



Evaluation of the Canada Music Fund 2018–19 to 2022–23

Evaluation Services Directorate
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List of acronyms and abbreviations

CITB	Creative Industries and Trade Branch
CMF	Canada Music Fund
CRTC	Canadian Radio-television and Telecommunications Commission
EBP	Employee Benefit Plan
FACTOR	Foundation Assisting Canadian Talent on Recordings
IDEA	Inclusion, Diversity, Equity and Accessibility
MEC	Music Entrepreneur Component
Musicaction	Fondation Musicaction
n/a	Not applicable
NMW	New Musical Works
O&M	Operations and Maintenance
OLMC	Official Language Minority Communities
PCH	Department of Canadian Heritage

Executive summary

This evaluation focused on the Canada Music Fund (CMF), a program dedicated to fostering an environment where a diversity of Canadian music artists connect with audiences everywhere.

The evaluation examined the CMF's relevance, effectiveness and efficiency between 2018-19 and 2022-23, including the delivery of support measures in response to the pandemic. A mixed-methods approach was used, including a review of program documents and administrative data, interviews with key informants including representatives of Canadian Heritage, organizations that reallocate contributions and music industry associations, and a survey of the program's ultimate recipients.

Key findings

Relevance

Through its funding to the Foundation Assisting Canadian Talent on Recordings (FACTOR) and the Fondation Musicaction (Musicaction), the CMF supports music artists and entrepreneurs in their efforts to develop new skills, produce and promote Canadian music, and connect with audiences both in Canada and abroad. The funding provided by the program is essential to the music industry.

The current economic situation and changing consumer habits are negatively impacting Canadian artists' incomes and discoverability. Growing use of streaming platforms has led to a decline in album sales, which used to represent their main source of income. While performances have become artists' main means of gaining exposure and generating income, the program does not provide direct supports to all players in this area of the music industry.

The CMF was modernized in 2020 to better address the needs of the industry and support its transformation. CMF funds are now entirely reallocated to ultimate recipients through Musicaction for the French-language market and FACTOR for the English-language market. Communication with the various sectors of the industry was central to the modernization process and has played a part in ensuring a flexible response to the pandemic.

The program is aligned with government priorities, particularly related to official languages, inclusion, diversity and reconciliation. There are certain challenges with the fairness of some project selection processes and access to the program for some groups.

Effectiveness

The evaluation shows that the CMF is partially achieving its expected outcomes. Investments made by entrepreneurs funded through CMF in Canadian artists have increased, and development opportunities have been made available to Canadian artists. Canadian music funded by the program's contributions was consumed in Canada and, to a lesser extent, abroad.

The pandemic had an important impact on the program's results, limiting artists' ability to tour and perform, and negatively influencing the industry's market share, both in Canada and abroad. The program responded to the pandemic by implementing 6 support measures through FACTOR and Musicaction in various sectors of the music industry. As a result, the vast majority of beneficiaries remained in business, and the number of jobs among them increased. These measures helped to limit the negative impact of the pandemic on the industry and ensured that artists had space to perform in its aftermath.

Efficiency

Following its modernization, the CMF has been implemented efficiently, overall. The program's operating costs have been reduced, and FACTOR and Musicaction are generally meeting the CMF's expectations. These modernization efforts have granted the program the flexibility required to address industry needs, especially those related to the pandemic.

However, some challenges remain. The data collection strategy between the program and the organizations that reallocate its funding has some gaps that limit the assessment of its effectiveness and the program's capacity to make timely decisions.

FACTOR and Musicaction's funding application and reporting processes are administratively burdensome, particularly for emerging and self-producing artists. Areas for improvement have been identified to lighten the administrative load and further modernize the program.

Since program funds were maximized during the evaluation period, the capacity to undertake new projects linked to the program's modernization is limited.¹

Recommendations

Recommendation 1: The evaluation recommends that the Senior Assistant Deputy Minister, Cultural Affairs, while respecting the nature of a further distribution model, encourage FACTOR and Musicaction to engage with the ultimate recipients targeted by the CMF, particularly those from equity groups, or who are self-producing or emerging, to better understand their needs and improve services.

Recommendation 2: The evaluation recommends that the Senior Assistant Deputy Minister, Cultural Affairs, while respecting the nature of a further distribution model, encourage FACTOR and Musicaction to review and simplify their application and reporting processes.

Recommendation 3: The evaluation recommends that the Senior Assistant Deputy Minister, Cultural Affairs, while respecting the nature of a further distribution model, review the CMF's performance

¹. During the preparation of this report, PCH announced in March 2024 a temporary addition of \$32 million over 2 years to the CMF budget to continue modernization work and strengthen the competitiveness and stability of Canada's music sector.

measurement and data collection strategy with FACTOR and Musicaction to ensure inclusion of all activities.

1. Introduction

This report presents the findings, conclusions and recommendations from the evaluation of the Canada Music Fund (CMF). The evaluation was conducted in accordance with the evaluation requirements set out in the Treasury Board Secretariat's Policy on Results (2016) and the *Financial Administration Act*.

It was undertaken in accordance with the *Canadian Heritage Departmental Evaluation Plan 2023–24 to 2027–28*. It covers the 5-year period from April 1, 2018, to March 31, 2023, and assesses the program's relevance, effectiveness and efficiency. This evaluation focuses on the results of the program following its modernization in 2020, as well as the support measures implemented during the COVID-19 pandemic.

2. Program profile

The CMF provides funding in the form of contributions to the Fondation Musicaction (Musicaction) and the Foundation Assisting Canadian Talent on Recordings (FACTOR), which further distribute this funding to artists, entrepreneurs, professionals, companies, associations and non-profit organizations in the Canadian music industry.

2.1. Program history

Following the extensive consultations with various stakeholders launched in 2016, the CMF was modernized on April 1, 2020, to simplify the distribution of program funds and adapt to an ever-changing environment. Since the program's modernization, the redistribution of CMF funds:

- has emphasized the promotion and skills development of ultimate recipients;
- has offered greater funding flexibility by opening up eligibility for global funding based on revenues and investments to a larger number of potential ultimate recipients; and
- has a simplified structure, allowing applicants to access CMF funding for each language market through a single-entry point, instead of through the 4 funding streams that existed prior to modernization.

Table 1 shows the differences pre- and post-modernization in terms of the organizations involved in the CMF and the number of program components.

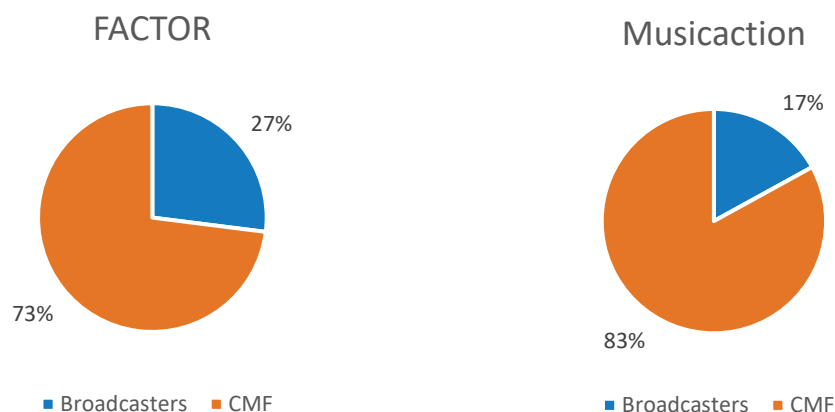
Table 1: Components and organizations responsible before and after the modernization of the CMF

	Component	Organizations Responsible
Before modernization	• Music Entrepreneur Component (MEC)	• PCH
	• New Musical Works (NMW)	• FACTOR and Musicaction
	• Collective Initiatives	• FACTOR and Musicaction
	• Canadian Music Memories	• Library and Archives Canada
After modernization	• Individual Initiatives	• FACTOR and Musicaction
	• Collective Initiatives	• FACTOR and Musicaction

Source: Original CMF documents

FACTOR and Musicaction have been redistributing Government of Canada funds for over 35 years. They also redistribute funds from broadcasters in accordance with the [Broadcasting Regulatory Policy](#) of the Canadian Radio-television and Telecommunications Commission (CRTC). Both organizations use these funds to finance their own programs targeting the ultimate recipients. Figure 1 shows the proportion of funding from the CMF and broadcasters further distributed by the 2 organizations over the period covered by this evaluation.

Figure 1: Proportion of funding from the CMF and broadcasters for FACTOR and Musicaction, 2018–19 to 2022–23



FACTOR and Musicaction further distribute these funds with the aim of increasing the music industry's capacity to produce and promote a variety of Canadian musical choices to Canadian and international

audiences. These programs target specific niches such as music production and marketing, touring, artist management, music publishing and business development.

2.2. Program activities, objectives and expected results

Since its modernization, the CMF's objective is to ensure that a diversity of Canadian music artists connect with audiences everywhere. Table 2 shows the expected results of the program.

Table 2: CMF expected results

Time Frame	Expected Results
Short-term	<ul style="list-style-type: none">• Canadian music artists and entrepreneurs are provided with opportunities to build skills and knowledge as well as to experiment and innovate.• Supported entrepreneurs invest in the development of Canadian artists.• Canadian artists are showcased in collective domestic and international promotional activities and performances.
Medium-term	<ul style="list-style-type: none">• Canadian music supported by the CMF is consumed in Canada and abroad.
Long-term	<ul style="list-style-type: none">• A broad range of Canadian music is consumed in Canada and abroad.

Source: Original CMF documents

The CMF's financial contributions are further distributed by Musicaction for the French-language market and by FACTOR for the English-language market through the programs under the 2 components presented in Table 3: 1) Individual Initiatives and 2) Collective Initiatives.

Table 3: Description of Individual Initiatives and Collective Initiatives of the modernized CMF

	Individual Initiatives	Collective Initiatives
Objective	Develop, promote and expand audiences for Canadian artists.	Help Canadian artists and music industry professionals gain exposure and acquire new skills.
Eligible activities	Production/marketing of sound recordings, publishing of musical works and stage performances.	Conferences, workshops, awards, music showcases, export missions, digital marketing initiatives, industry research and intensive skills development.
Eligible applicants	Canadian artists and artist-entrepreneurs, Canadian music industry professionals, Canadian music companies and non-profit organizations.	Canadian music industry professionals, non-profit organizations, music associations and Canadian-owned music companies.
Funding	55% to 75% of the CMF's overall budget.	25% to 45% of the CMF's overall budget.

Note: The maximum amounts allocated per project for each initiative vary according to the type of applicant but may not exceed \$1.5 million.

Source: Original CMF documents

2.3. Program management and governance

The CMF is coordinated, managed and monitored by the Creative Industries and Trade Branch (CITB) of PCH's Cultural Affairs Sector, under the Music Policy and Programs Directorate.

The relationships between the CITB, FACTOR and Musicaction are governed by contribution agreements based on a further distribution model.

2.4. Program resources

As shown in Tables 4 and 5, total planned CMF spending from 2018–19 to 2022–23 was \$166.9 million, while actual spending for this period was \$301.0 million.² This significant discrepancy is due to the implementation of emergency measures in response to the pandemic.

Further distribution model

Under a further distribution model, some or all of a program's funds or contributions are allocated to a selected initial recipient or recipients, who are responsible for further distributing the funds to other parties, i.e., the ultimate recipients.

Source: Treasury Board of Canada Secretariat

²Please note that sums have been rounded and may not match the totals in the tables presented in the report.

Table 4: Planned CMF spending (in millions of dollars), 2018–19 to 2022–23

Fiscal Year	Salaries and EBP ³	Operations and Maintenance	Contributions	Total
2018–19	1.7	0.1	24.3	26.1
2019–20	1.6	0.1	26.8	28.5
2020–21	1.7	0.2	36.6	38.5
2021–22	1.6	0.1	26.8	28.5
2022–23	1.8	0.1	43.4	45.3
Total	8.3	0.7	158.0	166.9

Source: PCH Financial Management Branch

Table 5: Actual CMF spending (in millions of dollars), 2018–19 to 2022–23

Fiscal Year	Salaries and EBP	Operations and Maintenance	Contributions	Total
2018–19	1.7	0.2	26.4	28.3
2019–20	1.5	0.2	36.4	38.0
2020–21	1.7	0.1	69.6	71.4
2021–22	1.6	0.1	101.4	103.1
2022–23	1.1 ⁴	0.0	57.9	60.1
Total	7.6	0.5	291.7	301.0

Source: PCH Financial Management Branch

During the period evaluated, the CMF received additional funding under several initiatives with specific objectives:

- From 2018–19 to 2022–23:
 - An annual top-up of \$1.15 million from the *Action Plan for Official Languages* to carry out activities with official language minority communities (OLMCs).
 - An annual top-up of \$2.5 million from the Creative Export Strategy to stimulate export activities in the music industry.
- From 2019–20 to 2022–23:
 - An amount of \$10 million annually to support the modernization of the CMF and the music industry.
- From 2020–21 to 2022–23:
 - A total amount of \$118.9 million to deliver 6 emergency measures related to the pandemic.

³Employee Benefit Plan.

⁴The discrepancy between the planned and actual spending can be attributed to the reallocation of resources across PCH in 2022–23.

3. Evaluation approach and methodology

The evaluation was conducted by the Evaluation Services Directorate. This section describes the evaluation approach and methodology, including scope, schedule, calibration, evaluation questions, data collection methods, limitations and mitigation strategies.

3.1. Scope, calibration and quality control

Exploratory interviews were conducted with program representatives, including senior management, to determine specific information needs and refine the scope of the evaluation. The main information needs concerned the impact of the modernization of the CMF on the music industry, the achievement of expected results, including those related to emergency measures in response to the pandemic, and possible improvements to enhance the program.

This evaluation therefore covers the CMF's relevance, effectiveness and efficiency from 2018–19 to 2022–23. It includes the emergency measures implemented by the CMF in response to the pandemic. In terms of effectiveness, the evaluation focused on the period from 2020–21 to 2022–23 to report on the results of the program following its modernization.

In addition, this evaluation was calibrated in terms of effort and time by :

- reducing the number of evaluation questions;
- using existing data sources wherever possible;
- undertaking targeted data collection; and
- simplifying the report.

The following quality assurance measures were put in place for the evaluation:

- The use of professional, experienced evaluators.
- The use of multiple sources of primary and secondary data to obtain reliable results.
- Validation of findings through appropriate analysis and triangulation.
- Review of preliminary findings with program representatives and evaluation management to ensure the analyses and their communication were clear.

3.2. Evaluation questions

The questions used to guide the evaluation are presented in Table 6. The evaluation matrix, which appears in [Appendix A](#), provides further details in the form of data sources and indicators for each of the questions.

Table 6: Evaluation questions by key issue

Key Issue	Evaluation Questions
Relevance	<ol style="list-style-type: none">1. To what extent does the CMF meet the current and changing needs of Canadians?2. To what extent is the CMF aligned with government roles, responsibilities and priorities, including those related to inclusion, diversity, equity, accessibility, reconciliation and the pandemic?
Effectiveness	<ol style="list-style-type: none">3. To what extent is the CMF achieving its expected results?4. To what extent has the CMF achieved the results associated with the support measures put in place during the COVID-19 pandemic?
Efficiency	<ol style="list-style-type: none">5. Following its modernization, to what extent has the CMF been delivered efficiently?

3.3. Data collection methods

This evaluation used a mixed-methods approach, including a review of program documents and administrative data; interviews with key informants, including internal PCH representatives and representatives of FACTOR and Musicaction and a sample of associations in various sectors of the music industry; and data from surveys conducted with program ultimate recipients. Table 7 gives a brief description of the data collection methods.

Table 7: Summary of methodology

Methodology	Description
Review of program documents	The CMF's documents were examined to identify data related to program relevance and performance.
Review of program data	Administrative data was examined, including the number of applications received, the events funded, other results and the financial resources available to and used by the program.
Interviews with key informants	A total of 15 interviews were conducted, including 5 with internal PCH representatives, 4 with representatives of FACTOR and Musicaction, and 6 with representatives of music industry associations.
Survey with ultimate recipients	A survey was conducted with all ultimate recipients of FACTOR and Musicaction. A total of 852 responses were received, including 554 from artists, musical groups and individual entrepreneurs in the music industry, and 298 from music organizations.

The following terminology has been used throughout the report to indicate the proportion of persons interviewed who made similar observations:

- Few: findings represent less than 25% of observations.
- Some/several: findings reflect at least 25%, but less than 50% of observations.
- Half: findings reflect 50% of observations.
- Majority: findings represent more than 50% and less than 75% of observations.
- Most: findings reflect 75% but less than 90% of observations; and
- All/almost all: findings reflect 90% or more of observations.

3.4. Evaluation limitations and mitigation strategies

Table 8 describes the main limitations of the evaluation and the mitigation strategies used to minimize their impacts.

Table 8: Evaluation limitations and mitigation strategies

Limitation	Mitigation Strategy
Most of the data used is from the CMF and the initial recipients.	The evaluation team carried out the analyses that could be done with the available data.
The data from FACTOR and Musicaction does not distinguish the funding received from the CMF from the funding received from broadcasters; therefore, the findings cannot be attributed to the CMF alone.	In the report, the evaluation team has highlighted the attribution limits for the data reported, based on evaluation best practices.
There is a risk of bias in the interviews with key informants.	Wherever possible, multiple data sources were used to establish the main findings.
Deficiencies in the performance measurement framework limit the ability to fully evaluate program impacts.	The evaluation team has highlighted the areas in which the performance measurement framework is insufficient, based on evaluation best practices.

4. Findings

This section presents the findings for the 3 themes of the evaluation: relevance, effectiveness and efficiency.

4.1. Relevance

4.1.1. Relevance: Ongoing need for the program

Evaluation question: To what extent does the CMF meet the current and changing needs of Canadians?

Key findings:

- Demand for FACTOR and Musicaction programs is high and they are oversubscribed.
- Canadian artists need government support to produce music and pursue an artistic career; in fact, changing music consumption habits are reducing artists' ability to make a living from their art:
 - The predominance of streaming is detrimental to the visibility of Canadian artists and to their revenues.
 - The live performance sector has become the main source of revenue and discoverability for artists. Promoters and venue owners, who received support through the emergency funds, are 2 types of stakeholders who are not regularly funded by CMF contributions. Both are increasingly reluctant to promote emerging artists.
- Modernization of the program and communication with the various sectors of the music industry helped identify and better respond to needs.
- Implementation of support measures during the pandemic helped stabilize the industry and limit post-COVID impacts.

Demand for funding is high, and the organizations that further distribute it are oversubscribed

Demand exceeded available funds throughout the evaluation period, preventing both organizations from fulfilling all requests for funding. Together, FACTOR and Musicaction received 35,428 applications⁵ during the 2018–19 to 2022–23 evaluation period, and the average approval rate was 59%. By component, around 80% of applications submitted for collective initiatives and 55% of those submitted for individual initiatives were approved. Tables B-1 and B-2 in [Appendix B](#) show the number of applications submitted and the number of applications approved annually by component.

The average approval rate is 52% for FACTOR and 85% for Musicaction. This discrepancy may be linked to the larger size of the English market; FACTOR receives 3 times as many applications as Musicaction.

The number of funding applications received by the 2 organizations varied slightly from year to year. This is explained by the pandemic and the launch, in 2020–2021, of global envelope funding available to a greater number of organizations. Previously, an organization could submit multiple applications each

⁵Including applications related to measures put in place during the pandemic.

year. Since the modernization, an organization can submit a single application covering all the activities it wishes to carry out during the year. This is the new iteration of the Music Entrepreneur Component, previously delivered by PCH.

The FACTOR and Musicaction programs wholly or partly funded by CMF contributions⁶ approved 67% of the amounts requested. Under Collective Initiatives, 74% of the amounts requested was approved, while under Individual Initiatives, 53% of the amounts requested was approved.

Tables B-3 and B-4 in [Appendix B](#) show the amounts requested and approved annually for programs wholly or partially funded by CMF contributions. FACTOR approves 79% of the amounts requested, while Musicaction approves 68%.

Canadian artists need government support

In 2021, the sound recording and music publishing sectors contributed approximately \$380 million to Canada's GDP.⁷ Despite this, the current economic context does not allow the majority of artists to make a living from their art. Inflation and labour shortages are creating problems for the music industry, particularly when it comes to promoting artists on domestic and international tours.

The CMF financial contributions to the 2 initial recipients are important to ensure that artists are supported in the various activities needed to develop their careers, such as music creation, touring, recording and promotion. Emerging artists in particular need this support to launch their careers.

Although album sales were once a major source of revenue, they began to decline with the advent of downloading various musical contents. By 2021, album sales had fallen by almost 74% compared to 2015.⁸ Streaming platforms pay artists a very small amount based on the number of times their tracks are streamed, which is not equivalent to what artists used to earn from album sales.

Today, live performances are the main source of income for artists, and an important means of developing an audience. In fact, performing and touring now account for nearly 75% of artists' revenue, compared with just one-third in the 1990s.⁹ Government assistance is needed to further support the live music sector and thus promote the discoverability of artists and access to better revenues.

Discoverability

Discoverability is the ease of access to information or a service on the Internet.

It is essential to enable cultural content to be proposed to and discovered by a wider audience, beyond specific searches, thus contributing to the vitality and diversity of artistic and cultural creation.

⁶Remember that these 2 organizations are funded by both the CMF and broadcasters, as discussed in the [Program history section](#).

⁷[Culture and sport indicators by domain and sub-domain, by province and territory, product perspective \(statcan.gc.ca\)](#)

⁸[Vinyl record sales soar during pandemic, but streaming reigns supreme - Statistics Canada \(statcan.gc.ca\)](#)

⁹LUNNY, Oisin. (2019). "[Record breaking revenues in the music business, but are musicians getting a raw deal?](#)," FORBES [Online], May 15, 2019.

Consumption patterns are changing at the expense of Canadian artists

Streaming is now the most widespread mode of music consumption in Canada and abroad. The predominance of streaming platforms makes it difficult for Canadian artists to compete with artists from around the world to reach their audiences. This mode of consumption is largely monopolized by foreign artists and by a few extremely popular Canadian artists, which has a negative impact on the revenues of most Canadian artists.

The discoverability of Canadian artists on streaming platforms must be considered a central issue to their longevity and to ensure that the Canadian population continues to have access to a wide range of Canadian music. This is particularly true for Francophone artists and emerging artists who do not yet have an established audience. A study conducted in 2022 reported that, out of 4.6 billion listens on streaming platforms in Quebec, only 9% were by Quebec artists.¹⁰

The modernization of the CMF helped better meet the needs of the industry

The modernization of the CMF reduced the number of entry points for applicants. The CMF now offers 2 points of entry, based on applicants' language market.

The Music Entrepreneur component, previously delivered by PCH, has also been expanded to give a wider range of entrepreneurs access to global envelope funding. Built on a revenue- and investment-based funding model, these envelopes are offered annually by FACTOR and Musicaction to commercially viable Canadian music companies. These companies are thus able to undertake a wide range of activities aimed at developing the careers of many Canadian artists and promoting their music.

The modernization has given the CMF and its initial recipients greater flexibility to respond to the industry's ever-changing needs. This means that if a larger need arises for one component, it is possible to reallocate funds that were previously earmarked for the other component, within a certain pre-established limit.

The CMF is in communication with the various sectors of the music industry

To keep abreast of and address needs, the CMF has forged ties with the various sectors of the music industry and with the initial recipients. It holds regular meetings with industry associations, while respecting each party's independence, with the aim of understanding the industry's reality and the pressures it faces. They have contributed to the modernization of the program and its responsiveness during the pandemic.

Although the CMF and the initial recipients have held discussions with various associations, equity groups and Indigenous communities as part of their projects, they could benefit from more discussions with the ultimate recipients, particularly:

¹⁰FORTIER, Claude. (2022). "Le marché québécois de la musique enregistrée en 2021," *Optique culture* [Online], No. 83, June, Institut de la statistique du Québec, Observatoire de la culture et des communications du Québec, pp. 1–24 [statistique.quebec.ca/fr/fichier/marche-quebecois-musique-enregistree-2021.pdf].

-
- emerging artists and organizations;
 - artists and organizations located in remote areas; and
 - artists and organizations belonging to equity groups.

These discussions would help FACTOR and Musicaction, among others, to better understand the specific needs of these groups and adapt their programs accordingly.

The CMF has adapted to the needs generated by the pandemic

The pandemic has had a major impact on most sectors of the music industry. While the sound recording sector continued to grow as a result of increased revenues from streaming and recorded music, the live performance sector has suffered devastating consequences.

From the outset of the pandemic, the CMF held regular consultations with FACTOR, Musicaction and the various industry sectors, highlighting various emerging needs. As a result, 6 support measures totalling \$118.9 million were delivered between 2020–21 and 2022–23. FACTOR and Musicaction further distributed \$109.5 million to the CMF's ultimate recipients, in order to support the sectors impacted by the pandemic and limit its negative effects, particularly in the live performance sector.

These measures proved necessary to stabilize the music industry, and the ultimate recipients agree that they were essential to the continuation of their activities during and after the pandemic.

The live performance sector's struggle to recover from the impacts of the pandemic is cause for concern

In 2021, the live performance sector reported a 79% drop in revenue compared with pre-COVID years. The pandemic led to the closure of many local venues and the loss of almost half the jobs in the sector, impacting artists' ability to perform.

While FACTOR and Musicaction support the live performance sector by funding tours, ceremonies, music showcases and concerts, they had never supported promoters and venue owners prior to the support measures. Although the sector is recovering from the impacts of the pandemic, current attendance levels are still below pre-COVID levels. Many venues have been purchased by large corporations, and there is less tolerance for financial risk, which means that big-name artists are favoured over emerging ones. Furthermore, with the end of the support measures, the CMF will no longer have the necessary funds to help the 2 organizations support promoters and venue owners and thus encourage them to present Canadian artists.

4.1.2. Relevance: Alignment with government roles, responsibilities and priorities

Evaluation question: To what extent is the CMF aligned with government roles, responsibilities and priorities, including those related to inclusion, diversity, equity, accessibility, reconciliation and the pandemic?

Key findings

- The program is aligned with the majority of government priorities.
- Challenges related to equity and access remain.

The CMF is aligned with PCH responsibilities and the majority of government priorities

The CMF has demonstrated its alignment with PCH's core responsibility : Creativity, arts and culture. The activities funded through the initial recipients support PCH's mandate, which includes ensuring that a broad and diverse range of Canadian artistic and cultural content is accessible at home and abroad.

The CMF is also aligned with the majority of government roles, responsibilities and priorities, including those related to official languages, inclusion, diversity, equity and accessibility (IDEA) and reconciliation.

The CMF meets most of its official languages obligations

Through the 2 organizations, the CMF offers the ultimate recipients of its funding separate entry points by language market. Its funding is divided between the 2 organizations on the basis of 60% for FACTOR and 40% for Musicaction. While this split is not representative of the demographics of Canada's 2 official languages, it is necessary to preserve linguistic duality and comply with the [Broadcasting Act](#) and the [Official Languages Act](#). Considering that French is a linguistic minority in Canada, Musicaction's 40% share seems justified in view of the additional efforts required to secure the place of French-language music within the industry.

FACTOR and Musicaction work with the CMF to improve programs and ensure an equivalent offer in both language markets. In addition, the CMF receives just over \$1 million annually to carry out activities related to the [Action Plan for Official Languages](#). Uses of these funds include the organization of musical showcases promoting Francophone artists from OLMCs.

The CMF is attentive to the needs of artists from OLMCs, and in 2023, work with FACTOR and Musicaction was initiated to better meet these needs, particularly those of Francophone artists living outside of Quebec.

The CMF is committed to inclusion and diversity

Canadians' music needs are diverse and are influenced by different factors such as age, culture, language and personal preferences. The CMF supports the diverse musical needs of Canadians through contributions to FACTOR and Musicaction, which fund a variety of musical genres and artists from

diverse backgrounds. This also fulfills the program's objective of giving Canadians access to a wide range of music produced by Canadian artists.

The CMF and the initial recipients have supported numerous projects and research aimed, among other things, at identifying the needs of IDEA clientele. These projects targeted specific clienteles, including women and entrepreneurs belonging to a visible minority or Indigenous community. Unfortunately, these projects have often been short-lived, as projects and target clienteles have to be prioritized on an annual basis according to available resources.

FACTOR and Musicaction are actively working to ensure that their juries responsible for evaluating applications to the sound recording program are representative of Canadian diversity and musical genres. In 2021–2022, the 2 organizations also worked to harmonize the collection of demographic data between them to ensure that equity groups were represented among the artists, entrepreneurs and organizations funded.

These 2 organizations have also adopted equity, diversity and inclusion policies, as have the non-profit sectoral associations they fund, which must report annually on measures they have taken. The companies funded by FACTOR and Musicaction are strongly encouraged to take similar measures. In addition, FACTOR set up an inclusion and diversity advisory committee during the period evaluated. The 2 organizations are also committed to seeking gender parity and diversity in terms of industry sector and equity group representation on their boards and management teams.

Questions are raised about the fairness of selection processes for sound recording programs

FACTOR and Musicaction use a juried evaluation process for their respective sound recording programs. Over the period evaluated, almost 1,150 recording projects were funded this way by CMF contributions. However, jury bias was repeatedly criticized by survey respondents. Some respondents felt that artists who are well known on the music scene and to the juries have an advantage over emerging and self-producing artists. Furthermore, it seems that the criteria used for this type of evaluation are not always transparent, according to some survey respondents.

Work is under way to reduce barriers to CMF access, but challenges remain

In recognition of the government's focus on accessibility, the CMF has initiated a review of the difficulties faced by people with disabilities in accessing CMF funding and participating more widely in the music industry. The CMF is working with FACTOR and Musicaction to address some of the issues raised by this review.

The time required to complete funding applications and reporting, as well as the complexity of these processes, were some of the challenges cited most frequently by survey respondents. The technological platforms and tools to be used for these 2 processes were also described as outdated and unintuitive. Both organizations are aware of the barriers to accessing their programs, and review the programs regularly to mitigate these challenges.

A few evaluation survey respondents also perceived that the demos required for certain programs must be of commercial quality to be accepted, to the detriment of the product's artistic quality. This is a

limitation of access, since funds are required to produce a product of such quality, which could be a barrier for some artists.

The CMF takes action to support reconciliation

Several projects and initiatives aimed at aboriginal artists and entrepreneurs have been implemented by FACTOR and Musicaction, including mentoring, workshops and funding of events specifically targeting these groups. Despite this, funding availability seems to be a major barrier to the continuation of these activities. However, industry players are committed to meeting the needs of artists and entrepreneurs from indigenous communities.

4.2. Effectiveness

4.2.1. Effectiveness: Achievement of expected results

Evaluation question: To what extent is the CMF achieving its expected results?
<p>Key findings</p> <ul style="list-style-type: none">• The CMF is partially achieving its expected results:<ul style="list-style-type: none">○ Investments are being made and development opportunities are being offered to Canadian artists.○ Canadian music supported by the CMF is consumed in Canada, and more broadly, the CMF stimulates the consumption of Canadian music in Canada and abroad.• Answers to the questions on results are limited due to the absence of targets for several indicators and methodological changes made during the period evaluated.• The pandemic had a negative impact on the results achieved by the program.

The CMF fosters artists' development

The evaluation showed that the CMF is achieving the expected short-term results. Through its contributions to FACTOR and Musicaction, the CMF provides opportunities for artists and entrepreneurs in the music industry to acquire new skills and knowledge. Over 2,500 artists have been supported annually through the further distribution of CMF contributions. The 2 initial recipients support nearly 180 events, conferences and awards ceremonies annually, and data on participation in boot camps funded by CMF contributions indicates an upward trend.

CMF data also shows an increase in investment by the ultimate recipients of global envelope funding. Approximately 84% of the organizations surveyed as part of the evaluation agree that the CMF encourages investment in the development of Canadian artists.

Promotional activities and collective initiatives funded by CMF contributions have helped showcase Canadian artists on the domestic and international scenes. However, according to the results of the evaluation survey, artists belonging to an IDEA community seem to have less access to these opportunities than artists in general.

As the CMF modernization coincided with the start of the pandemic, reference levels and targets were not set due to the exceptional context. The CMF plans to use the year 2022–2023 as a reference level, and identify targets based on that year. This lack of targets at the time of the evaluation limited the measurement of short-term results. Despite this, the evaluation showed that the CMF’s results are positive and are improving.

Music by CMF-supported artists is listened to more in Canada

The evaluation showed that Canadian music supported by CMF contributions is being consumed in Canada, and to a lesser extent abroad. The percentage of CMF-supported Canadian artists on the country’s top 2,000 best-selling album chart practically doubled over the period evaluated, and the percentage of these same artists on the national streaming charts is on the rise. Domestic and international revenues generated by supported Canadian artists increased by \$18 million over the last 3 years evaluated. These revenues would have been even higher had it not been for the pandemic.

Both artists and organizations that responded to the evaluation survey perceive the funding provided by the 2 organizations as an important support for the consumption of Canadian music domestically, and to a lesser extent abroad. Music showcases are particularly appreciated by Francophone artists. Respondents also appreciated the opportunity to participate in various partnerships in Canada and abroad, as these are opportunities to develop new audiences. Despite this, respondents felt that established artists have more opportunities to access programs with an international lens.

It is important to note that the measurement of medium-term results is influenced by the constant evolution of the industry and in music consumption patterns. Indeed, it appears that indicators based on album sales are no longer the best way to measure the impact of CMF contributions, given the decline in this mode of consumption in favour of the use of streaming platforms. These rapid changes in the industry require the CMF to review performance indicators on a regular basis to better measure the impact of CMF funding on the consumption of the music it supports. Lastly, changes made to the CMF’s performance measurement to ensure its relevance have limited the assessment of the achievement of medium-term results.

The CMF stimulates consumption of Canadian music at home and abroad

The evaluation found that Canadian music is consumed in Canada and abroad. Canadian artists’ market share of the national top streaming charts is on the rise and national and international performance royalties increased respectively by nearly \$5 million over the first 3 years evaluated¹¹ and by \$14 million over the 5 years evaluated. The market share of Canadian artists in the top 10,000 on global streaming charts also increased slightly. Lastly, the market share of Canadian artists in the top 2,000 best-selling

¹¹Data on national royalties was not available for the years 2021–2022 and 2022–2023 at the time of the evaluation.

albums in Canada surpassed the program’s 20% target. These results would have been even greater without the impact of the pandemic.

As previously mentioned, changes in music consumption patterns and adjustments to CMF performance measurement over the period evaluated, as well as the availability of certain data, limited the evaluation’s conclusions regarding the achievement of long-term expected results. These limits are due to the absence of certain targets or to some indicators that were too recent to assess the results achieved. However, the evaluation deems these adjustments to performance measurement to have been necessary in order to align the CMF with the changing reality of the industry.

4.2.2. Effectiveness: Achievement of the expected results of pandemic support measures

Evaluation question: To what extent has the CMF achieved the results associated with the support measures put in place during the COVID-19 pandemic?
Key findings <ul style="list-style-type: none">• The main objectives of the various support measures put in place during the pandemic were achieved:<ul style="list-style-type: none">○ The vast majority of the ultimate recipients of these funds have remained in business.○ The number of jobs in the music industry is on the rise.

The CMF helped limit the impact of the pandemic on the music industry

The 6 support measures delivered by the CMF through FACTOR and Musicaction contributed to the vitality of the music industry during the pandemic. These two organizations delivered a total of \$109.5 million to 2,330 projects. The vast majority of the ultimate recipients of these funds who responded to the survey said that this funding was key to helping them continue their activities during the pandemic.

Table 9 provides a summary of the amounts allocated to the 2 organizations for each of the emergency measures delivered in response to the pandemic. They further distributed a total of \$118.9 million between 2020–2021 and 2022–2023.

Table 9: Distribution of COVID 19 emergency measure funds (in millions of dollars), 2020–21 to 2022–23

Emergency measure	Musicaction	FACTOR	Total
2020–21			
Emergency Support Fund (Phase 1)	3.6	4.3	7.9
Emergency Support Fund (Phase 2)	7.0	18.0	25.0
2021–22			
Interim measure for Canada’s live music sector – support for live music events	6.0	9.0	15.0
Interim measure for Canada’s live music sector – support for Canada’s live music sector	20.0	30.0	50.0
2022–23			
Reopening fund interim measure – support for music festivals	2.8	4.2	7.0
Continued emergency assistance to venues and concert promoters and producers	3.5	10.5	14.0
Total	42.9	76.0	118.9

Source: Program administrative data

The measures implemented during the pandemic limited the number of closures among the ultimate recipients of these funds. In fact, the data reported for each of these measures shows that the majority of ultimate recipients remained in operation and expected to do so throughout the year after receiving the funding.

These support measures have also helped gradually increase the number of jobs in the music industry. Overall, the ultimate recipients reported an increase in the number of full-time, part-time and contract hires.

4.3. Efficiency

4.3.1. Efficiency: Efficient program delivery following modernization

Evaluation question: Following its modernization, to what extent has the CMF been delivered efficiently?

Key findings

- Following its modernization, the CMF has been implemented efficiently. This modernization contributed to an efficient delivery of support measures during the pandemic.
- The CMF's net operating cost ratio decreased due to the addition of support measures and the increased use of FACTOR and Musicaction.
- CMF funds are being maxed out, making new developments impossible.
- The 2 initial recipients largely meet the CMF's expectations, and the majority of ultimate recipients are satisfied.
- Challenges remain with respect to the following:
 - The relevance of certain indicators in telling the CMF's story and highlight its impact.
 - The data collection strategy with FACTOR and Musicaction.
 - The administrative burden associated with the application and reporting processes between the 2 organizations and their ultimate recipients.
 - The perceived and measured efficiency gap between the 2 organizations funded by the CMF.
- Improvement areas have been identified to reduce the administrative burden of the processes and further modernize the CMF.

Modernization has helped the CMF become more efficient

The modernization has improved the efficiency of the CMF by, among other things, simplifying its structure, reducing the number of components and using 2 funding streams instead of 4 as it was the case previously. The CMF's results chain, as well as its performance measurement were reviewed as part of the modernization to limit data purchases and reduce data handling by CMF staff.

One of the pillars of the modernization of the CMF is the improvement of global envelope funding, which has proved beneficial. As a result of the increased use of global envelope funding introduced through the modernization, the number of organizations funded annually by FACTOR and Musicaction has more than doubled, from 44¹² to 103.

The use of these envelopes with new players has reduced the administrative burden for both the ultimate recipients and the initial recipients. This has had a major impact on the number of applications to be evaluated by the 2 organizations, resulting in important efficiency gains. For applicants, the impact is also important as they now only need to complete a single application for all their activities, whereas

¹²This number includes around 20 recipients of the global envelope funding for the MEC's record labels component, as well as recipients of the MEC's music publishers component, which was based on per-project funding and did not offer all the flexibility of the record labels component.

previously they had to submit applications across multiple programs depending on the activities to be funded.

Program operating costs have dropped since the modernization

Since the implementation of the modernization, all CMF contributions to ultimate recipients have been further distributed through FACTOR and Musicaction. The CMF's net operating costs decreased from 14% in 2018–19 to 9% in 2022–23 as a result. This is attributable to the important increase in contributions over the past 3 years, due to the addition of 6 pandemic-related support measures. Table 10 presents the CMF's net operating costs, which include the administrative fees of the 2 organizations covered by CMF contributions. Tables B-5 and B-6 in [Appendix B](#) go over the methodology used to calculate the CMF's net operating costs.

Table 10: CMF net operating costs as a percentage of total expenses (in millions of dollars), 2018–19 to 2022–23

Fiscal Year	Total Administrative fees for the CMF (Including for FACTOR and Musicaction)	Funds Further Distributed to Ultimate Recipients	Total	Total Operating Costs
2018–19	4.0	26.4	28.3	14%
2019–20	3.6	36.4	38.0	9%
2020–21	5.3	69.6	71.4	7%
2021–22	6.0	101.4	103.1	6%
2022–23	5.3	57.9	59.0	9%
Total	24.2	291.7	299.8	8%

Source: PCH Financial Management Branch and financial statements from FACTOR and Musicaction

As per their contribution agreements with the CMF for 2020–21 to 2024–25, the 2 organizations may use a limited part of the funds received for their operating costs. This limit was respected for the 3 years in question (average of 5% for FACTOR and 6% for Musicaction). These low ratios can be explained by the large amount of funding further distributed by the two organizations in response to the pandemic, without any significant addition of staff. According to the interviewees, this rate of operation would not be sustainable in the long term. It will be necessary to wait a few years after the end of the pandemic to assess the true impact of the modernization on the initial recipients.

The full implementation of the modernization plans faces obstacles

Given the number of applications and the available budget, the CMF and the initial recipients are maxing out the use of available contributions and are therefore unable to carry out the other development projects planned as part of the modernization. Notably, those related to the addition of new ultimate recipient groups, the alignment of the programs to the needs of equity and Indigenous groups and the expansion of the business plan model beyond national associations under the Collective Initiatives component.

Extending access of global envelope funding to small and medium-sized businesses is desirable, but dependent on CMF resources. Indeed, the contributions granted as part of the modernization in 2020–21 ended on March 31, 2024.

In March 2024, the government announced a temporary \$32 million increase over 2 years to the CMF's budget. This funding is intended to allow the CMF to finalize its modernization efforts and enable FACTOR and Musicaction to maintain measures aimed at promoting the careers of Canadian artists, while also enhancing the competitive capacity and stability of the music industry in Canada.

FACTOR and Musicaction are meeting their commitments, though challenges remain

The contribution agreements specify ranges for the distribution of funds between Individual Initiatives and Collective Initiatives. The organizations may use between 55% and 75% of the funding to support individual initiatives by Canadian artists and entrepreneurs, and between 25% and 45% of the funding to support collective initiatives. This distribution is to be respected over the 5 years of the current agreements (from 2020–21 to 2024–25), not on an annual basis. This flexibility is meant to allow the organizations to respond to changing funding priorities that may arise during the course of a fiscal year, or to support other priority areas.

For the first 3 years of these contribution agreements, the overall funds allocated to each component do not always correspond to this distribution. On average, FACTOR and Musicaction allocated 82% and 76% of their funding to Individual Initiatives, respectively. This may have been due to the emphasis placed on individual initiatives during the pandemic, given that collective initiatives were subject to public health restrictions.

Generally speaking, the 2 initial recipients are viewed favourably as experts in the music business. Given their close ties with the various sectors of the industry, they have the necessary agility to respond to industry needs in a timely fashion. It appears, however, that FACTOR requires more time to respond to the CMF's requests and submit its reports, which may have an impact on the CMF's ability to perform the analyses required for decision-making.

The majority of the CMF's ultimate recipients are satisfied, though they have raised some challenges

In the survey, 74% of respondents said they were very or fairly satisfied with the services provided by the 2 initial recipients (average of 70% for FACTOR and 82% for Musicaction). Respondents are grateful for this funding opportunity, but question the choice of recipients and would like better support. Among survey respondents belonging to an IDEA community, the satisfaction rates are lowest among those identifying as Indigenous, as having a disability or as having a diverse gender identity.

In addition, feedback was more mixed when it came to FACTOR, particularly in terms of access to program officers, alignment with industry changes and procedural complexity. It should be noted that during the period evaluated, the organization renewed the majority of its staff, recruiting a diversified team with industry experience and business acumen to better adapt to the needs of ultimate recipients.

Modernization led to efficient delivery of COVID-19 support measures and resulted in better practices

The modernization helped the 2 initial recipients rapidly deliver COVID-19 support measures. Approximately 82% of survey respondents who received funding through the support measures confirmed that they were satisfied with the speed of delivery. Furthermore, 76% said that accessing these measures was easy. However, artist and artist-entrepreneur respondents noted that it was easier to access these measures through Musicaction than through FACTOR (82% and 49% respectively).

The main challenges encountered in delivering the support measures were linked to the emergency response context, which limited the ability of the CMF and the initial recipients to increase the number of resources needed to deliver these measures. Furthermore, delivering the measures to ultimate recipients previously unknown to the CMF and the initial recipients put pressure on staff to assist these new clients with their funding applications and offer more support than usual.

Despite these challenges, the CMF, FACTOR and Musicaction worked together to simplify the funding application and reporting processes, focusing on the essentials to provide emergency assistance aimed at keeping the ultimate recipients in business. Attestation forms were used wherever possible to simplify the process.

The 2 organizations were able to rapidly deliver the various measures as a result of their understanding of industry realities on the ground. Consultations were held frequently with the various sectors of the industry for both the English-language and French-language markets, contributing to a better understanding of needs and challenges. Flexibility between the funding envelopes of the 2 components also helped the CMF and the initial recipients adapt to changing public health measures.

FACTOR and Musicaction are administratively burdensome for their ultimate recipients, but areas for improvement have been identified

The funding application and reporting processes are administratively burdensome for ultimate recipients, particularly for emerging and self-producing artists. Approximately 39% of survey respondents indicated that the administrative burden of applying for funding from FACTOR or

Musicaction is heavier than for other funding bodies, and 47% indicated the same for the reporting aspect.¹³ Both the CMF and the initial recipients are aware of this administrative burden, which also affects their own staff. At the time this report was drafted, work was under way to streamline the funding application and reporting processes.

Survey respondents, as well as a few interviewees, also identified areas for improvement for the program to simplify its processes:

- Train applicants on what is expected in terms of reporting once a project has been accepted.
- Release tips and tricks or quick references on the application and reporting processes.
- Create a tool to guide data collection for reporting purposes.
- Incorporate attestation forms into application or reporting processes whenever possible.
- Implement a global application or reporting process for select sub-programs.
- Review processes and tools with representative groups of ultimate recipients to ensure, among other things, that the language used is clear and understood by all, the questions asked match the desired answers and the forms collect the information that is essential to the needs of the CMF and the initial recipients.

The CMF performance measurement and data collection strategy could be improved

There are gaps in the CMF's data collection strategy. Although the results chain and performance indicators are clear, FACTOR and Musicaction's annual reports do not report on all indicators. This leads to a lot of back-and-forth between the CMF and these organizations to obtain the necessary information, resulting in a loss of efficiency on both sides.

In the survey, some respondents indicated problems with the technological tools used by FACTOR and Musicaction to complete funding applications and reporting. The initial recipients themselves report the need to update their tools to make them easier to use and to automate the extraction of data required for analysis and reporting. Such an update would require the CMF contributions allocated to these organizations' operations to be increased in the future.

The evaluation identified a number of areas for improvement that could help the CMF better report on its impact on the music industry:

- Incorporating indicators specific to equity communities would help the CMF better account for its IDEA efforts.
- Improving communication of the commercial nature of the CMF and the funding provided by FACTOR and Musicaction, and their goal of fostering an environment where a diversity of Canadian music artists connect with audiences everywhere, would help clarify the desired impact.

¹³Information reported by respondents with previous experience of other funding bodies.

5. Conclusions

Overall, the evaluation confirms the relevance, effectiveness and efficiency of the CMF over the 5-year period from 2018–19 to 2022–23.

The evaluation concludes that the CMF is meeting many needs as well as the government's mandate and priorities. The ever-changing environment in which the CMF and the initial recipients operate requires them to make ongoing adjustments. The modernization of the program as of 2020–21 has clearly improved its ability to meet the new and changing needs of the Canadian music industry. The CMF has responded well to the changing needs brought about by the COVID-19 pandemic. Despite this greater flexibility, the CMF's regular resources are maxed out, which limits the CMF's ability to carry out the development projects anticipated as part of its modernization.

Although outside the scope of this evaluation, it is important to note that in March 2024, the government announced an increase in the CMF's budget for the years 2024–25 and 2025–26 to maintain measures aimed at promoting the careers of Canadian artists, while strengthening the competitiveness and stability of the Canadian music industry, and to allow the CMF to complete its modernization work.

The CMF is well designed to meet the different needs of the English-language and French-language music industries. The CMF and the initial recipients have made efforts to place greater emphasis on reconciliation with Indigenous Peoples and IDEA priorities. There are opportunities to further engage artists who belong to and identify with equity communities, as well as self-producing artists, to better align CMF-funded activities with Canadian identity.

The CMF is partially achieving its expected results: through the further distribution of its contributions, the CMF offers many opportunities for Canadian music artists and entrepreneurs to acquire new skills and to compose, produce and promote music that reaches audiences across Canada and abroad. However, the efforts of the CMF and the initial recipients seem to be yielding better success in Canada than abroad. In addition, as the main source of revenue for Canadian artists has shifted from album sales to live performance, it seems necessary to examine how the CMF, FACTOR and Musicaction could further support live performance so that artists have better access to venues where they can perform for audiences everywhere.

The CMF only modernized recently, and still has a number of development projects it wishes to pursue. The modernization has had many benefits for both the CMF and the initial recipients. However, the modernization coincided with the onset of the pandemic, limiting the evaluation of its impact on CMF results.

In addition, ongoing changes in music consumption patterns have required the CMF to adjust its performance measurement to tell a story that reflects the reality and diversity of the music industry. For

the purposes of this evaluation, the main challenges of this performance measurement are that its very recent and lacking targets for several indicators.

The CMF's data collection strategy also poses challenges that risk compromising both the communication of results and the availability of information to support decision-making. The CMF needs timely access to data to report on its results. Clarifying the CMF's information needs with the initial recipients would help establish a better data collection strategy.

The CMF is generally delivered efficiently. As seen during the pandemic, the modernization, whereby the CMF's contributions are now delivered entirely by FACTOR and Musicaction, has made the CMF more agile. It also appears to have cut costs. Even so, there are concerns about the administrative load of the initial recipients' application and reporting processes, particularly for emerging and self-producing artists, who are increasingly present on the music scene. Although there were challenges in delivering support measures during the pandemic, best practices were identified, and CMF ultimate recipients have pointed out many areas for improvement in the further distribution of regular CMF contributions.

6. Recommendations and management responses and action plans

Based on the findings and conclusions, this evaluation makes the following 3 recommendations: engage further with the program's ultimate recipients; simplify the application and reporting processes and improve the program's performance measurement and data collection strategy to better highlight program activities and results.

Recommendation 1

The evaluation recommends that the Senior Assistant Deputy Minister, Cultural Affairs, while respecting the nature of a further distribution model, encourage FACTOR and Musicaction to engage with the ultimate recipients targeted by the CMF, particularly those from equity groups, or who are self-producing or emerging, to better understand their needs and improve services.

Management response

The Senior Assistant Deputy Minister, Cultural Affairs, agrees with this recommendation.

The program recognizes that it needs to understand the challenges and needs of historically marginalized groups in the music industry in order to best adapt its programming to achieve its goal of ensuring that a diversity of Canadian musical artists connect with audiences everywhere.

While the modernization of the CMF has emphasized the need to provide strong incentives for Canadian companies to invest in the development of new artists, Indigenous artists and artists from equity-seeking groups, the program understands that continued engagement with these groups is essential and will continue to work with FACTOR and Musicaction to this end.

The program notes that this evaluation focused on the first 3 years of modernization, which were largely devoted to developing and implementing pandemic assistance for the Canadian live music industry. As they granted unprecedented levels of funding to new groups of recipients, the CMF, FACTOR and Musicaction had significant interactions with diverse groups, with the initial recipients launching innovative initiatives tailored to their needs, including FACTOR's allowance and accessibility assistance fund for remote communities and Musicaction's pilot project for Indigenous entrepreneurs.

Under the current contribution agreements with FACTOR and Musicaction, the initial recipients must provide the Department with advice and information on their ultimate recipients to encourage applications from all regions of Canada, including Indigenous communities and OLMCs, and to ensure that activities undertaken by ultimate recipients meet the needs of these communities.

The CMF's next 5-year contribution agreements with FACTOR and Musicaction will come into effect on April 1, 2025. Under these agreements, the CMF will expand the above-mentioned directive. The CMF will work with the initial recipients to explore opportunities to increase their interactions with

ultimate recipients, including by enhancing the organizations' presence at music events across the country so they can speak directly with ultimate recipients and potential applicants.

To ensure that FACTOR's and Musicaction's decision-making processes reflect Canada's diversity, the program will work with the initial recipients to determine how they could expand the current requirement to have a gender, diversity and inclusion policy for management positions and the board of directors, exploring how IDEA committees could inform the decisions made by the 2 organizations.

Table 11: Recommendation 1 – Action plan

Action Plan Item	Deliverables	Deadline	Lead
1.1 Work with FACTOR, Musicaction and departmental stakeholders to add a requirement to the contribution agreements for increased dialogue with stakeholders. <ul style="list-style-type: none"> - Present the evaluation results to FACTOR and Musicaction. - Discuss the actions these organizations have taken recently and how they could further increase the scope of their actions. - Discuss how their decision-making processes are informed by the groups cited in this recommendation, and how the organizations could improve this in the future. - Seek advice from the Centre of Excellence and Legal Services. 	1.1.1 A summary of meetings with FACTOR and Musicaction is available	January 2025	Director, Music Policy and Programs
	1.1.2 A summary of advice from the Centre of Excellence and Legal Services is available		
1.2 Reach an agreement with FACTOR and Musicaction on contribution agreement requirements surrounding dialogue with stakeholders and governance in the context of this recommendation.	1.2.1. 5-year contribution agreements are signed with FACTOR and Musicaction	March 2025	Director, Music Policy and Programs
1.3 Review the results of this dialogue and the improved understanding of the needs of the ultimate recipients with FACTOR and Musicaction and determine the next steps.	1.3.1. A summary of the meetings with FACTOR and Musicaction is available	July 2026	Manager, Music Policy and Programs

Action Plan Item	Deliverables	Deadline	Lead
1.4 Each year, FACTOR and Musicaction will share their engagement strategy in their business plan and report on these actions in their annual report to the program.	1.4.1. Report to the Director, Music Policy and Programs	July 2026	Director, Music Policy and Programs
Date of full implementation: July 2026			

Recommendation 2

The evaluation recommends that the Senior Assistant Deputy Minister, Cultural Affairs, while respecting the nature of a further distribution model, encourage FACTOR and Musicaction to review and simplify their application and reporting processes.

Management response

The Senior Assistant Deputy Minister, Cultural Affairs, agrees with this recommendation.

The first phase of the CMF's modernization was designed to make the program more adaptable to changing business models, while reducing the administrative load on applicants. As the evaluation shows, these objectives were first achieved by broadening the scope and eligibility criteria of the CMF's annual funding envelope. Today, over 100 companies apply to this fund once a year for support for all their eligible activities, rather than having to submit multiple applications throughout the year. This has significantly reduced the administrative load on applicants, FACTOR and Musicaction for the application and reporting processes.

As the evaluation shows, FACTOR and Musicaction have accelerated their work since the pandemic to reduce the administrative load on applicants by investing in improvements to their online application and reporting systems. The program has reviewed the results of the applicant survey conducted as part of the evaluation and recognizes that there is room for further improvement in the administrative efficiency of the CMF's project-by-project programs implemented by FACTOR and Musicaction.

The contribution agreements with FACTOR and Musicaction include conditions for the further distribution of CMF contributions to the ultimate recipients to ensure the efficient management and distribution of these funds. The program is committed to assessing the feasibility of the specific suggestions for how to simplify administrative processes gathered from the applicant survey. The CMF will work with FACTOR and Musicaction to ensure that the objectives of further reducing the administrative load on applicants, while promoting the CMF's transparency, accountability and integrity, are incorporated into the next contribution agreements, which will take effect on April 1,

2025. To this end, the program will seek advice from the Department's Centre of Excellence and will align itself with the Treasury Board's directive on the further distribution model.

Table 12: Recommendation 2 – Action plan

Action Plan Item	Deliverables	Deadline	Lead
2.1 Work with FACTOR, Musicaction and departmental stakeholders to add a requirement to the contribution agreements to simplify the application and reporting processes. <ul style="list-style-type: none"> - Present the evaluation results to FACTOR and Musicaction. - Discuss the measures they have recently taken to reduce the workload for applicants and how they could further improve their processes. - Seek advice from the Centre of Excellence and Legal Services. 	2.1.1 A summary of meetings with FACTOR and Musicaction is available	January 2025	Director, Music Policy and Programs
	2.1.2 A summary of advice from the Centre of Excellence and Legal Services is available		
2.2 Reach an agreement with FACTOR and Musicaction on the requirements of the contribution agreements surrounding the simplification of the application and reporting processes.	2.2.1. 5-year contribution agreements are signed with FACTOR and Musicaction	March 2025	Director, Music Policy and Programs
2.3 Every 2 years, evaluate, with FACTOR and Musicaction, the implementation of more efficient application and reporting processes, and determine next steps.	2.3.1. A summary of the meetings with FACTOR and Musicaction is available	May 2026	Director, Music Policy and Programs
2.4 Every 2 years, FACTOR and Musicaction will conduct a survey of applicants to gather their opinions on the application and reporting processes. They will share the results of the survey and the proposed changes to their processes in their business plans.	2.4.1. A report is submitted to the Director, Music Policy and Programs	July 2027	Director, Music Policy and Programs

Action Plan Item	Deliverables	Deadline	Lead
Date of full implementation: July 2027			

Recommendation 3
The evaluation recommends that the Senior Assistant Deputy Minister, Cultural Affairs, while respecting the nature of a further distribution model, review the CMF's performance measurement and data collection strategy with FACTOR and Musicaction to ensure inclusion of all activities.
Management response
<p>The Senior Assistant Deputy Minister, Cultural Affairs, agrees with this recommendation.</p> <p>The program modernized its performance measurement strategy at the start of the CMF modernization. As the performance information profile is a living document, the program regularly adjusts the CMF indicators to reflect changes in the music industry. For example, the indicator associated with album sales has been removed, as consumers have largely turned to streaming for their music consumption. The program will continue to periodically improve its performance measurement strategy as required.</p> <p>The program recognizes that it must assess and communicate the impact of its investments in Indigenous communities and equity-seeking groups. As such, the number of artists from these communities supported by the CMF, as well as the total investments in these artists, will be included in the CMF's new performance measurement strategy.</p> <p>The contribution agreements between the program and FACTOR and Musicaction define the initial recipients' obligations with respect to measurement requirements. The program will continue to oversee the data collection strategy for the CMF and work with FACTOR and Musicaction to ensure that all required data is provided in a timely manner. The program will continue to be responsible for incorporating the data it receives from FACTOR and Musicaction into other measures, and for reporting annually to Parliament and Canadians on the CMF's performance.</p>

Table 13: Recommendation 3 – Action plan

Action Plan Item	Deliverables	Deadline	Lead
3.1 Work with the Strategic Planning Directorate to update the CMF's performance measurement strategy.	3.1.1. A summary of the meetings with the Strategic Planning Directorate is available	October 2024	Manager, Music Policy and Programs
3.2 Review the CMF's performance measurement strategy, including its commitment to present disaggregated data for 2 of its performance indicators in the performance information profile.	3.2.1. A revised performance information profile is approved by the Director General	December 2024	Director, Music Policy and Programs
3.3 Work with the Centre of Excellence and Legal Services on directives regarding the performance measurement reporting requirements in contribution agreements for programs with a further distribution model.	3.3.1. A summary of the meetings with the Centre of Excellence and Legal Services is available	March 2025	Director, Music Policy and Programs
3.4 Reach an agreement with FACTOR and Musicaction on the requirements of the contribution agreements surrounding the revised performance measurement strategy.	3.4.1. 5-year contribution agreements are signed with FACTOR and Musicaction	March 2025	Director, Music Policy and Programs
3.5 Music Policy and Programs will review and update the CMF's performance measurement strategy on an annual basis.	3.5.1. A revised performance information profile is approved by the Director General	December 2025	Director, Music Policy and Programs
	3.5.2. The contribution agreements are amended		
3.6 FACTOR and Musicaction will report on CMF results in accordance with the new performance measurement strategy in their annual reports to the program.	3.6.1. A report is submitted to the	July 2026	Director, Music Policy and Programs
Date of full implementation: July 2026			

Appendix A: Evaluation matrix

Relevance – Question 1: To what extent does the CMF meet the current and changing needs of Canadians?

Indicator	Document Review	Administrative Review	Survey	Interviews
1.1. Proof ¹⁴ that the CMF takes into account the current and changing music needs of Canadians	Yes	Yes	Yes	Yes
1.2. Proof that the CMF adapts to the changing needs of the music industry	Yes	Yes	Yes	Yes

Relevance – Question 2: To what extent is the CMF aligned with government roles, responsibilities and priorities, including those related to inclusion, diversity, equity, accessibility, reconciliation and the pandemic?

Indicator	Document Review	Administrative Review	Survey	Interviews
2.1. Proof that the CMF aligns with government and PCH roles, priorities and responsibilities, including those related to IDEA and reconciliation	Yes	Yes	Yes	Yes
2.2. Proof that IDEA and Gender-Based Analysis Plus mechanisms are in place to adequately identify and serve target groups	Yes	No	Yes	Yes
2.3. Proof that the CMF adapted to the COVID-19 pandemic	Yes	Yes	Yes	Yes

¹⁴“Proof” refers to the evidence and points of view of key stakeholders gathered and analyzed as part of the evaluation.

Effectiveness – Question 3: To what extent is the CMF achieving its expected results?

Indicator	Document Review	Administrative Review	Survey	Interviews
3.1 Proof that the CMF achieved the expected results in the medium term	Yes	Yes	No	Yes
3.2 Proof that the CMF achieved the expected results in the long term	Yes	Yes	No	Yes
3.3 Proof that FACTOR and Musicaction are contributing to achieving program objectives and best practices or opportunities for improvement	Yes	Yes	No	Yes
3.4 Proof that the CMF achieved the expected results in the medium term	Yes	Yes	Yes	Yes

Effectiveness – Question 4: To what extent has the CMF achieved the results associated with the support measures put in place during the COVID-19 pandemic?

Indicator	Document Review	Administrative Review	Survey	Interviews
4.1 Proof that the CMF achieved the expected results in the short term	Yes	Yes	No	Yes
4.2 Proof that the CMF achieved the expected results in the medium term	Yes	Yes	No	Yes
4.3 Proof that the CMF achieved the expected results in the long term	Yes	Yes	No	Yes

Efficiency – Question 5: Following its modernization, to what extent has the CMF been delivered efficiently?

Indicator	Document Review	Administrative Review	Survey	Interviews
5.1 Proof that FACTOR and Musicaction are meeting their program delivery and resource management commitments	Yes	Yes	No	Yes
5.2 Proof of the impact of the modernization on program activities and achievement of objectives	Yes	Yes	No	Yes
5.3 Proof of best practices or barriers to efficient delivery of the CMF and pandemic-related emergency measures	Yes	Yes	Yes	Yes
5.4 Proof of the program's ability to incorporate target groups using existing resources	Yes	Yes	Yes	Yes
5.5 Proof of the usefulness of the program logic model and its performance measures for reporting and decision-making	Yes	Yes	No	Yes

Appendix B: Additional tables

Table B-1: Number of applications submitted to the CMF by component, 2018–19 to 2022–23

Fiscal Year	MEC ¹⁵	Collective Initiatives	NMW ¹⁶ or Collective Initiatives	Pandemic-Related Measures	Total
2018–19	45	325	8,225	n/a	8,595
2019–20	44	353	6,947	n/a	7,344
2020–21	n/a	312	5,254	881 ¹⁷	6,447
2021–22	n/a	308	4,346	1,394	6,048
2022–23	n/a	400	6,233	361 ¹⁸	6,994
Total	89	1,698	31,005	2,636	35,428
Average	44	340	6,201	879	7,086

Source: Program administrative data

Table B-2: Number of applications approved by the CMF by component, 2018–19 to 2022–23

Fiscal Year	MEC	Collective Initiatives	NMW or Individual Initiatives	Pandemic-Related Measures	Total
2018–19	44	284	3,843	n/a	4,171
2019–20	44	314	4,661	n/a	5,019
2020–21	n/a	259	2,538	880	3,677
2021–22	n/a	302	2,223	1,089	3,405
2022–23	n/a	343	3,893	361	5,116
Total	88	1,502	17,158	2,330	21,078
Average	44	306	3,432	777	4,216

Source: Program administrative data

¹⁵Music Entrepreneur Component, replaced by the global envelope fundings following modernization.

¹⁶New Musical Works component, replaced by Individual Initiatives following the modernization.

¹⁷As the number of Musicaction applications was not reported, the number of approved projects was used as a proxy considering that there were at least as many applications.

¹⁸As the number of FACTOR applications was not reported, the number of approved projects was used as a proxy considering that there were at least as many applications.

Table B-3: Amounts requested from the CMF by component (in millions of dollars), 2018–19 to 2022–23

Fiscal Year	MEC	Collective Initiatives	NMW or Individual Initiatives	Pandemic-Related Measures	Total
2018–19	10.3	9.0	46.6	n/a	66.0
2019–20	10.1	10.4	44.5	n/a	65.1
2020–21	n/a	12.9	74.9	31.3	119.1
2021–22	n/a	10.1	46.8	59.8	88.3
2022–23	n/a	15.2	86.7	19.2	133.3
Total	20.5	57.6	299.6	110.3	471.7
Average	10.2	11.5	59.9	36.8	94.3

Source: Program administrative data

Limitation: FACTOR's and Musicaction's annual reports do not separate CMF funding from other sources of funding, which explains the discrepancy between the data reported by PCH's Financial Management Branch and the data presented in this table. The table presents data for programs fully or partially funded by the CMF only.

Table B-4: Amounts approved by the CMF by component (in millions of dollars), 2018–19 to 2022–23

Fiscal Year	MEC	Collective Initiatives	NMW or Individual Initiatives	Pandemic-Related Measures	Total
2018–19	9.6	6.2	19.7	n/a	35.5
2019–20	9.3	8.3	28.1	n/a	45.6
2020–21	n/a	9.1	36.8	31.3	77.2
2021–22	n/a	10.1	30.8	59.3	100.2
2022–23	n/a	9.4	42.0	19.0	70.3
Total	18.9	43.1	157.4	109.5	328.8
Average	9.4	8.6	31.5	36.5	65.8

Source: Program administrative data

Limitation: FACTOR's and Musicaction's annual reports do not separate CMF funding from other sources of funding, which explains the discrepancy between the data reported by PCH's Financial Management Branch and the data presented in this table. The table presents data for programs fully or partially funded by the CMF only.

All CMF funding has been delivered through FACTOR and Musicaction since the modernization. The average operating cost for PCH decreased over the period evaluated, from 7% in 2018–19 to 2% in 2022–23 (Table B-5). However, these ratios do not include the portion of contributions used by partners for their own operations.

Table B-5: Gross administrative ratio¹⁹ of the CMF as a percentage of total expenses, 2018–19 to 2022–23

Fiscal Year	Administrative Expenses ²⁰	Contributions	Total	Administrative Ratio
2018–19	1.9	26.4	28.3	7%
2019–20	1.6	36.4	38.0	4%
2020–21	1.8	69.6	71.4	3%
2021–22	1.7	101.4	103.1	2%
2022–23	1.1	57.9	59.0	2%
Total	8.1	291.7	299.8	3%

Source: PCH Financial Management Branch

As CMF funds are further distributed by 2 organizations, it was important for the evaluation to take these organizations' administrative expenses into account in the analysis of the program's net efficiency. The share of the funding delivered to the 2 organizations that is used to cover their own operating costs is therefore an important element in the calculation. However, these organizations also receive funding from broadcasters, and do not distinguish between funding sources in their accounting. For the purposes of this evaluation, their administrative expenses were therefore allocated proportionally to the share of funding delivered by the CMF. Table B-6 shows the breakdown of funding by funding source and the annual changes in these funding shares.

Table B-6: Funding shares of the initial recipients by source (%), 2018–19 to 2022–23

Fiscal Year	CMF	Broadcasters
2018–19	57	43
2019–20	51	49
2020–21	82	18
2021–22	89	11
2022–23	76	24
Total	77	23

Source: FACTOR and Musicaction financial statements

¹⁹Administrative ratio = (salaries, EBP and O&M) / total expenses

²⁰Administrative expenses include salaries, EBP and O&M costs.

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