA member companies picking up JUNO Awards in 2015, 10 of these CIMA members call Ontario home.

These are just two examples of recent successes, but we are incredibly proud of the wealth of creative talent that is driving Ontario’s successful music industry.

INVESTING IN ONTARIO’S MUSIC INDUSTRY

In part, Ontario’s music industry is thriving because of the support provided through the Government of Ontario. The support programs available to Ontario’s artists and music companies are unparalleled, and position Ontario as a leader in supporting its music industry. The results, as demonstrated by the examples above, speak for themselves. While Ontario has historically had robust business support tools for its Canadian-owned music companies (i.e.: the former Ontario Sound Recording Tax Credit), the centerpiece of the current funding environment is the Ontario Music Fund (OMF).

Originally launched as a three-year, \$45 million investment in 2013, the music community is extremely grateful to the Minister for extending the OMF on a permanent basis⁶. The fund supports Ontario-based music businesses that “produce, distribute and promote Ontario-based music and artists”, and is aimed at creating a “business environment where Ontario’s talented artists from diverse musical genres and backgrounds can grow and thrive while helping the industry become even more competitive internationally.”⁷ To date, the OMF has supported 231 projects, and

⁶ Government of Ontario. “Making The Ontario Music Fund Permanent.” Published on June 17, 2015. <https://news.ontario.ca/mtc/en/2015/06/making-the-ontario-music-fund-permanent.html>

⁷ Government of Ontario. “Ontario Music Fund Grants Go to 123 Recipients.” Published on March 25, 2015. <http://news.ontario.ca/opo/en/2015/03/ontario-music-fund-grants-go-to-123-recipients.html>



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available data suggests that the first year of the OMF produced \$24 million in additional revenues for music businesses, and helped create and retain 2,000 jobs.⁸

Funding support, such as the grants provided through the OMF, assists Canadian-owned small businesses in two important areas: access to capital and cash flow. Within this supportive environment, Ontario's music companies are able to leverage these funds to grow and expand, as well as create new opportunities both here at home and outside Ontario. While CIMA and MusicOntario were disappointed with the loss of the OSRTC as a tool reserved for Canadian-owned companies, we strongly believe that Ontario's music business support programs, and the OMF in particular, are key elements of making Ontario's music industry a continuous success story.

The Government of Ontario has already demonstrated tremendous leadership by making the Ontario Music Fund a permanent investment into Ontario's artists and music industry. This helps music companies support artists, create jobs and create Canadian success stories at home and abroad. On behalf of CIMA and MusicOntario's membership, we again commend the Government of Ontario on its leadership and commitment to the music industry.

MUSIC AS THE FOUNDATION OF CULTURE

Music permeates everything we do as a society. You would be hard pressed to find a part of your day that doesn't involve music, either actively or passively. It defines who we are as human beings; it binds us together and helps create and sustain communities. Furthermore, music is quite often a key element in other cultural disciplines, including dance, film, and television – and even e-books, which are increasingly embedding music tracks into the narrative. From a commercial perspective, Ontario's music industry is a significant economic driver and job creator. It is our view that Ontario's new cultural strategy should explicitly define music's foundational role in Ontario's cultural identity. Ontario's homegrown artists and music companies represent Ontario at home and on a world stage, and work to showcase the breadth of the diversity across the province. Thus, music has intrinsic value as a cultural driver, offering an avenue for Ontarians to express themselves and their identities.

⁸ "Ontario Music Fund Grants Go to 123 Recipients."



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Beyond the intrinsic value of music, investing in the commercial music sector is a sound investment for governments in an era where public funds are limited. While the currently available data for the OMF hints at the economic benefits, CIMA's *Sound Analysis* report showed that for every \$1 of industry support invested, \$1.42 was returned to provincial governments.⁹ Furthermore, that same report suggested that the music industry paid more in taxes than they received by way of funding support from both levels of government combined.¹⁰ Thus, music's role as an economic driver is another reason to support its explicit recognition as a foundational element of the cultural strategy.

Indeed, according to the 2014 annual report by the International Federation of the Phonographic Industry (IFPI), the recorded music sector invested a higher percentage of its revenues (15.6%) into Research and Development (called A&R in the music industry), than Pharmaceuticals and Biology (14.4%), Software and Computer Services (9.9%), Technology Hardware and Equipment (7.9%), Aerospace and Defence (4.5%) and Healthcare Equipment and Services (4.1%).

OPPORTUNITIES FOR GROWTH: CIMA AND MUSICONTARIO RECOMMENDATIONS

While we are grateful for the support provided by the Government of Ontario through the Ontario Media Development Corporation (OMDC), we believe that the crafting of the province's cultural strategy offers an unprecedented opportunity to examine and develop a vision for the future of music, and the music industry, in the province.

With this in mind, CIMA and MusicOntario believe that there are several ways that the culture strategy could be leveraged to provide additional support for the development of Ontario's music industry, further cementing Ontario's place as a cluster for music production and performance. We firmly believe that the following recommendations are a tangible way to bolster the development of music as a core cluster.

⁹ Canadian Independent Music Analysis. 2013. *Sound Analysis*.
<http://www.nordicity.com/media/201336fjtnrdeunp.pdf>

¹⁰ *Sound Analysis*, 2013



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STRENGTHENING THE ONTARIO MUSIC FUND

CIMA, MusicOntario and our respective memberships are thankful for the significant commitment and investment made by the Government of Ontario via the OMF. Overall, the OMF appears to be targeting its resources in the most appropriate way, and to the most appropriate components of the industry.

In the interests of ensuring that more qualified applicants are able to receive funding support, we believe that funding limits of the OMF Company Development Stream should be lowered to \$750,000 per company from the current limit of \$1.5 million. With the OMF being a highly competitive process, we are confident that lowering the ceiling in this particular stream will allow for more money to be disbursed to high-quality projects and activities (without increasing the \$15 million annual allocation).

Secondly, the music industry is rapidly and constantly changing, particularly when it comes to the emergence of disruptive technology. With physical sales and downloads falling, coupled with the rise of streaming, business programs such as the OMF need to continue to be nimble and proactive within this constantly changing environment. To this end, CIMA and MusicOntario encourages the OMDC and the Government of Ontario to continue its practice of regular consultation with industry stakeholders, particularly the Canadian-owned music companies, to ensure that support programs like the OMF remain effective and relevant within an evolving business climate.

MUSIC AND EDUCATION

There's a growing body of evidence that suggests that music education is a powerful catalyst for unlocking the intellectual, social and creative potential of children.¹¹

Furthermore, research conducted by Music Canada suggests that music education contributes "to the development of the innovative and skilled workforce required in the digital economy."¹² Interestingly, the skills that are developed through music education are often the same skills – math, logic and cognitive processing – that are required in the information and communications technology sectors that are crucial to the 21st

¹¹ Royal Conservatory of Music. *The Benefits of Music Education*.

https://www.rcmusic.ca/sites/default/files/files/RCM_MusicEducationBenefits.pdf

¹² Music Canada. *The Next Big Bang: A New Direction for Music in Canada*.

<http://musiccanada.com/wp-content/uploads/2014/06/TheNextBigBang.pdf>



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century economy.¹³ In addition, music education is undeniably an important catalyst for developing the next great cohort of Ontario artists, songwriters and music industry professionals.

Beyond the concrete and tangible benefits of music education, education in general serves a key purpose in society: shaping cultural norms. By consistently introducing music into the curriculum at an early age, students build an appreciation for music that has important benefits for the commercial music sector. Stakeholders discussed these benefits at length during the Standing Committee on Canadian Heritage’s Review of the Music Industry, stating that educating the general public about music, and about the cost of music in particular, might be an innovative way to guide the public towards legitimate sources of music consumption (and away from music piracy).¹⁴

As a result, CIMA and MusicOntario believe that the cultural strategy must include a commitment to ensuring that Ontarians have access to music education. This would be wholly consistent with one of the recommendations that emerged from the Standing Committee on Canadian Heritage’s Review of the Music Industry, which stated that the Government of Canada should opt to work alongside the provinces and territories to “improve the musical knowledge and skills of Canadians.”¹⁵

MUSIC AND BUSINESS TOURISM

Ontario’s cultural strategy should also explicitly connect tourism and the music industry. As the single largest travel destination in Canada, Ontario currently accounts for 55% of Canada’s tourism by overseas visitors and generates close to \$28 billion in tourism revenues on an annual basis.¹⁶ In 2010, there were 9.5 million arts and culture overnight tourists visiting Ontario, with spending reaching \$4.1 billion.¹⁷ The economic impact is

¹³ *The Next Big Bang: A New Direction for Music in Canada*, 2014

¹⁴ Standing Committee on Canadian Heritage. “Review of the Music Industry”. Published on June 10, 2014.

<http://www.parl.gc.ca/HousePublications/Publication.aspx?DocId=6661036&Language=E&Mode=1&Parl=41&Ses=2&File=57 - 11>

¹⁵ *Review of the Music Industry*, 2014

¹⁶ Invest Ontario. “Tourism Investment.” <http://www.investinontario.com/tourism>

¹⁷ Ontario Arts Council. “Ontario Arts and Culture Tourism Profile”. Published in 2012.

<http://www.arts.on.ca/AssetFactory.aspx?did=8780>



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significant, with arts and culture tourists contributing \$3.7 billion towards the province's gross domestic product (GDP) in 2010, employing 67,700 Ontarians and generating \$2.4 billion in wages.¹⁸

While cultural tourism is an important element for attracting foreign and domestic visitors to the numerous live performances and festivals that Ontario has to offer, CIMA and MusicOntario believe that there is an unprecedented opportunity to link together the music industry (and Ontario's artists) with business tourism. Ontario attracts many conventions, tradeshow, exhibitions, expos and other forms of business tourism. According to the City of Toronto, the census metropolitan area currently boasts three convention centres (Metro Toronto Convention Centre, Toronto Congress Centre, and the Direct Energy Centre), 58 multifunctional event venues, 34 meeting facilities, and 100 professional event and meeting planners.¹⁹ Looking beyond Toronto's city limits, there are convention centres in cities across the province.²⁰ Furthermore, both the Metro Toronto Convention Centre (MTCC) and the Shaw Convention Centre (Ottawa) are both Crown Corporations of the Government of Ontario.

Linking business tourists, such as convention delegates, with information about local entertainment options, including local venues, performance spaces, festivals, etc., would be a tremendous opportunity for both parties. Encouraging business tourists to patronize small businesses, like most venues and performance spaces, is not only good for business but it also provides new ways to expose Ontario talent. Convention centres and the like should become turnkey operations, whereby they can provide information regarding local entertainment clusters or hubs, and can liaise with local music companies to secure entertainment at a conference, for example. These relatively simple actions can be an easy way to encourage visitors to this province to take in local

¹⁸ Ontario Arts and Culture Tourism Profile, 2012

¹⁹ City of Toronto. "Key Industry Sectors: Tourism".

<http://www1.toronto.ca/wps/portal/contentonly?vgnextoid=580b6fe8341da310VgnVCM10000071d60f89RCRD&vgnextchannel=401132d0b6d1e310VgnVCM10000071d60f89RCRD>

²⁰ Banquet Halls Ontario. "Conference and Convention Centres".

<http://www.banquethallsonario.com/conference-and-convention-centres/>



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culture, frequent Ontario's small businesses and get exposed to Ontario's homegrown talent in particular.

CIMA and MusicOntario believe that the Government of Ontario's cultural strategy should explicitly link culture, and music in particular, with the business tourism sector in Ontario.

OPPORTUNITIES FOR CROSS-COLLABORATION

We believe that there is a lot that the music industry can learn from other industries, and vice versa. The emergence of digital technologies, changing consumer behaviour, copyright, access to capital and cash flow issues are all acute concerns for most cultural industries. Thus, CIMA and MusicOntario believe the cultural strategy should acknowledge the need, and perhaps guide strategies, for cross-collaboration.

For example, the OMDC's Digital Dialogue Breakfast Series, billed as a "forum for ongoing conversation among decision-makers in the cultural media industries", is a great example of cross-cultural collaboration.²¹ This type of initiative allows decision-makers across all industries, from video games to book publishing to music, to learn from each other's experiences and develop new skills through collaborative learning. A second benefit from this type of business initiative is that it allows for networking. This is particularly beneficial for the small businesses that CIMA represents. With 46% of all businesses in the independent music industry being sole proprietorships, there aren't many organic opportunities to 'break the silo' and learn from other industries, let alone network outside of the music and music-related industries.²²

As a result, CIMA and MusicOntario believe that a cultural strategy should explicitly encourage and perhaps help facilitate opportunities for cross-cultural collaboration and learning opportunities.

²¹ Ontario Media Development Corporation. "Digital Dialogue/Breakfast Series." http://www.omdc.on.ca/collaboration/business_initiatives/digital_dialogue/digital_dialoguebreakfast_series.htm

²² *Sound Analysis*, 2013



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ENCOURAGE THE DEVELOPMENT OF CULTURE AT A LOCAL LEVEL

We believe that the cultural strategy should operate on the fundamental premise that while the strategy can be overarching and focus on the province as a whole, the development of ‘culture’ and culture assets happen at the local level. Local actors at the community level are very important in the music industry, as this is where artists begin to hone their craft and set up the building blocks for their career.

Clearly, the idea that culture is local is evidenced by the growth of music offices in municipalities across the province. From Toronto to London to Hamilton, municipal governments are developing concrete strategies about how to encourage music industry development in their communities, recognizing that music is both a cultural and economic driver. At the local level, issues like city planning, diversity, employment, education, transportation, regulation and urban life interact to play a key role in music industry development. Music, and culture broadly speaking, serves as an important business and employee attraction and retention tool for communities across the province. People move to (and stay in) communities that have diverse and robust cultural attractions. Indeed, companies invest in those same communities, because a strong cultural presence serves to attract a dynamic and local workforce.

An outlet for action on this recommendation is through consultation with the Association of Municipalities Ontario (AMO). AMO’s 444-member municipalities have the tremendous capacity to impact the development of culture at a local level, and thus ensure that emerging artists and music companies have hospitable environments to pursue their craft.²³ Involving local communities in the province’s cultural strategy may facilitate the profoundly important buy-in and execution of its key priorities at the local level.

HARMONIZATION OF CULTURAL PRIORITIES ACROSS ALL LEVELS OF GOVERNMENT

We believe that the cultural strategy should be harmonized with international agreements regarding the role of culture in society, and the *Convention for the Protection and the Promotion of the Diversity of Cultural Expressions* in particular. On this point, we believe that the Government of Ontario should follow the example set by

²³ Association of Municipalities Ontario. “About”. <http://www.amo.on.ca/About.aspx>



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Quebec in 2007, and adopt a motion recognizing the Convention. To that end, the Convention could serve as a frame of reference for the crafting of the cultural strategy.

CONCLUSION

Thank you very much for the opportunity to comment on the province's cultural strategy. We would be pleased to answer any questions or respond to any comments that you may have about CIMA's and MusicOntario's submission.

Yours sincerely,

A handwritten signature in black ink, appearing to read "Stuart Johnston", with a long horizontal stroke extending to the right.

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