

Canada Creates: Looking Ahead to Budget 2018
A Canadian Music Publishers Association Brief to FINA
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The Canadian Music Publishers Association (CMPA) greatly appreciates the federal government's support for this country's cultural industries and the innovation that these businesses and creators are exporting to the world.

The past year has been an exciting, momentum-building time for the music publishing sector and for Canadian efforts to strengthen and promote the industry along with its exceptionally creative, world-leading songwriters, composers and lyricists.

Looking ahead, we are hoping that, in partnership with the federal government, we will be able to continue to help combine this country's talent, entrepreneurial expertise and global reach to maximize the contribution of the music publishing industry and our creators to the advancement of Canadian music publishing industry both at home and abroad.

In that regard, we believe that our objectives are very supportive of the cultural and economic strategies of the federal government. We are convinced, as Canadian Heritage Minister Mélanie Joly has stated, that Canadian cultural industries represent a key economic sector of our economy with the potential for inclusive growth, job-creation and opportunities for the country's middle-class. We believe that our industry can play an important innovative role in helping to improve Canada's export potential and competitiveness in the global market—priorities that align well with those of the federal government. For this, access to well-designed – and accessible – federal programs continues to be critical.

The CMPA is a membership-based organization committed to creating business opportunities for our music publishers and to promoting their interests and those of their song writing partners through advocacy, communication, and education. We work to ensure that the value and contribution of music publishers, music publishing, and copyright management is understood.

While some musicians record their own songs, many do not. Instead they either co-write their tracks with songwriters or perform songs written by other songwriters. There are also many songwriters, lyricists and composers who create the soundtracks of your favourite movies, television shows or video games. They may not have celebrity names, but are part of a very important creative economy in Canada.

Music publishers in Canada represent \$280 million a year in revenues, according to Statistics Canada. CMPA and our partner in Quebec - Association des professionnels de l'édition musicale (APEM) - released a report in 2016 by Circum Network Inc. on the current state of the Canadian music publishing industry. That survey found that 73 per cent of member revenues

come from foreign sources. This represents a reversal of the ratio of domestic to foreign sources from what was found in a 2005 study of the industry, in which 28% of revenue was from foreign sources. New Canadian companies are emerging and this growth underscores the crucial role that the international market for Canadian creations plays in the future viability of Canadian music publishing.

We are already seeing the benefits that a strong partnership with the federal government can bring. In the past year, we benefitted from federal government support on various projects that have witnessed a steady pattern of success and hold out great possibilities for music publishers and for Canadian creators to become more competitive and expand globally.

Last November, we held the first “CMPA Create” in Los Angeles. The three-day event, which received financial support from the federal government’s Canada Music Fund, provided the opportunity for nine Canadian songwriters to co-write and record songs with five LA-based songwriters. In addition to the three-day song writing camp, there were networking opportunities for CMPA members to connect with American music publishers, record labels and music supervisors during numerous interactive events.

Included as well were in-depth exchanges of ideas on songwriter development and other strategies to expand music publishing. And the Canadian attendees developed or renewed important business contacts and received information on possible new writing partnerships and on opportunities to submit material for the ongoing needs of U.S. television, film and music productions.

Due to the success of the first CMPA Create and a continued desire from our members for increased export market initiatives, our association is hosting two CMPA Create events in 2017—one in Los Angeles in November and one in Germany in September—and subsequently on an annual basis in various other international locations.

Canadian Music Café, held each September during the Toronto International Film Festival (TIFF), has become a highly regarded showcasing opportunity for selected Canadian musical artists. It is a carefully planned, one-of-a-kind networking opportunity that focuses on the placement of works by Café performers in screen based media. The event was widely noted on social media and given high marks in a follow-up survey by artists’ managers, labels and their music publishers. The potential for networking and discovery of talent is making the two-day event a must-attend session for artists and music supervisors (the specialists who combine music and visual media).

These are just some examples of the imaginative, forward-looking and globally-oriented activities being pursued by CMPA and our members. As stated above, we believe these activities are in keeping with the federal government’s commitment to fostering a more competitive economy and expanding exports.

We share Minister Joly’s point of view that the biggest challenge facing our sector is finding ways to export our artistic material on digital platforms globally. “The way forward. . . (is about) focusing on how to best support Canada’s creators and cultural entrepreneurs in creating great content and in competing globally for both Canadian and international audiences,” she has said. At the same time, we support the desire of the ministers of innovation and trade to see Canada propelled onto the world stage at a level that is in keeping with our excellence. The CMPA believes that, with effective and well-designed government support, the potential for growth of our sector—both at home and globally—is unlimited.

Well-designed support offers unlimited potential for sector growth here at home and abroad

With Budget 2018 in mind, we would like to present the following recommendations:

1. Support a robust international trade/cultural exports agenda - \$10 million a year for a music export fund & access for Canadian publishers

We recommend that the federal government earmark \$10 million a year for a music export fund. While we appreciate the \$4.15 million recently allocated by the federal government for these activities, we believe a larger, permanent fund would provide important support for the development of dynamic export activities that, linked to growing international partnerships, will allow Canada's music sector to succeed and expand internationally.

Directly linked to this is the matter of access for music publishers. We are hoping that any future funds will be administered in a manner that will provide ample opportunity for music publishers, along with their songwriting partners, to meet the requirements for funding. Otherwise, an important entrepreneurial component of Canada's strategy to increase export opportunities and become more competitive globally may be underutilized.

2. Contribute to the growth of music publishing sector including small- and medium-sized enterprises

Music publishers are always looking for funding to expand their capability to develop and retain new talent, and promote their creators' works. Now more than ever, when the music publishing industry is the focus of increased global competition, the Canadian sector is very much in need of better access to capital to be able to compete internationally, particularly for the acquisition of catalogues of musical works that are a key to revenue generation. The international marketplace for music publishing is increasingly competitive, with catalogues being sold at multiples that are reflective of those in some tech sectors.

Unfortunately, commercial banks do not understand the potential or the economics of the sector (especially when looking at small and medium enterprises). This situation makes federal government backing more crucial. The federal government can provide highly valuable support

to music publishers, including our small- and medium-sized companies, by easing their access to capital under the Canada Music Fund and other federal programs.

We would recommend that the Canada Music Fund increase its support to Canadian entrepreneurs, including music publishers, to finance the development of their companies and the creators they invest from approx. \$24 million to \$30 million a year and that music publishers have access to other federal programs that provide access to capital that will allow them to grow and compete on a global scale.

3. Ensure continuing and enhanced support for Canadian content

As the CMPA stated in its submission to the Canadian Heritages department's consultations on "Canadian Content in a Digital World," our members recommend the federal government base its policies for today's digital world above all on the need to encourage the creation and discovery of new Canadian content.

4. Undertake a full, comprehensive review of the Copyright Act - seeking fair value for rightsholders to help propel Canada as a global leader

Canadian music publishers welcome new services and technologies that connect music fans to the songs they love. These changes present a vital opportunity for both songwriters and music publishers to realize the full economic potential of the music they create and promote. At the same time, rightsholders deserve to receive fair value for what their music brings to those new technologies and music services.

The need for strong cultural policies, programs, legislation and regulation is more important than ever. So, the required 2017 review of the Copyright Act is an important milestone for music publishers. A broad review would afford the opportunity for the sector to step up its global competition.

As it prepares to engage in this review, the association has identified these as its top priorities:

- Revisit exceptions in the Copyright Act that unfairly reduce the compensation payable to rightsholders for the use of their works and contribute to a so-called "value gap"
- Address the serious issues surrounding the process and output of the Copyright Board
- Extend the term of copyright in works to the life of the author plus 70 years

Canada's copyright regime is falling behind internationally. Of our largest 20 trading partners, 14 of them have longer copyright terms for musical works than Canada. This situation results in ongoing detrimental economic impact for Canadian creators. Besides allowing creators to more fully benefit internationally from their creations, extending the copyright term would ease Canada's trade relations by harmonizing copyright regimes and provide more royalties to support music publishers in their critical role of investing in the creation of new Canadian music.

Music is a borderless artistic form that transcends cultures and is more widely available as a result of technology than anyone ever thought possible. In Canada, we have tremendous opportunities in this sphere because of the combination of extremely talented creators, entrepreneurs with the capability to bring this talent to market and a society-and political leaders-who place a high value on the music industry's economic, cultural and artistic contributions.

While we have very much welcomed the recent efforts by the federal government to prioritize innovation and promote our country's cultural endeavors, we hope we can work with federal officials in coming months and years to improve our government's support for music publishers, including all-important export-related funding, enhanced availability of current programs and better access to programs and capital. These steps plus strong copyright protection will help ensure that Canada's music publishing industry and the songwriters it represents can reach full competitive potential in the fast-expanding global marketplace.