

**Written Submission for the Pre-Budget Consultations
in Advance of the Upcoming 2021 Federal Budget**

By Music Canada

Recommendation 1: Continued financial support for those who are prevented from working due to restrictions

That the Government continues to provide COVID-19 support programs that can be accessed by those whose income is normally derived from events that have either been deemed unsafe and restricted by Governments or whose viability continues to be threatened by the pandemic and who do not benefit from the *Canadian Emergency Wage Subsidy*. This would include artists, industry production workers and support staff involved in live music and participants in the mass gathering industries.

Recommendation 2: Ensure a functioning marketplace for the works of creators

That the Government implement the recommendations in the Standing Committee on Canadian Heritage's report *Shifting Paradigms* that would benefit creators immediately and help fill the gap of lost revenue from medium to large live music events during the pandemic that is expected to cease until a vaccine is found and distributed. Notably, addressing the \$1.25M Radio Royalty Exemption and eliminating the exemption for film/television soundtracks as set out in the *Copyright Act*.

Music Canada welcomes the opportunity to take part in the 2021 pre-Budget consultation process. We are the trade association to Canada's major record labels: Sony Music Entertainment Canada, Universal Music Canada and Warner Music Canada. Since March, we have narrowed our focus to addressing the immediate challenges that the COVID-19 pandemic poses to the music industry by assisting the most vulnerable in our community.

We submit two recommendations for the upcoming Federal Budget - both of which would provide relief to artists and the individuals in the music sector that they employ. These recommendations would help Canada's artists not only withstand the continued impact caused by the pandemic - but would help ensure that their businesses are sufficiently healthy to resume contributing to the economy.

Recommendation 1: Continued financial support for those who are prevented from working due to restrictions

Our members have tasked Music Canada with making sure that our community has the best resources to make the right decisions during these uncertain times. That is why Music Canada partnered with Abacus Data on the following reports:

- I. [*The Locked-Down Blues: Canadians, Live Music, and the pandemic*](#) (released May 14, 2020);
- II. [*Crowded Out: What Canada's professional musicians say the impact of the pandemic has been on their lives, art, and, work*](#) (released July 16, 2020);
- III. *COVID-19 Impact Study on Live Music Events - Wave 2* (to be released August, 2020).

Taken together these reports tell us three important facts:

1. The impact of the pandemic on artists and those they support (such as crews, technicians, managers and others) has been severe and will be long lasting both financially and creatively;
2. That while Canadians love live music and live performances, it will likely be more than a year since the original Government orders to stay home were introduced before Canadians feel safe returning to venues with mass gatherings; and
3. That while the rest of the economy reopens, both Government regulations and consumer fear will keep concerts, performances, exhibits, etc. below the point in which they are economically sustainable.

It is for these reasons that support programs created for the response to COVID-19 must continue to be made available for Canadian artists and individuals for whom pandemic

regulations and restrictions prevent them from returning to work. We applaud Prime Minister Trudeau's July 31st announcement that the Government will introduce a transitional, parallel benefit program to be available to gig workers and contract workers, once the Canadian Emergency Response Benefit (CERB) ends.

For many individuals working in the music sector, CERB was literally a life-line. The majority of professional musicians in Canada are self-employed, are forced to navigate precarious employment opportunities and do not benefit from the Canadian Emergency Wage Subsidy. And given the prolonged impact that the pandemic will have on mass gathering events, self-employed, contract and gig-workers in the music sector need continued support. Those who make their living touring, planning tours, building stages, or operating lighting, will almost certainly have had all of their opportunities and income in 2020 eliminated. It will likely be some time before it is safe to both perform and attend live music events. Continued relief for these individuals is critical to Canada's music sector - and we thank the Government for their ongoing support of these individuals.

Recommendation 2: Ensure a functioning marketplace for the works of creators

The realities of the collapse of the live industry during the pandemic also bring to mind Music Canada's sustained call for a functioning marketplace for creators. In the Standing Committee on Canadian Heritage's report [Shifting Paradigms](#), the Committee recommended two simple amendments to the *Copyright Act* that are ready to be implemented - and which would immediately improve the lives of artists - without cost to the Government.

1. Fix the \$1.25M Radio Royalty Exemption (at s. 72(2) of the Copyright Act)

Every commercial radio station in Canada is exempt from paying royalties to performers and record labels on the first \$1.25 million in advertising revenue. This exemption, created in 1997 and originally intended to be temporary, is unique to performers and labels (i.e., it does not exist for songwriters, music publishers or composers). **Eliminating the exemption would put \$8 million into the hands of Canada's artists and the businesses who support them** - ending a decades long subsidy paid by creators to Canada's largest telecommunications conglomerates.¹

2. Amend the definition of "sound recording" in the Copyright Act

The current definition of a "sound recording" in the *Copyright Act* excludes performers and record labels from receiving royalties for the performance of their recordings in television and film. This exception is unique to performers and record labels (composers, songwriters and music publishers receive full royalties

¹ In addition to being supported by the entire music industry, both the [Heritage Report](#) (Recommendation 10, p. 26) and the [Industry Report](#) (Recommendation 31, p. 109) recommended narrowing the exemption to apply to small, independent stations.

for the use of their works in TV and film - and when those TV programs or films are broadcast internationally, they receive royalties based on those international syndications, while performers and labels receive nothing). The inequity in this definition is unjustified, particularly in light of the profound role that recorded music plays in film and television, and it is costly to artists and record labels, who continue to lose millions in unpaid royalties. **Eliminating this exemption would inject approximately \$45M back into the music sector, annually.**²

These two *Copyright Act* amendments - which have the support of the entire music industry - would directly benefit artists and the businesses who support them - big or small, English or French, from coast, to coast, to coast.

Budget 2021 will play a significant role in creating the economic and social landscape of Canada's future as we move towards a post-pandemic reality. But before the economy is declared truly reopened, Canadian artists must be freely able to perform. Until that time comes - they need our support and a functioning marketplace for their music.

Thank you for your consideration and tireless efforts in protecting Canada's economy in these challenging times. Should you have any questions, we would be happy to provide further information.

A handwritten signature in black ink, appearing to read "Jackie Dean".

Jackie Dean
Interim Co-Chief Executive Officer
Music Canada
jdean@musiccanada.com

² The [Heritage Report](#) recommended that the definition of "sound recording" be amended in the *Copyright Act* to allow sound recordings used in television and film to be eligible for public performance remuneration (Recommendation 11; p. 28). This too was a recommendation made by the entire music industry. In its own analysis on the issue, the [Industry Report](#) rejected arguments made by the broadcasters and others against amending the provision. The report concluded that contrary to what opponents of the change have claimed - this amendment would not result in "double-dipping". The report did however, question whether making the amendment would have a fair impact on *performers* (p. 48). Thankfully, the Heritage Report answered that question, citing numerous Canadian performers and their representatives who specifically asked for the amendment. This amendment can be done easily and with an immediate impact on Canada's creative sector, thereby ending a decades old subsidy forced on creators in favour of broadcasters and others.