

# Canada's Live Music Sector

## Leveraging the Economic, Social and Cultural Value and Power of Live Music

A pre-budget submission from the Canadian Live Music Association (CLMA), October 2022

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## Canadians Value Live Music

*New research indicates that 86% of Canadians say live music plays an important role in mental health (socialization, stress management, connectedness) and 82% say live music is an important part of building our social connections and sense of community.*

- *82% of Canadians agree that a strong live music sector is important for our Canadian cultural identity*
- *81% of Canadians agree that live music plays an important role in showcasing the diverse backgrounds and identities of people in Canada*
- *81% of Canadians agree Canada has a positive impact on our country's economy and 80% say live music has a positive impact on the economy of their province <sup>1</sup>*

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<sup>1</sup> From an Upcoming Abacus Data Report prepared for the CLMA to be released Nov 2022

# Setting the (Next) Stage

The Canadian Live Music Association (CLMA) represents the stages upon which our artists stand, both indoors and out, and the supply chain that surrounds them – we are behind the people behind live music. From small venues to Canada’s large-scale concerts, arenas and festivals, to promoters and performing arts centres, talent agents, production crew, freelance service providers, suppliers and many others including both for and non-profit companies and organizations.

Live music plays a vital role in creating vibrant cities and destination development, driving value in multiple ways including job creation, economic impact, tourism development, city brand building and artistic growth. Pre-COVID, the industry contributed upwards of \$3 billion to Canada’s GDP and supported 72,000 jobs – the lifeblood for many of our artists for whom touring and live performance was their primary source of revenue.

Looking more closely at the sector’s trajectory through COVID, nominal gross domestic product for the live performance domain increased 30.4% during the fourth quarter of 2021, reaching \$468 million. This is the second consecutive increase for a sector that hadn’t seen any recovery at all up until last summer. The live performance domain also welcomed 5,423 workers back.

However, while these increases are significant, we still have a road to travel to reach a truly comprehensive recovery phase. At the worst of the pandemic, during the second quarter of 2020, the live performance real GDP (taking inflation into account) was 66.2% lower than during the last quarter of 2019. With this second consecutive increase, the live performance real GDP is now 40.1% away from its pre-pandemic level.<sup>1</sup>

Today, on behalf of the industry we are asking the Canadian government (as the Prime Minister did in his [mandate letter](#) of Dec. 16th, 2021 to Minister Rodriguez) to increase annual contributions to the **Canada Music Fund** to ensure better and more stable funding for the music sector and in doing so, recognize, support and leverage **live music by requiring the Canada Music Fund to include a dedicated carve-out for live music companies.**

A thriving live music economy not only contributes enormous touristic, social, and cultural benefits, but is essential to our quality of life as Canadians and most certainly, the careers of today’s – as well as our future – artists. For-profit live music companies, outside of emergency relief programs, do not have a home with the Federal government like their counterparts in the broader music sector enjoy, and this needs to change. Labour shortages, supply chain issues and difficult economic conditions including ballooning insurance premiums and infrastructure costs continue to take their exacting toll on this hard-hit sector and creating access into the Canada Music Fund is the right thing to do for artists, businesses and the economy.

With dedicated investment, Canada’s live music sector can support government priorities on behalf of the broader stakeholder community for our collective future prosperity.

<sup>1</sup> [Encouraging Signs of Recovery for the Performing Arts](#), CAPACOA, April 2022

# Today's Reality

First and foremost, we would like to thank the government for the many life-saving supports created specifically for, and delivered to, our sector. After more than 30+ months of unprecedented challenges and extreme disruption, there can be no question that government relief programs were directly responsible for the survival of the majority of our companies, businesses and organizations.

While venues, promoters, festivals, live events, artists and suppliers are grateful to be back at work showcasing incredible Canadian artists for all the world to see, we are far from 'back to normal' – ticket sales and revenues continue to trend well below pre-pandemic levels (excluding blockbuster shows, CLMA members consistently report average declines in ticket sales of 30-50%, as well as 20% no-show rates since May 2022. "No-shows" are ticket holders who don't end up coming to the show, for whatever reason). Supply chain complications and inflation mean higher costs than ever to vulnerable, in many cases now debt-laden, small and medium-sized businesses who are making every effort not to pass along those costs to fans. Consumer confidence is inconsistent at best, with some audiences still afraid to gather at all, indoors or out (compounded by growing fears of a looming "difficult fall season"). The labour crisis is resulting in scaled back or canceled events. Incomprehensibly expensive insurance rates continue to plague festivals and venues, some who have seen costs triple or worse. Additionally:

- **71%** of Canadians say I have everything I need at home to entertain me, there's less reason to go out these days
- **64%** say I'm not as interested in going to concerts as I was a few years ago
- **57%** say I find I'm not completely comfortable going out in crowded public places like I was before the pandemic
- In terms of attending shows, only **40%** say they are comfortable attending a large concert/indoor arena, **43%** a medium-sized venue, **48%** in a small bar, **49%** in a community space (indoor) and **62%** at an outdoor venue<sup>2</sup>

Consumer confidence, taken together with what have been historical funding inequities (CLMA presentation to Standing Committee, Canadian Heritage, Feb 2022 16:00) found within Canadian Heritage policy and programs (e.g. the Canada Music Fund accepts applications from the broader independent commercial music industry with the exception of live music companies), mean the Canadian live music industry uniquely faces a myriad of complex and substantial issues – all hindering a more robust and timely recovery reality, and keeping at bay the many advantageous knock-on effects our activity creates across a local business and economic spectrum.

Thankfully, the power and potential of Canadian live music can be harnessed - affordably and quickly. By focussing on growth, investment and stabilization, live music will help lead the economy, and Canada, back to its rightful place as the most incredible concert destination in the world – while reaping the benefits of all that comes with it. A Federal budget that leverages live music activity as a pillar of the economy will help us to support artists while we draw audiences back... from our local neighbourhoods and communities, and from around the globe.

The following are recommendations from the CLMA on how we can do this critical work together.

<sup>2</sup> From an Upcoming Abacus Data Report prepared for the CLMA to be released Nov 2022

# Recommendations

**1.**

**Increase the Canada Music Fund permanently to \$60M, earmarking \$20M for live music-specific companies to help commercial live music businesses present Canadian artists while driving domestic and international tourism through live concert and event activity.**

**3.**

**That the government invest an additional \$30 million over three years in these two programs (\$21 million for CAPF and \$9 million for BCAH) to support the adaptation and growth of the live performance sector in the post-pandemic era.**

**2.**

**That the government make permanent the two-year supplementary investments in the Canada Arts Presentation Fund and the Building Communities through Arts and Heritage program, first announced in the 2019 budget and extended in the 2021 budget.**

**4.**

**Modernizing the employment insurance program to ensure self-employed workers in the arts sector can receive basic support when they need it.**



**1. Increase the Canada Music Fund permanently to \$60M, earmarking \$20M for live music-specific companies to help commercial live music businesses present Canadian artists while driving domestic and international tourism through live concert and event activity.**

With some of the best and most diverse year-round entertainment assets existing in Canada today, the live music industry has deep impact, especially locally. The CLMA has long called for a dedicated live-music program. With emergency funds having been effectively delivered through FACTOR to the sector, we are now recommending the CMF be increased BUT with a clearly defined live music stream supported with \$20M annually.

Critical to understand is that currently, businesses and other entrepreneurs in the live space are not eligible for Canadian Heritage programs, despite their extraordinary ability to intensify economic impact, both directly and indirectly. Today's funding framework categorically excludes these essential spaces serving Canadian artists, which today especially, seems an obvious gap that must be rectified.

A further 'modernized' CMF, one that includes investment in live music, is central to the development of Canadian artists, musicians and workers such as live music venues and others.

Support through the CMF to live music companies will:

- Help to produce and promote a diversity of Canadian music in a world of choice
- Allow companies to be more competitive at home and abroad
- Allow companies to better contribute to Canada's creative economy
- Get people, and artists, back to work and keep them there
- Help to reduce barriers to funding for equity-seeking and sovereignty-affirming companies and organizations who primarily operate on for-profit business models
- Support innovative marketing partnerships to effectively and quickly restore consumer confidence and welcome Canadians - who may have developed a fear of gathering - back to live music and events

The Federal Budget should include dedicated support for commercial live music companies to create new programming/offers. The program should be designed for companies seeking to build, establish and/or amplify live music offerings targeted specifically at supporting artists and attracting new audiences from new and diverse markets.



**2. That the government make permanent the two-year supplementary investments in the Canada Arts Presentation Fund and the Building Communities through Arts and Heritage program, first announced in the 2019 budget and extended in the 2021 budget.**

**3. That the government invest an additional \$30 million over three years in these two programs (\$21 million for CAPF and \$9 million for BCAH) to support the adaptation and growth of the live performance sector in the post-pandemic era.**

These two programs have not received the same attention from the federal government as other funding mechanisms and they therefore no longer have the same economic and cultural stimulus effect that they were intended to have upon their creation. Their funding envelopes have neither kept up with inflation nor with the growing number of program clients. In spite of the supplementary investments from the 2019 federal budget, beneficiaries of these programs are supported at a much smaller percentage of their budget today than they initially were when these two programs were originally rolled out.

The live performance sector, especially non-profit festivals and presenters, needs further support to adapt to changing consumer behaviours and to return to a path of economic growth and cultural vitality in the post-pandemic era. With enhanced and stable funding, the domestic touring and presenting sector will be able to plan longer and more cost- and carbon-effective tours. Moreover, ongoing enhanced support to series presenters and festivals supported by the CAPF will increase the number of year-round performing arts offerings for artists, local consumers and tourists alike, which will support the federal government's Tourism Growth Strategy.



#### **4. Help to foster an inclusive and regenerative Tourism Industry with help from live music**

The CLMA wishes to echo this recommendation from the Standing Committee on Canadian Heritage report on the recovery from COVID-19. Providing some form of income safety to stage technicians and lighting and sound designers would offset the uncertainty associated with self-employed work in the performing arts and would enable the sector to attract and retain the skilled workforce that it needs to put shows on stages.

The CLMA also acknowledges and endorses recommendations from CAPACOA, Festivals and Major Events (FAME), CAFÉ, Orchestras Canada and the Association for Opera in Canada and other aligned organizations.





## Thank You

We thank the Government of Canada for your support of Canada's incredible live music industry, and our artists, over the last two-and-a-half years. We appreciate the opportunity to make this submission on behalf of this important sector.



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