



Canadian Independent Music Association

August 29, 2013

The Hon. Jason Kenney
Minister of Employment and Social Development
Human Resources and Skills Development Canada
Office of the Minister of ESDC
140 Promenade du Portage
Gatineau, Quebec K1A 0J9

The Hon. Chris Alexander
Minister of Citizenship and Immigration
Department of Citizenship and Immigration Canada
365 Laurier Avenue West
Ottawa, Ontario K1A 1L1

Dear Ministers:

On behalf of the Canadian Independent Music Association (CIMA), I would like to draw your attention to a matter of utmost importance to the Canadian music industry.

Specifically, I am referring to recent regulatory changes made to the Temporary Foreign Worker Program, and in particular to how those changes will now impact the domestic music industry. This is a matter of some urgency and importance, as it has both a direct and indirect effect on the entire ecosystem of the Canadian-owned industry – a community of small businesses from coast to coast to coast.

In a nutshell, the changes to the regulations will significantly increase costs for Canadian booking agents, promoters, managers or those venues who book international artists to perform in bars and restaurants across Canada. This new, non-refundable fee of \$275 per musician and those travelling with the band to get a Labour Market Opinion (LMO) will do tremendous harm to the domestic music industry. We are confident that this impact is an unintended consequence of your government's recent changes to the Temporary Foreign Worker Program, but it is one that will lead to a loss of jobs and a loss of economic opportunity (domestically and internationally) for the broader Canadian music industry.



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As such, we respectfully request that you delay the enforcement of this new policy as it relates to touring musicians until we've all had the opportunity to understand what impacts it may have on the Canadian music industry.

By way of background, CIMA is the not-for-profit trade association representing the domestic music industry, specifically more than 190 Canadian-owned and operated companies and professionals engaged in the worldwide commercialization of English Canadian independent music.

CIMA's membership consists of Canadian-owned and operated 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.

Some of the popular and internationally recognized Canadian independent artists and bands represented by our members include: Rush, Bruce Cockburn, Sarah McLachlan, deadmau5, The Sheepdogs, Chromeo, K-OS, Metric, Our Lady Peace, Broken Social Scene, Feist, The Trews, Tokyo Police Club, K'Naan, Luke Doucet, Blue Rodeo, City and Colour, Diamond Rings, Lights, Said The Whale, Jenn Grant, Dan Mangan, Chilly Gonzales, Delhi to Dublin, Canadian Brass and Saidah Baba Talibah, to name but a few.

We certainly understand the policy objectives behind the recent changes to the regulations governing the Temporary Foreign Worker Program. The government's desire to limit or restrict in some fashion the use of foreign workers, so they do not, in essence, take a job that would otherwise be filled by a Canadian is a sound objective to be sure.

However, the music industry is a vastly different industry from say, banks or other businesses that employ foreign workers. Our business is a delicate, intricate and interdependent ecosystem, wherein the domestic industry not only needs to tour and conduct business both within Canada but around the world in order to survive – but they also need to work with the international music community at home and abroad as well.



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The new fees associated with ‘foreign’ acts touring and performing in Canada will have a direct and detrimental impact on the domestic industry. While this may not be obvious at first glance, it is important to note that the venues that such acts will be performing in rely on the revenues from these tours to be sustainable. This revenue keeps their doors open which in turn gives our Canadian artists viable venues in communities across the country in which to also perform. This last point cannot be overstated, as the ability to tour is the lifeblood of independent Canadian artists – and it is in these bars and restaurants through which most of their touring is conducted.

In addition, our Canadian booking agents, managers and promoters earn their living from organizing and executing tours for both Canadian and international artists. Their business is high-risk, but with the additional fees it may make their ability to earn a living that much more difficult.

Furthermore, our emerging artists work with many international artists – both from an artistic point of view, but more importantly, to leverage their own tours. By this I mean in some situations, many Canadian bands get a touring opportunity and therefore greater fan exposure by touring with international acts that may have a larger fan base, or may prove to be a fan draw, as an example. (And the reverse can be true for Canadians touring abroad as well). Further, bars and restaurants that cater to live music is the lifeblood of the music industry. It is these venues that provide the greatest opportunities for musicians to play, be discovered and grow their businesses.

Indeed, CIMA wonders what the government’s rationale was when it singled out bars and restaurants – small businesses which are breeding grounds for home-grown talent - - but at the same time exempted the fee for musicians who perform at music festivals or concert halls across Canada. CIMA feels this is was an oversight by the government, and would recommend that bars and restaurants be included in the exempted categories.

Unfortunately, news of the new fees has already spread throughout the global music community, which may have a chilling effect on international artists touring Canada – thereby reducing the positive economic spinoffs and business opportunities for our own industry. It may also cause other governments around the world to act in kind, by implementing their own fees for Canadian artists travelling abroad. That would indeed be a negative outcome, as the Canadian music industry depends on exporting in order to grow and survive.



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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. 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 report, *Sound Analysis, an Examination of the Canadian Independent Music Industry* (attached for your information).

It is important to understand that our industry is a community of small businesses. 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 with only the top 10% earning more than \$500,000 annually. Cash flow is identified as one of the industry's biggest challenges, so any costs such as the new fees for temporary foreign workers will have a real and tangible impact.

So as you can see, it is a complicated situation, but one that has a direct bearing on our Canadian businesses and their artists. We fully appreciate the generous investment that the federal government makes in the Canadian music industry through the Department of Canadian Heritage and its Canada Music Fund. And it is indeed an investment as shown in the *Sound Analysis* report. Therefore, it is reasonable to point out that recent changes to the temporary foreign workers policy could indeed have the effect of impacting that investment to the detriment of all.

Thank you for your time and consideration of this issue, Ministers. I look forward to talking with you or your staff about this further, and to answer any questions that you may have. If you would like to arrange a meeting, or if you have any questions or



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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

c.c. The Right Honourable Stephen Harper, Prime Minister
The Hon. Shelly Glover, Minister of Canadian Heritage and Official Languages
Canadian Heritage