

Written Submission for the Pre-Budget Consultations in Advance of the 2024 Federal Budget

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Submitted by:

Margaret McGuffin, Chief Executive Officer
Music Publishers Canada (Éditeurs de Musique au Canada)
mmcguffin@musicpublishing.ca

Create. Promote. Protect. | Créer. Promouvoir. Protéger

56 Wellesley Street West, Suite 320 • Toronto, Ontario • M5S 2S3
P: 416.926.7952 • www.musicpublisher.ca

List of recommendations

Recommendation 1:

That the government follow up on its promise to protect creators and copyright holders by overhauling the private copying regime to become technologically neutral.

Recommendation 2:

That the government fulfil its promise to increase the annual funding to the Canada Music Fund (CMF) to \$50 million in the Fall Economic Statement as well as a further \$10 million per year to support the live music sector, for a total increase of \$60 million.

Recommendation 3:

That the government develop incentives targeted at increasing the profile and usage of Canadian songs and composers within audio-visual and interactive productions.

Recommendation 4:

That the government ensure that copyright law mandates compliance by AI developers with core principles of fair market competition and compensation, while also collaborating with the creative industries sector to support international efforts in acknowledging and respecting creators' and copyright holders' intellectual property rights used in emerging technologies.

Create, promote, protect: About Music Publishers Canada

On behalf of our members, we would like to thank the House of Commons Finance Committee (FINA) for the opportunity to submit this pre-budget submission.

Music publishers represent thousands of Canadian songwriters and make significant investments into the songs and scores that are heard every day on radio and television, on streaming services, in video games, in film and television productions and on new emerging platforms around the world.

Music Publishers Canada is a membership-based organization largely made up of Canadian small and medium-sized enterprises representing all regions of the country, as well as large international companies with offices in Canada. Founded in 1949, our members help foster opportunities for Canadian songwriters and composers to thrive on the global stage. As such, export is central to what our members do best. In fact, 79 per cent of the revenues of our independent members flowed to Canada from foreign sources. We know first-hand the importance of the global market.

It is our mission to create business opportunities for our members and to promote and protect their interests and those of their songwriting partners through advocacy, communication and education.

Our recommendations to the committee focus on ensuring the government supports Canada's creative sector, including the music industry and the growing innovative and export-oriented music publishing sector, to help them thrive and produce rewards for our creators and our economy. We also call on the government to work proactively to protect against the erosion of copyright through emerging technological advances.

Modernizing the private copying regime

For many in the creative industries, copyright is their paycheque. As mentioned, music publishers are innovators, and their focus on strong export strategies have allowed these entrepreneurs and Canadian companies to flourish internationally. We thank the government for ensuring the term of copyright was extended to 70 years plus the life of the author in order to better compete with our international counterparts.

A strong and modern copyright regime is central to the livelihood of music publishers, composers and songwriters. One area in which Canada's copyright system needs further modernization is the private copying regime.

First established in 1997, the private copying levy was introduced to compensate songwriters, composers, music publishers, recording artists, musicians and record companies for unauthorized

private copies of their work. This levy currently only applies to blank CDs, which at the time of its introduction was the main technology used by Canadians for copying their music collections.

Almost three decades later, technology has evolved significantly – from USB keys and portable hard drives to tablets and smartphones. CDs are essentially obsolete, and MP3 players came and went with no levies to rights-holders. The lack of a copyright levy for today’s technology of choice for copying music is depriving music rights holders of millions more dollars a year in compensation. This damaging loss of revenue for songwriters, music publishers and others in the creative sector is happening despite the fact that annual copying activity has grown exponentially.

Restoration of the private copying regime is essential to the health of our sector and its potential long-term growth.

If the government is truly “committed to ensuring that the Copyright Act protects all creators and copyright holders,” Budget 2024 must amend part VIII of the Act to make the private copying regime technologically neutral. This is a marketplace-driven solution that will put earned revenues back into the music ecosystem.

Recommendation 1

That the government follow up on its promise to protect creators and copyright holders by overhauling the private copying regime to become technologically neutral.

Increased and permanent investments in the Canada Music Fund

The support provided by the government of Canada through the Canada Music Fund (CMF) to FACTOR/Musicaction is a crucial tool for Canada’s music publishers, their songwriting partners as well as other companies and artists within the music industry ecosystem.

The government has committed to permanently increasing the Canada Music Fund from \$26 million to \$50 million annually—starting with this 2024 budget. We applaud this commitment and urge the government to include this increase in the Fall Economic Statement. After three years of temporary \$10 million annual increases, which run out at the end of this fiscal year, we urge the government to act now on its commitment to this vital music industry program.

Additionally, we recommend a further increase, above and beyond the promised \$50 million, of \$10 million per year to specifically support the live music sector.

Adopting this recommendation will provide the Canadian music industry’s funding bodies, FACTOR and Musicaction, with the resources necessary to ensure that their existing programs can be effective and have the financial flexibility to develop new programming and augmented administrative support.

Recommendation 2

That the government fulfil its promise to increase the annual funding to the Canada Music Fund (CMF) to \$50 million in the Fall Economic Statement as well as a further \$10 million per year to support the live music sector, for a total increase of \$60 million.

Increasing the profile and use of Canadian songs and composers

There are important linkages between the music publishing sector and the audio-visual production sector. Music is such an amazing thing that can transform a scene in film, TV or advertising and make it incredibly powerful depending on the song that is used.

As noted earlier, music publishers are innovative exporters of songs — that’s why Canadian songs and compositions are heard around the world in various high-profile television and film productions as well as smaller ones.

This is an important revenue source for Canadian songwriters, composers and music publishers. It also provides a tremendous avenue for the discoverability of Canadian content.

As the [Export Ready, Export Critical: Music Publishing in Canada](#) report notes: “The right sync can generate new interest in a new market, and drive streaming and download numbers.”

Similar to incentives for foreign productions to film in Canada, we believe there is a significant opportunity to incentivize the use of Canadian songs and composers in audio-visual and interactive productions.

We urge the government to work with our sector to develop such incentives to help economic growth.

Recommendation 3

That the government develop incentives targeted at increasing the profile and usage of Canadian songs and composers within audio-visual and interactive productions.

Preparing for emerging technologies

As new technologies emerge and impact the way in which creative content is developed or produced, it is important that Canada show leadership for copyright holders. We believe that while artificial intelligence (AI) has many valuable uses, it is important to ensure that developers fully acknowledge the contributions of human creators, secure appropriate licences for use, and compensate copyright owners for that use in accordance with its value. As with predecessor technologies, we call on the government to ensure that free-market principles are respected.

The use of copyright works and the use of voices and likenesses of professionals must be protected. We believe that it is critical that Canada become a global leader in ensuring that creators and copyright owners maintain control over their work and determine how their content is used. This requires that AI developers appropriately license and compensate creators for the fair market value of their work.

Furthermore, it is important that copyright protections are not diluted by further exemptions that would allow AI developers to exploit creators' work without permission or compensation. Canada must work with World Intellectual Property Organization (WIPO) nations for consistent legal and regulatory regimes to ensure AI developers are subject to free-market licensing rules.

Recommendation 4:

That the government ensure that copyright law mandates compliance by AI developers with core principles of fair market competition and compensation, while also collaborating with the creative industries sector to support international efforts in acknowledging and respecting creators' and copyright holders' intellectual property rights used in emerging technologies.

Conclusion

Looking toward the future growth of our important Canadian music sector, it is vital to ensure we take into consideration the modern era we live in and the evolution of technology.

It is crucial for the government to address challenges with the private copying regime and guard against any negative impact that AI could have on the intellectual property of Canadian artists. Doing so will be in keeping with the government's promise to protect all creators and copyright holders.

Providing support and developing the necessary policies to maximize the contributions that Canada's music publishers and their songwriting partners can make to the country's cultural mosaic is also integral to the growth of our economy.

The export of Canadian songs and scores is driving growth for Canadian music publishers and is increasingly necessary in order to remain competitive in the international market. MPC and its members want to make sure Canadian songs and scores are heard around the world. Implementing these recommendations in the 2024 federal budget will go a long way to ensuring that happens.

Thank you again for the opportunity to contribute to this important process.