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Canada Music Fund

Music for Everyone

Annual Report 2003 - 2004



Canada



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Message from the Minister

Canada is recognized around the world for its cultural vitality and tradition of artistic excellence. Our songwriters, composers, and performers distinguish themselves with their talent and innovative spirit. By sharing their passion with us, they enrich our lives and give our culture a global presence.

To create high-quality works and extend the limits of their art, our artists can rely on support programs and the work of men and women who highlight their talent. The Canada Music Fund helps everyone involved in the music world to excel. It encourages our creators, performers, producers, and distributors to work together to meet today's challenges, such as new broadcast technologies and respect for copyright. It encourages all stakeholders and partners in the sound recording industry to cooperate in ensuring the continued development of music both at home and abroad.

As Minister of Canadian Heritage, I would like to thank all those who help to implement the Canada Music Fund programs and who have devoted their lives to music. Your commitment deserves to be recognized.



Liza Frulla





From Solo to Ensemble



1. The Canada Music Fund and its Objectives

*“What kind of Canada do we want?
A Canada overflowing with
artistic creativity...”*

- Address by the prime minister in reply to the
Speech from the Throne, Feb. 3, 2004.

The statement above is a recognition of the role that the arts—and music in particular—play in our lives. Music provides solitude and community. It brings history to life and marks the tempo of our progress toward the future. Music is like nothing else. The prime minister’s statement demonstrates the importance of a strong and vibrant cultural policy for Canadians.

Both the Canadian and international music industries are currently undergoing fundamental changes. They are both struggling with falling album sales, new technologies, piracy and file sharing. With the higher rates of Internet penetration in Canada, these issues are even more challenging for the domestic market. The Canadian sound recording industry must

remain relevant and competitive to survive and flourish in the new global and digital economies.

For Canada’s sound recording sector, the Government has the following three overarching public policy goals:

- > To ensure that Canadian music artists and entrepreneurs have the skills and tools to succeed in a global and digital environment;
- > To enhance Canadians’ access to a diverse range of Canadian music choices through existing and emerging media;
- > To increase the opportunities for Canadian music artists and entrepreneurs to make a significant and lasting contribution to Canadian cultural expression.

To help the Canadian sound recording industry meet new and ongoing challenges, the Government of Canada has established a balanced public policy approach, combining legislative and regulatory instruments with direct funding, which contributes to the overall goal of fostering the artistic expression of Canada’s identity.



The main public policy instruments of the Canadian sound recording industry are: the *Broadcasting Act*; the Canadian Broadcasting Corporation and the Société Radio-Canada; the Canadian Radio-television and telecommunications Commission (CRTC); the *Copyright Act*; the *Investment Canada Act*; the Canada Council for the Arts; Library and Archives Canada; the Canada Music Fund (CMF).

1.1 THE CANADA MUSIC FUND

The CMF was established to promote the Canadian sound recording industry at every level—from creators to audience. Announced in June 2001, it is part of the *Tomorrow Starts Today* initiative. Building upon the Sound Recording Development Program (SRDP), an evaluation (April 2000) identified the need to modernize public support for the Canadian sound recording industry and to establish a clear policy with regard to the sector.



With an additional \$40M over three years, an amount that allows an increase in annual funding from \$10M to \$30M, the CMF’s approach is more holistic than that of the SRDP, and encompasses support programs for the full range of the sound recording industry infrastructure. This comprehensive approach recognizes the contributions made to the sector by people and organizations at all levels and in all disciplines, and represents a significant move toward dealing with the complex issues and realities the sound recording industry faces today.

On the *Music* Scene



2. The State of the Music Markets and the Sound Recording Industry

2.1 THE CANADIAN MARKET

Canada is the sixth largest music market in the world, with retail sales of \$946M in 2003 (source: IFPI). Domestic sales of Canadian artists' recordings grew from a share of 11% in 1999 to 23% in 2002 (source: IFPI), and, in a recent survey conducted by Millward Brown, 92% of Canadians consider Canadian music as good as or better than music from other countries.

The Canadian sound recording industry is composed of 331 label companies, 315 of which are Canadian-owned and -controlled and 16 of which are foreign-controlled (source: Statistics Canada, 2000). The majority of these labels operate in Ontario, Quebec and British Columbia. Close to 7,000 albums are released in Canada annually, with more than 2,000 being new Canadian recordings, and the vast majority being produced by Canadian-owned and -controlled labels.

More than 45,000 Canadian music artists and entrepreneurs are directly or indirectly dependent upon the Canadian sound

recording industry to create, produce and promote their products—the Canadian music we hear every day. In 2003, over 19,500 Canadian songwriters and 4,700 music publishers earned over \$96M from the performance of their works in Canada and abroad (source: SOCAN).

Distribution of Canadian sound recordings is largely controlled by Canadian subsidiaries of foreign multinationals; however, distribution of domestic sound recordings in Quebec is managed largely by Quebec-controlled companies. While chain record stores such as HMV and Archambault and independents such as CD Warehouse have traditionally dominated the retail music market, “big box” stores such as Wal-Mart and Future Shop have recently been gaining market share.

2.2 THE INTERNATIONAL MARKET

In spite of its small domestic market, Canada is second in the world in terms of supply of talent. Our top 21 artists have grossed more than \$12B (CAD) in global records sales over the course of their careers. Indications of the success of Canadian music include worldwide radio and video airplay, gold, platinum and diamond sales certifications and international honours at events such as the Grammy Awards and Victoire de la musique.



Canada's Big Ten artists have sold 359 million units around the world in the last decade.

- Applaud!

Royalties paid to Canadian songwriters for performance of their works abroad (live and broadcast) reached \$44M in 2002, surpassing for the first time the royalties paid to foreign songwriters for the performance of their works in Canada. For 2003, that number rose to \$47.3M.

2.3 INDUSTRY CHALLENGES

CRIA Lawsuit Against Internet Service Providers



As one of a number of initiatives implemented to combat unauthorized copying of digital music files over the Internet, the Canadian Recording Industry Association (CRIA) filed motions in the Federal Court of Canada against five Canadian Internet service providers (ISP). The purpose of the motions, filed in February 2004, was to require the ISPs to disclose the identities of individuals who had been openly distributing thousands of digital music files—actions that the CRIA maintains constitute copyright infringement.

On March 31, 2004, the Federal Court ruled against the CRIA, stating that there was insufficient evidence to support their claim and that privacy issues outweighed copyright concerns. In consideration of the importance of copyright issues to the Canadian sound recording industry, the CRIA decided the case was too significant to abandon, and filed a notice of appeal on April 13, 2004.

Since that time, the Canadian government has also weighed in on the topic. In April 2004, then Canadian Heritage Minister H el ene Scherrer said that her department, in conjunction with Industry Canada, intended to prepare draft legislation to amend the *Copyright Act (Canada)* to prohibit unauthorized music downloading. The Minister further said that she wanted the federal government to implement the *World Intellectual Property Organization Performances and Phonograms Treaty* so as to better protect ownership of copyrighted materials. Copyright reform remains a priority for the Department of Canadian Heritage.

The impact of downloading on the sound recording industry remains a contentious matter, with both sides advancing arguments to support their positions. However, it cannot be argued that the retention of copyright over works produced is essential to the livelihoods of individual artists and the sound recording industry as a whole. An updated national policy on copyright would form an important component of any strategy to deal with emerging realities of music production in the digital age. With the CRIA's notice before the court and the intentions of the Department of Canadian Heritage made clear, we are moving toward the development of just such a policy.

"I came away feeling more inspired and confident."

– Julie Blue, singer (Vancouver)

Applications to CRTC for Satellite Radio Licence

On December 23, 2003, the CRTC made a call for applications for satellite radio licences. This call followed the receipt of an application from Canadian Satellite Radio Inc. (CSRI) and its American partner company, Satellite Radio XM in 2003. Since the call, the CBC, in partnership with Sirius Satellite Radio Inc., has filed an application for a satellite radio licence, and CHUM Ltd. has filed an application for a licence to establish a terrestrial digital radio service in Canada as an alternative to the satellite-based services.

The CRTC is currently studying the applications and their potential impact on the local radio industry prior to undertaking a review of commercial radio. Hearings were held in November 2004.

Satellite radio offers another venue for the distribution of Canadian sound recordings, and the potential for the creation of new partnerships within the sound recording industry. The Department will be monitoring the developments in this area.





The Compilation

3. The Programs and Administration of the Canada Music Fund

Participants in the Canadian sound recording industry include a wide range of individuals and organizations. The creators, such as lyricists, songwriters, performers and concert and film composers are among the most visible contributors to the Canadian music scene, but the talent and commitment of those behind the scenes are equally important to the health of the industry. Record companies, distributors of specialized music, managers, music publishers and sound recording firms are all vital members of the sector, as are not-for-profit associations that represent creators, artists and entrepreneurs, and recognized organizations that specialize in providing access to, as well as the preservation and conservation of sound recordings.

The Canada Music Fund (CMF) is a compilation of targeted programs that collectively provide assistance to Canadians involved in a variety of music-related disciplines. Whether acting as an incubator to a new song or score, a helping hand to

touring musicians, a partner in producing CDs or a keeper of Canada's musical heritage for generations to come, the CMF provides financial assistance to ensure that the government's public policy goals are attained.

3.1 EIGHT PROGRAMS—SEVEN ADMINISTRATORS

Consisting of eight programs, the CMF works closely with program delivery partners in the sound recording industry and the wider cultural sector to ensure its administration remains effective and relevant. Partnerships fostered during the Sound Recording Development Program (SRDP) with The Foundation to Assist Canadian Talent on Records (FACTOR), the Fondation Musicaction (Musicaction) and the Canada Council for the Arts have continued, while new ones have been forged with such groups as the SOCAN Foundation, Telefilm Canada, and Library and Archives Canada.



| | Public funds | Canada Music fund program | Program administrator |
|-------------------|----------------------------|---|-----------------------------|
| Canadian Heritage | Grants | Canadian Musical Diversity | Canada Council for the Arts |
| | Operational | Canadian Music Memories (*) | Library and Archives Canada |
| | | Policy Monitoring | Canadian Heritage |
| | Contributions | Support to Sector Associations | SOCAN Foundation |
| | | Creators' Assistance | Musicaction FACTOR |
| | | New Musical Works Collective Initiatives | Telefilm Canada |
| | Music Entrepreneur Program | | |

(*) The Audio-Visual Preservation Trust of Canada also receives assistance from Canadian Heritage.

| 3.2 2003-04 FINANCIAL OVERVIEW | | | | |
|--|--|--|--|--|
| Program | Administrator | Allocation of funds, as originally stated by Canadian Heritage | Canadian Heritage contribution available | Amounts used by the administrators as per annual reports |
| Creators' Assistance Program | SOCAN Foundation | \$1,000,000 | \$906,561 | \$884,126 |
| Canadian Musical Diversity Program | Canada Council for the Arts | \$1,500,000 | \$1,406,250 | \$1,406,250 |
| New Musical Works Program | Musicaction FACTOR | \$4,520,000 | \$4,178,790 | \$4,178,790 |
| | | \$6,780,000 | \$6,268,184 | \$6,268,184 |
| Collective Initiatives Program | Musicaction FACTOR | \$800,000 | \$857,225 | \$857,225 |
| | | \$1,200,000 | \$1,098,338 | \$1,098,338 |
| Music Entrepreneur Program | Telefilm Canada | \$10,000,000 | \$9,560,000 | \$9,560,000 |
| Canadian Music Memories Program | Library and Archives Canada Audio-Visual Preservation Trust of Canada | \$400,000 | \$360,000 | \$360,000 |
| | | \$200,000 | \$175,000 | \$152,607 |
| Support to Sector Associations Program | Canadian Heritage | \$600,000 | \$571,955 | \$571,955 |
| Policy Monitoring Program | Canadian Heritage | \$1,000,000 | \$867,338 | \$541,817 |
| | | \$28,000,000 | \$26,249,641 | \$25,879,292 |



3.3 CREATORS' ASSISTANCE PROGRAM

The Creators' Assistance Program is designed to assist Canadian composers, lyricists, and songwriters to develop their craft and business knowledge. By doing so, the program helps to ensure that Canadian artists, performers and producers have access to quality Canadian compositions, and that Canadians continue to be able to hear relevant, resonant music and songs. From the first inspiration to the final fade, the Creators' Assistance Program is there—for the music and for the audience.

Eligible recipients include Canadian not-for-profit music sector organizations and associations representing Canadian creators. The program is administered by the SOCAN Foundation.



Use of Funds – Creators' Assistance Program – SOCAN Foundation

The SOCAN Foundation used \$884,126 of the \$906,561 available under the Canada Music Fund in 2003-04 (according to the Contribution Agreement signed on March 13, 2002). The contribution of Canadian Heritage represented 94% of SOCAN Foundation's total 2003-04 funding commitments of \$942,597 for the Creators' Assistance Program. Administrative expenses of \$66,855 accounted for 8% of used funds.

The SOCAN Foundation received six applications for the Creators' Assistance Program, totaling \$1,213,500; five projects were approved for \$817,271, representing 67% of the total amount requested.

In 2003-04, five Canadian not-for-profit associations sponsored over 30 workshops, seminars and showcases across the country. Collectively, these initiatives attracted more than 2,600 Canadians.

“SOCAN administers the performance rights of its members. It is interesting to note that between 2000 and 2003, foreign revenues increased by 60%, demonstrating the tremendous success of our musical creators around the world. Even more interesting is the fact that the trade balances between SOCAN and American societies (ASCAP, BMI and SESAC) went from a deficit of about \$5M in 2001 to a \$6M surplus in 2003. This clearly demonstrates the success of the Creators' Assistance Program and of the Government of Canada's content policies.”

– André Lebel, Chief Executive Officer,
SOCAN

“If only one Avril Lavigne gets educated through these workshops, it'll all be worth it!”

– Stan Meissner, musician, songwriter, singer,
producer (Toronto)

3.4 CANADIAN MUSICAL DIVERSITY PROGRAM

The Canadian Musical Diversity Program is designed to promote musical diversity within the Canadian sound recording industry. It assists Canadian creators, artists and entrepreneurs involved in the production, distribution and promotion of specialized sound recordings. The diversity of Canada's sound recording industry—much like the diversity of Canada itself—is one of its greatest strengths. And the Canadian Musical Diversity Program is there to help us build on our strengths.

Eligible recipients include Canadian artists, ensembles or bands and Canadian-owned and -controlled record companies and record distribution companies whose artistic genre, work or product is specialized music. The program is administered by the Canada Council for the Arts (CCA).

Use of Funds – Canadian Musical Diversity Program – Canada Council for the Arts

The CCA used all of the \$1,406,250 available under the Canada Music Fund in 2003-04 (according to the Memorandum of Understanding signed on March 18, 2002). Administrative expenses of \$120,000 accounted for 9% of all funds received.

Of the \$1,406,250 available, \$1,000,000 was applied toward grants. The CCA received 375 applications for the Canadian Musical Diversity Program, totaling \$5,495,389; 102 projects were approved for \$1,028,980, representing 19% of the total amount requested. The program supported recordings produced in musical genres ranging from folk, world music, Aboriginal

music, jazz, *musique actuelle*, new music, classical to electroacoustic. The additional \$28,980 was made available to this program this one time from the budget of the Music Section of the CCA.

Furthermore, the Canadian Music Centre (CMC)—which holds Canada's largest collection of Canadian contemporary classical musical works—also benefited from this program. Funds provided to the CMC helped support two of its projects: the *Canadian Composer Portrait Series* (\$150,000) and the *Centre Distribution Services* (\$136,250). These projects promote the works of Canadian composers at home and around the world.

“I trust that this may be just the beginning of the period of awakening to our wonderful resource of classical music.”

– Mary Gardiner,
composer, performer, teacher (Toronto)



3.5 NEW MUSICAL WORKS PROGRAM

The New Musical Works Program is designed to assist Canadian creators, artists, record labels, and entrepreneurs in the production and promotion of Canadian recordings as well as in the development of their craft and expertise.

The program is administered by FACTOR for the English-language sector of the sound recording industry, and by Musicaction for the French-language sector.

The New Musical Works Program represents one of the cornerstones of the Canada Music Fund (CMF), distributed by FACTOR and Musicaction, served a wide array of needs. From nominal assistance for a CD demo by an up-and-coming artist to domestic and international tour support for major acts, and from the production of state-of-the-art, full-length CDs to marketing and promotion activities, the New Musical Works Program has allowed many Canadian artists to make a name for themselves and connect with Canadians in a meaningful way.

Use of Funds – New Musical Works Program – Musicaction

Musicaction used all of the \$4,178,790 available under the CMF in 2003-04 (according to the Contribution Agreement signed on March 13, 2002). Administrative expenses of \$557,890 accounted for 7.6% of all public and private funds received (\$7,889,570)*.

Musicaction approved 583 of 697 applications received for a total assistance of \$5,754,455, representing 64% of the \$9,002,037 requested. Funds expended during a fiscal year do not represent the total funds offered. Many projects for which funding was offered were not completed and therefore final payments were not issued. Furthermore, some of the projects for which payments were issued were for offers made in a previous fiscal year.

Use of Funds – New Musical Works Program – FACTOR

FACTOR used all of the \$6,268,184 available under the CMF in 2003-04 (according to the Contribution Agreement signed on February 22, 2002). Administrative expenses of \$1,348,522 accounted for 10.2% of all public and private funds received (\$13,223,627)*.

FACTOR received 3,630 applications for a variety of projects, totaling \$43,617,503; 1,227 projects were approved for \$11,759,747, representing 27% of the total amount requested. New Musical Works funding was a key contribution to the total assistance provided by FACTOR. Funds expended during a fiscal year do not represent the total funds offered. Many projects for which funding was offered were not completed and therefore final payments were not issued. Furthermore, some of the projects for which payments were issued were for offers made in a previous fiscal year.



“Talent is not the end, but just the beginning.”

– Michel Gendron,
Vice-President, Disques Tox (Montréal)

“FACTOR has helped me very much with showcasing my music and developing viable audiences in many parts of the world, within and outside Canada.”

– Corb Lund, singer and songwriter,
Corb Lund Band,
Stony Plain Records (Alberta)

* Funds received include those of the Department of Canadian Heritage, broadcaster contributions, loan repayments and investment income.

3.6 COLLECTIVE INITIATIVES PROGRAM

The Collective Initiatives Program is designed to foster the development of the Canadian sound recording industry by increasing the presence of Canadian undertakings, companies, record labels, creators, and artists regionally, nationally, and internationally. The program provides financial assistance for conferences and award shows, real and virtual showcases and market development initiatives. In 2003-04, the Canada Music Fund (CMF) invested \$1,955,563 in this program.

Eligible recipients include Canadian not-for-profit organizations, associations, and/or corporations. The program is administered by FACTOR for the English-language sector of the sound recording industry, and by Musicaction for the French-language sector.

Through the Collective Initiatives Program, the CMF provides assistance to major yearly events such as the Rencontres professionnelles de l'industrie québécoise du disque, du spectacle et de la radio, the Canada Music Week, the Canadian Country Music Week and the East Coast Music Awards and Conference. For those actively involved in Canada's music scenes, events such as these are among the highlights of any given year.

The annual, televised JUNO Awards and Gala de l'ADISQ represent two Collective Initiatives Program-assisted events that may be more familiar to Canadians in general. For both events, the CMF provides funds through this program to help offset some of the associated logistical and organizational costs.

Use of Funds – Collective Initiatives Program – Musicaction

Musicaction used all of the \$857,225 available under the CMF in 2003-04 (according to the Contribution Agreement signed on March 13, 2002, and the amendment letter signed on August 15, 2002). Musicaction's administrative expenses accounted for 7.6% of all public and private funds received (\$7,889,570)*.

Musicaction received 42 applications for the Collective Initiatives Program, totalling \$1,354,995; 40 projects were approved for \$942,000, representing 70% of the total amount requested. Funds expected during a fiscal year do not represent the total funds offered. Many projects for which funding was offered were not completed and therefore final payments were not issued. Furthermore, some of the projects for which payments were issued were for offers made in a previous fiscal year.

Use of Funds – Collective Initiatives Program – FACTOR

FACTOR used all of the \$1,098,338 available under the CMF in 2003-04 (according to the Contribution Agreement signed on February 22, 2002). FACTOR's administrative expenses accounted for 10.2% of all public and private funds received (\$13,223,627)*.



* Funds received include those of the Department of Canadian Heritage, broadcaster contributions, loan repayments and investment income.

FACTOR received 59 applications for the Collective Initiatives Program, totaling \$2,530,968; 40 projects were approved for \$1,308,598, representing 52% of the total amount requested. Funds expended during a fiscal year do not represent the total funds offered. Many projects for which funding was offered were not completed and therefore final payments were not issued. Furthermore, some of the projects for which payments were issued were for offers made in a previous fiscal year.

“With the program’s help and through our Gala MIMI, we have been able to identify 383 recordings by emerging artists, 90% of which were not available anywhere!”

– Jean-Robert Bisaillon,
Director, SOPREF (Montréal)



3.7 MUSIC ENTREPRENEUR PROGRAM

Established in 2002, the Music Entrepreneur Program (MEP) represents a departure from traditional project-specific financial assistance programs. Complementary to the New Musical Works Program, the MEP represents an innovative initiative on the part of the Canadian government. The program focuses on a core group of established Canadian companies that are actively engaged in developing and promoting Canadian creators and performers. Given the strategic rather than tactical nature of the program, it will likely take a few years for projected outcomes of this novel approach to manifest themselves. However some testimonials seem to confirm things are moving in the right direction.

“Instead of being subjected to the ups and downs caused by the multinationals, the MEP allows me to fill the space they have given up.”

– Mario Labbé,
President, Analekta (Montréal)

The program’s objectives are to:

- > Ensure that a range of compelling Canadian choices, reflecting regional and cultural diversity and Canada’s two official languages, are available to Canadians in the digital economy;
- > Promote long-term artistic development;
- > Establish a dynamic Canadian presence in the online environment;
- > Promote the innovative use of new technologies.

Canadian music has earned its place in the global music market, and the MEP will help ensure that it maintains—and expands—its presence worldwide.

Eligible recipients include Canadian-owned and -controlled firms with a proven track record for developing and marketing Canadian musical talent and whose principal business is the production and marketing of Canadian content sound recordings.

Use of Funds – Music Entrepreneur Program – Telefilm Canada

Telefilm Canada used all of the \$9,560,000 available under the Canada Music Fund (CMF) in 2003-04 (according to the Contribution Agreement signed on June 19, 2002, and the amendment letter signed January 7, 2003). Administrative expenses of \$831,897 accounted for 9% of all funds received.

In 2002-03, contracts were signed with 13 applicants under Phase 2 of the Music Entrepreneur Program, for a total close to \$18M. Disbursements for 2003-04 represented \$8,690,970, while \$37,123 went to Phase 1 beneficiaries. Phase 2 of the program provides support for the implementation of corporate business plans.

3.8 SUPPORT TO SECTOR ASSOCIATIONS PROGRAM

The Support to Sector Associations Program is designed to enable Canada's sound recording sector associations to provide their respective members with professional representation services and continued analysis of public policy initiatives, industry trends and issues. Such assistance helps members of these associations involved in areas such as song writing, music publishing, sound recording, marketing and performing to become better informed and educated and, in turn, make enlightened decisions regarding their respective careers and businesses within the sound recording industry.

During the 2003-04 year, the Department undertook consultations with both potential beneficiary and beneficiary associations with a view to exploring ways in which the

program could better respond to their needs. It is worth noting, as an indication of its popularity and perceived value, that the program was oversubscribed this year by a factor of two.

Eligible recipients include Canadian not-for-profit sound recording sector associations. The program is administered by the Department of Canadian Heritage.

Use of Funds – Support to Sector Associations Program

The Support to Sector Associations Program used all of the \$571,955 available under the CMF in 2003-04.

Canadian Heritage received 11 applications for the Support to Sector Associations Program, totaling \$1,084,413; nine projects were approved for \$571,955, representing 53% of the total amount requested.

3.9 CANADIAN MUSIC MEMORIES PROGRAM

The Canadian Music Memories Program ensures that Canadian sound recording works are preserved in order to provide Canadians with access to their musical heritage.

With the advent of new technologies and the work of dedicated individuals and organizations, the Canadian Music Memories Program will ensure that Canada's musical history is part of Canada's musical future.



Eligible recipients include recognized organizations that specialize in providing access to, as well as the preservation and conservation of, Canadian sound recordings. The program is jointly administered by Library and Archives Canada and Canadian Heritage through the Audio-Visual Preservation Trust of Canada.

Use of Funds – Canadian Music Memories Program – Library and Archives Canada

Library and Archives Canada used all of the \$360,000 available under the Canada Music Fund (CMF) in 2003-04 (according to the Memorandum of Understanding signed on June 14, 2002), distributed in three major spheres of activity: \$142,000 for acquisitions, \$149,000 for access and awareness and \$75,000 for conservation. In total, Library and Archives Canada's spending on Canadian Music Memories Program activities and projects exceeded their CMF funding by \$6,000. Library and Archives Canada absorbed this additional cost.

Use of Funds – Canadian Music Memories Program – Canadian Heritage/Audio-Visual Preservation Trust

The Department of Canadian Heritage granted the Audio-Visual Preservation Trust \$152,607 of the \$175,000 available under the CMF in 2003-04 (according to the Contribution Agreement signed on December 15, 2003), distributed in two spheres of activity: \$35,711 for Preservation Tools and \$89,671 for Public Engagement, plus \$9,093 in capital costs and \$18,132 in administration costs.

“Future generations will be able to say: my grandfather was in a band in the sixties – do you have his record?”

– Richard Green, Chief, Music Division,
Library and Archives Canada

3.10 POLICY MONITORING PROGRAM

The Policy Monitoring Program enables the Sound Recording Policy and Programs Directorate to track and evaluate changes in the domestic and international sound recording industries and to monitor and measure the progress and impact of the CMF programs. This is crucial to ensuring that the CMF's programs remain effective and responsive to sector needs, and serve the interests of all Canadians.

Transparency is a key concern of the CMF, and the Policy Monitoring Program helps ensure that everyone has a clear picture of how the CMF deploys resources in order to contribute to results that matter to Canadians.

The program is administered by the Sound Recording Policy and Programs Directorate of the Department of Canadian Heritage.

Use of Funds – Policy Monitoring Program

The Policy Monitoring Program used \$541,817 of the \$867,338 available in 2003-04, mainly toward databases and statistics gathering, and studies.



3.11 THE CANADA MUSIC COUNCIL

Established in April 2002, the Canada Music Council (CMC) is an historic first for the Canadian sound recording industry. The CMC is an advisory board of 19 working professionals, drawn from all aspects of the industry, different regions of the country and both official languages to advise the Minister and Department of Canadian Heritage on issues relating to the Canadian sound recording industry.

The new mandate (June 2004) of the CMC is to:

- > Advise the Minister on strategies to achieve the Government of Canada's policy and program objectives for the Canadian sound recording industry;
- > Act as an industry "sounding board" for the Department of Canadian Heritage by reviewing any Canadian sound recording industry matter that the Minister may refer to;
- > Foster constructive dialogue and partnership arrangements among creator, performer, producer and broadcaster groups.

The Minister of Canadian Heritage asks the CMC to schedule three meetings a year to:

- > Review the Canadian government's various policy tools and programs in support of the Canadian sound recording industry, discuss such policy tools and programs at its plenary meetings, and provide the Minister with advice on these or any issue affecting the health and growth of this cultural sector;
- > Review and provide advice on the business plans and other documents presented by the Canada Music Fund (CMF) administrators and advise the Minister on the CMF's evolution;
- > Discuss ways of ensuring the coordination of partnership actions among creator, performer, producer and broadcaster groups;
- > Contribute to the research and development of relevant information on the Canadian music industry, and to the establishment of means of communication for a better use of the programs, services and information available to the sector's stakeholders.

Over the past year, the CMC continued to fulfill its mandate and make sure the CMF and its programs responded to the sound recording industry's needs, and served the interests of all Canadians.





Get the Beat

4. The Year in Review



| CANADA MUSIC FUND: 2003-04 PERFORMANCE MEASUREMENTS | | | |
|---|--|---|--------|
| Indicators | Measurement | Intermediate outcomes | + or - |
| Audience | Number of unit sales of Canadian releases | Sales of FACTOR-supported albums increased by 15.65% in 2003-04. ¹ | ↑ |
| | Market share of Canadian sales | Sales of domestic repertoire increased to 23% of total sales in 2002, up from 13%. ² | ↑ |
| | Television ratings of selected funded events/performances | 1.5 million people watched the Juno Awards telecast in 2004, down from 2.2 million in 2003. ³ | ↓ |
| | | 900,000 people watched the Gala de l'ADISQ in 2003, down from 1.4 million in 2002. ⁴ | ↓ |
| | | 780,000 people watched the Canadian Country Music Awards in 2003, up from 700,000 in 2002. ⁵ | ↑ |
| | Number attending selected, funded Canadian performances (tours) | Canadian creators and music publishers earned \$2.9M in SOCAN performance royalties from domestic concerts in 2003, a marginal increase of 0.4% over 2002. ⁶ | ↑ |
| | Awareness and value for Canadian music | In 2003, 92% of Canadians stated that music produced by Canadian artists is better than, or equal to, music produced by foreign artists. This is an increase from 91% in 2002. ⁷ | ↑ |
| | International sales | The top 21 Canadian active artists sold over \$12B (CAD) around the world, with more than 556 million records having been sold over the courses of their careers. ⁸ | |
| International royalties | SOCAN royalties from international affiliated societies increased by 7.3% in 2003 to \$47.3M. ⁹ | ↑ | |
| | In 2003, 8,669 creators received these royalties. ¹⁰ | ↑ | |

¹ FACTOR

⁴ ADISQ

⁷ Millward Brown Goldfarb, Consumer Trendz, 2003.

¹⁰ Ibid.

² IFPI

⁵ CCMA

⁸ Applaud!, February 2003

¹¹ Ibid.

³ CARAS

⁶ SOCAN

⁹ SOCAN

| CANADA MUSIC FUND: 2003-04 PERFORMANCE MEASUREMENTS (continued) | | | |
|---|--|---|--------|
| Indicators | Measurement | Intermediate outcomes | + or - |
| Diversity | Number of NEW Canadian creators | 1,979 Canadian writers received SOCAN royalties for the first time in 2003. In 2002, 2,013 received royalties for the first time. ¹¹ | ↓ |
| | Production by genre and language | To be measured in 2004-05. | |
| Adaptability – Emerging Delivery Channels and Markets | % of Canadian music products sales in non-traditional markets versus non-Canadian sales (market share) | To be measured in 2004-05. | |
| | % change in non-traditional music product sales | To be measured in 2004-05. | |

¹ FACTOR

⁴ ADISQ

⁷ Millward Brown Goldfarb, Consumer Trendz, 2003.

¹⁰ Ibid.

² IFPI

⁵ CCMA

⁸ Applaud!, February 2003

¹¹ Ibid.

³ CARAS

⁶ SOCAN

⁹ SOCAN

A formative evaluation of the Canada Music Fund (CMF) was conducted in the fiscal year 2003-04. The objective of the evaluation was to provide perspectives on the adequacy of the fund’s design and implementation, and the extent to which progress is being made toward the achievement of its objectives. The evaluation also examined the adequacy of performance information being collected, and identified adjustments to the CMF that may be required.

The Formative Evaluation concluded that considerable advances have been made in the implementation of most CMF programs. However, it also expressed concerns that performance information available on CMF programs was inadequate to determine

whether the objectives of the CMF have been met. In the first quarter of 2003-04, the Directorate addressed these concerns by consulting with program administrators on a new data collection strategy and by collecting additional information for the evaluation of all outcomes.



“With the musicians and tools made available to me, I have heard some of my compositions for the first time! Unbelievable, but true!”

– Gerry Labelle,
composer (Montréal)



Up-and-Coming **CMF**

5. Next Steps for the Canada Music Fund

The Canada Music Fund (CMF) is the principal means for achieving the goals of the Canadian Sound Recording Policy. The CMF's programs are designed to deliver on the policy vision of supporting diversity, capacity and excellence in the sound recording industry, at every level, from creators to audience.



The Department recognizes that Canadian music artists rank among our best-known cultural ambassadors abroad, helping to shape the way in which the rest of the world perceives our country. More than that, they—and their works—help shape our perceptions of ourselves, of our past achievements and of our future potential.

Whether we hear it at a sold-out stadium, on top 40 radio, in a film score or spilling out of a neighbourhood garage, Canadian music brings us together, sets us apart, sets our toes tapping and gives our lives rhythm.

The CMF is dedicated to its mission. We will remain a positive force within, and a valued partner of, the Canadian sound recording industry, contributing to the success of the musicians, labels, audiences and entrepreneurs of today—and of those who will create the soundtrack of tomorrow.