



Canadian Patrimoine  
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# Policy Monitoring Program

*Keeping Track*

CANADA MUSIC FUND

Annual Report 2004-05



Canada

Copies of this document are available from the:

**Department of Canadian Heritage**

15 Eddy Street

Gatineau, QC

K1A 0M5

**Telephone:** (819) 997-0055

**Toll-free:** 1 866 811-0055

**TTY/TDD:** (819) 997-3123

[www.canadianheritage.gc.ca](http://www.canadianheritage.gc.ca)

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Cat. No. CH41-9/2005E-PDF

ISBN 0-662-42353-4

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# Policy Monitoring Program

The *Policy Monitoring Program*, one of eight programs making up the Canada Music Fund (CMF), is administered by the Sound Recording Policy and Programs of the Department of Canadian Heritage.

Through the program, the Directorate tracks and evaluates changes in the domestic and international sound recording industries. To ensure that the CMF's programs remain effective and responsive to sector needs, and serve the interests of all Canadians, the program monitors and measures the progress and impact of the CMF programs.

In doing so, the program assists the Department in developing policies and programs that enable a strong, vibrant and viable Canadian sound recording industry and enhance Canadians' access to a diverse range of Canadian music choices.

In 2004-05, the program had a budget of \$1M, of which \$743,607 was spent.

Beginning 2005-06, the Policy Monitoring Program will no longer be a distinct component of the Canada Music Fund. Its activities will be fully integrated into those of the Department's Sound Recording Policy and Programs Directorate.

# Summary of Activities

During 2004-05, the *Policy Monitoring Program* was actively involved in a number of activities relating to the renewal of the Canada Music Fund (CMF) as well as in updating and building databases, undertaking studies, and preparing reports.

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## Renewal of the Canada Music Fund

The renewal of the CMF required the development of an integrated *Results-based Management and Accountability Framework and Risk-based Audit Framework* (RMAF/RBAF) and the Summative Evaluation of the Canada Music Council.

### **a. Results-based Management and Accountability Framework and Risk-based Audit Framework**

Upon approval of the renewal of CMF funding, in December 2004, an integrated RMAF/RBAF was prepared. The purpose of this document was to guide performance monitoring and management, and risk monitoring and management of the CMF for the funding period from April 1, 2005, to March 31, 2010.

### **b. Summative Evaluations**

#### Canada Music Council

In the last quarter of 2004-05, a summative evaluation has been undertaken to assess the effectiveness of the CMC's advisory role and its continued relevance. In response to the evaluation, the former Minister of Canadian Heritage decided to dissolve the Council in 2005-06 and replace it with other forms of consultation and dialogue with the Canadian sound recording industry.

## Canada Music Fund

In addition, the Department will be required to conduct a summative evaluation of the CMF that will include a review of the success, cost-effectiveness, design and delivery of the CMF. This report should be ready by March 31, 2008. Preparatory work for the CMF summative evaluation will be undertaken in 2005-06.

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## Program's Database

In 2004-05, through various arrangements with industry organizations, the Directorate continued to add data to its library on the Canadian and international music sectors as well as on CMF programs. This included information on the domestic and international sound recording industries, the music publishing sector, consumer behaviour, new technology and Internet. These data contribute to measuring the growth of the Canadian music industry as well as the progress and impact of the CMF. See Appendix for the list of information collected by the program.

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## Reports and Studies

By drawing on the data and research information that the program has been collecting, the Directorate developed and published its first annual economic profile of the Canadian music industry, entitled *The Canadian Music Industry: 2004 Economic Profile*. The report provided an overview of the Canadian and international music industries as well as highlights on Canadian artists' national and international successes.

In addition, to ensure that the Canadian music industry is well served by an informed and timely Canadian sound recording policy, the Directorate contracted three studies on sectors where information has traditionally been sought. The studies include:

- *The Canadian French-Language Live Music Sector* provides an overview of the state and structure of this sector. The study complements the one conducted in 2003-04 in the English-language live music, festival and concert sector;
- *The Profile of the French Canadian Music Industry* provides the Department and the industry with a clear picture of this industry by identifying the strengths and weaknesses into the production, promotion, distribution, broadcast and financing of this sector of the music industry;
- *The Statistical Profile of the Music Publishing Industry in Canada*<sup>1</sup> outlines the operational and financial activities of music publishers, including the management and exploitation of copyrights to songs and musical compositions in the English- and French-language sectors, and the Canadian- and foreign-owned sectors.

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<sup>1</sup> This study is being conducted by the Canadian Music Publishers Association (CMPA) and the Professional Music Publishers Association (PMPA).

# On Record

## Expenditures of the Policy Monitoring Program for Fiscal Year 2004-05

Activity	Objective	Cost
<b>Salaries</b>		\$178,147
<b>Summative Evaluation of the CMC</b>		\$20,000
<b>Presentation of the Logic Model in the CMF's RMAF to CMF administrators</b>	Information session to CMF administrators regarding changes made in 2003-04 to the CMF's RMAF	\$3,000
<b>Integrated RMAF/RBAF</b>	Draft of the CMF's RMAF/RBAF upon renewal, in 2004-05, of the CMF for 2005-06 to 2009-10	\$13,364
<b>Music Entrepreneur Program – Next Generation Study</b>	Examination of (i) previously commissioned studies and (ii) alternative funding models for a program designed to assist Canadian music entrepreneurs	\$22,500
<b>CMID</b>	Research of the number of recordings produced by Canadian English-language artists in 2004	\$66,500
<b>SOPROQ</b>	Research of the number of recordings produced by Canadian French-language artists in 2004	\$33,500
<b>Data entry</b>	Data entry of CMID/SOPROQ data	\$1,742
<b>Nielsen SoundScan</b>	Annual subscription to obtain information on record sales and build a database of Canadian recordings produced and sold on an annual basis	\$20,900
<b>Nielsen Broadcast Data Systems</b>	Information on the spins and audience to the Top 200 songs played on Canadian radio for 2001, 2002 and 2003	\$2,500
<b>The Canadian French-Language Live Music Sector</b>	Identification of strengths and weaknesses of the French-language live music sector	\$16,299
<b>The Profile of the French Canadian Music Industry</b>	Identification of strengths and weaknesses of the French-language music sector outside of Quebec	\$31,987
<b>The Statistical Profile of the Music Publishing Industry in Canada</b>	Profile of the operational and financial activities of the Canadian music publishing industry	\$20,000
<b>Statistics Canada</b>		
Improved timeliness	Improvement of delivery of the cultural surveys to 15 months	\$28,709
Sound Recording Surveys	Annual ongoing contribution for the Recording Industry Survey	\$7,222
<b>Annual reports</b>		\$41,000
<b>Ipsos-Read Canadian Inter@ctive Report</b>	Study on Digital Downloading in Canada	\$500

<b>Fast Forward Study</b>	A study on consumer habits in using new technologies	\$5,000
<b>The Canadian Music Industry: 2004 Economic Profile</b>	Overview of the Canadian and international music industries as well as highlights on Canadians' national and international successes	\$15,198
<b>Report on the Canada Music Fund (2004-05)</b>	Preliminary work related to production of the <i>2004-05 Report on the Canada Music Fund and Developments in the Sound Recording Industry</i>	\$740
<b>Experts' presentations to the Canadian Heritage Music Issues Committee</b>	Insight into industry activities provided to the Canadian Heritage Music Issues Committee	\$3,500
<b>Recipient audits</b>	Analysis of third party administrators' policies and procedures for recipients audits	\$15,897
<b>Subscriptions</b>	<i>Canadian Music Network, Le Palmarès, Music and Copyright, Billboard, Music Week</i>	\$5,015
<b>Acquisition of various periodicals</b>		\$5,500
<b>Translation</b>		\$44,765
<b>Travel</b>		\$3,978
<b>Financial pressures</b>	Contribution to financial pressures within the Cultural Affairs Sector	\$126,000
<b>Final payments for 2003-04 contracts</b>		\$10,144
<b>Total</b>		<b>\$743,607</b>

A number of proposed projects<sup>2</sup> were not undertaken in particular due to limited human resources, a revision in priorities and the cost of obtaining information.

2 The *2004-05 Report on the Canada Music Fund and Developments in the Sound Recording Industry and Phase 2 – Overview of the Live Music, Festival and Concert Industry in Canada*.

# The Year to Come

In 2005-06, the Directorate proposes to undertake the following policy monitoring activities:

- Complete research initiatives that began in 2004-05:
  - *The Canadian French-Language Live Music Sector,*
  - *The Profile of the French Canadian Music Industry,*
  - *The Statistical Profile of the Music Publishing Industry in Canada,*
  - *Summative Evaluation of the Canada Music Council* (completed);
- Produce the 2005 *Economic Profile of the Canadian Music Industry*;
- Produce the 2004-05 *Report on the Canada Music Fund* highlighting industry milestones and measuring the impact of the CMF on the Canadian sound recording industry;
- Participate, in partnership with the Manitoba Audio Recording Industry Association (MARIA), in the creation of an economic profile of the music industry in Manitoba;
- Continue to collect and analyze information (from CMF administrators, from public source or obtained contractually), and provide the Directorate with the statistical tools to measure the impact of the CMF programs;

- Contribute financially to opinion polls:
  - *Canadian Film and Music Opinion Study 2005 – Listening habits, purchasing behaviour and live performances* conducted by Decima Research,
  - *Fast Forward – Five Forces Shaping the Consumer Landscape*, conducted by Solutions Research Group;
- Pursue consultations with members of the music and related industries to discuss the successes, challenges, strengths and weaknesses of the CMF, to identify program gaps and needs and to make recommendations to ensure that the CMF and its programs remain effective and pertinent and continue to meet the needs of the industry;
- Undertake the *Summative Evaluation of the Canada Music Fund*.

# Appendix

Information that the Directorate compiles and continues to collect includes:

- Statistics Canada biennial Sound Recording Survey (1977-2000)
- Society of Composers, Authors and Music Publishers of Canada (SOCAN) Performing Rights
  - Annual Financial Statement (1990-2003)
  - Special Runs (1998-2002)
- National Music Publishers' Association Annual International Survey (1995-2001)
- Administrators' annual reports and more detailed information on Canada Music Fund (CMF) programs, components and recipients
- Canadian Recording Industry Association (CRIA) annual recording industry statistics (1986-2004)
- Canadian English-language (Canadian Music Industry Database (CMID)) and French-language (Société de gestion collective des droits des producteurs de phonogrammes et de vidéogrammes du Québec (SOPROQ)) recordings produced and released in 2004
- International record industry statistics from Recording Industry in Numbers (1991-2003) and the MBI World Report compiled by the International Federation of the Phonographic Industry (IFPI)
- Recording Industry Association of America Year-end Statistics (1967-2004)
- Information on music video production obtained from MuchMusic, MusiquePlus, CMT and VideoFACT (1982-2004)

- Mechanical rights information from the Canadian Musical Reproduction Rights Agency Ltd. (CMRRA) (1989-98) and the Society for Reproduction Rights of Authors, Composers and Publishers in Canada (SODRAC) (1993-2002)
- Private copying information (Canadian Private Copying Collective (CPCC) Financial Statements 2000-04)
- Canadian Album Sales Certifications from 1999 to 2004 for Canada, the United Kingdom, France and the United-States
- Access to the Nielsen SoundScan database for record sales on sound recordings sold at retail outlets in Canada
- Ipsos Read's *Music Downloading in Canada: Past, Present & Future*