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Chair

Mr. Gary Schellenberger

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•(1115)

[English]

The Chair (Mr. Gary Schellenberger (Perth—Wellington, CPC)): I will call the meeting to order.

Welcome to meeting 33 of the Standing Committee on Canadian Heritage. Pursuant to Standing Order 108(2), we are studying cuts to the Canadian musical diversity program.

Our first speaker will be Ms. Heather Ostertag, president and chief executive officer of FACTOR. Please go ahead, Ms. Ostertag.

Ms. Heather Ostertag (President and Chief Executive Officer, Foundation Assisting Canadian Talent on Recordings (FACTOR)): My name is Heather Ostertag. I am the president and CEO of the Foundation Assisting Canadian Talent on Recordings, commonly referred to as FACTOR.

FACTOR is a private not-for-profit organization that manages funds on behalf of the Department of Canadian Heritage as well as contributions from Canada's private radio broadcasters.

Please allow me to provide some brief historical background on the foundation. In 1982 FACTOR was created as a result of a collaboration between the music industry and Canada's private radio broadcasters. In 1985 FACTOR merged with the Canadian Talent Library, creating an even larger pool of funding for artists. In 1986 the Department of Canadian Heritage, previously titled the Department of Communications, launched what is now referred to as the Canada Music Fund.

FACTOR and its sister organization, MUSICACTION, entered into an agreement to manage components of the initiative. FACTOR and MUSICACTION have continued to administer various programs on behalf of Canadian Heritage.

Personally, I have been involved with FACTOR since 1985 and have witnessed the increased support from the Canadian government over the years. The fund was launched with a commitment of \$25 million over five years. It is so greatly appreciated by the artists and the music industry that the department has, over time, increased its commitment to the music industry. The recent announcement to recommit to an additional five years, with a value of \$138 million, was well received.

The objective of the funding has always been to respond to the current needs of Canadian artists. From the outset, the intent of the government funding has been to support the production, marketing, and promotion of projects by Canadian artists, both domestically and internationally.

Under its current and previous agreements, FACTOR is contractually bound to fund projects from all genres of music as well as culturally diverse projects.

FACTOR has historically identified and addressed the ever-changing needs of the artists. The ongoing, direct relationship FACTOR has with its clients facilitates the foundation's ability to identify the ever-changing needs of artists. As a result, FACTOR has continually gone on record to request additional funding. While it is appropriate for FACTOR to request additional financial support, we recognize that it would be inappropriate to suggest where the much needed funds come from.

We recognize, however, that there will always be a finite amount of funding available. Further, we recognize the difficulty in the decision-making process encountered by both the funders and the administrators. It is not possible to provide funding for every proposal received.

The assessment process used by FACTOR is similar to the Canada Council's. It is a peer assessment that determines which projects will receive funding. Applicants effectively select their jury of peers during the process of application, which requires them to select a musical genre. Musical genre selection is not required for the purpose of slotting the artists into a niche but rather to allow them to choose the jurors who work in a specific genre as those best suited to adjudicating their proposals.

Each genre jury member has been accredited to ensure that he or she has a deep understanding of the genre and an ability to assess projects based on their creative merits.

The board of directors of FACTOR does not make creative decisions, nor do members listen to the music. If a project is recommended for funding through the creative assessment process, it will receive an offer of funding.

For the year ending March 31, 2009, FACTOR invested almost 30% of its funding in culturally diverse projects.

FACTOR is represented coast to coast to coast by the provincial music industry associations in each territory and province in Canada. They conduct juries across the country simultaneously. These relationships are invaluable to FACTOR, because they help to ensure that there is a national voice in the decision-making process.

FACTOR is not in a position to fund every proposal it receives, because there is a finite amount of funding available. That is the unfortunate reality of administering funding programs. However, I believe that the process we have, and the relationships we have with the provincial music industry associations, help to ensure that all proposals are given a fair and equal opportunity for consideration, regardless of genre.

Thank you.

• (1120)

The Chair: Thank you.

Next we have Andrée Ménard, from MUSICACTION.

[Translation]

Ms. Andrée Ménard (General Director, MUSICACTION): My name is Andrée Ménard. I have been the General Director of MUSICACTION since 2001, and so this is my ninth year. I have prepared a brief that is somewhat technical, but it is a response to the many comments and observations that have been made to this committee since the start of your study.

MUSICACTION was created in 1985 as an initiative of radio, record and performing arts professionals mainly to support the development of Canadian francophone music. The three members of MUSICACTION are the Canadian Association of Broadcasters, ADISQ and Quebec's Association of professional songwriters and music composers, the SPACQ.

In 1986, the Department of Canadian Heritage became one of MUSICACTION's partners when it transferred to MUSICACTION the management of some components of the SRDP, which was the original sound recording program. Since 2002, MUSICACTION has been managing two components of the Canada Music Fund, that is, the new musical works and the collective initiatives components. MUSICACTION has a budget of \$8 million, with \$5.5 million from the department and \$2.5 million from private broadcasters.

The new musical works component includes not only production programs, but also national and international marketing, management and showcase support. The collective initiatives component is intended to support professional development and promotion activities for young artists, such as singer-songwriter competitions, galas, trade meetings and festivals that showcase singers and songwriters. Recently, the music showcases initiative was created to promote artists from outside Quebec, that is, those from francophone minority communities across Canada.

Furthermore, MUSICACTION receives project applications from all musical genres and does not exclude any. Last year, 320 production and marketing projects were approved, accounting for close to \$6 million. About half of the projects are in the popular song, music and contemporary folk genres, while the other half is made up of jazz, instrumental, classical, world, urban, hip-hop, alternative and traditional music. We cover a great diversity of styles.

Our experience shows that creators of contemporary, experimental and electroacoustic music tend to apply in greater numbers to the musical diversity program of the Canada Council for the Arts when looking to receive support for specialized music production and distribution. However, it has also been shown that artists in the

classical music, jazz, folk and world music genres have been applying to MUSICACTION in the nine years since I have been at the helm of the organization. For example, Effendi Records, whose representatives you heard from last week, receives over \$100,000 a year to market jazz albums from artists who received an equivalent sum from MUSICACTION.

MUSICACTION offers substantial support to emerging artists and businesses that support their development. Last year, we supported the production of 83 albums. Of that number, 37 were first albums and 20 were sophomore productions. This goes to show that we do not work with established artists, but with those whose careers are emerging.

There are two ways for artists to receive funding from MUSICACTION. The first is as a recognized producer, a status that is assigned to record companies according to musical genre, the number of roster artists and sales generated. The music entrepreneur component, which was created in 2006, provides funding to Canada's largest record companies and has provided substantial support to new firms. We now support some 20 companies that, thanks to base funding guaranteed by MUSICACTION, mainly support young artists. Those companies include firms that specialize in the classical, jazz and hip-hop genres.

The second way to access funding is through the jury selection process, which is used by artists who fund their own projects and by over 60 small businesses that represent them. The first assessment criterion is artistic and takes into account in the scoring the artist's professional environment, which includes their management, tour organizers, record labels, licences and distribution. The assessment also considers a project marketing plan.

Some four committees, made up of artists, industry professionals and media representatives, distinctly evaluate projects from artists outside Quebec, as well as francophone vocal music, alternative music and the other musical genres we are dealing with today, that is, classical, instrumental, jazz and world music.

• (1125)

Last year, the jury acceptance rate for those other musical styles was 54%, or 15 approvals out of 28 projects received, compared with a 35% approval rate for all popular music projects.

The funding awarded to other musical styles amounts to 50% of funding requests, compared with 30% for francophone vocal music. That is to say that MUSICACTION treats other musical genres as well as if not better than more popular styles.

Contrary to what has been said, access to MUSICACTION funding does not mainly depend on profitability. Of all projects funded by MUSICACTION, very few achieve the levels of sales that are usually equated with commercial music. Sales make up only one of the factors evaluated as part of the professional environment.

With regard to other musical genres, in particular, sales considerations are rarely used to exclude projects, because most applicants have similar outcomes, that is, few sales. Generally speaking, we select the best artistic projects.

Lastly, allow me to point out that MUSICACTION stopped collecting royalties on album sales in 2006. Therefore, our funding is a contribution, not a loan.

I hope that these few technical observations have helped to clarify the comments that you have heard since the start of these hearings. Thank you.

[English]

The Chair: Thank you very much for that presentation.

Now we move to the Canada Council for the Arts, with Russell Kelley, head of the music section, and Carol Bream, director of communications.

Ms. Bream, please.

Dr. Carol Bream (Director, Communications, Canada Council for the Arts): Thank you.

Good morning, Mr. Chair, and thank you for your invitation to appear before you today with regard to the specialized music sound recording program and the specialized music distribution program of the Canada Council for the Arts.

I'm Carol Bream, director of communications, and my colleague Russell Kelley is head of the music section.

Music is one of the seven main artistic disciplines the council invests in through a range of programs. The other disciplines are dance, theatre, visual arts, media arts, writing and publishing, and interdisciplinary arts.

The Canada Council's programs are peer-assessed, and in 2008-09 the Canada Council used over 800 peers for this purpose. Our grants totaled about \$144 million, and we gave 6,200 grants to professional arts organizations and individual professional artists.

• (1130)

[Translation]

I will begin with an overview of the activities of the Council's Music Section. My colleague will then describe the sound recording programs that we have been administering since 1986 on behalf of the Department of Canadian Heritage. He will then speak to the impact that the changes announced recently by the department will have on the musicians in whom the council invests.

The Music Section invests in the creation, production and dissemination of Canadian music, as well as in the development of individuals, groups, small ensembles, orchestras, opera companies and other professionals in the Canadian music community.

Particularly relevant to our meeting today, the Music Section has managed a program for sound recording development on behalf of the Department of Canadian Heritage for 23 years. This program funded sound recordings in a number of genres, most notably in jazz, folk, world music and Canadian contemporary classical music. We learned on July 30 of this year that, after more than two decades, the memorandum of understanding would not be renewed and that the

opportunities offered to the specialized music sector might disappear or be significantly reduced under the revamped Canada Music Fund.

Our preliminary analysis of the new Canada Music Fund appears to support the view that many musicians in jazz, folk, world music and contemporary classical music may no longer have access to sound recording support at the federal level. Meanwhile, provincial support for sound recording is uneven.

The specialized music sound recording and distribution programs of the Canada Council for the Arts resulted in over 94 CDs per year and supported leading-edge creation in a wide range of genres by professional musicians who use recordings as key business tools for finding work and audiences, both in Canada and abroad.

There is a key difference between the Canada council's approach and the industry approach, which values the profit potential of a recording. For the musicians who receive funding from our programs, a recording is a business tool. But it may or may not eventually be profitable in the same way or at the same level as FACTOR or MUSICACTION define this concept in relation to the important programs that they deliver.

Artists in whom the Canada Council for the Arts has invested are the backbone of the many summer festivals in jazz, folk, world music and chamber music that are so popular with audiences across Canada.

Russell Kelley, head of music, will speak about the music ecosystem in Canada and about the potential impact of the changes to the Canada Music Fund on musicians in whom the council has invested over the past two decades.

Russell, the floor is yours.

[English]

Mr. Russell Kelley (Head, Music Section, Canada Council for the Arts): Thank you, Carol.

First of all, I would like to touch on what we call the musical ecology system in Canada. At one end of the spectrum, it includes the highly commercial entertainment side of the music industry. This includes radio, television, record labels, and the musicians who are able to get recording deals with major labels or who are working towards that end. Such musicians and their record labels are able to access readily the funding from FACTOR and MUSICACTION.

On the other end of the spectrum, the ecosystem also includes young, mid-career, and more established musicians in less commercial genres like contemporary classical music, world music, jazz, folk, and audio sound art. As the department's website notes, and I quote:

This is music not generally part of prevailing musical trends, as it emphasizes artistic considerations—creativity, free expression and/or experimentation—that do not necessarily meet conventional criteria and formats as defined by the popular music marketplace.

These are the professional musicians in whom the Canada Council has been investing. These professional musicians have been able to access small grants to make high-quality recordings for sale and promotional purposes for the past 23 years under what is now called the Canadian musical diversity component of the existing Canada Music Fund.

The combination of all types of music produced in Canada makes up this vital and dynamic ecosystem, and it includes the funding ecosystem in which the council has been pleased to share a role. The ecosystem is now threatened by the likely loss of funding for the musicians who have received support for recording activity from the Canada Council.

These musicians have had access to about \$1.3 million or just 5% of the \$27 million or so in the new Canada Music Fund. The success rate, even in the council's small part of the Canada Music Fund, has only been about 22%. That is to say, fewer than one in four applicants received a grant from the Canada Council through the two programs we delivered. It is never, ever a slam-dunk to get a grant from the Canada Council.

The artists who the council invests in are as intent on developing and sustaining careers in music as those on the more commercial side of the music industry. This means that every two or three years they must be able to record a new high-quality CD to maintain and develop audiences and new markets.

So how could the revamped Canada Music Fund affect these musicians? A summative evaluation conducted by the Department of Canadian Heritage in 2007 with respect to the Canada Music Fund highlighted that more than 80% of the artists who benefited from the Council's Canadian musical diversity component achieved increased technical quality of their sound recordings.

In today's digital world, high-quality sound recordings are essential for the artists who seek our support to secure touring opportunities and to promote their music in Canada and around the world. Again, Canadian Heritage's summative evaluation found that more than 86% of recipients of the Canadian musical diversity component confirmed that the funding enhanced their career in exactly this way.

More controversially, it has been stated that there was considerable overlap between the projects supported by FACTOR and MUSICACTION and those of the Canada Council and that the artists supported through the council's component of the existing fund would, for the most part, by implication, be accommodated by other partners in the newly constituted Canada Music Fund.

Without trying to be argumentative, our own analysis of all funding—Canada Council's, FACTOR's, and MUSICACTION's—for the past three and a half years plus the findings of the summative evaluation raise serious questions about this conclusion.

I should note that we were trying to determine impact on recording support opportunities for these artists who come to our component, and we recognize that the artists who come to our component are also exactly the same artists who come to our touring programs, our career development programs, and all of those other program supports as, similarly, those who are mostly supported by FACTOR and MUSICACTION for recordings are also supported through their programs for touring and market development.

• (1135)

Our statistics show that the overlap between artists supported by any of the Canada Council music programs and those supported by any of the programs at FACTOR and MUSICACTION is about 15% annually. This means that, at most, 15% of the artists receiving

support from the Canada Council for activities such as touring, market promotion, showcasing, and sound recording, also receive support from FACTOR or MUSICACTION's similar programs. We consider, when I mention ecosystem, that this is both appropriate and part of what we think is how you deliver support to the entire community. In other words, a minimum of 85% of the musicians the council supported may not be able to find similar support elsewhere at the federal level in the future.

In looking at the last 18 months, our research showed that of the 2,770 grant recipients from both FACTOR and MUSICACTION combined, only 79 of those recipients, or 3%, received sound recording funding from the Canada Council in the same period.

For the professional musicians, ensembles, and groups served by the musical diversity program where the traditions of working as independent artists have been the norm, the reduction of recording costs and the practice of selling from the stages of the festivals, churches, community centres, auditoriums and clubs in which they play, as well as through self-developed distribution channels, are proving to be a significant advantage at the moment, as long as the recordings can be made to an acceptable professional standard. This is not a given if funding is unavailable to these artists to achieve that goal.

• (1140)

Dr. Carol Bream: In conclusion, since the final terms and conditions for eligibility to the revamped fund are still unknown, the Canada Council is not yet in a position to assess the full impact of the offerings provided under the newly constituted Canada Music Fund on the specialized and diverse musicians in whom the Canada Council invests.

[Translation]

I would like to emphasize that the council has received strong reactions to the government's announcement and seen similar reactions in the media, as have the members of this committee and, no doubt, other parliamentarians.

[English]

The Canada Council is only too aware of one very important fact: Sound recordings are the single primary driver to finding work as a professional musician or as an ensemble, so the need for current, high-quality recordings remains critical and we regret not being a partner in the sustaining of the recording ecosystem.

It is our hope that the changes brought about will continue to provide assistance for the production and distribution of recordings of specialized music, music that emphasizes artistic considerations, creativity, free expression, or experimentation, music that does not necessarily meet conventional profit-based criteria and formats as defined by the popular music marketplace. Such music often provides vibrant, innovative and important new initiatives in music that are later imitated or integrated into commercial music. It would be very sad were they to wither from the lack of a relatively small amount of investment in the overall music economy.

Merci. We will be pleased to answer your questions.

The Chair: Thank you.

For the first question, Monsieur Rodriguez, please.

[Translation]

Mr. Pablo Rodriguez (Honoré-Mercier, Lib.): Thank you, Mr. Chair.

Thank you to the witnesses for being here with us this morning.

My question goes to both Ms. Ostertag and Ms. Ménard.

You are here as part of the study on cuts to the Canadian Musical Diversity Program, but I have not heard you speak specifically to that subject. You have not said anything about the program cuts. May I hear your opinion on that?

[English]

Ms. Heather Ostertag: That's correct. At FACTOR, we've enjoyed a longstanding working relationship with the department. Our experience over time has been that there have been cuts to programs in the past and changes of administrators on funds. We're non-political, non-aligned. We don't get involved in that part of things, but we're confident that the process the department goes through when determining projects to get funding and what initiatives should be getting support—

Mr. Pablo Rodriguez: Yes? Okay.

Madame Ménard.

Ms. Heather Ostertag: —is in keeping—

Mr. Pablo Rodriguez: I'd like to hear Madame Ménard.

Sorry, I have just five minutes for everybody.

[Translation]

Ms. Andrée Ménard: I have not expressed an opinion on that because it is not our decision. I wanted to highlight the comments concerning the so-called commercial approach of MUSICACTION with regard to the musical diversity program. I demonstrated in the text that that was not the case.

Mr. Pablo Rodriguez: Two programs out of seven were cut, and the money for those two programs was redistributed to the other five programs. You are involved in all five of those programs, and you will thus receive more money. Are you not in a conflict of interest in that respect?

Ms. Andrée Ménard: The funding announced by the minister is not intended for a new production program, but for two other thrusts.

Mr. Pablo Rodriguez: There are seven programs; two were cut and their funding was redistributed to the five remaining programs. Now you are involved in all five, so you are going to receive more money. To a certain extent, you are in a conflict of interest if you give your opinion on this study.

Ms. Andrée Ménard: Once again, I will not express an opinion on the relevance of the musical diversity program. I gave an opinion on its impact.

Mr. Pablo Rodriguez: ADISQ spoke out in favour of the cut, and it is one of your members. You have three of them.

Do you agree with ADISQ?

Ms. Andrée Ménard: ADISQ did not speak out in favour of the cut but in favour of the direction for the funding announced by the minister. That funding is intended for exports.

• (1145)

Mr. Pablo Rodriguez: But that money comes from the cuts. So that means that ADISQ agreed that the envelope should be reduced in this way.

Ms. Andrée Ménard: ADISQ did not give an opinion on the cuts to the musical diversity program.

Mr. Pablo Rodriguez: You should read the press release. It states that the people at ADISQ were in agreement with this situation. I contacted them about it. I find it odd that several of the people who benefited from these programs stated in recent weeks that they were devastated.

[English]

Ms. Heather Ostertag: There appears to be a lot of confusion, and part of the reason I'm here is to be on the record about what's really going on. Four artists have appeared before this committee, and they have been receiving substantial funding from FACTOR. Some of what they've put on the record.... Clearly, there's some confusion, because, for example, Zubot and Dawson are talking about *Tractor Parts* having been funded by the Canada Council. FACTOR funded that project as well. They're talking about that being the launch of their career in 2000. We also supported them with a sound recording in 1997.

You've got Tanya Tagaq, the Inuit throat singer. We've been giving her support. And Alex Cuba.

[Translation]

Mr. Pablo Rodriguez: Some people have come before us to tell us that this is a tremendous loss in terms of recording and distribution. Are you able to replace this program?

[English]

Ms. Heather Ostertag: No, but they've also gone on record as saying the funding from the Canada Council is what launched their career. FACTOR was there funding those same projects, so there is an inaccuracy in the statements.

I understand artists—

Mr. Pablo Rodriguez: But they're the ones who said it. They said they had been cut and it was something huge for them. So I just want to know if you're going to get more money. Are you going to be able to help them? Do you have the same objectives, the same criteria, or not?

Ms. Heather Ostertag: We're already supporting them, so I can't say who I can and cannot support in the future. What I can say, what I say on many panels and seminars, is that if you never apply for the funding, you'll never get it.

[Translation]

Mr. Pablo Rodriguez: Why, in your opinion, were the artists devastated?

I would also like to hear the opinion of the Canada Council for the Arts.

Dr. Carol Bream: First, as I mentioned, people are still not aware of the terms and conditions of the new programs. They are thus uncertain, that is for sure.

[English]

The Chair: Very short, please.

[Translation]

Dr. Carol Bream: They greatly appreciate receiving grants to help them in what they are doing, and they also appreciate the council's programs. I am not saying that they cannot be assisted, but the fact remains that only a small number of them can be.

[English]

The Chair: Madame Lavallée, please.

[Translation]

Mrs. Carole Lavallée (Saint-Bruno—Saint-Hubert, BQ): Thank you, Mr. Chair.

First, I would like to ask the people from MUSICACTION and FACTOR to tell us what percentage of applications they received and accepted came from specialized musical artists rather than from producers.

You do not necessarily have to send us that today. It can be later this week. Do you think it would be possible to send that information to the chair?

Ms. Andrée Ménard: Certainly. I also indicated in the text that this year, the rate of acceptance of specialized musical applications was 50% for us.

Mrs. Carole Lavallée: I would still like to receive the list.

I consulted the Internet to find the list of your projects that were approved last year. Of course, the specialized music category was not listed. I would like to see it. I saw that barely 1% of the \$6 million that you distributed went to the emerging artist category, which is part of specialized music—at least, in the category called SEA, the amount was 1%, that is, approximately \$60,000 out of a total of \$6,283,497.

The categories in your list may not be adequate. If you could update your list, I would like you to send it to us, once again through the chair.

Ms. Ménard and Ms. Ostertag, your testimony is astonishing. The people from Canada Council for the Arts, who are right beside you, do not say the same thing at all. You said, among other things, that you are not concerned about profitability, that you do not ask for royalties from your members and that you study creative projects.

However, the Canada Council for the Arts says that you give priority to the potential profits of a recording. That is what they just said, and they are sitting right beside you. They also said that 85% of musicians who received sound recording grants for specialized music have no other place to apply for such grants.

I would like to know how you feel about that. How can you say that you are not concerned about the profitability of the projects of the musicians or producers that you fund? What do you say to the statements of the Canada Council for the Arts witnesses, who have contradicted you outright? They said the opposite of what you said, and I want to know what the truth is.

●(1150)

Ms. Andrée Ménard: I don't know who is contradicting who here.

The Canada Council for the Arts witnesses claim that our selection methods take into account more commercial projects first and foremost. I would like to hear, from the Canada Council for the Arts people, where they get that information, because I showed you in my presentation that that is not the case. Our assessment is primarily on an artistic basis.

Mrs. Carole Lavallée: I'm sorry, but my time is running out.

So the Canada Council for the Arts witnesses say that you give priority to the potential profits of a recording, and you are telling me that that is not true.

Ms. Andrée Ménard: Absolutely not.

Mrs. Carole Lavallée: Okay, that's fine. Some people will be surprised.

They also state that at least 85% of the musicians who receive funding from the Canada Council for the Arts may not be able to receive funding from the federal government in future. You do not agree with that.

Ms. Andrée Ménard: I looked at the number of applications in the jazz category.

It must be kept in mind that highly specialized music genres, such as contemporary or electroacoustic, can turn to the Canada Council for the Arts. Everyone agrees with that.

Where there is a margin of error is in the categories of jazz, world music and folk, among others. They come under MUSICACTION. Just look at artists who have been....

Mrs. Carole Lavallée: But that is not the case for audio art. Those people do not qualify for your programs.

Ms. Andrée Ménard: No.

Mrs. Carole Lavallée: So some sectors will nonetheless be abandoned.

Ms. Andrée Ménard: Yes, that is what we are seeing.

Mrs. Carole Lavallée: Fine, thank you.

I have a question for the people from the Canada Council for the Arts.

Has the department considered transferring the \$1.3 million and adding it to your budget of \$181 million, thereby allowing you to look after creators of specialized music? If it has not consulted you, would it be a good idea that it do so?

Dr. Carol Bream: They did not suggest adding it to our budget. Yes, of course, we think it would be a good idea. However, they have not consulted us on that or asked us whether we thought it was advisable.

Mrs. Carole Lavallée: Is there a better solution than entrusting you with the specialized music sector from now on?

[English]

The Chair: A very short answer.

[Translation]

Mrs. Carole Lavallée: You can say no.

[English]

Mr. Russell Kelley: No.

[Translation]

Mrs. Carole Lavallée: Thank you very much.

[English]

The Chair: Thank you.

Mr. Angus, please.

Mr. Charlie Angus (Timmins—James Bay, NDP): Thank you, Mr. Chair.

[Translation]

Ms. Andrée Ménard: Another issue would be to define what specialized music is, because there does indeed seem to be some overlapping among a number of categories.

Mrs. Carole Lavallée: I cannot answer you because my time has run out, but I will get back to you later.

Ms. Andrée Ménard: Fine.

[English]

The Chair: We're going to move on to Mr. Angus's question, please.

Mr. Charlie Angus: I'm very pleased to have everyone here today.

I'll say at the outset that I used to knock on FACTOR's door, and sometimes FACTOR closed the door and sometimes FACTOR opened the door, which is the role of any good funding agency. My children, who read the *New Musical Express* from England as if it were the Bible, have listed the ten coolest things in the world, and one was Canada because of Canada's ongoing support for music, which is unparalleled by any other country.

So I want to say that at the beginning, because I think the issue that we have to stay focused on here today is not the fight between FACTOR and the Canada Council or MUSICACTION, it's the larger question of the ecosystem of music in Canada and how we balance that. I have spoken with many artists and many festival promoters on this, and they are very clear about the role. I know the English scene better, so I know FACTOR and the importance of FACTOR but also the importance of the Canada Council. To me, I'm hearing a very clear issue. The loss of the diversity fund will impact and have a cost. I know you're non-political and that's very important, but in terms of making the decision, your expertise would have been heard from. Were you asked whether you can take this fund or assume this role? Was that part of the discussion?

Ms. Heather Ostertag: That conversation has not taken place, and I can tell you that historically, the board of directors at FACTOR—and I can only speak for them—has had confidence in the processes that have determined what new programs are going to be put in place, which ones are going to be continued, and which ones are going to be lapsed.

This isn't the first time a program through the Canada Music Fund has been lapsed, and we trust the process with the interviewing. Yes,

we're spoken to when there's a review of a program, and we provide our input based on what we receive from artists, but—

• (1155)

Mr. Charlie Angus: So was the question asked, “We're thinking of axing the Canada music diversity fund—”

Ms. Heather Ostertag: No, absolutely not. That question was not asked. I don't believe from my own interview that it was even a consideration. What they are doing is looking at and gathering what all the needs are and then trying to do the best they can with a limited amount of funding available. The bottom line is that there isn't enough money, and everybody is trying to do far more than is possible with the finite budgets available.

We all have to adapt to the fact that there are great projects that don't get great support because the money's not there.

Mr. Charlie Angus: Okay. Thank you very much.

I'd like to ask the Canada Council about your role in terms of supporting artists, because you're saying that you've done a pretty thorough evaluation and you're saying there is 15%, basically, crossover in terms of support for artists, career development, and sound recordings, with the sound recordings being down at only 3% overlap?

Mr. Russell Kelley: What we tried to do is look at any places where there are multiple hits. I'm going to start with saying something first, which is that multiple hits are not a bad thing. That we interact at certain points is to us also very natural, which is part of why we think of it as a complete continuum. When our artists suddenly create something that not only is excellent artistically but also has clearly an appeal, then of course it's going to equally be acceptable at the same tables at FACTOR or MUSICACTION. We find that very appropriate. Our MOU actually does not prevent that. It actually allows us to say up to 75% of something can be recorded by all the agencies together.

What we realize, though, is who uses the programs, who comes to us specifically or who goes to FACTOR or MUSICACTION, and we know that a very large part of the community we serve simply does not knock on those doors. They have never knocked on those doors. What we try to do is say that any type of possibility that somebody would come to our programs—in the Canada Council, we have an office called audience and market development, which very much does showcasing and international showcasing and all those opportunities. There are a lot of places where we serve artists in meeting the public—

Mr. Charlie Angus: Right. I'm sorry, I just don't have much time.

The Chair: You have ten seconds.

Mr. Charlie Angus: I am surprised that there's such little overlap, because it would seem to me that contrary to what's being said about profit versus non-profit, all musicians want to make a living, or otherwise they become bricklayers. To me it's a false argument. So I'm surprised that it would be that low in terms of overlap between the two. Are you telling me that there is a segment that is going to be completely left out if this doesn't continue?

Mr. Russell Kelley: Yes, our evidence leads us to believe that's the case, that there are many who make recordings not designed to actually hit a popular marketplace, but to be used as tools to get them tours, to get them all kinds of other opportunities.

Mr. Charlie Angus: Thank you.

The Chair: Mr. Del Mastro, please.

Mr. Dean Del Mastro (Peterborough, CPC): Thank you, Mr. Chair.

At the outset, I'd say I'm disappointed at the tone of these meetings, frankly. The government put substantial support behind the Canada Music Fund, \$27.6 million annually and \$138 million over five years. It is the most money that has ever gone into this fund. They consulted broadly, both informally and formally, with groups.

Frankly, I want to take some issue with something the Canada Council has in its document, where they say that 15% of artists receive support from the Canada Council, but they don't talk about the music diversity fund. The government does deserve some credit, because the government has dramatically increased the amount of funding to the Canada Council. So to say that 15% of artists who are receiving support from the Canada Council also receive support from FACTOR, I'm actually pretty happy with, because we have extended the total amount of funding for the Canada Council. And you, by virtue of that, are reaching further and helping artists more. But you failed to put that in, and it doesn't deal with the music diversity fund.

This is about the music diversity fund, and the opposition wants to talk about cuts when we have in fact put more money into the program. It's not a cut; it's a reallocation. Specifically, we're talking about putting money.... And Ms. Fry can laugh, because she thinks it's funny.

I actually think it's very important that the government is looking forward. We're looking at the digital transition. We've virtually doubled the amount of money. We've gone from \$500,000 to \$900,000 for the digital transition. We're looking forward. Music has changed in how it's disseminated, how it's recorded, how it's listened to, how it's purchased, everything. Everything has changed with music.

Ms. Ostertag, you've been around music since 1985. That's a long time. I've been around artists too; I've been around artists who have specifically told me how much FACTOR has assisted them. Can you give me some indication of how this music fund will assist artists, those who are aspiring artists, those who are in specialized music, and those who are aspiring to be in more than specialized music? How will this fund assist them?

• (1200)

Ms. Heather Ostertag: I think there's the fact of the four artists whose names have been put on the table here today and who were part of the hearings. I read the transcripts and thought, "Boy, is there ever some confusion around where the money's coming from". For example, Zubot and Dawson, we were there for them. We funded their record, *Tractor Parts*, the record they claimed launched them. We funded them with a record that happened before that.

And there's Andrea Menard, the Métis singer from Saskatchewan, who is claiming that *The Velvet Devil* is what launched her career. We were there supporting it. We've continued to support her.

And there's Alex Cuba, and Tanya Tagaq, the Inuit throat singer.

I really believe that the 600 people we have each and every year listening to these artists and deciding who's going to get funding may in some cases be the same ones as the council.

We're supporting artists from all genres. We're not focused on the money being repaid. Sometimes you'll have a success story that leads everyone to get excited that there's a good return on investment, but we're supporting more artists who are not succeeding, because we're there in the beginning and helping them at that stage where....

You should look at our annual report, and I'd invite all of you to take a look at it. You are going to see names in our most recent one that you are not going to know, but in three to five years those are the names you will be recognizing, because it takes that long for their careers to get developed, and we're there helping them every step of the way.

Mr. Dean Del Mastro: Will this expanded, extended, enriched Canada Music Fund—because that's what we have—help artists? Five years from now, will we look back and say this has helped artists, it's provided support for artists, and it's continued to develop Canadian talent?

Ms. Heather Ostertag: Absolutely. All of what the department has done is going to support the industry.

I'm not in a position to comment on how you come up with your funding and how you make those decisions, but I have empathy for anybody who has to do it, because, as an administrator, I don't feel I'm in a conflict of interest sitting here today and answering the questions. I just have to deal with the finite budget and deal with the programs and put the money out there, and I believe that all of it matters.

I'm a broken record, but the real issue is coming from the fact that there is a finite amount of money; we're in an economic crunch. I think people are trying to do the best they can with the information they're given, and I trust the process that's been used to get it to the place where the department made decisions.

The Chair: Okay, thank you.

We don't have time for another full round. I know that a round of questioning is five minutes.

Would each member like to have one question?

Mrs. Carole Lavallée: We have a motion at the end.

The Chair: I know. Okay, then we will thank our witnesses for appearing here today, and we will recess for two minutes, because we want to make sure that we get our business done.

Thank you.

●(1200) _____ (Pause) _____

●(1205)

The Chair: Could we get our committee back to the table, please? We have a lot of business to do here yet this morning.

Okay, we're going to start the second half of this meeting, and it will run until 12:55. Then we have to deal with some committee business.

We welcome, from the Department of Canadian Heritage, Jean-François Bernier, director general of cultural industries, and Pierre Lalonde, director of music policy and programs. Welcome, gentlemen.

If you'd like to make a presentation, go ahead, Mr. Bernier, please. *[Translation]*

Mr. Jean-François Bernier (Director General, Cultural Industries, Department of Canadian Heritage): Thank you, Mr. Chair.

Good morning to everyone.

First, on behalf of the Department of Canadian Heritage, I wish to thank the committee for inviting us to appear today to explain the context surrounding the changes that were made to the Canada Music Fund as part of its recent renewal.

My name is Jean-François Bernier, and I am a director general at the Department of Canadian Heritage; I oversee all cultural industry programs and policies. With me is Pierre Lalonde, the director responsible for music in my branch. For those of you from Quebec, that is his real name. There is a very popular Quebec artist who is also named Pierre Lalonde.

Of course, we will be pleased to answer any questions from committee members. My presentation will take about 10 minutes or so. I know that you have heard from many witnesses, but I think that the department's presentation is important in today's context.

Canada is recognized internationally for its music-related public policies, as Mr. Angus mentioned earlier today. The Government of Canada's policy framework comprises a set of legislative measures and programs that work together to ensure that Canadians have access to a diverse range of Canadian music choices. The Canada Music Fund is a pillar of this federal policy framework. It was created in 2001 to replace the Sound Recording Development Program, which had been in place since 1986. So we have had assistance programs for the music sector in place since 1986.

The objectives of the Canada Music Fund are to enhance Canadians' access to a diverse range of Canadian music choices, to increase the opportunities available to Canadian music artists and entrepreneurs, and to ensure that Canadian music artists and entrepreneurs have the skills and tools to succeed in a digital environment. With an envelope of \$27.6 million, the fund provides direct assistance to Canadian authors, composers and entrepreneurs.

The Canada Council for the Arts also supports Canadian music through a variety of programs. The council invested close to \$30 million in 2008-09 for that purpose. In total, close to \$57 million every year goes to support Canadian music.

●(1210)

[English]

In 2007 a major evaluation of the Canada Music Fund was conducted. This evaluation is part of the cycle of sound program management. The Federal Accountability Act states that departments and public agencies, such as the Canada Council, must regularly review their program spending. The evaluation report was made public in October 2007 and has been available on the department's website since then.

A separate branch of the department is responsible for the evaluations. Most evaluations, including this one, are carried out by independent experts. They provide objective information about program rationale, relevance, success, impact, and cost-effectiveness. They are used to help in decision-making for the renewal and ongoing improvement of programs, as well as resource allocation.

The 2007 evaluation of the Canada Music Fund included a survey of funding applicants, interviews with key informants from all areas of the music sector, specific case studies, and a review of statistical and financial data.

As part of the survey, more than 1,500 questionnaires were sent to funded and non-funded applicants from three components of the Canada Music Fund: the Canadian musical diversity component, the new musical awards component, and the collective initiatives component. In all, 534 decided to respond. In-depth interviews were held with more than 40 informants, including key associations representing the Canadian music industry and all Canada Music Fund administrators.

The evaluation report confirmed that the fund contributes to improving Canadians' access to a wide selection of Canadian music. It also noted improvements that could be implemented to increase the fund's efficiency. The report recommended simplifying the Canada Music Fund's structure by reducing the number of components and administrators. It also recommended broadening eligibility to promote innovation and the development of business opportunities provided by digital technology. Lastly, the report recommended increasing support for touring and international showcasing.

As you can see on page 4 of the deck that was distributed to all members, the department undertook a series of initiatives to follow up on the evaluation and in the context of renewing part of the fund's resources, which were set to expire in March 2010. The department presented the evaluation report in detail to all Canada Music Fund administrators, six of them. We also gathered comments from a number of stakeholders to identify their specific challenges and issues. National associations such as ADISQ, CIRPA, and CMPA, as well as entrepreneurs, including those in niche music sectors, were consulted. Specific groups and individuals also voluntarily offered their comments and suggestions to the department.

In June 2008 the department met with distributors, including distributors for niche music, to learn about the challenges and needs related to the online distribution and marketing of music. As part of our policy development responsibilities, we also commissioned and consulted a number of studies. In addition to these initiatives, a number of discussions were held with stakeholders in the Canadian music scene during events such as the Juno Awards, *les Rencontres de l'ADISQ*, and Canadian Music Week. At all the industry gatherings, we were there.

All these initiatives emphasized that the environment had changed and that the Canada Music Fund needed to be better adapted to meet the challenges of digital and international market development.

• (1215)

[Translation]

A new generation of the Canada Music Fund was announced by the minister on July 31, 2009, in the context of a major event, the FrancoFolies de Montréal. The renewal of the fund is part of an overall strategic vision to firmly support cultural industries in their transition into the digital era. This strategic approach was also reflected in other announcements, including the Canada Media Fund, the Canada Periodical Fund and the Canada Book Fund.

As of April 2010, the Canada Music Fund will continue to support a wide variety of Canadian music through a simplified structure that will be streamlined from seven components to five, and from six administrators to five. The fund will provide increased support for priority international and digital market development initiatives, and its eligibility will be expanded. The department is currently working with FACTOR and MUSICACTION to put the new approach into operation, and it will likely result in new programs with these administrators.

Lastly, in addition to supporting priority activities, the reallocation of resources will help eliminate an overlap within some of the fund's components and Canada Council for the Arts programs, which currently target similar clientèles and music genres.

In 1986, when the Sound Recording Development Program was created, the department turned to the Canada Council for the Arts to administer, on its behalf, a musical diversity program that would stimulate the recording and distribution of niche—or non-mainstream—music. The program started with a budget of \$250,000, which increased to \$1.4 million in 2001 with the creation of the Canada Music Fund.

Until 2005, the other components of the Canada Music Fund, those not targeting musical diversity, mainly supported larger Canadian labels, leaving little room for smaller labels or independent artists. In 2005, further to the recommendations of the fund's first evaluation, the department made major changes, which helped make funding more accessible.

These changes contributed to a considerable increase in the production of a wider variety of all genres of music—jazz, classical, world music, folk—you heard FACTOR and MUSICACTION refer to all these musical categories. The diversity of musical works of all genres was encouraged throughout the fund. Today, as a result, almost half of all albums produced through CMF components

administered by FACTOR, MUSICACTION and the department are part of the “non-popular” or niche music genres.

[English]

As a further illustration of this, 26 out of 40 albums nominated for the 2009 Polaris Music Prize were funded by CMF components other than the Canadian musical diversity component. This prize honours creativity and diversity in Canadian music by recognizing high artistic integrity, without regard to genre or sales history.

• (1220)

[Translation]

In conclusion, the process leading to the renewal of the Canada Music Fund followed proper procedures. Although difficult choices had to be made, the fund's modernization offers an opportunity to be better adapted to the pressing issues of the digital and international environment, all the while preserving the musical diversity expected by Canadians.

That concludes my presentation. Thank you for your attention.

We will be pleased to answer your questions.

[English]

The Chair: I'm sure.

Mr. Rodriguez, you have the first question.

[Translation]

Mr. Pablo Rodriguez: Thank you very much, Mr. Chair.

Thank you for being here today.

Mr. Del Mastro, I understand your viewpoint, but I would like to remind you that the study deals with cuts to the Canadian musical diversity program. Mr. Chair, we are talking about budget cuts because that is what is being studied. That is why you are here today.

Who did you consult with?

Mr. Jean-François Bernier: Pierre, can you answer that question?

Mr. Pierre Lalonde (Director, Music Policy and Programs, Department of Canadian Heritage): Yes. As Jean-François mentioned, during the summative evaluation, a survey was conducted of users of the Canada Music Fund, primarily the Canadian Musical Diversity, New Musical Works and Collective Initiatives components, which are administered by FACTOR and MUSICACTION. Fifteen hundred surveys were sent out, and we received 534 responses, 90 of which came either from assistance recipients or people who had not received funding or who had been denied funding by Canada Council for the Arts.

Mr. Pablo Rodriguez: Did they benefit from programs that were cut?

Mr. Pierre Lalonde: They benefited from the Canadian Musical Diversity program.

Mr. Pablo Rodriguez: Of those who responded, were some of them recipients of the programs that were cut?

Mr. Pierre Lalonde: The Canadian Musical Diversity program is administered by the Canada Council for the Arts.

Mr. Pablo Rodriguez: What was their response?

Mr. Pierre Lalonde: We do not have access to the answers of individuals. We have access to the evaluation summary, to the summative evaluation report.

Mr. Pablo Rodriguez: Is it possible that everyone benefiting from that program and who responded told you not to cut this good program?

Mr. Pierre Lalonde: The questions asked did not seek to determine whether or not we should have cut the program.

Mr. Pablo Rodriguez: What did you consult them on before the decision to cut the program was made?

Mr. Jean-François Bernier: Pierre is talking about one part of the consultations. In any program evaluation, a rigorous methodology is followed...

Mr. Pablo Rodriguez: I understand, but if you did not ask questions about that....

Mr. Jean-François Bernier: You asked me who had been consulted.

Mr. Pablo Rodriguez: Yes, but did you consult those people about the programs?

Mr. Jean-François Bernier: I would like to respond. The independent consultant sent out 1,500 questionnaires. With regard to the evaluation, there were interviews, bilateral meetings with about 40 key informants, including key stakeholders in the music industry. Following that evaluation, we held a round table with people from the music distribution industry. I can give you names, and we can send you the rest later.

Mr. Pablo Rodriguez: Everyone who came to testify before the committee said that they had not been consulted and that it was an excellent program. Many of them even sounded the alarm saying that it was a serious mistake, that they were being deprived of an essential program that had allowed them to succeed, in some cases, and that had opened doors for them, in others.

Now, you are talking about investing in developing international markets. I have nothing against that, but if people can no longer record a CD, that is a problem. If you make cuts at the bottom in order to try to enhance the top, I have a problem with that. It seems that we need to start somewhere. Recording a specialized music CD is also important.

Mr. Jean-François Bernier: The volume of sound recordings will not drop because we are modernizing the fund.

• (1225)

Mr. Pablo Rodriguez: Are you able to guarantee that recipients will have access to the same amounts, that it will be as easy for them as it was in the past?

Mr. Jean-François Bernier: I am really glad you asked that question. Most recipients already have access to the FACTOR and MUSICTION programs. Andrée and Heather talked about it. The Canada Council for the Arts has an envelope of approximately \$30 million for the music sector, including \$9 million for this kind of sound recording. I might bore you, but I can list you off the 16 programs that benefit from that \$9 million.

Mr. Pablo Rodriguez: If you check the blues from other meetings, you will see that I have already asked this question. Why are they saying—

[English]

The Chair: Excuse me, Mr. Rodriguez. Your time is pretty well up.

Ms. Lavallée, please.

Mr. Rodriguez, you're the one who told me to stay to five minutes, and I'm doing that.

Madame Lavallée.

[Translation]

Mrs. Carole Lavallée: It is Mr. Rodriguez's fault.

Thank you very much for coming, but I must say that I am extremely disappointed with your presentation. When you talked about the main recommendations set out in the Summative Evaluation of the Canada Music Fund, it seems that there are things that do not correspond to what I read in the report.

You say that the structure has been simplified. In fact, there are three lines on the simplification of the structure. We are talking about helping the industry benefit from digital technology opportunities. However, the word “digital” does not appear anywhere in the report. New technologies are mentioned once, but digital technology is never mentioned.

You also talked about increasing support for tours. The report instead states that we need to “increase the level of support to the artist, including more funding for skills development [...] and to marketing [...]”. That is what it says. There is one part of the first recommendation, which you did not take into account, and it says: “Shift resources from production to online distribution and marketing.” I am being honest with you here—

You talk about technology, but never ever— You have forgotten part of the report. In any case, there was one part that you twisted, and you are also twisting the issue of digital media.

The report is extremely interesting, and I recommend that all committee members read it, particularly the parliamentary secretary. However, this report cannot have brought you to the solutions you have identified, meaning, slashing the cultural diversity program to invest in digital media. That is not what the report says at all.

It has been suggested that the recommendations in the report will form the basis for a process by which we can start talking about and reviewing the CMF. I want to share a few quotes with you. Recommendation 1, or the main recommendation, states, “[...] no one had a clear vision on what the next version of the CMF should look like [this is on page 11 in English]—nor is it the purpose of an evaluation study [...]”.

That is not the purpose of an evaluation study!

I will continue, “For this reason, a main recommendation of this study is that PCH should develop options for the next generation of the CMF and obtain feedback on these options from stakeholders.” Were the stakeholders consulted? They came here and told us that they were not.

I want to read other quotes. You will see that, as indicated in the report, this is the basis of the process. Nowhere does it mention cutting specialized music programs. The word “digital” appears nowhere in the report.

The report also states that, “The survey of CMF recipients found that both CMD and NMW projects [Canadian musical diversity, which we are talking about, and new musical works] have had a positive impact on the careers of funded artists. The case studies of artists supported this finding.”

The report states a little further on: “Of the three CMF components covered by the survey of the recipients, the CMD component (grants for specialized music recording production) had the largest incremental impact on the production of sound recordings.” Those are your own findings.

After that, how can you cut the Canada music program?

The report also states, “No major duplication/overlap issues were identified.” This is on page 10. So, really, I am quite surprised. You have just told us something that previous witnesses did not know, that there are new programs, meaning, that money will go to MUSICACTION and FACTOR.

Have I understood correctly? There are new programs that will be available. The Canada Council for the Arts said that these organizations were profit-driven, but they deny it. That is quite interesting. It seems that there is a disconnect from the report. The report does not say what you are telling us today, and normally, since this forms the basis for the process, you should have undertaken further consultations.

Later, we will look at a motion in which I ask for information on who was consulted and the methodologies used. It's not about the report, because the report sings the praises of the musical diversity program. So it can't be that. The report and what you are saying do not match. They are inconsistent. There had to have been another consultation, which perhaps you are hiding from us, because it can't be based on this one. So, we will wait for new consultations.

In closing, do you not believe that the best solution would be to take the \$1.3 million that you took out of the musical diversity program and transfer it to the Canada Council for the Arts? That way, with that money, in addition to the \$180 million allocated to it, the Canada Council for the Arts could really take care, once and for all, of the creators who are really creating specialized music, including audio art.

• (1230)

[English]

The Chair: They were very lengthy, so you're not going to get an answer, because five minutes are up.

Mr. Angus, please.

Mr. Charlie Angus: Thank you.

I would like to thank my colleague for laying the groundwork on the issue of the summative evaluation. This is what I find very confusing. I read the summative evaluation, and it did not lead to any of the conclusions I've heard from the department or from the minister.

The minister stated that this program, the diversity fund, was for artists who weren't interested in a commercial career, so that wasn't a priority for the government. But I didn't see that in the summative evaluation and I didn't hear that from any of the artists I spoke to. They seemed to feel this was an important key in building that.

Who offered the advice? FACTOR said they weren't asked. The Canada Council wasn't asked. Who looked at those and said to the minister that this is a redundant fund, these artists are musical welfare bums—that seems to be the interpretation—and we can do better? Who gave that advice?

Mr. Jean-François Bernier: I mentioned this in my presentation. The evaluation process is one tool to help in making decisions about program orientation and resource allocation. The department gave the advice to the minister. That's our job.

That advice is based on the summative evaluation. It's based on public policy development work that we do continuously within the department.

In terms of program renewals, I just want to be clear here. There are not 15,000 options when you renew a program in terms of the—

Mr. Charlie Angus: We totally understand that.

Mr. Jean-François Bernier: But let me finish.

Mr. Charlie Angus: I only have five minutes. That's my problem.

Mr. Jean-François Bernier: Mr. Chair, I think I have the right to.... I would like to have the time to answer the question.

You could have status quo. That's an option. You do nothing. You take the summative evaluation and you do nothing. You could reduce the budget or eliminate the program. That's another option. You could increase the funding. That's the other option in program renewal, or you could reallocate some of the resources from within the fund toward other priorities.

Mr. Charlie Angus: I think this is the job of the ministry. I think when a program is redundant it needs to be removed, cleaned up, and changed. My problem is that I'm not seeing how that process happened with the diversity fund. That's the question for me. Programs often end up at a dead end and they have to be changed.

I'm looking at the summative evaluation, and two people from private radio in Montreal were on the expert panel. Dave Kusek from Berkle Media—I understand why he would have been chosen; he's obviously got a lot of experience. But I'm thinking, to have an expert panel with two guys from private radio in Montreal, and they're now both Astral Media.... That was it? That was your expert panel? Why them?

Mr. Jean-François Bernier: Let me remind the members this was not our panel; it was the consultant's panel—

Mr. Charlie Angus: Okay. I'm going to continue then—

Mr. Jean-François Bernier: Let me finish. Mr. Chair—

Mr. Charlie Angus: You hired a consultant, and he picked two guys out of Astral Media in Montreal and said that's your expert panel? Then you turned around and cut the diversity fund? I'd ask for my money back. What kind of advice comes from two people in one media market playing private radio? How could you have done that?

• (1235)

The Chair: I'm going to allow an answer.

Mr. Charlie Angus: Certainly. I had to ask the question.

Mr. Jean-François Bernier: That's a good question. The process for the expert panel is part of the methodology of any evaluation. The department submitted a list of 13 names to the consultant and asked if they wanted an expert panel. We thought those could enrich their conclusion about this study. Who's available and who's on the panel is the consultant's decision. We had—

Mr. Charlie Angus: Who was the consultant?

Mr. Jean-François Bernier: Kelly Sears.

Mr. Charlie Angus: My time is running out. I don't want to be confrontational about this. I just think we need to.... You cut the Canadian Music Centre—\$150,000 a year. It provided 1,300 titles, 200 labels for international distribution. Two guys on private radio in Montreal wouldn't have thought that would be a priority?

Don't you see that not having the advice of people who counted on something like this...\$150,000 is peanuts, and yet we had international distribution for a whole whack of labels. Why was that allowed to happen? There's nothing in the evaluation that justifies that.

The Chair: Mr. Angus, we don't have time for an answer on that particular one. We're over time.

Mr. Gourde, please.

[*Translation*]

Mr. Jacques Gourde (Lotbinière—Chutes-de-la-Chaudière, CPC): Thank you, Mr. Chair.

Good afternoon, Mr. Lalonde and Mr. Bernier.

I have a question for both of you. We have heard from a number of people that the department has stopped providing money to artists and instead gives it to big corporations. These same people say that less funding is granted to the poorest in the industry to support the millionaires. What is your opinion on that?

Mr. Jean-François Bernier: I cannot agree with that statement. With respect to the federal government, the Canada Music Fund and the Canada Council for the Arts investments support the entire industrial pyramid. I also do not believe there should be any shame in the government helping companies everyone is proud of on the export side, be it Analekta, Angèle Dubeau or Netwerk, in Vancouver. There is no harm in supporting emerging artists who are recording for the first time. All of the tools and the Canada Music Fund support the entire industrial pyramid.

Mr. Jacques Gourde: How could the fund and all these tools provide more support for artists?

Mr. Jean-François Bernier: In fact, all aspects of the fund are to support artists. For instance, in 2005, we made some significant changes. I was referring to that in my presentation. We realized that a major part of the funding was going to too small a group of music sector entrepreneurs. We made some changes and thereby increased diversity. We gave you the figures earlier on. I think the fund is doing an excellent job in supporting emerging artists and more established ones.

Mr. Jacques Gourde: Could you tell us a little more about the rationale for funding international activities and the digital side?

Mr. Pierre Lalonde: According to the summative evaluation, it is clear that these activities should be prioritized by the department. The industry as a whole is practically unanimous on that. Even those who have appeared before you, including representatives from the Canadian Conference of the Arts, have confirmed how important it is to invest in international showcases and digital platforms. It is not a scientific question, but most music industry stakeholders support what the department has proposed.

The summative evaluation clearly states that some production funds should be shifted towards these activities. I cannot imagine who in the industry would say the opposite. Obviously, we did not ask anyone whether we should do away with one aspect or another. If we ask the question, people will tell us not to touch their area.

So, this analysis has to be done in a cold and detached manner. We look at all aspects of the fund, its performance and the aspects that contribute most to meeting its objectives. Based on that analysis, we decide whether funds need to be transferred from one area to another. That is how the decision is made. I believe it was unanimous, everyone present agreed on it.

• (1240)

Mr. Jean-François Bernier: This redistribution was not at the expense of diversity. Musical diversity and genre diversity remain a priority for the Canada Music Fund.

Mr. Jacques Gourde: Do I still have some time left, Mr. Chair?

[*English*]

The Chair: No, that's the time.

We don't have time for another full round. We have a motion to look after, and Mr. Rodriguez has to be out of here by one o'clock.

Again I will thank our witnesses for coming today. I'm sorry we couldn't have a little more time. We were a little late getting into the room, and time has gone.

We're going to take a three-minute break, and then we'll be right back.

[*Proceedings continue in camera*]

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