

EVALUATION OF THE CANADA MUSIC COUNCIL

Final Report

**Evaluation Services Directorate
Corporate Review Branch**

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Executive Summary

Background

In 2001, following extensive consultations with the public and industry associations, the Government of Canada launched a Canadian Sound Recording Policy. The policy represents a comprehensive framework for support to the Canadian sound recording sector at every level, i.e. from creator to audience.

To operationalize the Policy, the Canada Music Fund was established in 2001, with seven funding programs and a policy monitoring component.

The Canadian Sound Recording Policy also provided for the establishment of a Canada Music Council (CMC), to complement consultative processes already in place, such as direct ministerial and departmental communications and consultations with industry associations.

Canada Music Council

The Council's original mandate on its inception in 2002 was to advise the Minister and the Department of Canadian Heritage on the implementation and performance of the Canada Music Fund (CMF). This mandate was outlined in its Governance Guidelines (Appendix A). Its mandate would be to:

- provide advice to the Minister on the general principles governing the Canada Music Fund and on the strategies to achieve the Fund's objectives;
- contribute to the monitoring and evaluation of the Canada Music Fund's performance;
- conduct investigations and inquiries into all music-related matters that the Minister may refer to it; and
- foster constructive dialogue and partnership arrangements among creator, producer and broadcaster groups.

In June 2004, the Council's mandate was made more strategic. It was no longer expected to advise on and monitor implementation and performance of the CMF. Its new mandate was to:

- advise the Minister on strategies to achieve the Canadian government's policy and program objectives for the Canadian music industry;
- act as an industry "sounding board" for the Department of Canadian Heritage, by reviewing any Canadian music industry matter that the Minister may refer to it; and
- foster a constructive dialogue and partnership arrangements among creator, performer, producer and broadcaster groups.

The Council has 19 voting members, who are senior, high profile and well known members of different sectors of the music industry (ranging from internationally-known artists/performers, writers and producers to broadcasters and industry executives) and one non-voting member, who represents the Department of Canadian Heritage's Film, Video and Sound Recording Branch.

The Council is supported by a two-person Secretariat in the Department of Canadian Heritage's Film, Video and Sound Recording Branch, Cultural Affairs Sector, and has an annual budget allocation from PCH of approximately \$400,000 for members' travel and accommodation expenses, production of annual reports (2001-02 and 2002-03), and secretariat services (e.g., records of proceedings, facilitation, and a web site).

Evaluation Questions and Methodology

This report is based on research conducted by Kelly Sears Consulting Group and Corporate Review Branch. Research was conducted during the period from December 2004 to March 2005. Evaluation questions were:

- What have been the CMC's major contributions to the Canadian music industry?
- To what extent has the CMC fulfilled its mandate (both past and current)?
- Is there a continuing need for an advisory role such as that performed by the CMC? If so, could this need be addressed more effectively?

Research included a review of departmental documentation relating to the Canada Music Fund and the Canada Music Council, and interviews with Council members, industry association representatives, CMF program administrators, and Department of Canadian Heritage representatives.

Findings

During the first two years of its mandate, Council activities consisted largely of reviewing the business plans and annual reports of the seven administrators of the Canada Music Fund. There were several positive impacts of this work, for example a consistent approach to the preparation of business plans, information exchange between administrators, support in the development of CMF performance measures, and increased visibility of CMF in the music industry.

The Council has been effective at bringing together members of different segments (and interests) of the music industry for a dialogue on the music sector. There is no other forum that does this. The various sectors of the music industry have diverging interests and views, and the Council has helped parties to better understand the positions of others. It has also strengthened linkages between the Department and the music industry by providing insight into industry views, and has been used successfully by some members to obtain and communicate information on the latest developments in the industry back to their community.

For the most part, the Council has interfaced with departmental staff. Members have been concerned about the Council's lack of direct communication with the Minister and what they see as a lack of clarity with respect to Ministerial expectations.

Although members had very positive feedback regarding the contribution of the Department to their work (participation in the Council meetings and provision of background information on PCH policies and programs), they have been disappointed that the Film, Video and Sound

Recording Branch appears to have been the main recipient of the Council's advice, rather than the Minister personally. Members have also been concerned at the lack of a formal process for presenting Council recommendations to the Minister.

There is also some confusion among members about their role in the Council. Some members are unclear about whether they are to represent and advance the views of their industry association or whether they are to provide insight and advice as knowledgeable individuals.

Section three of the Code of Conduct for CMC members, in the Council's Governance Guidelines, says that members shall "strive to balance the interests of all sectors of the Canadian music industry" and "it is important for each member of the CMC to bring the realities of their own constituency to the table, and also to pay close attention to those of the others, and finally to vote for the best interests of the music industry as a whole." Interpretation of the guidelines varies widely between Council members.

The need for and role of a ministerial advisory council on music-related matters in future needs to be considered in the context of the overall music industry in Canada, and the many rapid changes the industry faces.

There is a continuing need for consultation with industry on long-term strategies to address issues and challenges faced by the music industry, ongoing dialogue with the industry to ensure relevance of federal policy and investments, and collaborative work with various sectors of the industry to find solutions to common issues.

It is less clear that such consultation and dialogue should be by means of an advisory body such as the CMC, or whether other consultative processes such as direct, bilateral communication with industry associations or music industry summits would be sufficient and would provide better value-for-money.

Overall, interviewees were divided on the continued need for support from an advisory body such as the CMC, with about half being neutral or "on the fence" as to whether a council should be maintained, and the other half being split evenly between those who very much in favour an advisory body and those who are very much against.

Those who are supportive say an advisory council can be an efficient tool for industry-wide consultation and offers a mechanism to improve working relations between stakeholders in the music sector and ensure all sectors of the industry are heard.

Those who are against say the Council has had few demonstrable achievements, there are other ways to obtain perspectives/insights from the music industry, and the Council's original role of helping to oversee the CMF at its inception is no longer required. The needs of the Minister and Department have evolved since creation of the CMF and the continued need for an advisory council such as the CMC is far from clear.

Those "on the fence" see the merits of an advisory body like the Council provided that two main issues are addressed. The Council's mandate would need to be more clearly defined, and

improvements would need to be made to how the CMC operates. If the CMC is not maintained, other less formal forms of communications and dialogue could take its place, i.e., one-on-one discussions with industry representatives or an annual summit of the music industry.

Options for Future

In this context, two possible options for the future are offered (not presented in any order):

A continued Council with attention to issues/concerns raised during the evaluation:

- Clarity regarding Council mandate and appointments, including members' roles and responsibilities;
- Improved process for advice "to the Minister";
- Changes to the Council structure and its operations; and
- Information sharing with external stakeholders.

Alternative Consultative Vehicles

This option would involve discontinuing the Council and recognizing that the Minister and the Department could be served more cost-effectively by other less formal forms of consultation and dialogue with the music industry.

Possible alternative options include one-on-one discussions with industry representatives or an annual summit of the music industry in Canada.

Management Response:

- The Film, Video and Sound Recording Branch is satisfied with the evaluation and agrees with the report and its findings.
- The report will be shared with all members of the Canada Music Council.
- A recommendation based on options for the future of the Canada Music Council will be forwarded to the Minister of Canadian Heritage for her consideration before the end of June 2005.

1. Introduction

This report presents findings of an evaluation of the Canada Music Council, an advisory council to the Minister of Canadian Heritage on issues affecting the Canadian music industry.

The evaluation was conducted at the request of the Department's Film, Video and Sound Recording Branch. Evaluation findings are meant to help inform decisions regarding the future of the Canada Music Council.

This report is based on research conducted by Kelly Sears Consulting Group and Corporate Review Branch. Research was conducted during the period from December 2004 to March 2005.

2. Sound Recording Policy, the Canada Music Fund, and the Canada Music Council

2.1 Sound Recording Policy and the Canada Music Fund

In 2001, following extensive consultations with the public and industry associations, the Government of Canada launched the Canadian Sound Recording Policy. The policy represents a comprehensive framework for support to the Canadian sound recording industry at every level, from creator to audience.

The Policy has three main objectives:

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

The Policy's purpose is to ensure that Canadians and the world have access to a diverse selection of Canadian music.

To operationalize the Policy, the Canada Music Fund was established in 2001, with seven funding programs and a policy monitoring component.

2.2 Canada Music Council

The Canadian Sound Recording Policy also provided for the establishment of a Canada Music Council (CMC), to complement consultative processes already in place, such as direct ministerial and departmental communications and consultations with industry associations.

The Council's original mandate on its inception in 2002 was to advise the Minister and the Department of Canadian Heritage on the implementation and performance of the Canada Music Fund (CMF). This mandate was outlined in its Governance Guidelines (Appendix A). Its mandate would be to:

- provide advice to the Minister on the general principles governing the Canada Music Fund and on the strategies to achieve the Fund's objectives;
- contribute to the monitoring and evaluation of the Canada Music Fund's performance;
- conduct investigations and inquiries into all music-related matters that the Minister may refer to it; and
- foster constructive dialogue and partnership arrangements among creator, producer and broadcaster groups.

The CMC's mandate was made more strategic in June 2004. It was no longer expected to advise on and monitor implementation and performance of the CMF. Its new mandate was to:

- advise the Minister on strategies to achieve the Canadian government's policy and program objectives for the Canadian music industry;
- act as an industry "sounding board" for the Department of Canadian Heritage, by reviewing any Canadian music industry matter that the Minister may refer to it; and
- foster a constructive dialogue and partnership arrangements among creator, performer, producer and broadcaster groups.

Council Membership

The Council has 19 voting members, who are senior, high profile and well known members of different sectors of the music industry (ranging from internationally-known artists/performers, writers and producers to broadcasters and industry executives) and one non-voting member, who represents the Department of Canadian Heritage's Film, Video and Sound Recording Branch.

Council members are named by the Minister of Canadian Heritage for a two- to three-year term.

Names of 15 Council members are proposed to the Minister by industry associations, as follows:

- 1 member: Alliance of Cinema, Television and Radio Artists
- 3 members: Association québécoise de l'industrie du disque, du spectacle et de la vidéo
- 2 members: Canadian Association of Broadcasters
- 1 member: Canadian Broadcasting Corporation
- 3 members: Canadian Independent Record Production Association
- 1 member : Fédération culturelle canadienne-française
- 1 member: Representative of professionals working in regions
- 1 member: Songwriters Association of Canada
- 1 member: Société professionnelle des auteurs et des compositeurs du Québec
- 1 member: Union des artistes

The other four members are designated by the Minister.

Council members reflect both French and English Canada, and the geographic and cultural diversity of the country.

The Council has three co-chairs, each from a different sector of the music industry. The co-chairs take turns chairing meetings and jointly approve agendas and records of proceedings.

Council Resources

The Council is supported by a two-person Secretariat in the Department of Canadian Heritage's Film, Video and Sound Recording Branch, Cultural Affairs Sector.

The Council has an annual allocation of approximately \$400,000 to cover members' travel and accommodation costs, production of annual reports in 2001-02 and 2002-03, and secretariat services (records of proceedings, facilitation, and a web site).

3. Evaluation Methodology

3.1 Evaluation Objectives

The evaluation of the Canada Music Council had three objectives:

- review the achievements of the Council in relation to its past and current mandate;
- assess the continuing need for an advisory role such as that performed by the Council; and
- identify options for the future.

Specific issues that guided the evaluation are presented in Appendix B.

3.2 Evaluation Methodology

There were two lines of inquiry: a review of departmental documentation relating to the Canada Music Fund and the Canada Music Council; and interviews with Council members as well as representatives of industry associations, CMF program administrators, and Department of Canadian Heritage.

Key informant interviews (n = 36) were conducted with:

- Current (16) and past (3) Council members;
- Administrators of CMF programs (6 third-party administrators and one PCH administrator);
- Associations that nominate members to the Council (5);
- CMC Secretariat members and the facilitator of Council meetings (3); and
- PCH management representatives responsible for the Canada Music Fund (2).

A complete list of the interviewees can be found in Appendix C, and the interview guide in Appendix D.

The review of documents covered departmental and council documents relating to the mandate, operation and work of the Council (e.g. terms of reference, annual reports, agendas and records of proceedings of the Council's ten meetings, and a review of information on the Council's web site).

4. Findings

This section provides results of the evaluation research.

4.1 Council Activities to Date

In total, the Council has held ten meetings since its inception, with four meetings per year for the last two calendar years. Meeting agendas are typically developed by staff of the Film, Video and Sound Recording Branch in consultation with the Council Secretariat and the Council's co-chairs. Meetings have usually lasted one day (just three meetings lasted two days), and have been held in different locations across the country, often coinciding with dates and locations of major music events such as awards ceremonies. Detailed records of proceedings have been prepared by the Council Secretariat and posted to the Council's web site for access by Council members.

Topics discussed at meetings (summary provided in Appendix E) demonstrates a shift in focus of the Council, from reviewing the business plans and financial reports of the administrators responsible for delivery of CMF programs, during the first two years, to addressing specific topics facing the music industry such as copyright during more recent meetings. More detailed information follows:

April 2002 to June 2004 (Meetings #1- 8) — Advising the Minister on the Canada Music Fund. During the first two years of its mandate, Council activities focused on the first two elements of the original mandate and consisted largely of reviewing the business plans and annual reports of the seven administrators of the Canada Music Fund.

Though this role of the Council was not explicitly stated in the Council's mandate, it was a practice established between departmental officials and Council co-chairs, at the Council's first meeting. The documents were discussed in plenary and advice provided to the Minister. An annual consolidated report was prepared on the CMF and presented to the Minister. The reports advised on ongoing CMF performance measurement, and issues that might affect achievement of CMF objectives.

CMF administrators would present their business plans at one meeting, and their annual reports at another (business plans were presented in spring 2003 and 2004, and annual reports were presented in fall 2002 and 2003).

The Council mandate allows formation of sub-committees to review special issues, and the Council established a sub-committee to work with the Film, Video and Sound Recording Branch on the development of performance indicators to measure the success of the CMF and to profile the music industry. This sub-committee met twice.

According to its original mandate, the CMC was required to submit to the Minister an annual consolidated report that would provide the Council's assessment of the success of the Canada Music Fund. With assistance from its Secretariat, it prepared two annual reports (for fiscal years

2001-02 and 2002-03). Under the revised June 2004 mandate, this responsibility was transferred to the Department's Film, Video and Sound Recording Branch.

As mentioned previously, the role of the Council changed in 2004. The Council initial role was mainly an advisory role to the Minister with respect to the implementation and monitoring of the Canada Music Fund; more recently it assumed a broader advisory role on policy issues affecting the music industry.

June 2004 to November 2004 (Meetings #9-10) — New mandate to provide strategic advice to the Minister and act as “sounding board” for the Department. At the Council's ninth meeting in September 2004 in Edmonton, at the request of departmental officials, the Council reviewed and prioritized ten policy areas of relevance to the music industry.

At its most recent meeting in November 2004, the Council heard presentations on the future of music and training needs in the music industry. The Council had already begun to discuss broader issues facing the music industry, beginning at a strategic planning retreat in October 2003 (6th meeting) as well as during two subsequent meetings.

4.2 Fulfillment of Mandate

The changed mandate of the Council must be considered when discussing Council contributions and accomplishments. Since the Council was created, there have been three Ministers responsible for matters relating to the Department of Canadian Heritage, its policies and programs, and a general federal election.

The Council as a Means for Sharing Industry Perspectives

The view of interviewees was that the Council has been effective at bringing together members from different segments (and interests) of the music industry for a dialogue on the music sector. This was consistent with findings of the formative evaluation of the Canada Music Fund conducted by the Department in 2003, which said “the establishment of the CMC was seen as a positive move towards getting the industry to work together and to provide increased interaction among various provincial and national stakeholders.”

Voting members of the Council are involved in segments of the music industry that often have strongly divergent views. Respondents reported that by participating in Council discussions, members better understood the positions and concerns of others, which produced a stronger sense of understanding and respect for one another's views.

Interviewees also cited examples of informal communications between Council members following Council meetings.

The Council has also been a means for some members to obtain and communicate back to their communities/industry associations information they might not otherwise have had, e.g. information about recent developments in the music industry or related government policies.

However, this role was limited by the absence of organized communication between the Council and associations about discussions at Council meetings.

Evaluators explored whether the dialogue between Council members had resulted in any industry alliances or “spin-off effects” by having created closer relationships at a broader scale. Respondents’ views were mixed, but a concrete example of an industry alliance offered by some was the role played by Council members in the creation of the Canada Music Coalition, i.e., the fact that key members of the industry were in contact contributed to the creation of the coalition beyond the CMC). Although the Coalition was viewed very positively by interviewees, some concerns were expressed that Council members’ involvement in the creation of the Coalition carried a risk of involvement in the Coalition’s lobbying activities, a role which is clearly beyond the mandate of the Council or its individual members.

Also, because of the inherent conflicting positions, it was found that full and open dialogue around the CMC table was sometimes not possible.

Advice to the Minister

A number of other factors were seen to have impacted on the Council’s contributions. The Council has interfaced for the most part with departmental staff. Members were concerned about the Council’s lack of direct communication with the Minister, and a lack of clarity with respect to ministerial expectations. Changes of Minister increased their concern.

Although members had very positive feedback regarding the contribution of the Department to their work (participation in the Council meetings and provision of background information on PCH policies and programs), they were disappointed that the Film, Video and Sound Recording Branch appeared to have been the main recipient of the Council’s advice, rather than the Minister personally.

Members were also concerned at the lack of a formal process for presenting Council recommendations to the Minister. Departmental officials report that, where appropriate, Council views and recommendations had been shared with the Minister during briefings on music-related issues and programs. A process was eventually established for the Department to follow up on Council recommendations: the Secretary General of the CMC would forward recommendations to the Director General, Film, Video and Sound Recording who would then respond to the Council, providing written or verbal responses before or at the Council’s next meetings.

Some confusion also existed among members about their role in the Council. Some members were unclear about whether they were to represent and advance the views of their industry association or whether they were to provide insight and advice as knowledgeable individuals. Some of this confusion can be attributed to the fact that 15 of 19 voting members are recommended by industry associations.

Section three of the Code of Conduct for CMC members, in the Council’s Governance Guidelines, says that members shall “strive to balance the interests of all sectors of the Canadian music industry” and “it is important for each member of the CMC to bring the realities of their

own constituency to the table, and also to pay close attention to those of the others, and finally to vote for the best interests of the music industry as a whole.” Interpretation of the guidelines was found to vary widely between Council members. At the very least, these factors were found to have a bearing on the Council discussions and on the potential impact the Council might have in relation to issues affecting the music industry.

Monitoring of CMF Implementation and Performance

Initially, the Council was expected to contribute to the monitoring and evaluation of the CMF’s performance. In this capacity, the Council reviewed CMF delivery partners’ / administrators’ business plans and annual financial reports. The Film, Video and Sound Recording Branch was concurrently reviewing the same documentation.

Positive impacts of the Council’s work in this context are identified below, although stakeholders suggested that they would likely still have occurred whether or not the Council had been involved:

- A consistent approach to the preparation of business plans: A common business plan template was developed for program administrators, and tabled at the Council’s first and fifth meetings. The overall view was that the consistency of business plans improved due to Council feedback. A small number of interviewees said this had helped improve the cohesiveness of the Canada Music Fund, through more consistent information and integrated reporting via the Annual Report, and that the Council had also made recommendations on ways to improve CMF program coordination.
- Information exchange between administrators: Administrators meet quarterly, improving the exchange of information between administrators. There have been instances where good practices of one administrator are shared with others.
- Support regarding the development of performance measures for the CMF: Through its sub-committee, the Council helped the Department finalize performance indicators for the Canada Music Fund, in particular indicators to guide assessment of the industry’s viability. The Council also discussed the Canada Music Fund evaluation and the development of an industry profile. Feedback from interviews was mixed concerning the success of this CMC contribution.
- Increased visibility/validation of the Canada Music Fund: Exposure of CMC members to the governance and operations of CMF programs was seen by Council members to have lent credibility to and heightened the value of CMF programs to the music industry.

However, it was suggested that in performing a challenge role relating to administrators’ business plans and financial reports, the Council began to assume fiduciary responsibilities that went beyond its authority as an advisory body. This created confusion about CMF governance, roles and responsibilities. The issue of overlapping responsibilities between PCH and the CMC was highlighted in a departmental audit of the CMF in June 2004.

A number of interviewees raised concerns about potential conflicts of interest, as individual members had been named by organizations that would receive PCH funding. Furthermore, some members were perceived to be advancing the interests of their particular sectors in relation to the

funding. The Council's Governance Guidelines (Section 3.c) are clear on this issue, i.e. "... members will not be directly involved in the selection of music projects that may receive funding assistance from any of the organizations responsible for the delivery of CMF's programs. Nor should they attempt in any way to influence the selection of these projects. These decisions are solely the responsibility of the organizations that administer the Canada Music Fund's programs."

The Council's New Mandate

Although relatively recent, the Council's new mandate (June 2004) calls on the Council to focus on longer-term strategies and policies and act as a sounding board for policies and programs for the music industry. The Council is still expected to foster dialogue and partnerships. Council members reported that they are more comfortable with the revised mandate and overall, that the new mandate is better suited to the role of a ministerial *advisory* council.

Specific achievements of the Council in relation to its new mandate are limited, as the new focus is relatively recent. Although the CMC no longer has an advisory role with respect to CMF implementation/governance, it continues to operate in the broad context of federal policy on and support to the music industry, and Council members maintain an ongoing interest in Canada Music Fund programs. They are concerned, for example, about the allocation of funding between programs, whether CMF program activities are adequately resourced, and whether CMF programs are working in an integrated manner to achieve overall CMF objectives. They are also concerned about funding mechanisms to respond to the needs of a fast-changing cultural industry.

Although it was acknowledged that the Department is responsible for managing policy implications of these questions and their impacts on the CMF, interviewees thought that the Council, too, should advise the Minister on adjustments that CMF would need in the long-term.

At its ninth September 2004 meeting in Edmonton, the Department sought the Council's advice on priority policy areas in relation to the music industry. This request was well-received by the Council, but interviewees said that exercise did not prove very effective as only a portion of the meeting was devoted to the topic and the discussion had not been completed due a lack of time.

A significant number of interviewees (including both Council members and PCH representatives) felt that the Council has not produced results commensurate with the investment. While many acknowledged that the federal government has received considerable value-for-money from the Council, because of the quality of its members and the fact that its members are giving their time without charge, the overall view is that the benefits have not justified the costs. Costs have included not only the \$400,000 Council budget but also the work of the Department, beyond its Secretariat functions, in preparation for and participation at Council meetings.

The general view was that changes would need to be made to the composition of the Council and how it operates, if the Council is to achieve the mandate of providing strategic advice to the Minister on key policy issues facing the music industry. These improvements are discussed further in the coming pages.

4.3 Continued Need for the Advisory Council

The need for and role of a ministerial advisory council on music-related matters needs to be considered in the context of the overall music industry in Canada and abroad, and the many and rapid changes the industry is experiencing. It would be stating the obvious to say that the business models in today's music industry will undergo major changes due to technology over the next few years. The industry in Canada and internationally will be subject to major structural changes in the way music is published and distributed to audiences, and will undergo a major transformation as electronic sales displace traditional sales channels.

Key challenges include threats to the financial viability of the music industry, for example: declining music sales; the downloading phenomenon; copyright protection; production of Canadian content; and the strong influence of the United States on the Canadian music market. Interviewees often positioned the role of the Council in the context of an industry that is undergoing major changes at this particular time.

Major differences were noted between the music sectors in Quebec and the rest of Canada, in terms of the sound recording industry and consumer preferences. As a result, there are associations that represent similar sectors (e.g., creators) in each.

At a policy level, interviewees said some major topics of interest to policy makers and industry representatives, include: the protection of Canadian content; cultural diversity; copyright protection; bankruptcy legislation; training of people in the music industry; and tax incentives for artists. These topics are complex, and some have legal and technical implications, and involve a number of stakeholders.

The federal government plays an important role in supporting the viability of the Canadian music industry through legislation and funding support. The Canada Music Fund was perceived by interviewees to be critical to supporting the music industry.

In the short-term, PCH has decisions to make regarding the ratification of the World Intellectual Property Organization (WIPO) Copyright Treaty, and modifications to the *Copyright Act*. Although PCH has a lead role from a cultural perspective, other federal departments (e.g., Industry Canada) also have interests and/or jurisdiction, e.g., over copyright.

As for all federal departments, there is a continuing need for the Minister and/or Department to consult with stakeholders on long-term approaches to addressing specific issues and challenges faced by (in this case) the music industry; to maintain an ongoing dialogue between the federal government and this industry, thus ensuring relevance of federal investments; and to bring the various sectors of the music industry together to find solutions to common issues.

What is less clear is whether this consultation with the music industry should continue to be by means of an advisory body such as the CMC, or whether other consultative processes, such as direct communications with the associations, periodic conferences and summits, targeted focus groups, would be sufficient and more (cost) effective.

A strong case was made both for and against an advisory council such as the CMC. Views of the interviewees were divided, with about half being neutral or “on the fence”, and the other half being split between those very much in favour of an advisory body and those very much against.

Factors in favour of an advisory role similar to the CMC

Interviewees who were very supportive of an advisory body such as the CMC emphasized the importance of bringing together different stakeholders from the music industry to better prepare for major changes to the music industry. Benefits raised include:

- **An advisory council can be an efficient tool for industry-wide consultation.** The advisory council model provides a good mechanism to obtain industry views and feedback on new directions; to share information with the industry; and for the Minister to hear the collective interests of the music sector. It is one of several mechanisms that can be used to consult the industry. Having a Council with high-profile members validates the consultative mechanism.
- **An advisory body such as the Council provides a mechanism to improve working relations between stakeholders in the music sectors.** Although this objective is of less direct interest to PCH, nearly all the interviewees (even those strongly against having a Council) reflected upon the benefits of an advisory body similar to the CMC in bringing various interests of the music industry together, and creating a greater appreciation of and mutual respect for their needs.
- **The music industry is in a period of rapid transition.** The argument made is that an advisory body is one form of consultation required at this time – given the many changes faced by the music industry and the need to understand the impact of these changes on various segments of the industry and to develop long-term strategies to deal with these challenges. This view is one presented mainly by stakeholders from the music industry, and less so by departmental representatives who also support other cultural sectors such as publishing, film, that face pressures as well.
- **The need to represent the interests of the whole music industry.** There is some perception that some music industry associations are not as well-established as associations in other industries, and that an advisory body such as the Council can help fill this gap by representing parts of the industry that are not sufficiently represented at this time.

Factors against an advisory role similar to that of CMC

Those with strong views against an advisory role argue that the CMC has had limited impact and is just one of many possible sources of policy input for ministerial consideration. The main arguments against are:

- **The Council has had few demonstrable achievements.** Interviewees pointed out: the diverging views of members of the Council; the resistance to engaging in an open dialogue due to what they saw as self interests; the lack of expertise of CMC to address complex policy questions and provide strategic advice to the Minister; and the time and effort required in relation to the results achieved.

- **Lack of clarity regarding the continued need for advice from the Council and limited ministerial interface with the Council.** Validation of implementation strategies and CMF components, industry insight on immediate CMF impact and guidance on performance measurement are no longer needed as CMF implementation is now well beyond the formative stages. Also, there is recognition that ministerial interface has been limited to date. As well, it is recognized that other industry sectors do not have similar ministerial advisory councils, and that it may not be realistic to continue to have an advisory body for this sector.
- **The existence of alternatives for ensuring music industry perspectives/insight are provided to the Minister.** Industry associations have direct access to the Minister and Department by other means than the Council. The Minister and the Department consult with stakeholders through focus groups and other means. Representatives from various sectors of the music industry also have other opportunities to meet one another. Additionally, stakeholder organizations do not want the Department to consider the Council as a substitute to consultations with them.

Considerations for those “on the fence”

A number of interviewees say they still see the merits of an advisory body such as the Council, but question the need for a continued Council if the following matters are not addressed:

- **Interface with the Minister.** Interviewees in this group were clear that the Council should only be continued if the Minister is in need of advice and has time to engage in focused discussions with Council members. The Council is composed of well-known members of the music industry; their continued participation in and support for the work of the Council can only be sustained if there is a clear understanding of if and how the Minister and the Council will work together and who the Council will report to.
- **Differing interpretations of the Council’s mandate.** The CMC will only be successful if its mandate is clarified as to whether it is to:
 - focus on long-term challenges facing the music industry, or provide advice on the short-term policies and priorities of CMF, which many see as the responsibility of the Film, Video and Sound Recording Branch;
 - provide policy recommendations, or simply provide feedback on proposed policy options;
 - actively engage the music industry in a broader dialogue on the long-term challenges that it faces, and provide a forum for closed-door discussions with the Minister;
 - achieve consensus on issues affecting the industry and policy considerations for government, or simply advance the views of the various interests of the music industry.

Although clarity on some of these issues is provided in the Council’s Governance Guidelines, based on feedback from a large number of respondents, it is apparent that there are varying interpretations and expectations with respect to the Council and its mandate.

5. Options for Future

5.1 Continued Need for Consultation

The Minister and Department need to maintain ongoing consultation and dialogue with the music industry; it is a rapidly changing industry that faces major challenges. The question is what form consultation and dialogue should take. In any case, there is a need to maintain the goodwill of the music industry and to continue dialogue across industry segments.

Interviewees reported that, in creating the Council, the government had raised expectations with respect to maintaining interactive dialogue between public policy and decision-makers and key stakeholders in the music industry.

In this light, discontinuation of the Council, without alternative consultative mechanisms, could be interpreted by some parts of the music industry as a sign that the federal government's interest in maintaining a dialogue has waned. This evaluation has itself raised expectations; it will be important for the government to decide relatively soon how it will proceed.

In this context, two possible options are proposed for consideration (not presented in any order of precedence):

5.2 Options for Future

Continuing the Council

This option would require that key issues/concerns raised during the course of this assessment be addressed, specifically:

- **Clarify the Council mandate and roles and responsibilities of its members.**
The mandate of the Council needs to be further tightened and focused more specifically on providing advice to the Department/ Minister on long-term challenges facing the music industry. It should also be made clear whether members should participate as representatives of associations/sectors or as individuals who are knowledgeable about the music sector. While opinions were divided, members need the flexibility to express individual views if the Council is to be effective in providing strategic advice.
- **Clarify the process for “providing advice to the Minister”.**
From the perspective of Council members, communications between the Council and the Ministers who have held office during CMC's life have been limited. The processes and responsibilities for involving the Minister in identifying issues to be addressed by the Council, and reporting on the Council's discussions and recommendations to the Minister, need to be clearly defined. A more formal process is needed for reporting the results of Council meetings to the Minister.

- **Improve the structure of the Council.**

The leadership of the Council could be reinforced through one neutral chair (the decision to appoint three co-chairs was made to ensure that the interests of key segments were represented, but many members find it confusing and not very effective). While members of the Council are leaders in their fields, the level of knowledge and expertise regarding the policy issues affecting the industry varies widely; the addition of other “neutral” subject matter policy expertise would raise the overall level of professionalism of the Council and help to diffuse the inherent conflicts. Finally, various means could be taken to better focus Council deliberations, for example: reducing the size of the Council and the frequency of meetings; limiting the number of topics discussed at each meeting; ensuring greater continuity between meetings and participation by member; and developing an evolving agenda with input from Council members, the Department and the Minister.

- **Improve the operations of the Council.**

Issues to be addressed by the Council should be identified in advance of Council meetings, ideally with input from the Minister. To maintain members’ active interest, the number of meetings should be limited to three per year, as outlined in the Governance Guidelines, unless important issues arise which require Council input.

- **Engage external stakeholders from the music industry in Council discussions.**

A major gap exists in terms of the Council’s communications with the associations/CMF administrators, and how they are engaged in the discussions of the CMC regarding the industry. The Council’s proceedings are seen to have no visibility beyond the members themselves, especially in the absence of an annual report.

Pursuing Other Consultative Processes

This option would involve discontinuing the Council, and recognizing that the Minister and the Department might be served more cost-effectively by other less formal forms of communication and dialogue with the industry.

Possible alternatives suggested by interviewees during the course of the evaluation included one-on-one discussions with industry representatives or an annual summit of the music industry in Canada.

Management Response:

- The Film, Video and Sound Recording Branch is satisfied with the evaluation and agrees with the report and its findings.
- The report will be shared with all members of the Canada Music Council.
- A recommendation based on options for the future of the Canada Music Council will be forwarded to the Minister of Canadian Heritage for her consideration before the end of June 2005.

Appendix A – Governance Guidelines for the Canada Music Council (Spring 2002)

1. Original Mandate¹

Taking into account the federal government's policy objectives as well as the needs and priorities of the Canadian sound recording industry, the mandate of the CMC is to:

- a) advise the Minister of Canadian Heritage on the general principles governing the Canada Music Fund (CMF) and on the strategies to achieve CMF's objectives;
- b) contribute to the monitoring and evaluation of the CMF's performance;
- c) conduct investigations and enquiries into all music-related matters that the Minister may refer to it;
- d) foster constructive dialogue and partnership arrangements among creator/artist, producer and broadcaster groups.

2. Roles and responsibilities

- a) Roles and responsibilities of co-chairs:
 - Schedule meetings and develop agenda in consultation with departmental officials. Agenda items or informational materials that a member may wish to be considered at a CMC meeting should be sent through the Secretariat for circulation to the co-chairs who will then prepare such items for incorporation on the earliest appropriate agenda.
 - Chair meetings.
 - Report directly to Minister on all actions recommended by the group.
 - Create sub-committees, when needed.
- b) Roles and responsibilities of members:
 - Read and assess submitted materials;
 - Attend CMC meetings;
 - Contribute to discussions;
 - Develop consensus on recommendations/advice to Minister.
- c) Roles and responsibilities of the Secretariat:
 - Preparation and submission of agendas;
 - Notification, organization of meetings;
 - Preparation and circulation of documents;

¹ This mandate was in place until June 2004. The revised mandate is at the end of this appendix.

- Transmission of minutes to co-chairs for approval and distribution to Council members for final approval at next meeting;
- Preparation of CMF's consolidated annual report;
- Development, maintenance and upgrade of CMC's website;
- Liaison with other federal and provincial departments and agencies, and with the private sector.

d) Minister's office may suggest items for agenda.

3. Code of conduct for CMC members

- a) Strive to balance the interests of all sectors of the Canadian music industry.
- b) It is important for each member of the CMC to bring the realities of his or her own constituency to the table, and also to pay close attention to those of the others, and finally to vote for the best interests of the music industry as a whole.
- c) It is important to remember that members will not be directly involved in the selection of music projects that may receive funding assistance from any of the organizations responsible for the delivery of CMF's programs. Nor should they attempt in any way to influence the selection of these projects. These decisions are solely the responsibility of the organizations that administer the Canada Music Fund's programs.
- d) In discussing the work of CMC, members should use discretion and decorum.
- e) Return all documents received if requested.
- f) Make every effort to be prepared before meetings including the review of advance materials.
- g) Attend meetings as scheduled. Missing two meetings in a year may result in replacement.
- h) Acknowledge leadership of the role of the chair in managing discussion according to agreed upon rules and in interpreting this Code of Conduct.
- i) Members should not challenge the Council's decisions in public.
- j) Members should not speak out in public on behalf of CMC. Questions from media should be directed to CMC's Secretary General.

4. CMC Information Framework

- a) Meeting materials will be sent to members two weeks in advance of meetings.
- b) A brief annual plan will be created to organize the work for each year.
- c) Some reports that will be required by the CMC:

- FMC's administrators business plans and annual reports;
- Standard form contracts between administrators and fund recipients;
- Agreements between the Department and administrators.

5. Structure and process

- a) The organization will report to the Minister of Canadian Heritage.
 - The CMC has no special legal status.
 - The CMC is under the full responsibility and financial support of PCH.
 - Any change in the structure of organization must be approved by Minister.
- b) Membership (number, nomination process, duration of mandate, substitution):
 - 19 members (15 names submitted for Minister's approval by organizations representing various sectors of activity in the Canadian sound recording industry and 4 designated directly by Minister).
 - Organizations (except CBC) should not select permanent employees to represent them on the Board.
 - Selection of members should take into account the regional and linguistic make-up of Canada.
 - The selection of the 4 members designated by Minister based on recognized expertise and skills and not necessarily on representation of a specific entity or interest group. Their terms of office may vary. 3 out of these four representatives will become co-chairs of the group.
 - The Minister can add to the composition of the group any other qualified or capable persons that are identified as being able to substantially contribute to its overall depth of knowledge and expertise.
 - The term for members representing various sectoral agencies is two years. For the sake of continuity, terms will be two or three years during the Council's early years (see attached table on terms of office). At the expiration of their terms in office, the members would remain as members until such time as they are replaced by the new member.
 - No substitutes, in the interest of continuity.
 - No security clearance needed.

- c) Full Board Meetings (frequency, location, duration, quorum, translation, teleconferences):
- 3 meetings a year, or as required.
 - Meeting locations at co-chairs's discretion. Meetings outside Ottawa, Toronto and Montreal encouraged when possible.
 - Usually full-day sessions.
 - May use teleconferences, specially for short agenda.
 - The quorum consists of 11 members including 2 co-chairs.
 - Simultaneous translation should be available at all full meetings.

d) Invitees:

- One representative responsible for the delivery of CMF's programs (FACTOR, Musicaction, Telefilm Canada, Canada Council for the Arts, National Library, AVTrust, SOCAN Foundation) will be invited to attend meetings for the purpose of making presentations to the Council. Any request for more than one representative should address to the Secretary General of the CMC.
- One representative from PCH to become ex-officio (non-voting) member.
- Other government officials, or private-sector individuals may attend at the joint invitation of the co-chairs, as required on an issue basis, but not for full meeting.

e) Sub-committees

- The CMC may form sub-committees to review special issues. The formation and tasking of sub-committees are the responsibility of co-chairs in consultation with CMC's full board and PCH. Sub-committee members may be selected from the parent Board.

New Mandate (Spring 2004)

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

Appendix B – Evaluation Issues

QUESTIONS	INDICATORS	DATA SOURCES
<p>1. What have been the CMC’s major contributions to the Canadian music industry?</p>	<ul style="list-style-type: none"> - number of and results from partnership arrangements sponsored among creator, performer, producer and broadcaster groups - number and quality of contributions made to research on and development of relevant information on the Canadian sound recording industry - performance indicators developed for the music industry - number, quality and utilization of annual reports produced on the CMF - results from participation in subcommittees or events organized by PCH in connection with the Canadian music industry - unintended positive or negative effects of CMC - satisfaction with CMC’s role and activities by PCH managers, program administrators and industry associations 	<ul style="list-style-type: none"> - document and file review - interviews with key stakeholders
<p>2. To what extent has the CMC fulfilled its mandate?</p>	<ul style="list-style-type: none"> - type, quantity, quality and timeliness of advice provided to Minister - satisfaction of Minister with CMC’s role as industry “sounding board” - quality of dialogue and partnerships fostered among players involved in the industry - number and success of plenary meetings organized - Canadian government’s policies and programs better adapted to the Canadian music industry - Possible areas of relevant research identified 	<ul style="list-style-type: none"> - document and file review - interviews with key stakeholders
<p>3. Is there a continuing need for an advisory role such as that performed by the CMC? If so, could the need be addressed more effectively?</p>	<ul style="list-style-type: none"> - need for new / better strategies to assist the Canadian music industry - objectives and priorities of federal government in relation to the music industry - cost-effectiveness of the CMC’s activities - CMC’s activities in relation to those of other organizations working to ensure the success of the Canadian sound recording industry - alternatives to CMC 	<ul style="list-style-type: none"> - document and file review - interviews with key stakeholders

Appendix C – List of Interviewees

Stakeholder Type	Interviewees
Current members of the Canada Music Council	<ul style="list-style-type: none"> ▪ Rosaire Archambault (co-chair), Président, Editorial Avenue ▪ Bill Henderson (co-chair), songwriter/producer ▪ Denise Donlon (co-chair), former president of Sony Music Canada ▪ Amy Sky, songwriter/performer ▪ Mario Labbé, Président, Analekta ▪ Yves-François Blanchet, Président, Diffusion YFB ▪ Michel Arpin, Conseiller principal, Groupe de radiodiffusion Astral Inc. ▪ Gary Slaight, President and CEO, Standard Radio ▪ Earl Rosen, President, Marquis Records ▪ Bernie Finkelstein, President, True North Records ▪ Alvin Jahns, Vice-President, Stony Plain Records ▪ Diane Juster, songwriter/performer ▪ Marie Denise Pelletier, songwriter/performer ▪ Sylvain Lafrance, Vice-President, Canadian Broadcasting Corporation ▪ Marc Chouinard, Directeur, Théâtre Capitol ▪ Shari Ulrich, songwriter/performer
Past members of the Canada Music Council	<ul style="list-style-type: none"> ▪ Terry McBride, CEO, Netzwerk Music Group ▪ Pierre Rodrigue, Groupe Archambault ▪ Kim Stockwood, songwriter/performer
Third-party program administrators	<ul style="list-style-type: none"> ▪ Andrée Ménard, Directrice Générale, Musicaction ▪ Heather Ostertag, President, The Foundation to Assist Canadian Talent on Records (FACTOR) ▪ Shelley Stein-Sacks, Telefilm Canada ▪ Ric Macmillan, Society of Composers, Authors, Music Publishers of Canada (SOCAN) Foundation ▪ Russell Kelley, Head of Music Section, Canada Council for the Arts ▪ Paul McCormick, Library and Archives Canada
Industry associations	<ul style="list-style-type: none"> ▪ Solange Drouin, Association québécoise de l'industrie du disque, du spectacle et de la vidéo (ADISQ) ▪ Brian Chater, Canadian Independent Record Production Association (CIRPA) ▪ Jean-Christian Céré, Société professionnelle des auteurs et des compositeurs du Québec (SPACQ) ▪ Anne-Marie Desroches, Union des Artistes ▪ Stan Meissner, Songwriters Association of Canada
Department of Canadian Heritage	<ul style="list-style-type: none"> ▪ Jean-François Bernier, Director General, Film, Video and Sound Recording (non-voting CMC member) ▪ Pierre Lalonde, Director, Sound Recording Policy and Programs ▪ Michel Normandeau, Secretary-General, Canada Music Council ▪ Chantal Fortier, Director, Heritage Programs
External observers	<ul style="list-style-type: none"> ▪ Raynald desMeules, Reporting Secretary, Canada Music Council ▪ Daniel Normandeau, Moderator, ConversArt Consulting Ltd.

Appendix D – Interview Guide

A. Background

Kelly Sears Consulting Group has been engaged by the Department of Canadian Heritage to conduct an evaluation of the Canada Music Council. The objectives are to:

- ❑ Document the achievements of the Council
- ❑ Assess the extent to which the Council has achieved its mandate
- ❑ Assess the continuing need for an advisory role such as that performed by the Council
- ❑ Identify options for the way ahead

We are conducting interviews with key stakeholders to obtain feedback on the above topics. Below is a list of questions we would like to cover during this interview. The interview will not last more than one hour. Your views will be kept confidential and will be aggregated with all of the responses we receive. We thank you for your time and input.

B. Questions

1. **Your relationship with the Council.** What has been your experience to date with the Canada Music Council?
2. **Value of the Council.** What do you see as the main benefits/achievements of the Canada Music Council? Has the Council met your expectations?
3. **Achievement of mandate.** What has the Council contributed with respect to:
 - Creating dialogue, and fostering partnerships between creators, performers, producers, and broadcasters
 - Acting as a “sounding board” for the Minister on major issues
 - Advising the Minister on strategies/priorities, and funding mechanisms
 - Creating policies and programs more suitable to the recording industry
 - Providing advice on the performance of the Canada Music Fund, and the sound recording industry as a whole
 - Generating information on the Canadian sound recording industry
4. **Other positive/negative impacts of the Council.** Have there been other positive or negative impacts from the Council that were not discussed above?
5. **Change in mandate.** Are you comfortable with the recent change in mandate of the Council? What are the main implications for the Council?
6. **Operations of the Council.** How effective has the Council operated, for example, with respect to:
 - Number and effectiveness of plenary meetings

- The size and composition of the Council
 - Participation and quality of advice of individual Council members, and level of cohesion and team building
 - External/internal communications
 - Recording of minutes, decisions, and actions required
 - Use of subcommittees
 - Participation in special events organized by the Department
 - Quality and usefulness of annual report
 - Secretariat support
7. **Relationships with other stakeholders.** How effective have the relationships of the Council been with key stakeholders, including:
- The Minister
 - Film, Video and Sound Recording Branch, as well as other branches, of the Department of Canadian Heritage
 - Third parties that deliver the CMF programs
 - Recording industry associations
 - Other advisory groups
8. **Cost-effectiveness of the Council.** Is the Council the most cost-effective way of providing advice to the Minister? Should other options be considered? Is the Council carrying out the right activities (i.e., doing all the activities it should be, or doing activities that it should not be)? Are resources at the right level, or too high or low?
9. **The way ahead.** Is there a continuing need for an advisory role such as that performed by the Council?
10. **Challenges and risks.** What do you see as the key challenges/issues/risks in continuing with the Council?
11. **Priorities.** What are the key priorities in terms of making improvements to the Council?

Appendix E – Topics of Discussion at Council Meetings

Topics	#1 Jun 14/02 Tor.	#2 Oct 28/02 Mtl.	#3 Feb 26/03 Tor.	#4 April 7/03 Gat.	#5 Sept 9/03 Calg .	#6 Oct 27- 28/03 Montreal (Strategic Planning)	#7 March 2-3/04 Tor.	#8 June 2/04 Mtl.	#9 Sept 13-14 /04 Edm.	#10 Nov 25/04 Gat.
Number of members present	15	18	17	18	18	15	17	17	16	11
Mandate of CMC	✓					✓		✓	✓	✓
Visit by the Minister				✓					✓	
Web site	✓			✓	✓			✓		
Follow up by PCH to Council recommendations				✓	✓		✓	✓		
Continuity of CMF	✓	✓								
Presentations of Business Plans by Administrators		✓		✓			✓	✓		
Presentations of Annual Reports by Administrators		✓	✓		✓					
CMC Annual Report		✓			✓					
Evaluation of CMF/CMF performance indicators/Industry profile	✓		✓	✓	✓		✓	✓		
Presentation by Telefilm on MEP			✓							
Business plan template for program administrators	✓				✓					
Future of the Canadian music industry						✓			✓	
PCH Policies and programs						✓			✓	
Copyright						✓		✓	✓	
Tax incentives for Canadian artists							✓		✓	
Presentation on role of CBC							✓			
Investment Act							✓		✓	
Canadian content definitions							✓		✓	

Bankruptcy and Insolvency Act							✓		✓	
Trade Routes Prog.								✓		
Training needs in the music industry										✓
Presentation on the future of music										✓