



Canadian Independent Music Association

**Budget 2024 Recommendations to the Standing Committee on Finance from the
Canadian Independent Music Association**

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Following is a list of CIMA's recommendations:

Recommendation 1: Fulfill the Government commitment to a permanent increase to the Canada Music Fund (CMF) from \$26 million to \$50 million in 2024-25, along with an additional \$10 million for new live programming for a total of \$60 million.

Recommendation 2: Move forward with amendments to the *Copyright Act* in an expedited fashion and support reforms that benefit Canadian-owned independent music.

Recommendation 3: Ensure that new funding mechanisms resulting from C-11, the *Online Streaming Act*, currently under review by the CRTC, prioritize provisions for funding to be directed to FACTOR and Musicaction.

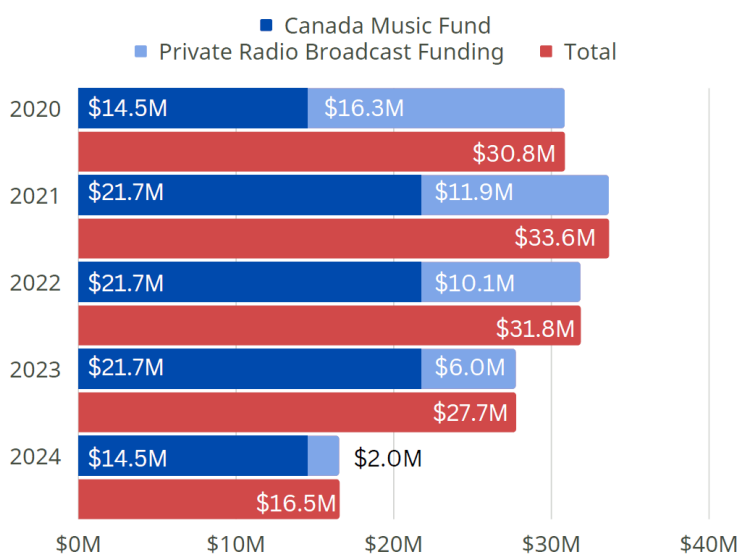
Budget 2024 Recommendations

- 1. Fulfill the Government commitment to a permanent increase to the Canada Music Fund (CMF) from \$26 million to \$50 million in 2024-25, along with an additional \$10 million for new live programming for a total of \$60 million.**

In the 2021 election platform, subsequent mandate letters and most recent Departmental Plan for Canadian Heritage, the Liberal government committed to ensuring better and stable funding for the music sector by increasing the annual contribution to the Canada Music Fund to \$50 million. After three years of temporary \$10M annual increases, which run out at the end of this fiscal year, this permanent investment to \$50M would represent the fulfillment of a crucial commitment by the federal government to support the Canadian-owned music sector as it continues to recover from the [long-term revenue hits](#) associated with the COVID-19 pandemic, as well as supporting musicians and music companies as they compete in what is now a truly global music market.

Overall, the intended effect of this recommendation is to ensure that the Canada Music Fund's highly successful investment platforms, FACTOR and Musicaction, have the resources necessary now and into the future to continue to build and strengthen vital program investments in Canadian owned music companies and Canadian artists.

Compounding these issues is a significant decline in contributions from traditional radio broadcasters which becomes precipitous in 2024 as underlined by the following chart. When combined with the loss of the \$10-million top up to the Canada Music Fund at the end of this fiscal year, FACTOR may be facing roughly half the amount of funding available to the music sector than it did four years prior. If this occurs, it will dramatically disrupt the sector and erase major gains and momentum that have been painstakingly developed over decades.



In order to ensure existing program stability and to develop new programming to meet the demands of the sector and the market challenge, making this permanent increase to the Fund in this budget cycle is crucial.

It is important to note that the initial need for the above mentioned temporary \$10 million increase to the Canada Music Fund was to alleviate program capacity in the pre-pandemic period. Now, as more companies and artists access the Fund, that need has only increased. We urge you and the Government more broadly to use all the budgetary paths available, including the upcoming Fall Economic Statement, to finalize this investment for the sector and help set the future course for success for our artists and the companies that invest, support, promote and believe in them.

2. Move forward with amendments to the *Copyright Act* in an expedited fashion and support reforms that benefit Canadian independent music.

The 2021 mandate letters for both the former Minister of Canadian Heritage and Minister of Innovation, Science and Industry call on the government “to amend the *Copyright Act* to further protect artists, creators and copyright holders.” 2023 marks over a decade since the last fulsome update to the *Copyright Act*, with significant need for revision coming more into focus in recent years.

Two years ago, the Government of Canada moved forward with limited amendments to Canada’s copyright regime through Budget 2022, which updated term extension provisions to align us with international trade obligations, as well as a commitment to pursue further copyright reforms that “protects all creators and copyright holders”. With discussions currently ongoing between government departments on the best path to follow on copyright reform, CIMA urges the federal government to act in an expedited fashion, either through Budget 2024 or a broader *Copyright Act* bill to implement reforms to the benefit of Canada’s independent music industry.

The 2019 statutory review of Canada’s *Copyright Act*, which CIMA participated in, marked key areas for modernization and advancement that, if implemented, would increase opportunities to monetize copyrighted content. This would increase the value of copyright holdings, encouraging investments in the creation, acquisition, and commercialization of existing and future copyrighted content.

Key components of proposed changes that would benefit Canada’s independent music industry include (but are not necessarily limited to):

- amending the definition of ‘sound recording’ under the *Act*;
- narrowing the radio royalty exemption (i.e., repealing the \$1.25 million broadcaster exemption)
- making the private copying regime technologically neutral

These amendments would fix historical imbalances and close loopholes in Canada's copyright regime that directly take money out of the pockets of independent labels and musicians. CIMA would be pleased to submit a more detailed summary of these proposals to the Committee should this information be of benefit.

3. Ensure that new funding mechanisms resulting from C-11, the *Online Streaming Act*, currently under review by the CRTC, prioritize provisions for funding to be directed to FACTOR and Musicaction.

CIMA strongly believes that the bulk of investments into the Canadian broadcasting system relevant to the music sector must be made through initial base contributions, distributed into existing funding mechanisms like FACTOR and Musicaction. These tools have proven themselves most effective in building a dynamic, growing and inclusive Canadian music industry.

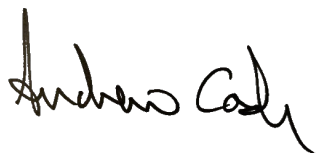
The directive sent to the CRTC must be strengthened to reinforce the need to have all online music services operating in the Canadian music eco-system financially contribute to existing funds in support of musical creation and production. The model of broadcaster contributions to music funds such as FACTOR/Musicaction has proven successful. As outlined above, as traditional radio broadcasters' contributions fall, it has never been more vital for the government to strengthen the Canada Music Fund.

Conclusion

The Canadian-owned independent music industry stands ready to be an active and proactive partner with the government in diversity, equity, inclusion, and innovation; to build a dynamic and competitive music industry where incredible Canadian artists are building global careers and gaining global audiences, supported by smart, well-resourced, skilled and highly competitive Canadian-owned companies, with the beneficial ownership of IP remaining in Canada; where the profits from these innovations are then reinvested in good, green, middle-class jobs that build and strengthen Canadian culture and the Canadian economy.

Thank you for your time and consideration of CIMA's pre-budget submission. We would welcome the opportunity to appear before the Standing Committee on Finance to discuss these recommendations further. We look forward to growing a strong, dynamic Canadian music sector together.

Yours sincerely,

A handwritten signature in black ink, appearing to read "Andrew Cole". The signature is written in a cursive, flowing style.

Andrew Cash

President and CEO
Canadian Independent Music Association

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About CIMA

CIMA is the national not-for-profit trade association representing Canadian-owned and controlled music businesses. **CIMA's** membership includes labels, artists, managers, publishers, and other professionals involved in every aspect of the **music** and **music**-related industries.

Its close to 400 companies are connected to over 6,000 Canadian artists including Tanya Tagaq, Serena Ryder, Terra Lightfoot, Tegan and Sara, Whitehorse, The Sheepdogs and METRIC.