

December 7, 2015

Ontario Cultural Strategy Consultation
Ministry of Tourism, Culture and Sport
Hearst Block, 9th Floor
900 Bay Street
Toronto, ON M7A 2E1

Dear Minister Couteau,

As President of Music Canada, I am writing to you today to provide some thoughts and ideas in relation to the development of the Ontario Culture Strategy.

Music Canada is a non-profit trade organization that represents the major record companies in Canada, namely Sony Music Entertainment Canada, Universal Music Canada and Warner Music Canada, whose corporate head offices are located in Ontario. We also partner with a diverse cross-section of the music industry to promote and develop the business framework for music right across Canada. These partners include some of Ontario's leading independent record labels and distributors, recording studios, live music venues, concert promoters, managers and artists. Music Canada has undertaken groundbreaking research on the music sector including the two most recent reports which are attached to this submission: *The Mastering of a Music City, Key Elements, Effective Strategies and Why it's Worth Pursuing*, and *Live Music Measures Up, An economic analysis of the live music sector in Ontario* (with the support of the Ontario Media Development Corporation).

The development of an Ontario Cultural Strategy is an important undertaking and I commend you for your efforts.

The music community in Ontario is a highly entrepreneurial sector made up of thousands of micro and small businesses. It has been called one of Ontario's three competitive advantages (along with mining and manufacturing) by the Ontario Chamber of Commerce.¹ The sound recording industry in Canada is predominantly concentrated in the Greater Toronto Area where 84% of the national activity takes place.² In addition, spending by live music companies and tourism activities generated by music festivals in Ontario in 2013 together contributed just under \$1.2 Billion to Ontario's GDP and over \$430 million dollars in combined tax revenues for all levels of government. In total, the live music industry accounted for approximately 20,000 FTEs in Ontario's economy in 2013.³

¹ Ontario Chamber of Commerce, *Emerging Stronger* 2013, pg. 43

² Music Canada, *Economic Impact Analysis of the Sound Recording Industry in Canada*, PWC, pg. 20

³ Music Canada and Nordicity, *Live Music Measures Up, An economic impact analysis of live music in Ontario*, pg. 6

While this submission is primarily based on the experience in the music industry, many of the lessons learned in the last decade through the digital transformation can be applied to other creative industries. It is also important to consider that music is often also an important component of other forms of cultural expression including theatre, dance, film and television and interactive digital media. In these ways, our recommendations may have a greater applicability to Ontario's cultural strategy development.

The Benefits of a Vibrant Music Economy

Many Ontario communities have recognized the valuable contribution music makes to their local economies, with strategies developed or underway in Hamilton, Kitchener, London, Peterborough, Ottawa, Toronto and Guelph.

Evidence from cities around the world as chronicled in *The Mastering of a Music City*, demonstrates that a vibrant music economy generates a myriad of benefits including job creation, economic growth, tourism development, brand building and artistic growth. In a globally competitive environment where jurisdictions routinely compete for talent, a lively music scene is also an important contributor to the kind of high quality of life valued by many talented workers. This helps to support retention and attraction of workers, as well as the companies that employ them.

Music also helps to bridge across cultures, languages, and income levels as seen in South Africa's deeply divided communities.⁴

Cities around the world are increasingly looking at ways to enhance their music economies in recognition of this wide array of benefits. Music City discussions are 'trending', in part, due to the publication of *The Mastering of a Music City*.

Music Landscape in 2015

The last decade has seen massive structural changes in the music industry worldwide and here in Ontario. Internet piracy and the move to digital distribution have dramatically reduced revenues from recorded music. According to the International Federation of the Phonographic Industry (IFPI), the music industry has declined from a \$26 billion dollar industry in 1997 to a \$15 billion dollar industry in 2013.⁵

The Ontario Government made a welcome and significant investment in the industry with the Ontario Music Fund in 2013. The OMF is "designed to drive activity and investment"⁶ in the music industry. This followed the January 2013 announcement of Ontario's Music Tourism

⁴ Music Canada, *The Mastering of a Music City*, pg. 28

⁵ "Global Record Industry Income Drops Below \$15BN for First Time in Decades," *Music Business Worldwide*, 14 Apr 2015. Available at: <http://www.musicbusinessworldwide.com/global-record-industry-income-drops-below-15bn-for-first-time-in-history/>

This figure does not include revenues made from live performances or royalty payments. Notably, different publications do report slightly different numbers associated with this decline. But the overall trend is clear: all methods of measurements indicate that the events over the last 15 years have been catastrophic on the music industry.

⁶ Ontario Media Development Corporation, http://www.omdc.on.ca/music/the_ontario_music_fund.htm

Strategy which has resulted in the establishment of an Industry Working Group and live music portal (ontariolivemusic.ca/ontarioenconcert.ca).

Recommendations

Guiding Principles

The *Telling Our Stories, Growing our Economy* discussion paper contains a strong set of guiding principles. Keeping in mind the unique opportunities and challenges present in Ontario's cultural sectors, we would also recommend the principles reflect the following:

1. **Entrepreneurism** – as mentioned above, Ontario's music industry is made up of thousands of micro and small businesses. In addition to being creative and innovative, cultural workers must be entrepreneurial. Artist entrepreneur training emerged as one of the most important strategies in a "musician-friendly" city in our global research for *The Mastering of a Music City*. The City of Austin recently identified "stagnating musician income"⁷ as one of its key challenges, leading to recommendations regarding entrepreneur training, as well as other policy considerations.
2. **Respect for the creator** – Ontario has an opportunity to reinforce the importance of the creator in its cultural strategy, in response to the general devaluation of music and its creators that has occurred in the digital revolution (particularly evidenced by piracy, file-sharing and the culture of "free"). Canada's creative middle class is critically important to the economy and should be protected and strengthened. Creators should be able to sell and promote their work in a fair and functioning market that will reward them according to demand. Piracy and all forms of thievery should not be tolerated; markets don't work if people are able to steal content.
3. **Identity** – music and culture have a disproportionate impact on our collective identity and the international brand of Ontario.

Opportunities to Strengthen the Cultural Sector

Based on our research we would recommend the Ontario Cultural Strategy take the following into consideration:

1. **Provincial and Municipal Coordination** – Our global research on Music Cities shows that the most successful jurisdictions in the world are those where there is multi-jurisdictional government engagement. Melbourne Australia is a case in point. At the municipal level, Melbourne has a comprehensive music strategy that is overseen by a municipal development officer and an advisory committee made up of volunteers from the music community; the State of Victoria has a complimentary strategy to address issues of state concern including planning and environmental laws; federally, there is an office tasked with supporting the development of municipal and provincial policies.

⁷ Titan Music Group, LLC, *The Austin Music Census*, pg. 11

In 2012 we undertook a comparison of the music communities in Toronto and Austin, measuring the relative success of each jurisdiction. We were able to demonstrate that Austin's approach to the music economy mirrored Toronto's approach to film and television, in particular the coordinated effort between city and state/provincial governments. Specifically, the Texas Music Office plays a complimentary role to the Austin Music Division, and furthermore, their strategies are coordinated with the tourism development agency.

Many Ontario municipalities including Ottawa, London, Hamilton, Kitchener, Barrie and Toronto, have demonstrated an extraordinary level of interest in municipal music strategies. Together with members of their local music communities, these cities have prioritized music as an important part of their economies, invested in consultations, plan development and provided municipal support in the form of staffing and programs.

Yet many policies that have an impact on the music scene are in whole, or in part, under provincial jurisdiction (ie. Liquor licensing, tourism development). As a result, to be truly effective, coordination and cooperation between the province and municipalities would be recommended.

The province has also made a significant investment in music with the Ontario Music Fund yet currently, municipal efforts do not qualify for support. With the ongoing evaluation of the OMF, it would be a good time to revisit this policy.

- 2. Music tourism promotion** represents an extraordinary opportunity for Ontario. *Live Music Measures Up* shows that in 2013, music festivals alone contributed over \$600 Million to the GDP and generated over 9500 FTEs. In 2012 the Ontario Arts Council found that cultural tourists stay longer and spend more than other tourists⁸. As a tourism product, live music offers an unparalleled experience as it is available 365 days per year.

In January 2013 Ontario announced a live music tourism strategy, and established a working group with representatives from the music community, the Ontario Media Development Corporation, Ontario Arts Council and Ontario Media Development Corporation. The primary investment has been in the Ontario live music portal which is an important first step in comprehensive promotion of live music events in Ontario.

In order to assess other potential opportunities, comparisons can be made to Texas and Tennessee, two states that, like Ontario, boast a robust music scene and economy. These states provide examples of tourism campaigns that demonstrate pride in their music story and leverage it for positive tourism results.

⁸ Ontario Arts and Culture Tourism Profile <http://www.arts.on.ca/AssetFactory.aspx?did=8780>

In 2013 the State of Texas launched an award-winning campaign showcasing various Texas travel experiences including music, food and the outdoors through various platforms, such as targeted flash banners along with a specialized "Texas Radio" channel on the music site Pandora. In the first year, there were more than 2.5 million incremental leisure vacations to Texas and increased visits to TravelTex.com with more than 3.3 million unique visitors using the site.

The 2014 "Made in Tennessee" campaign, produced by the Tennessee Department of Tourist Development, leans heavily on music in its promotion of what's unique about the state. The campaign features TV commercials, online and print ads, social media and a branded website.

The Ontario Tourism Marketing Partnership Corporation (OTMPC) is tasked with growing Ontario's tourism sector. But while the OTMPC participates on the live music working group, there has been little progress in engaging the music community or promoting Ontario as a destination for live music experiences.

3. **Cultural heritage** is identified as an important part of the Ontario Culture Strategy and once again, music offers an opportunity for enhancement. There is a rich history of musical assets in Ontario that should be preserved and promoted and could contribute to Ontario's understanding of place. A coordinated provincial approach to recognition, mapping and promotion would enable the province to match efforts otherwise only seen in Tennessee and Louisiana. Project Bookmark offers a useful comparison.
4. **Music Education** - The benefits of music education are widely known and accepted. Music education contributes to an innovative and skilled workforce. Evidence shows it has positive effects on such things as critical thinking, spatial reasoning, cognitive development, retention of information, as well as school attendance and test scores. Music education also helps to train our budding musicians and increases the likelihood that young people will appreciate the value of music as they become music listeners and consumers.

High quality music education should be available in the public school system but according to the Coalition for Music Education, funding for music education does not keep pace with demand.

Music education is also delivered in community-based schools which predominantly serve high need communities and at-risk youth. Ontario's discussion paper on the culture strategy identifies The Remix Project as an example. Regent Park School of Music (RPSM), where Minister Michael Couteau launched the culture strategy engagement process, is another excellent case study. RPSM will teach music to about 1700 students from challenging neighbourhoods in Toronto in 2016. According to its Annual Report

2015, RPSM receives just 5% of its operating funds from government sources which illustrates a potential opportunity to examine the current approach to funding community-based music education programs.

Ontario's Culture Strategy should emphasize the importance of music education, both in our public school system and in the community, and cite the unique benefits it provides.

As mentioned in the introduction, linked to this letter are two of our most recent research reports that may assist with the development of the Ontario Cultural Strategy. [The Mastering of a Music City, Key Elements, Effective Strategies and Why it's Worth Pursuing](#) is being utilized around the world in communities that wish to enhance their music economy. It is intended to be a roadmap and to be a source of information and best practices for policy makers and music stakeholders.

Live Music Measures Up, An economic analysis of the live music sector in Ontario was produced with the support of the Ontario Media Development Corporation and is the first-ever profile of Ontario's live music industry. Nordicity produced the report following a series of interviews and an online survey of agents, artist managers, live music venues, promoters and music festivals.

Thank you, I look forward to working with you as you develop this important policy for our province. If you have any questions, please do not hesitate to contact Amy Terrill at aterill@musiccanada.com or (416) 967-7272 x103.

Sincerely,

A handwritten signature in black ink, appearing to read 'Graham Henderson', with a long horizontal flourish extending to the right.

Graham Henderson
President & CEO