



A division of the Canadian Independent Music Association (CIMA)

February 12, 2015

The Hon. Charles Sousa
Minister of Finance
7 Queen's Park Circle
Frost Building South, 7th Floor
Toronto, Ontario
M7A 1Y7

Dear Minister:

Thank you for the opportunity to submit MusicOntario's pre-budget submission as it relates to the existing business support programs designed for Ontario's provincial music industry. Through the Ontario Music Fund (OMF) and the Ontario Sound Recording Tax Credit (OSRTC), your government has ensured that the provincial music industry has the tools to succeed. On behalf of MusicOntario and its membership, we would like to thank your government for its commitment to supporting the growth and continued success of Ontario's music industry.

ABOUT MUSICONTARIO

By way of background, MusicOntario is the non-profit, membership-based division of the Canadian Independent Music Association (CIMA). Currently representing over 600 artists and industry professionals, MusicOntario's mission is to provide professional development, education, information and support to the provincial music industry. MusicOntario members include a wide-range of music industry professionals: emerging artists, industry professionals and companies, promoters, publishers, record labels, venues, music supervisors, booking agents and agencies, designers, engineers, lawyers, and more.

MusicOntario was launched in 2012, and through funding from the OMF, 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. These activities have



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included professional development workshops, artist showcases, community networking events, one-on-one consultations with artists and business, and much more.

MusicOntario is committed to advocacy and outreach initiatives that stretch across the province, and particularly beyond the Greater Toronto Area. To support this goal, MusicOntario recently released its [Community Development Research Project and Sound Off! Ontario Final Report](#), which highlights educational and infrastructural needs and issues raised by music industry members in communities across Southern Ontario. Made possible by contributions from the Ontario Media Development Corporation (OMDC), the findings of this report will help to launch the conversation and frame the discussion on how to further develop Ontario's music industry.

For its part, CIMA is the not-for-profit national trade association representing the English-language, Canadian-owned sector of the music industry that is engaged in the worldwide production and commercialization of Canadian independent music. This includes companies involved in every aspect of the music, sound recording and music-related industries. These are primarily small businesses that represent more than 6,200 Canadian artists and bands, and employ more than 2,400 Canadians across the country. CIMA's mandate is to ensure the long-term development of the Canadian-owned music sector, as well as working to raise the profile of Canadian independent music both in Canada and around the world.

CIMA's 230 members are based in all 10 provinces, as well as the Yukon Territory, with over 60% calling Ontario their home. These Ontario-based small businesses directly benefit from the funding supports offered by the OMF and the OSRTC.

As a recipient of OMF funding, CIMA has been able to leverage this funding to provide exporting services that help the industry conduct business in global markets. With Canada forming a relatively small music market, international export opportunities are critical for success. Through the OMF, CIMA has been able to grow its export capabilities, which allows Canadian music companies to access additional opportunities in markets in the United States and around the world.



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THE STRENGTH OF THE INDEPENDENT MUSIC SECTOR

While music is undoubtedly intrinsically valuable, there is strong evidence to support the argument that investing in music is sound economic policy. A CIMA-commissioned report conducted by research firm Nordicity in 2013 called [Sound Analysis: An examination of the Canadian Independent Music Industry](#), built an economic profile of the Canadian-owned independent music industry.

Some of the key findings include:

- In 2011, companies in the Canadian independent music sector generated approximately **\$292.2 million** in revenues. For their part, artists generated **\$79.4 million** in music-related revenue in 2011.
- The total GDP impact of the entire independent music industry was estimated to be **\$303 million** in 2011.
- In 2011, the independent music industry employed approximately **13,459** full-time employees.
- For every \$1 of industry support provided by provincial governments in 2011, **\$1.42** was returned in terms of tax revenue.
- Collectively, **\$14.1 million** in tax revenues were returned to provincial governments in that year, with **\$2.9 million** accruing to the federal government.
- **In short, the industry paid more in taxes than they received by way of funding support from both levels of government combined.**

Furthermore, Ontario is at the heart of the Canadian music industry. Data collected by the OMDC and published in its [Year in Review 2013-2014 report](#) shows that **80%** of the country's music recording and publishing revenues and more than **three-quarters** of the industry's jobs are located in Ontario. Furthermore, Ontario's music production sector accounts for over **80%** of total national revenues. Without a doubt, Ontario's music industry carries tremendous economic weight.



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Therefore, it should be noted that Ontario's artists and music companies have represented many of the strongest success stories in the music industry over the past year. Here is but a tiny sampling of some of the success stories:

- Tanya Tagaq's *Animism* won the prestigious 2014 Polaris Music Prize, and she is proudly represented by Toronto-based indie label (and CIMA/MusicOntario member) **Six Shooter Records**. Of the 10 nominees appearing on the 2014 Polaris Prize Long List, eight were either Ontario-based artists or represented by Ontario-based record companies.
- The nominees for the 2015 JUNO Awards, being held in Hamilton in March, were recently unveiled, and unsurprisingly, Ontario's artists and music companies were once again at the forefront. In terms of CIMA/MusicOntario members alone, Ontario-based companies like **Dine Alone Records, Arts & Crafts Productions, Anthem Entertainment, Six Shooter Records, Sonic Unyon, Last Gang Entertainment, Outside Music** and **Coalition Music**, just to name a few, saw their artists earn nominations.

These are just two examples of recent success, but we are incredibly proud of the wealth of creative talent that is driving Ontario's music sector.

ONTARIO'S COMMITMENT TO MUSIC

Key support provided via the OMF and the OSRTC, along with Ontario's Live Music Strategy, help drive the successes of Ontario's music industry. The majority of CIMA/MusicOntario's members receive funding support through these business support programs, which allows them to access the capital required to make investments, create jobs, and continue to showcase Ontario's musical talent to the country and the world.

Your government has shown great leadership in creating the OMF in 2013; a three-year, **\$45 million** fund that drives activity and investment into Ontario's music industry. The \$15 million annual allocation is divided through four funding streams that provide support to activities like record production, touring, marketing, business development, and much more. In fiscal year



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2013-2014, the Ontario Media Development Corporation (OMDC) provided financial support to **108** companies across the wider music ecosystem.

For its part, the ORSTC is a tool reserved exclusively for the use of Ontario-based, Canadian-owned sound recording companies. With the OMF being available for both domestic music companies as well as foreign-owned record labels, MusicOntario strongly believes that the OSRTC is a critical tool that allows Ontario's domestic music companies to both compete and invest in emerging artists. The value of the tax credit is **20%** of any eligible expenditure that assists Ontario-based music companies to produce and market sound recordings by Canadian artists. In fiscal year 2013-2014, the OMDC received **61** applications, and issued **159** certificates for **78** projects – with the estimated value of the tax credit reaching **\$614,955**, and supporting **\$3,376,081** worth of projects.

On behalf of MusicOntario and CIMA's membership, and the many music companies who access these programs, we would like to thank your government for its continued commitment to the growth and development of Ontario's music industry. These tools support the wider ecosystem of the music industry – from labels to managers to recording studios and the live music sector – and allow the music industry to build on its successes. Without this funding support, Ontario's domestic-based, Canadian-owned music companies would struggle to compete with foreign-owned record labels in an increasingly competitive global marketplace.

As the Ontario government moves to address its deficit situation, we firmly believe that your government's commitment to the music industry has proven to be a smart investment into economic growth, job creation and small-businesses. Ontario's music industry is strong, and one that is worthy of continued investment and support.

If you have any questions or comments, please direct your staff to contact Rick Fenton, Executive Director or Stuart Johnston, President (rick@music-ontario.ca; 416- 485-3152, extension 224; stuart@cimamusic.ca; 416-485-3152, extension 232) or CIMA's Research and Communications Coordinator, Lisa Fiorilli (lisa@cimamusic.ca; 416-485-3152, extension 223). Thank you very much Minister, for your time and consideration on this important matter.



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Yours sincerely,

A handwritten signature in black ink, appearing to be "RF", with a long horizontal stroke extending to the right.

Rick Fenton
Executive Director

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

Stuart Johnston
President