



MUSIC PEI
ECONOMIC IMPACT STUDY

2015

Little Island Big Voice: An Industry Profile and Economic Impact Assessment of PEI's Music Sector

Final Report

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- Skills PEI

Without their support the Little Island Big Voice would not be possible. Music PEI would also like to acknowledge the ongoing year-round support from FACTOR and the Province's Department of Culture allowing the organisation the opportunity to continue our work to develop and grow PEI's music industry. Finally, Music PEI would like to thank all of the contributors who took time to participate in the surveys and roundtable discussions.



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Nordicity is an international consulting firm providing private and public sector clients with solutions for strategy, policy and economic analysis across the arts, cultural and creative industries.

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Executive Summary

Music PEI commissioned Nordicity to develop a statistical profile, strategic review and economic impact assessment of the music industry on Prince Edward Island – the first of its kind on PEI. The need for this study was to provide quantitative data alongside qualitative evidence required for informed and sound decision making by industry, government and other stakeholders.

A series of strategic recommendations were developed using an evidence-based approach, first by collecting and analysing industry data through a series of representative interviews, stakeholder roundtable discussions, a literature review and a wide-reaching survey distributed across the industry. The report comprises of an industry profile, including industry benchmarking, a review of the state of the industry, a SWOT analysis and further recommendations, and an impact assessment, including an analysis of the social, economic and fiscal impacts of the province's music industry.

Industry Profile

- The PEI music industry comprises an estimated **805 artists**¹ and **349 professionals and businesses**^{2,3}. Per capita, PEI's population comprises 0.6% artists and 0.2% music professionals and businesses.⁴
- Over 25% of industry respondents are able to work solely within the music industry, whereas nearly 75% also work in other sectors.⁵
- As a whole, 'roots' music (folk, blues, jazz and traditional) is the predominant musical genre for the music industry on PEI. In order of frequency, 'pop and rock' was the second musical genre on PEI, followed by 'country', 'world music' and 'classical', gospel, 'experimental', and then 'electronic', 'urban' and 'other'.
- On average, music businesses tend to employ 63% of their workers on a contract or freelance basis, 20% on a full-time employee basis and 17% on a part-time employee basis.
- The majority of PEI artists record their material on the Island.⁶

¹ Music artists were defined as solo artists, composers, songwriters and music groups.

² Music professionals and businesses were defined as those businesses, professionals, entrepreneurs and/or freelancers that are involved in the music industry value chain (*e.g.*, those that create music, music products or music services).

³ The artist population size for 2013 was estimated through an extensive indexing exercise of all the artists that could be accounted for on PEI based on primary and secondary research, including industry contact databases provided by study partners.

⁴ The population of Prince Edward Island is 145,855 according to the Government of Prince Edward Island.

⁵ Nordicity MPEI Survey 2015 respondents by industry worked in the music industry plus other industries: 72%; music industry only: 28%.

- The total estimated revenue generated by PEI music activities is over \$30.6 million, comprising \$18.4 million from artists and \$12.3 million from professionals and businesses.⁷
 - The vast majority of music industry revenues are derived from live performances. Of sales revenues, the majority come from physical album sales, followed by synch, digital sales and streaming and subscription services.⁸
 - Over 50% of revenues can be considered Island exports, generated from off PEI.⁹
 - On average, music professionals and businesses generated approximately \$52,500 in revenues in 2013/14. Overall, music professionals and businesses expect revenues to increase by up to 25% over the next two years.¹⁰
 - On average, artists earned approximately \$15,250 in income in 2013/14. The vast majority of this income is derived from live performances.¹¹ Overall, artists expect their income to increase by up to 25% over the next two years.

- The total estimated expenses incurred by PEI music activities is over \$22.2 million, comprising \$7.8 million from artists and \$14.5 million from professionals and businesses.¹²
 - On average, 58% of labour and 36% of non-labour music industry expenditures are made on PEI, thus retaining much of the revenues on the Island and resulting in a greater economic impact to the province.
 - On average, music professionals and businesses spent approximately \$41,500 in expenditures in 2013/14. The vast majority of music industry expenditures were labour costs followed by travel and transportation costs.¹³ Overall, music businesses

⁶ Nordicity MPEI Survey 2015 respondents by location of recording works: On PEI only 62%, Both on PEI and off of PEI 32% and Off PEI only 6%.

⁷ Nordicity MPEI Survey 2015 and Nordicity analysis.

⁸ Nordicity MPEI Survey 2015 respondents by source of sales and publishing revenue: Physical sales 47%, Synch 25%, Digital sales 20% and Streaming and subscription 7%.

⁹ Nordicity MPEI Survey 2015 respondents by origin of music revenue: On PEI 47%, Rest of Canada 20%, US 12%, Europe 5% and Other 16%.

¹⁰ The majority of music businesses surveyed, or 58% of music companies and professionals surveyed, expected revenue growth of 1-24% over the next two years. Approximately 20% expected no change in revenues, followed by 10% expecting growth of 25-49% and growth over 50% each. Meanwhile, only 2% expected a contraction of 1-24%, while 0% expected a contraction of 25% or greater.

¹¹ Nordicity MPEI Survey 2015 respondents by source of income: Live performance 63%, Education 17%, Sales of sound recordings 16%, Public support grants 15%, Professional fees 14%, Merchandising 13%, Licensing and publishing 9%, Royalties 2%, Awards and prize winnings 2%, and 'Other' 11%.

¹² Nordicity MPEI Survey 2015 and Nordicity analysis.

¹³ Nordicity MPEI Survey 2015 respondents by expenditure type: Employee labour 29%, Non-employee labour 19%, travel 15%, equipment 14%, business expenses, overhead and professional services 10%, production expenses 5%, performing rights organization fees 2% and 'Other' 5%. 'Other' encompassed a broad range of promotional expenditures as well as material costs for instruments and buildings.

and professionals expect these expenses to increase by up to 25% over the next two years.

- On average, artists spent a little over \$9,600 in expenditures in 2013/14. The majority of artist expenditures were spent on travel, followed by equipment and music production.¹⁴ The majority of travel for artists is self-funded by artists themselves.¹⁵

Global Music Industry Trends and Issues

- There has been a convergence of music industry activities and functions, where artists, professionals and businesses have expanded and diversified their roles into new and overlapping areas.
- There has been a lowering of barriers to entry to the music industry.
- There has been a noted decrease in investment in new and emerging artists.
- The source of revenue streams has diversified significantly.
- Music is an increasingly global and export-driven industry.

PEI Music Industry Trends and Issues

- There is a clear shortage of artist services on PEI, including managers, followed by agents, labels and publishing.
- A lack of managers, labels and publishers have a negative impact on PEI's music industry.
- There is a noted 'coordination failure' amongst PEI's music industry ecosystem, including between venues and artists.
- There is a limited buy-in to the local recording studio sector.
- Music industry revenues on PEI are heavily reliant upon live music, and thus not as diversified as they could and should be.
- While the majority of total music industry revenues have come from on PEI, a significant portion has been generated off Island, effectively generating export revenues.
- PEI's music industry is comprised of a wide pool of skilled and experienced artists and professionals.

¹⁴ Nordicity MPEI Survey 2015 respondents by expenditure type: Travel 36%, Equipment 28%, Music production 26%, Labour 16%, Business expenses and professional services 13%, Management 10%, Membership fees 4% and 'Other' 8%. 'Other' expenditure types included mostly comprise of a combination of subsistence and promotion costs.

¹⁵ Nordicity MPEI Survey 2015 respondents by source of financing for travel costs: Artist self-financing 52%, Host 22%, Music PEI 15%, Other public agency 7%, Other 3% and Label 1%.

- Music education on PEI is taken seriously and the province benefits from a strong education curriculum in schools and dynamic post-secondary programs.
- The greatest major strength of PEI's music industry is the artistic talent, followed by its collaborative artists.
- The industry's greatest weaknesses and threats included access to off Island markets (extra-provincial links) followed by the crossover of opportunities leveraged with the other creative industries such as film, TV, video games and theatre and dance.

The Economic and Social Impact of Music on PEI

- The music industry is **an important contributor to the social and economic prosperity of PEI**, and provides a unique cultural richness and intrinsic value to society.
- **The social impact of the music industry on PEI cannot be understated**, and includes contributions to society such as improving the standard of living and quality of life, contributing to tourism, attracting and retaining skilled workers in all sectors, developing the Island's identity and being a central driver of the Island's wider arts, cultural and creative industries.
- The **total economic impact** of the PEI music industry was the creation of 244 FTE jobs (in addition to providing employment for 805 artists), \$10.4 million in labour income and \$23.9 million in GDP.¹⁶
 - The **direct economic impact** of the PEI music industry was the creation of 125 FTE jobs (in addition to providing employment for 805 artists), \$5.8 million in labour income and \$14.4 million in GDP.¹⁷
 - The **indirect economic impact** of the PEI music industry was the creation of 92 FTE jobs, \$3.6 million in labour income and \$6.7 million in GDP.
 - The **induced economic impact** of the PEI music industry was the creation of 27 FTE jobs, \$1.1 million in labour income and \$2.8 million in GDP.
- The total fiscal impact of the music industry in 2014 was \$6.3 million in tax revenues to all levels of government.

The music industry contributed 244 full-time jobs, an additional 805 artists and approx. \$24 million in GDP to the province of PEI.

¹⁶ Artists are counted in the GDP calculation, but not the labour calculation as it represents wages.

¹⁷ The difference between direct labour income and GDP consists of mixed income, such as the earnings of self-employed artists and sole proprietors.



- These tax revenues comprised \$2.4 million in **personal income taxes**, \$0.7 million in **corporation taxes**, \$2.4 million in **consumption taxes** and \$0.8 million in **local property taxes and other fees**.
- **Federally**, the PEI music industry contributed \$1.5 million in personal income taxes, \$0.5 million in corporation taxes and \$0.7 million in consumption taxes to government.
- **Provincially**, the PEI music industry contributed \$0.9 million in personal income taxes, \$0.2 million in corporation taxes, \$1.7 million in consumption taxes and \$0.8 million in local property taxes and other fees to government.

1. Introduction and Rationale

Music PEI (**'MPEI'**) commissioned Nordicity to develop a statistical profile, strategic review and economic impact assessment of the music industry on Prince Edward Island (**'PEI', 'the Island' or 'the province'**). Prior to this report (**'the Study'**), which is the first of its kind on PEI, data on the Island's music industry was largely limited to anecdotal and narrative evidence; as a result, the rationale for this study was to provide quantitative data alongside qualitative evidence required for informed and sound decision making by industry, government and other stakeholders.

The music industry is an important contributor to the social and economic prosperity of PEI, and is directly related to other key sectors on the province including tourism and the wider cultural and creative industries. Correspondingly, the Study is an important part of a wider collective initiative (**'Collective Initiative'**) led by a consortium of PEI arts, cultural and creative industries stakeholders. The Collective Initiative combines research with strategy development and inbound and outbound export development projects designed to further develop the continued growth of PEI's arts, cultural and creative industries.

The Study, alongside the Collective Initiative, is timely and highly relevant to the province's economic and cultural ambitions. In the Throne Speech of November 2014, the Premier of PEI introduced the need for a provincial cultural strategy and signalled the government's growing appreciation for and commitment to the Island's arts, cultural and creative industries. Mirroring the provincial government's desire, the music industry is keen to develop these initiatives and has demonstrated a significant appetite to engage, invest and advance the sector accordingly.

2. Methodology

The methodology combined primary and secondary research to develop an up-to-date industry profile and robust evidence base, an analytical process to establish conclusions and recommendations followed by an assessment exercise to test and validate the outcomes. The main research activities were desk research, a survey, roundtables and interviews.

2.1 Desk Research

From the beginning of the project, desk research of relevant industry documentation occurred throughout the duration of the Study to leverage and document existing work as well as track industry developments as they unfold. Desk research included the collection and analysis of both internal and publicly available documentation. The desk research provided valuable contextual information for the Study in general, as well as setting the foundation for designing, collecting and analyzing the primary research activities, including the survey, roundtables and interviews.

2.2 Industry database and survey

For the first time ever, a robust industry database was developed of individuals and companies to track industry metrics across a wide-ranging and representative sample of PEI's music industry artists, professionals and businesses. The foundation for the database was established through an online survey and was supplemented by a combination of primary and secondary research (including proprietary commercial and public databases).

The survey ('**Nordicity MPEI Survey 2015**') was deployed to collect primary data from artists, professionals and businesses in PEI's music industry. The survey was the main source of developing industry metrics for benchmarking, identifying quantitative trends and assessing the economic impact. The survey was published and widely distributed across PEI's music industry by MPEI and industry partners for a period of five weeks in the winter of 2014/15.¹⁸

Approximately 200 survey responses were analyzed after a rigorous cleansing and validation exercise.¹⁹

2.3 Industry Roundtables

¹⁸ The Nordicity MPEI Survey 2015 was published on 12 December 2014 via the following hyperlink for a period of five weeks ending 14 January 2015: <http://fluidsurveys.com/s/MusicPEI/>.

¹⁹ After the survey data cleansing and validation exercise and before the supplementation of primary and secondary data sources there was a total of 192 valid survey responses. The data cleansing involved detecting, correcting and validating corrupt or inaccurate records from the data set.

Two roundtables were held with a representative cross-section of industry members as part of a consultation to collect qualitative data and validate the research findings.

- **The first roundtable was a ‘visioning session’** with eight industry members held in late August 2014 to explore issues facing the industry and to identify opportunities and other contextual insight.
- **The second roundtable was a ‘validation session’** with ten industry members held in early March 2015 to obtain industry feedback on the research and analysis conducted to date including the testing and validation of the conclusions and recommendations, as well as refining and contributing towards new ones.

2.4 Interviews

A series of interviews were undertaken with key industry stakeholders to capture more nuanced and qualitative accounts of industry issues and opportunities and to contextualize the survey data for deeper analysis and strategic recommendation development.

A list of the industry members consulted through the roundtables and interviews can be found in the appendices.

2.5 Survey Data Analysis

An important methodological feature in the analysis of the survey data is to extrapolate the economic data from the survey sample size (**‘n’**) responses to represent the population (**‘N’**) of music industry stakeholders on PEI using a multiplier. Rather than driving for statistical validity through trying to draw a proper sample, our approach was to determine how the responses should be multiplied or ‘grossed-up’ to represent the industry population. For that we needed to examine the respondents carefully and apply different weightings depending on representative they were.

To derive the universe or the total music industry population, the following three reference points were examined:

1. Statistics Canada employment data;
2. Hoovers’ Dun and Bradstreet (D&B) database; and
3. Music PEI’s own estimates informed by their member organizations.

To extrapolate the survey data to the industry population size, survey data was analysed and validated as to representation. The process involved determining representation of the responses from a cross-section of industry members such as artists and professionals and businesses performing activities including labels, managers, artists, venues, and other important segments of the music sector.

Some 192 usable survey responses were received – sufficient for extrapolating to the overall industry population, although the population size of each segment of the music sector is too small to use the

multiplier in confidence. Therefore, each of these segments was either extrapolated to the population size individually or removed from the quantitative analysis.

2.6 Economic Impact Analysis

Using the data collected through the survey and industry database, desk research, focus groups and interviews, the economic and fiscal impacts were analysed through Nordicity's economic impact assessment methodology. This methodology has been developed for the creative industries and music sector in particular. It is detailed further in section 5.

The economic impact analysis drew upon the data compiled for the industry profile and used the input-output (I-O) tables maintained by Statistics Canada to generate estimates of the impact that the music industry has had on PEI's economy.

For analysing the direct impact, Nordicity converted the data from the survey and secondary sources for revenues and operating expenditures into estimates of GDP, wages, income, employment and tax revenues for the federal and provincial governments. The estimates of labour expenditures and operating surplus were summed to arrive at an estimate of the direct GDP generated by the music industry.

For analysing the indirect impact, Nordicity derived estimates for the music industry procurement of supplies from other industries (i.e. non-labour expenditures) and the portion of those expenditures that remained on PEI. After determining the amount of non-labour expenditures that stay within the province, Nordicity used Statistics Canada's I-O tables to convert these into estimates of GDP, labour income and employment on the PEI economy.

To estimate the induced impact, Nordicity employed MyEIA, its own in-house economic impact assessment tool. MyEIA relies on provincial I-O tables to model and quantify economic impacts.

The total economic impact is equal to the sum of the direct, indirect and induced economic impacts. Based on these estimates of economic variables, Nordicity derived estimates of the total impacts that each activity has on GDP, labour income and employment on PEI.

For the fiscal impact, Nordicity used its custom fiscal impact model to generate estimates of the federal and provincial taxes generated by the music industry on PEI. The fiscal impact model is based on average effective tax rates for personal income, corporate, consumption (i.e. sales), and property taxes. The effective tax rates were derived from data published by Statistics Canada and are applied to the labour income and GDP estimates at each stage of the economic impact modelling (i.e. direct, indirect and induced) to generate estimates of government tax revenue.

3. PEI Music Industry Profile

The profile of PEI's music industry is comprised of industry benchmarking metrics, an examination of Canadian music industry trends and an assessment of their implications for PEI's music industry. Recommendations are developed and articulated following the analysis that underpins them.

3.1 Industry Benchmarking

A profile of PEI's music industry artists, professionals and businesses, and an overview of their activities based on the Nordicity MPEI 2015 Survey are highlighted below:

- The PEI music industry comprises an estimated 805 artists²⁰ and 349 professionals and businesses.^{21 22} Per capita, PEI's population comprises 0.6% artists and 0.2% music professionals and businesses.²³
- Nearly 75% of industry respondents are male and 25% female.²⁴
- On average, the age of a music industry participant on PEI is 43 years.
- Over 25% of industry respondents are able to work solely within the music industry, whereas nearly 75% also work in other sectors.²⁵
 - For those who work in other industries in addition to music, the majority are in the service sector including other arts, cultural and creative industries, education and tourism.²⁶
 - Other industries encompasses a wide variety of additional work activities from across the breadth of the business, industrial and agricultural sectors - including construction and manufacturing, retail, public sector, finance, professional and business services, health, agriculture, forestry, fishing, mining and energy.

²⁰ Music artists were defined as solo artists, composers, songwriters and music groups.

²¹ Music professionals and businesses were defined as those businesses, professionals, entrepreneurs and/or freelancers that are involved in the music industry value chain (*e.g.*, those that create music, music products or music services).

²² The artist population size for 2013 was estimated through an extensive indexing exercise of all the artists that could be accounted for on PEI based on primary and secondary research, including industry contact databases provided by study partners.

²³ The population of Prince Edward Island is 145,855 according to the Government of Prince Edward Island.

²⁴ Nordicity MPEI Survey 2015 respondents by gender: male 73%, female 25% and other/prefer not to say 2%.

²⁵ Nordicity MPEI Survey 2015 respondents by industry worked in the music industry plus other industries: 72%; music industry only: 28%.

²⁶ Nordicity MPEI Survey 2015

Figure 1: Those working in the music industry in addition to other sectors (percent of respondents)

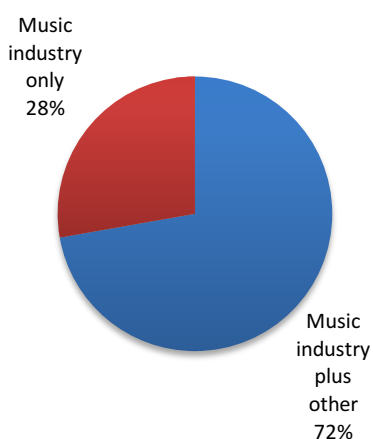
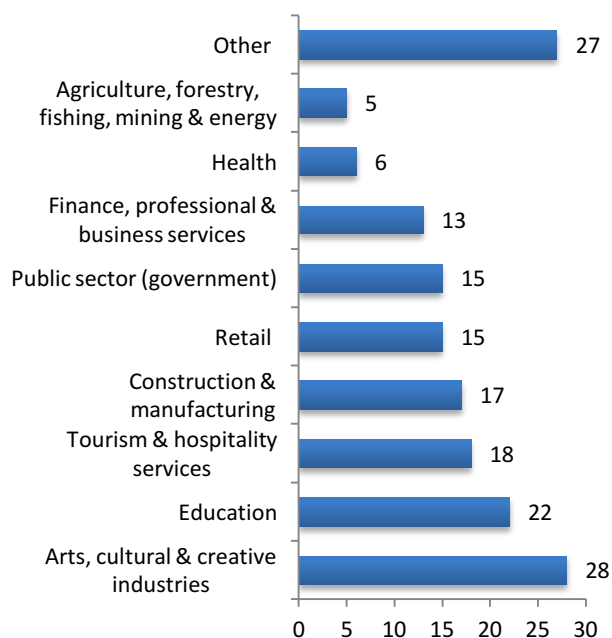


Figure 2: Sectors worked in by those also working outside of the music industry (percent of respondents)



Source: Nordicity Survey (2014)

* 'Other' encompasses a wide variety of additional work activities from across the breadth of the economy - not just the creative industries.

- The majority of the industry largely comprises individuals, freelancers and sole proprietors, otherwise known as micro-enterprises or entrepreneurs. Meanwhile, there are a small number of businesses and incorporated organizations.²⁷
- Nearly half of all artists have received formal training as an artist.²⁸ Of those artists who have received formal training, the majority received a university education followed by training through a community group.²⁹

²⁷ Nordicity MPEI Survey 2015 respondents by structure: sole proprietor/freelancer 46%, partnership 17%, corporation 15%, not-for-profit/charity 16% and public corporation 6%.

Figure 3: Type of survey respondents

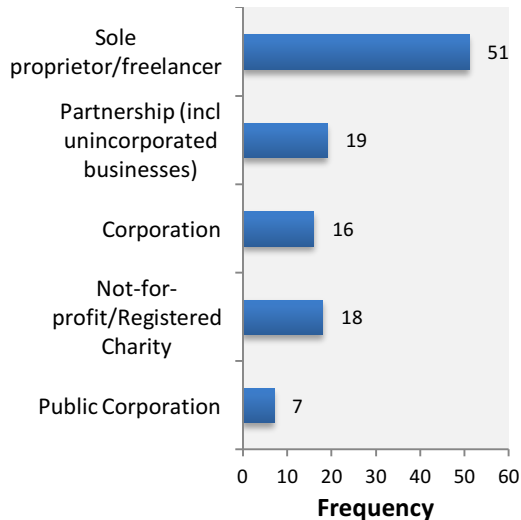
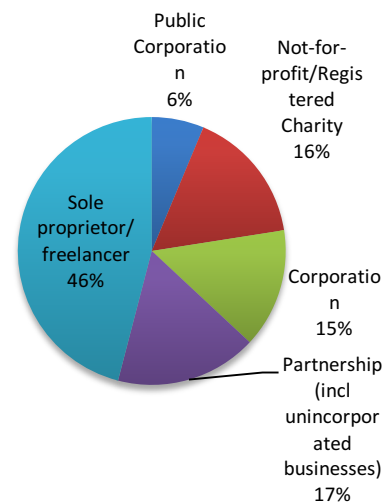


Figure 4:



Source: Nordicity Survey (2014)

Working time and activities

- On average the amount of time spent actively engaged in music industry activities by an industry participant is 50% of their working day.³⁰
- As a whole, 'roots' music (folk, blues, jazz and traditional) is the predominant musical genre for the music industry on PEI. In order of frequency, 'pop and rock' was the second musical genre on PEI, followed by 'country', 'world music' and 'classical', gospel, 'experimental, and then 'electronic', 'urban' and 'other'.

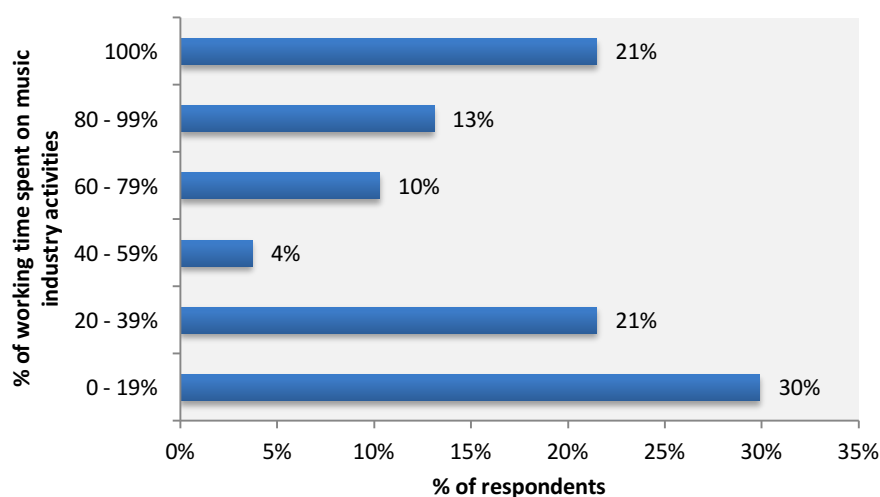
²⁸ Nordicity MPEI Survey 2015 respondents by formal training received as an artist: Formal training received 49%, No formal training or need for it 29%, and No formal training but there is a need for it 22%.

²⁹ Nordicity MPEI Survey 2015 respondents by type of formal training received as an artist: University undergraduate 41%, Community group 31%, Residency 14%, University post-graduate 8% and Creative writing centre 6%.

³⁰ 'Other' activities are based around instrument repair & construction, ancillary support, as well as other creative activities.

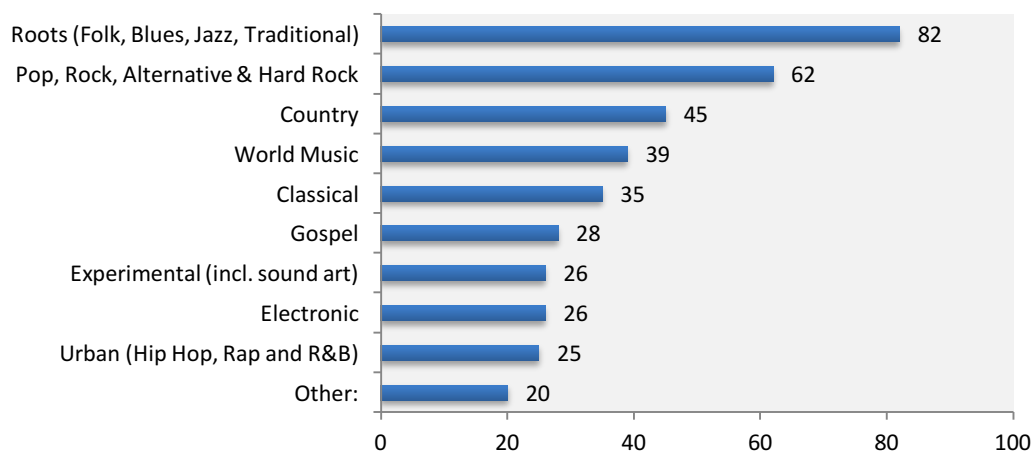
- On average, full time employee music professionals tend to work just under 30 hours per week, while part-time employees work over 12 hours per week, and contract or freelance workers only work 8 hours in a given week.

Figure 5: Share of total working time spent on music industry activities



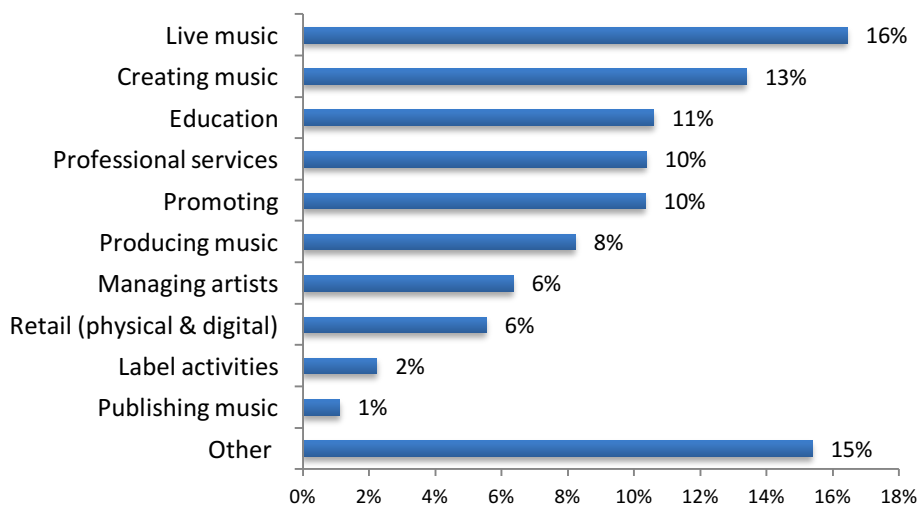
Source: Nordicity Survey (2014)

Figure 6: Cumulative total of genre priorities (unweighted)



Source: Nordicity Survey (2014)

Figure 7: Music industry activities worked on by survey respondents



Source: Nordicity Survey (2014)

* 'Other' activities are based around instrument repair & construction, ancillary support, as well as other creative activities.

Musical works

- The vast majority of musical works released by PEI artists were self-released.³¹
- On average, music businesses tend to employ 63% of their workers on a contract or freelance basis, 20% on a full-time employee basis and 17% on a part-time employee basis.
- The majority of PEI artists record their material on the Island.³²
- On average, PEI artists have released nearly 3 albums and 2 singles and more than one EP each over the course of their career. Some PEI artists are prolific recording artists, having recorded over ten full albums while others have not released any.³³

³¹ Nordicity MPEI Survey 2015 respondents by means of release of musical works: Self release 70%, Label release off PEI 7%, Label release on PEI 4%, and No released works 18%. The label releases on PEI is largely a form of self-release, whereby artists have established their own label on the Island.

³² Nordicity MPEI Survey 2015 respondents by location of recording works: On PEI only 62%, Both on PEI and off of PEI 32% and Off PEI only 6%.

Figure 8: Type of employment by music businesses

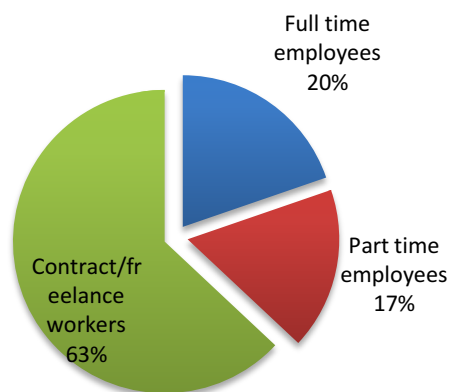
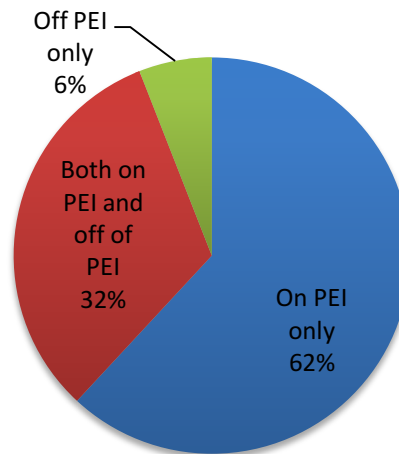


Figure 9: Location of recording material



Source: Nordicity Survey (2014)

Revenues

- The total estimated revenue generated by PEI music activities is over \$30.6 million, comprising \$18.4 million from artists and \$12.3 million from professionals and businesses.³⁴
 - The vast majority of these revenues are derived from live performances.
 - Nearly half of all sales and publishing revenues come from physical sales, a clear majority, followed by synch, digital sales and streaming and subscription services.³⁵ Meanwhile, pressure on physical sales can be seen by the decrease in the Island's dedicated music stores noted in the consultation.

³³ While many artists are known to be 'recording studio artists' and release many works, many other artists such as live performers and session musicians earn a living without recording any.

³⁴ Nordicity MPEI Survey 2015 and Nordicity analysis.

³⁵ Nordicity MPEI Survey 2015 respondents by source of sales and publishing revenue: Physical sales 47%, Synch 25%, Digital sales 20% and Streaming and subscription 7%.

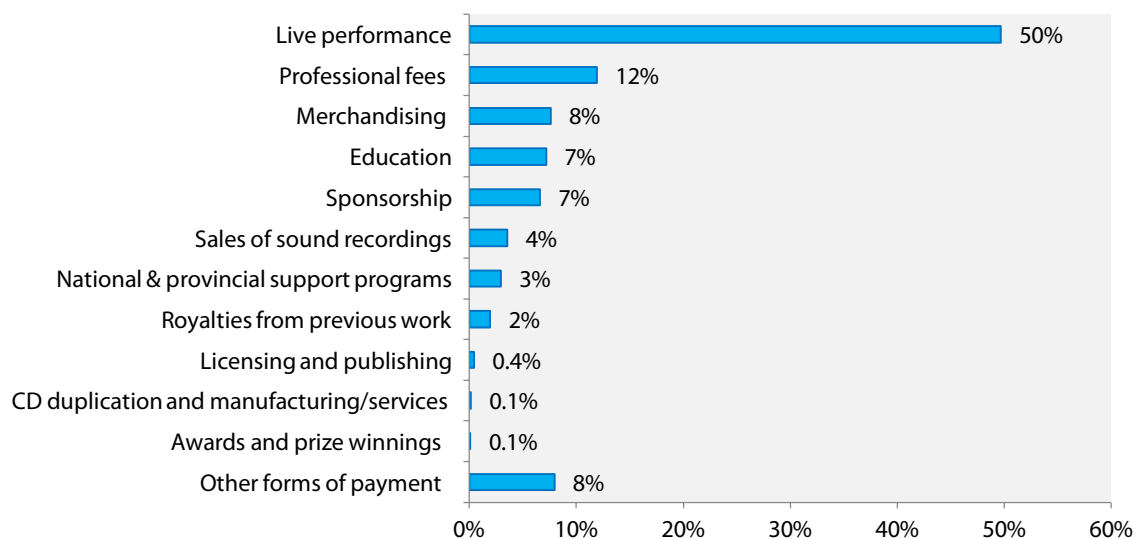
- Over 50% of revenues can be considered Island exports, generated from off PEI.³⁶
- On average, music professionals and businesses generated approximately \$52,500 in revenues in 2013/14.
 - Overall, music professionals and businesses expect these revenues to increase by up to 25% over the next two years.³⁷
 - On average, full-time workers earn a little over \$20,000 per annum and part-time workers earn approximately \$16.25 per hour.
- On average, artists earned approximately \$15,250 in income in 2013/14.
 - The vast majority of this income is derived from live performances.³⁸
 - Overall, artists expect their income to increase by up to 25% over the next two years.

³⁶ Nordicity MPEI Survey 2015 respondents by origin of music revenue: On PEI 47%, Rest of Canada 20%, US 12%, Europe 5% and Other 16%.

³⁷ The majority of music businesses surveyed, or 58% of music companies and professionals surveyed, expected revenue growth of 1-24% over the next two years. Approximately 20% expected no change in revenues, followed by 10% expecting growth of 25-49% and growth over 50% each. Meanwhile, only 2% expected a contraction of 1-24%, while 0% expected a contraction of 25% or greater.

³⁸ Nordicity MPEI Survey 2015 respondents by source of income: Live performance 63%, Education 17%, Sales of sound recordings 16%, Public support grants 15%, Professional fees 14%, Merchandising 13%, Licensing and publishing 9%, Royalties 2%, Awards and prize winnings 2%, and 'Other' 11%.

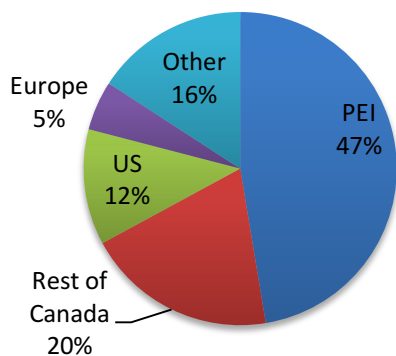
Figure 10: Breakdown of industry revenues



Source: Nordicity Survey (2014)

* 'Other forms of payments' covers a wide variety of revenues, most notably honoraria and photography services.

Figure 11: Geographic source of revenues



Source: Nordicity Survey (2014)

Expenses

- The total estimated expenses incurred by PEI music activities is over \$22.2 million, comprising \$7.8 million from artists and \$14.5 million from professionals and businesses.³⁹
- On average, 58% of labour and 36% of non-labour music industry expenditures are made on PEI, thus retaining much of the revenues on the Island and resulting in a greater economic impact to the province.
- On average, music professionals and businesses spent approximately \$41,500 in expenditures in 2013/14.
 - The vast majority of these expenditures were labour costs followed by travel and transportation costs.⁴⁰
 - Overall, music businesses and professionals expect these expenses to increase by up to 25% over the next two years.
- On average, artists spent a little over \$9,600 in expenditures in 2013/14.
 - The majority of artist expenditures were spent on travel, followed by equipment and music production.⁴¹
 - The majority of travel for artists is self-funded by artists themselves.⁴²

Travel is necessary to sustain a full time career as a performer.

- PEI Artist

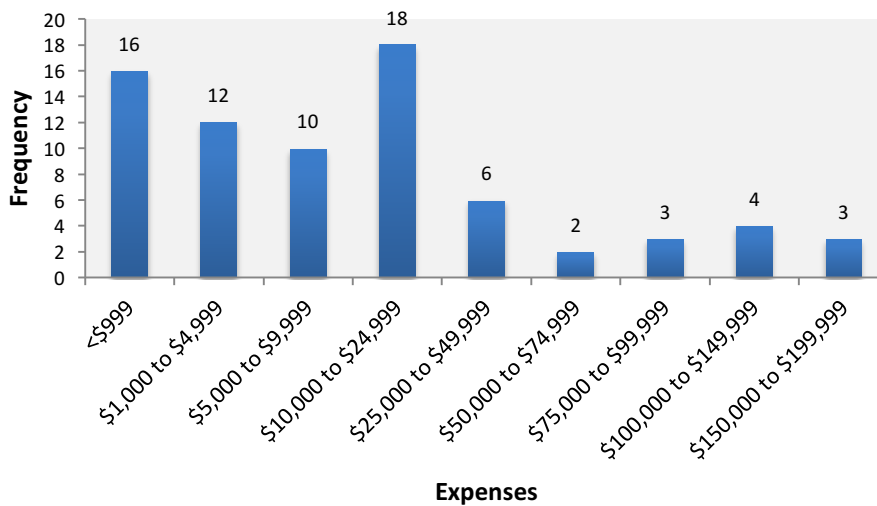
³⁹ Nordicity MPEI Survey 2015 and Nordicity analysis.

⁴⁰ Nordicity MPEI Survey 2015 respondents by expenditure type: Employee labour 29%, Non-employee labour 19%, travel 15%, equipment 14%, business expenses, overhead and professional services 10%, production expenses 5%, performing rights organization fees 2% and 'Other' 5%. 'Other' encompassed a broad range of promotional expenditures as well as material costs for instruments and buildings.

⁴¹ Nordicity MPEI Survey 2015 respondents by expenditure type: Travel 36%, Equipment 28%, Music production 26%, Labour 16%, Business expenses and professional services 13%, Management 10%, Membership fees 4% and 'Other' 8%. 'Other' expenditure types included mostly comprise of a combination of subsistence and promotion costs.

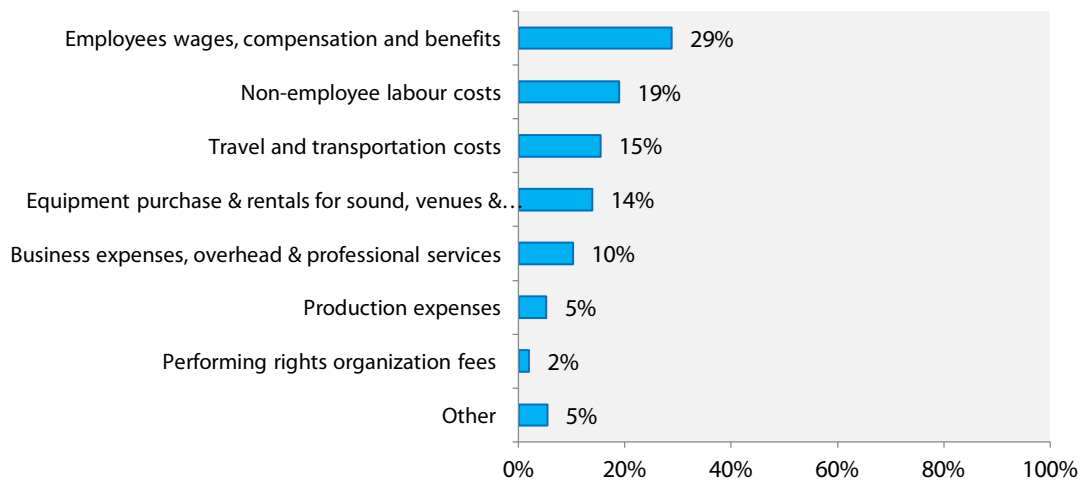
⁴² Nordicity MPEI Survey 2015 respondents by source of financing for travel costs: Artist self-financing 52%, Host 22%, Music PEI 15%, Other public agency 7%, Other 3% and Label 1%.

Figure 12: Total music industry expenses over the last fiscal year (2013)



Source: Nordicity Survey (2014)

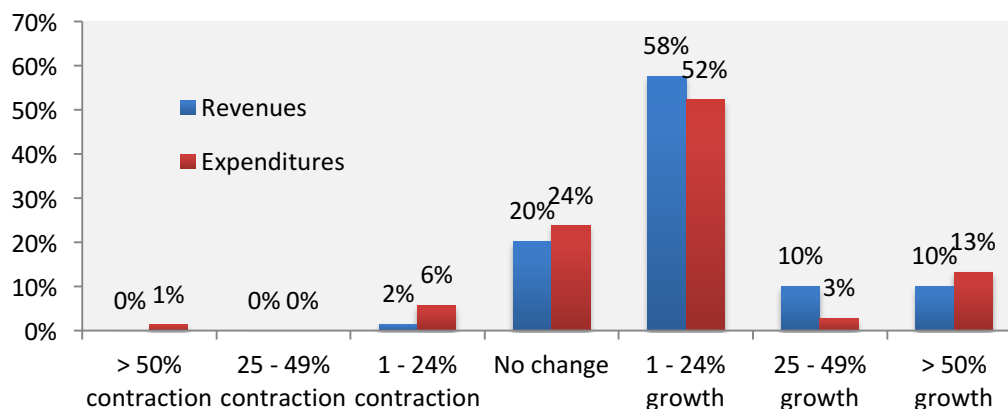
Figure 13: Breakdown of music industry expenses



Source: Nordicity Survey (2014)

* 'Other' encompassed a broad range of promotional expenditures as well as material costs for instruments and buildings.

Figure 14: Expectation of changes in future music-related revenues and expenditures over the next two years



Source: Nordicity Survey (2014)

3.2 State of the Industry

The state of the music industry is examined through a review of music industry trends and an assessment of the implications and their impacts on PEI's music industry.

3.2.1 Global Music Industry Trends and Issues

There have been a number of key global trends and issues that have an impact on PEI's music industry.

1. **Convergence of music industry activities and functions:** resulting in an overlap of artist services, including label, management, agent and publisher activities. Music professionals and businesses are expanding and diversifying their activities into new and overlapping areas, blurring the lines between the roles of label, management, agent and publisher.
2. **Lowered barriers to entry to the music industry:** including entry as a new artist, professional or business. Due in large part to the opportunities borne by new technology, the barriers to creating, promoting and distributing have been lowered significantly in terms of cost, accessibility to recording equipment and digital marketing and distribution methods. Such lower barriers of entry have resulted in a proliferation of new artists and an increase in the supply of new music. Alongside the proliferation in artists have been an increase in competition and a corresponding rise in industry standards.

3. **Decrease in investment in new and emerging artists:** as the private sector continues to react to the higher risk profile in music, the opportunities for signing good label agreements are decreasing. Music businesses increasingly want artists to be 'label ready' or 'export ready' before investing in them, resulting in an investment gap for artists early in their career. Artists, and in some cases their managers and agents, have had to take on ever more risk and artist services activities themselves. This more business-oriented approach to an artist's career has resulted in the phenomenon of the 'artist entrepreneur'.
4. **Diversification of revenue streams:** the ways in which music is consumed and valued by consumers has evolved, proliferating across numerous mediums and formats. Indeed, the music industry has a track record of being the first of the creative industries to experience the seismic shifts and resulting disruption from advances in technology; it also tends to be the first to innovate and adapt to them.

Over the past century, the music industry has evolved in various ways: time limited to scalable, analogue to digital, live performance to experiential event, audio product to lifestyle good, single art form to multiplatform, monetization of music to monetization of ancillary elements, ownership to access. While live music has remained one of the most critical revenue streams for much of Canada's music industry helping to offset some of the decline in physical sales over the last decade, it is being increasingly supplemented by other revenue streams including synch licensing, subscription or streaming services, lifestyle or brands and vinyl or merchandising. But there remains a gap.

Increasingly global and export-driven industry: the market for artists, music professionals and businesses to reach new audiences, consumers and business or value-chain partners in markets around the world has, firstly, expanded significantly, and secondly, resulted in a levelling of the playing field for industry members in various locations. Due in large part to the global connectedness fuelled by technology, today the opportunities to reach new markets globally encompass the creation, recording, promotion and distribution of music from virtually anywhere in the world.

3.2.2 PEI Music Industry Trends and Issues

The global music industry trends have a number of implications and impacts on PEI's music industry, including on industry infrastructure, revenue streams, business and market development, live music, skills, advocacy and entrance routes into the industry. The PEI music industry trends and issues are identified below, followed by specific recommendations.

1. **Industry infrastructure:** PEI's music industry infrastructure comprises hard working professionals and businesses such as artist services, venues and recording studios. The industry infrastructure is seen to be highly collaborative and supportive of both artists and the wider community. While the industry infrastructure works diligently to support artists and grow the industry, there are a number of issues facing the industry.

**It's an excellent,
thriving, inclusive
community to
work in.**

- PEI Artist

There is a clear shortage of artist services on the Island, including manager, agent, label, publisher and recording studio services. The role of a music manager is to support the career development and strategic decision-making of their artists and to develop successful, sustainable careers. The role of an agent is to find work for artists in the form of bookings and to support their business interests in the negotiation of the work.

The need for manager and agent expertise has never been greater on PEI due to the complexity of the diversifying income streams, the emergence of new revenue models, tactical business decision-making requirements and negotiating critical deals and contracts. While some PEI artists have worked with managers and agents from off Island, as a whole a close-working relationship and local knowledge of the PEI music industry are required, making the presence of PEI-based managers and agents ever more important.

Recommendation: Support the skills development and investment in artist services professionals on PEI, including mentorship programs and dedicated funding programs for industry professionals (e.g. artist services).

A lack of managers, labels and publishers have a negative impact on PEI's music industry.

The role of a label is to promote, market, ensure distribution and sales of music recordings for their signed artists. The role of a publisher is to ensure songwriters and copyright holders obtain payment when their works are used and to administer and manage the IP. In many cases the roles between managers, labels and publishers are converging and overlapping. However, there are no dedicated labels or publishers open for business on PEI⁴³. As a result, the vast majority of label and publishing activity from PEI artists is done by self-release or self-publishing, while a fraction of all releases were done by labels off PEI.⁴⁴

Recommendation: Increase the capacity for label and publishing activity on PEI, and where possible find investment support for those with practical business plans for fulfilling these roles.

Lack of collaboration and advancement of business prospects between venues and artists.

The role of a music venue is to host live events, which tangibly connect audiences to artists or their works in a physical space. Given the supremacy of live music on the Island's music industry, venues are critical to virtually every part of PEI's music value chain.

The live music industry of PEI boasts a number of different music venues ranging from restaurants, pubs and nightclubs to cultural centres, concert halls and sporting arenas. Despite the many venues, there is a noted scarcity in availability of the following:

- dedicated music venues designed solely for music,

⁴³ While some artists have established their own labels to control their own releases they were not incorporated to support other artists or the wider music industry.

⁴⁴ Nordicity MPEI Survey 2015 respondents by means of releasing musical works: Self release 70%, Label release off PEI 7%, Label release on PEI 4%, No released works 18%.

- quality live sound production and engineering,
- mid-sized venues, and
- venues offering the performance of original new music;

Enhanced coordination between venues and artists could augment working conditions and new opportunities for both venues and artists.

Recommendation: Enhance the coordination across PEI's music industry to facilitate knowledge transfer, collaboration and joined-up approaches to addressing issues and pursuing opportunities.

Limited buy-in to the local, established recording studio sector. The role of a recording studio is to provide sound recording and mixing equipment and services for artists recording musical works. PEI is served by a small number of local recording studios, technicians and producers, including some of an international standard and award winning recordings. However, research has found limitations in access to sound recording resources on PEI, or in some cases having different requirements to artists or label needs, resulting in artists pursuing these activities off Island.⁴⁵ Yet the costs and quality of recording at PEI studios have been noted as comparable to many based off Island, and a number of the local recording studios have the capacity and business ambitions to increase recording locally.

Recording facilities and engineers on PEI are first-class and very affordable.
- PEI Artist

Recommendation: Enhance industry awareness of the local recording studio sector.

2. **Revenue streams:** PEI's music industry derives its revenues from a variety of sources, however, the vast majority come from live music.

As a whole, the music industry on PEI generates the vast majority of revenues from live music and has not diversified towards synch licensing, streaming and publishing. Both artists and music professionals and businesses derive the majority of their revenues from the live music industry. By comparison, other revenue streams such as sales, sponsorship, public support, merchandising and royalties are relatively small yet important contributors to revenue. Meanwhile, licensing and publishing, awards and prizes, and CD production have had a negligible impact on revenues to date.

Yet, among the revenue streams being exploited on the Island, those with the greatest potential for the industry have been noted by industry leaders as being in synch and publishing. Touted for their ability to generate more stable inflows of smaller amounts of ongoing revenue, synch and

⁴⁵ Nordicity, The Culture Sector in PEI: A Labour Market Study. Culture PEI (2015)

publishing revenues can largely be implemented directly from PEI through digital platforms and after being set up, can provide passive income enabling artists to devote more of their time to creating and performing music.

Indeed, some artists are diversifying their income streams to become sustainable and economically viable music entrepreneurs. In order to supplement their primary sources of income, they have found stability in licensing their work and exploiting their intellectual property. Not only does synch and licensing enable artists to continuously make revenues whether they are performing or not, it also affords them more time to spend on other activities such as creating music.

That said, while some PEI artists and businesses have been diversifying their revenue streams, the vast majority have yet to exploit these new opportunities to become more sustainable and successful.

Recommendation: Support the diversification of industry revenue streams for artists and professionals and businesses. Particular attention should be made for diversifying the revenues of the live music sector with a view towards synch licensing, publishing and streaming. Continue promoting MPEI initiatives to advance skill, innovation and growth in synch and publishing on the Island. Further investment in existing initiatives such as the Canadian Song Conference would enable the music industry to leverage its successes in training and goals to develop new business opportunities, expand revenue streams and diversify income sources.

While the majority of total music industry revenues have come from on PEI, a significant portion has been generated off Island, effectively generating export revenues. It is important to note that even while the export data for the industry was positive, increased off Island activity from several of the province's larger touring acts such as Gordie MacKeeman and His Rhythm Boys and Ten Strings and a Goat Skin suggest that export levels would be even greater for the years 2014/15.

Export is a key component to PEI's music sector

"The support provided by Music PEI and the export development and career investment funding programs have been crucial to the band's career development. It has greatly assisted the group with exporting into new markets across Canada and internationally. The true impact of this success is reflected in the level of international touring activity and in the quantity and quality of performance bookings and increase in revenue (fees, product sales, etc.) in markets outside of Canada. In the last couple of years, we have made substantial inroads in the UK and Australian markets, which has resulted in up to 50% of our revenue coming from touring and exporting abroad."

– Gordie MacKeeman

Recommendation: Develop more artists to become tour-ready and export-ready through education, mentorship and continued tour support.

Live music and touring remain the most significant revenue sources for music artists and businesses. Meanwhile, the live music sector is largely seasonal and related to the tourism sector, whereby many artists in the summer season dedicate all of their time to music and in the winter season supplement their music industry income with other activities. While these trends are shared across Canada's Atlantic Provinces, they tend to be more acute on PEI.

- 3. Business and market development:** PEI's music industry has a strong track record of developing business and new markets both domestically and off Island. Meanwhile, like any industry, there is always a need to continue expanding and reaching new markets, and this reality is ever more important for a small and geographically isolated market such as PEI. Initiatives such as Showcase PEI, Music PEI Week and Music PEI Awards lead the province's business and market development by reaching new markets off Island as well as attracting buyers to PEI.

Recommendation: Maintain investments in Showcase PEI, Music PEI Week and Music PEI Awards to sustain their effectiveness and impacts on developing the industry.

- 4. Live music sector:** Live music is by far the most important element of PEI's music industry, accounting for the majority of both revenues and activities. The sector includes both artists from on PEI and off Island. Much of the success of PEI's live music sector relies on the province's strengths in performing artists, venues and festivals, agents and managers, ticketing as well as events, marketing, production and technical crew, and in the case of tours, travel, hospitality and road crews. A small number of PEI artists regularly tour outside the province, and according to MPEI touring records, 2014 saw the most off Island touring yet.

A number of key live music sector issues arose out of the consultation:

- A shortage of opportunities for artists to perform original new music.
- A scarcity of affordable/lower-cost quality venues (or dedicated music venues).
- Challenges in securing audience size or capacity-appropriate venues.
- A shortage of opportunities for artists and audiences under 18 years old.
- A lack of 'early evening' venues or a culture of late 'curtain call' where often live performances don't start until after 10pm.

Overall, these venues play a very important role in promoting and sustaining local music and culture and in serving as part of the 'glue' for local communities, especially in rural areas.

- PEI Artist

- The risk among artists of over-exposure to local audiences when playing locally.

Recommendations: Work with music venues to improve the opportunity for artists to perform and audiences to consume original live music on PEI. Enhance communication between music industry stakeholders, including venues, to make industry needs and more clear. Introduce more opportunities for engaging young people with the industry.

- 5. Skills, training and education:** PEI’s music industry is comprised of a wide pool of skilled and experienced artists and professionals. Nearly half of PEI’s artists have received formal training as an artist; meanwhile over one in five artists have not received formal training but feel they should, and over one in four neither have received nor feel they need to.⁴⁶ Of those who have received formal training as an artist, university was the most common type followed by community groups.⁴⁷

Recommendation: Raise awareness among music industry members, high school and post-secondary students about the opportunities available for working in the music industry. Particular attention should be drawn to the business functions and arts administration opportunities available in addition to music creation and performing opportunities.

PEI has one of the strongest music education systems I’ve seen, so it’s no wonder we have such great musicians!

- PEI Artist

- 6. Marketing, promotion and advocacy:** PEI’s music industry has relatively strong marketing, promotion and advocacy. The industry is well served by the Island’s local media. In particular, local arts monthly The Buzz is the primary source of local music information both for industry and the general public, providing significant industry coverage. Similarly, PEI’s music industry garners significant promotion through concerted initiatives such as Showcase PEI. Among national media, however, PEI’s music industry receives much less coverage as noted by the Nordicity MPEI Survey 2015.

Through Music PEI, the music industry has had strong representation and advocacy on a local and provincial level. Indeed, the provincial government has demonstrated a growing understanding of the industry. Meanwhile, music industry data, and indeed cultural sector data in general, remains limited on PEI.

⁴⁶ Nordicity MPEI Survey 2015 respondents by formal training received as an artist: Received formal training 49%, No formal training but need it 22%, No formal training and don’t need it 29%.

⁴⁷ Nordicity MPEI Survey 2015 respondents by type of formal training received as an artist: University undergraduate 41%, Community group 31%, Residency 14%, University post-graduate 8% and Creative writing centre 6%.

Recommendations: Increase relationships with media off PEI such as national and international media organizations. Continue benchmarking and regular evaluation of the music industry, and communicating these to government, industry stakeholders and the general public. Enhance the availability, collection and analysis of up-to-date cultural industry metrics.

The ability to travel is critical for PEI’s music sector

“It is possible to be based on PEI as an artist and afford to make a living in the music business provided you are willing and able to travel.”

“PEI is my ‘home base’ for my music career and I don’t mind the travel I do for my career whether by car or by air.”

“Our current business and marketing plan will allow us to stay based and living in the province.”

– Accounts of several PEI artists, professionals and businesses

- 7. Entrance routes into PEI’s music industry:** The lowered barriers has made the creation, promotion and distribution of music more accessible to ever more people by reducing costs and democratizing the access to entering the music industry. It has also resulted in a stratified market with increased supply. Although this proliferation has also resulted in more competition, it has made it more difficult for some new and emerging artist to be noticed, invested in and developed.

Music education on PEI is taken seriously and the province benefits from a strong education curriculum in schools and dynamic post-secondary programs, attributed in part to the Island’s strong music culture. The University of PEI and Holland College School of Performing Arts (SoPA) are well known for producing a high caliber of music educators. Each institution offers programs for students to learn both the creative and business elements of the music industry. SoPA, in partnership with the Confederation Centre of the Arts, provides a two-year music industry program. The Island’s Music Performance program follows the Berklee College of Music⁴⁸ official curriculum.

Typical entry routes to PEI’s music industry tend to include education programs, family encouragement to engage with or perform music, volunteerism, live music and cultural events such as festivals.

Largely as a result of the province’s strong education and a supportive community that values culture and music, there is a wide pool of talented new and young artists

⁴⁸ Berklee College of Music is a world-renowned music education institution in Boston, Massachusetts.



to be drawn upon and developed. However, there are challenges for entering PEI's music industry, including a lack of understanding of the professional opportunities afforded from the music industry as a viable career, a scarcity of non-age restrictive music events (all-age gigs) and a coherent program or career path for developing new and young artists.

Recommendation: Increase relationships with PEI's secondary and post-secondary education institutions to communicate the opportunities available in the music industry as well as ensuring curricula remains timely and relevant to the music industry.

Music Education Excels on PEI

PEI is among Canada's most progressive provinces for music education, a strength that not only contributes significantly to the success of the Island's music industry, but one that also supports the community's understanding of and appreciation for its heritage, culture and creative industries.

A prominent feature of the Island's education system is, unlike other provinces, the fact that every school on PEI employs music specialists with "musical training and pedagogical expertise to guide PEI students in musical instruction." The province's progressive music education program would have reached all of the nearly 13,000 students in K-12 education, including over 400 graduating students, at one point throughout their education. Of these graduating students, up to an estimated 10% are expected to pursue post secondary education.** Another direct link between students and music education is through 'external credentialing' in an agreement between the provincial government's Department of Education, Early Learning and Culture and recognized music institutions including the College of Piping, the Royal Conservatory of Canada and the Royal Conservatory.***

"Music Education is an integral component to a young persons growth and foundation. Having travelled the country and experienced many different music education models, I am proud to say that Prince Edward Island has one of the best programs in Canada."

**Don Quarles, National Board member,
Coalition for Music Education in Canada**

Many of the skills developed by students through their primary education have had lasting impacts as they progress through their careers in post-secondary education, the workplace and in daily life. PEI's exemplary music education program across the province has played a vital role in developing music industry talent and skilled professionals, as well as fostering a sense of pride and value in Island culture.

Note: *Griffin, S. M. (2007). Music education in Prince Edward Island: A view beyond the bridge. In K. Veblen & C. Beynon (Eds. with S. Horsley, U. DeAlwiss, & A. Heywood), *From sea to sea: Perspectives on music education in Canada*. Retrieved from <http://ir.lib.uwo.ca/musiceducationE-books/1/>

** Source: PEI Department of Education, Early Learning and Culture. Music Program Numbers 2014-15.

*** The external credentialing "provide(s) greater flexibility in meeting graduation requirements by providing high school credit to students who have completed recognized courses of study external to the public school system". Source: PEI Department of Education, Early Learning and Culture. *Minister's Directive No. MD 2011-01 External Credentialing Directive*. Accessed at: <https://elsbpei.pbworks.com/w/page/67306838/External%20Credentialing>.

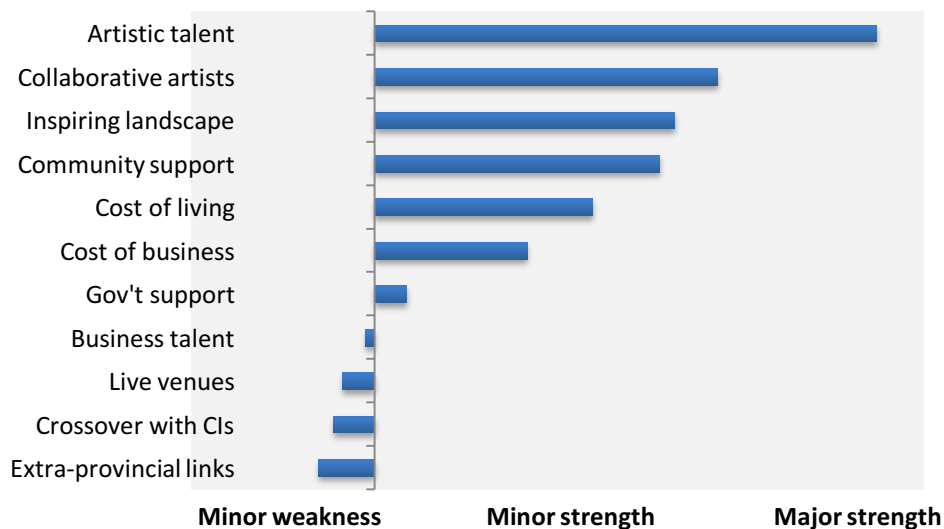
3.3 SWOT Analysis

The SWOT analysis assesses the strengths, weaknesses, opportunities and threats of PEI's music industry.

The industry has a number of strengths and opportunities as identified by industry members themselves. The greatest major strength of PEI's music industry is the artistic talent, followed by its collaborative artists. The inspiring landscape and community support for the music industry are also significant strengths, followed by the cost of living and cost of doing business on the Island. Meanwhile, the support of government was considered the most minor strength.

Conversely, the industry's weaknesses and threats included access to off Island markets (extra-provincial links) followed by the crossover of opportunities leveraged with the other creative industries such as film, TV, video games and theatre and dance. Despite the industry's thriving live music sector, the Island's live venues were considered to be a minor weakness followed by the business talent (or industry infrastructure, mainly the availability of managers and agents, publishers and labels on the Island).

Figure 15: PEI's music industry strengths and weaknesses



These strengths, weaknesses, opportunities and threats are expanded upon in the summary SWOT analysis table below.

Figure 16: Summary SWOT Analysis

<p>Strengths</p> <ul style="list-style-type: none"> ▪ Rich pool of artistic talent ▪ Thriving live music sector ▪ Strong music curriculum ▪ Industry aligned post-secondary music education ▪ Supportive community and appreciative audiences ▪ Off Island exports ▪ Supportive local media ▪ Presence of a national cultural institution ▪ Multicultural (Anglophone, Francophone and Acadian) ▪ Supportive industry association 	<p>Weaknesses</p> <ul style="list-style-type: none"> ▪ Lack of industry infrastructure ▪ Access to markets off PEI ▪ High cost of travel off Island ▪ Small domestic market size (pop.) ▪ Seasonal industry ▪ Venue limitations ▪ Overreliance on live music ▪ Relatively high cost of doing business
<p>Opportunities</p> <ul style="list-style-type: none"> ▪ Diversifying revenue streams ▪ Collaboration with tourism sector ▪ Collaboration across creative industries ▪ Enhanced coordination of the music industry segments ▪ Greater public and government understanding, advocacy ▪ Attracting, repatriating and retaining talent ▪ Attracting regional and national industry organizations ▪ Accessing new markets/exports ▪ Expanding genres and musical forms ▪ Digital recording, promotion, marketing and distribution globally 	<p>Threats</p> <ul style="list-style-type: none"> ▪ Poorly performing 'season' ▪ Reduction of tourism ▪ Brain drain ▪ Economic and fiscal austerity

In a review of industry support models across five of PEI's peer provincial music industry associations ('MIA's) is summarized in the table below.

Figure 17: Comparison of five peer MIAs

Provincial MIA		Music/ Musique NB	Alberta Music	Manitoba Music	Music Nova Scotia	Music PEI
Creation/ Production	Live performance (incl. residencies)		X		X	
	Other ⁴⁹				X	X
Professional Development	Mentorship	X		X		
	Internship			X		
	Training delivery	X	X	X	X	
	Other ⁵⁰		X	X	X	X
Business Development	Marketing	X			X	X
	Presenter/ promoter support				X	
	Export support	X	X		X	X
	Provincial export strategy				X	
	Showcase	X	X	X	X	X
	Industry Music Week	X			X	X
	Provincial Industry Awards	X			X	X

⁴⁹ 'Other' includes mentorships and exchanges, such as Music PEI's Artist Exchange Program, a partnership between Music PEI and the English Folk Dance and Song Society (EEDSS) in the UK. The exchange provides a vehicle through which PEI artists are brought together with English or Welsh artists where they meet to collaborate on material and songwriting.

⁵⁰ 'Other' includes skills and training support such. On PEI, the Music PEI Awards, and the newly introduced Canadian Song Conference led by Music PEI provide valuable professional development support. The conference includes panels, workshops and hosts industry professionals from across Canada and internationally discussing song writing and the business of music.

	Other⁵¹		X	X	X	X
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Source: Nordicity research



3.4 Further Recommendations

Through the collection and analysis of data throughout the Study, a series of evidence-based conclusions and recommendations were developed.

1. Stimulate industry coordination

- Enhance the coordination across PEI's music industry to facilitate knowledge transfer, collaboration and joined-up approaches to addressing issues and pursuing opportunities. (e.g. identifying opportunities to enhance the established recording studio)
- Collaborate with the other cultural sectors to identify shared opportunities and to develop a joined up approach to industry development.
- Facilitate increased networking and collaboration within PEI's music industry and throughout PEI's cultural sectors (e.g. film, TV, video games, dance, theatre, literature, etc.)
- Convention or consortia of artists across all mediums to meet and share ideas, find ways to collaborate and share experience. An opportunity to expand into other sectors across platforms and mediums. (this was called for by other sectors as well, e.g. Literature)

2. Enhance skills development

- Support the skills development and investment in artist services professionals on PEI. For both artists seeking to advance their own artist services capacity (e.g. self-managing or self-publishing capabilities) and professionals and businesses already working in artist services, more education, business and financial support should be directed to the areas of artist management, agents, label and publishing activities.
- Increase the capacity for label and publishing activity on PEI by (i) providing training to artists for self-label and self-publishing activities, and (ii) facilitating exchange and collaborative working between PEI artists and labels and music publishers off PEI.
- Enhance the export-readiness of artists on the Island through education, mentorship and tour support so as to optimize industry revenues generated off Island. Continue investments in off Island showcasing opportunities.

⁵¹ Initiatives such as Music PEI's Career Investment Program and Music PEI Week provide direct and indirect support overlapping professional development and business development.

3. Future-proof industry programs

- Regularly evaluate music industry programs and communicate their effectiveness.
- Facilitate or stimulate investment in industry infrastructure, namely artist services (managers, agents, publishers, labels and recording studios).
- Introduce more opportunities for engaging young people with the industry, and work closely with secondary and post-secondary students in terms of raising awareness of music industry progression paths.

4. Raise industry awareness and advocacy

- Advocate and raise awareness of the importance of the music industry to government other industries on PEI and the general public.
- Enhance the collection and analysis of cultural industry data so as to evidence the growth of PEI's music industry and new opportunities for investment.

5. Collaborate with other cultural sectors

- Work with related industries such as tourism and hospitality to identify opportunities for joint-working, collaboration and advocacy.

4. Economic Impact and Social Contribution

The music sector contributes to the overall prosperity of the province of PEI. To assess the contribution of the music industry on PEI, Nordicity analyzed three distinct impacts, including the social, economic and fiscal (tax contribution) impacts of the music sector on the province.

4.1 Social Impact

The music industry is an important contributor to the social and economic prosperity of PEI, and provides a unique cultural richness and intrinsic value to society.

This **social impact** of the music industry on PEI cannot be understated, and includes:

- Improving the quality of life on the Island.
- Contributing to the Island's prosperous tourism industry.
- Attracting and retaining skilled workers in all sectors.
- Making PEI a more desirable place in which to live, work, invest and conduct business.
- Developing a strong identity and brand for PEI within the Atlantic region, across Canada and internationally.
- Promoting a pride of place, sense of community and belonging and social cohesion on PEI.
- Contributing to the health and wellbeing of PEI residents.
- Contributing to the Island's hospitality sector and nighttime economy.
- Being a central driver of the Island's wider arts, cultural and creative industries.

4.2 Economic Impact

The **economic impact** of the PEI music industry refers to the Gross Domestic Product (GDP), jobs and labour income generated by the Province's expenditures in the music industry.

The **total economic impact** of the PEI music industry was the creation of 244 FTE jobs (in addition to providing employment for 805 artists), \$10.4 million in labour income and \$23.9 million in GDP

- The **direct economic impact** refers to the increase in GDP, employment and labour income within the PEI music industry. In 2014, the PEI music industry created 125 FTE jobs (in addition to providing employment for 805 artists), \$5.8 million in labour income and \$14.4 million in GDP.⁵² Artists are counted in the GDP calculation, but not the labour as it represents wages.
- The **indirect economic impact** refers to the increase in GDP and employment in the industries that supply inputs to the PEI music industry. The tourism industry and its supply of hospitality and accommodation services would be one example of an industry that supplies a key input to the PEI music industry. Nordicity estimates the indirect impact of the PEI music industry in 2014 contributed 92 FTE jobs, \$3.6 million in labour income and \$6.7 million in GDP.
- The **induced economic impact** refers to the additional economic activity due to the re-spending of incremental household income in the PEI economy. In 2014, this effect contributed 27 FTE jobs, \$1.1 million in labour income and \$2.8 million in GDP.

The music industry contributed 244 full-time jobs, an additional 805 artists and approx. \$24 million in GDP to the province of PEI.

The **total economic impact** is equal to the sum of the direct, indirect and induced economic impacts, summarized in the table below.

Table 1 - Economic Impact

	Direct impact	Indirect impact	Induced impact	Total impact
Employment of Artists	805	-	-	805
Employment (FTE jobs)	125	92	27	244
Total Employment (FTE jobs + Artists)	930	92	27	1,049
Labour (wages) income (\$)	5,803,374	3,576,143	1,059,625	10,439,142

⁵² The difference between direct labour income and GDP consists of mixed income, such as the earnings of self-employed artists and sole proprietors.

Gross domestic product (\$)	14,365,045	6,709,141	2,832,498	23,906,684
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Source: Nordicity MyEIA Model and Statistics Canada.

Note: Numbers may not sum due to rounding. A unit of 'artists' does not necessarily constitute the equivalent of a FTE job. Therefore, employment consists of 805 artists and an additional 125 FTE jobs in the music industry.

4.3 Fiscal Impact

The **fiscal impact** of PEI's music industry represents the total tax revenues generated for the government as a result of the industry's economic activity. Like the economic impact, it consists of direct, indirect and induced portions. Nordicity estimates the total fiscal impact of the music industry in 2014 was \$6.3 million in tax revenues to all levels of government. These tax revenues comprised \$2.4 million in personal income taxes, \$0.7 million in corporation taxes, \$2.4 million in consumption taxes and \$0.8 million in local property taxes and other fees.

- **Federally**, the PEI music industry contributed \$1.5 million in personal income taxes, \$0.5 million in corporation taxes and \$0.7 million in consumption taxes to government.
- **Provincially**, the PEI music industry contributed \$0.9 million in personal income taxes, \$0.2 million in corporation taxes, \$1.7 million in consumption taxes and \$0.8 million in local property taxes and other fees to government.

Table 2 - Fiscal Impact (\$ Million)

	Federal	Provincial	Total
Personal income taxes	1,464,837	935,923	2,400,760
Corporation income taxes	520,592	212,383	732,975
Consumption taxes	708,067	1,655,497	2,363,564
Local property taxes and other fees	0	767,846	767,846
Total	2,693,496	3,571,649	6,265,144

Source: Nordicity MyEIA Model and Statistics Canada.

Note: Numbers may not sum due to rounding.

Appendix

A.1 Literature review

Document list		
	Economic Impact Assessment of Alberta's Music Industry	Alberta Ministry of Culture & Tourism
	New Brunswick Music Industry Profile and Economic Impact Analysis (2014)	Music/Musique NB (MNB)
	Music Export Strategy (2013)	Music Nova Scotia
	Sound Analysis: An examination of the Canadian Independent Music Industry (2013)	The Canadian Independent Music Association (CIMA)
Nordicity Reports	The Next Big Bang: A New Direction for Music in Canada (2013) – co-authored	Music Canada
	Soundcheck: An Economic Impact Analysis of Manitoba's Music Industry (2012)	Manitoba Music
	Evaluation of the Music Fund (2012)	The Ontario Media Development Corporation (OMDC)
	A Study on the Canadian Independent Music Industry (2011)	The Canadian Independent Music Association (CIMA)
	Profile of the Canadian Music Publishing Industry (2014)	Department of Canadian Heritage
	The Culture Sector in PEI: A Labour Market Study	Culture PEI
	Music Education in Prince Edward Island: A View Beyond the Bridge	Griffin, S. From Sea to Sea: Perspectives on Music Education in Canada Open Access
External Reports	Survey of Service Industries: Sound Recording and Music Publishing (2013)	Statistics Canada
	Digital Music Report 2014: Lighting Up New Markets (2014)	The International Federation of the Phonographic Industry (IFPI)
	Review of the Canadian Music Industry (2014)	Report of the Standing Committee on Canadian Heritage
	Focus on Geography Series, 2011 Census	Statistics Canada
	Financial Summary – Small Radio Markets	CRTC
	The City of Charlottetown's Task Force on Arts and Culture Presents a New Arts and Culture Strategy for the City	City of Charlottetown Task Force on Arts and Culture

Prince Edward Island's Cultural Labour Force: A Supply and Demand Study	Prince Edward Island Cultural Human Resources Sector Council (PEI CHRSC)
Prince Edward Island Cultural Sector Training Strategy	Prince Edward Island Cultural Human Resources Sector Council (PEI CHRSC)
Creative Adaptation: Hybrid Careers of Prince Edward Island Artists	Prince Edward Island Cultural Human Resources Sector Council (PEI CHRSC)
Culture + Tourism in Prince Edward Island: An Initial Exploration of the Collaborative Potential	Prince Edward Island Cultural Human Resources Sector Council (PEI CHRSC)
Music Program Numbers 2014-15.	PEI Department of Education, Early Learning and Culture
Minister's Directive No. MD 2011-01 External Credentialing Directive	PEI Department of Education, Early Learning and Culture

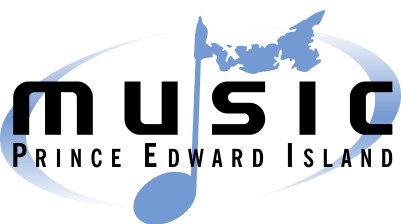
A.2 Consultees

Consultee	Title and Organization
Adam Gallant	Artist, Studio Owner, Producer, audio mixing/editing
Al Douglas	Event Manager, Cavendish Beach Music Festival, Big Red Festival, PEI Brewing Co.
Alan Dowling	Educator, Artist
Alanna Jankov	Executive Director, The Guild
Carol Horne	Chief Marketing Officer, Confederation Centre of the Arts
Colin Buchanan	Artist, Paper Lions
Darcy Campbell	Venue Manager, Confederation Centre of the Arts
David Cyrus MacDonald	Artist, Label, Management
David Rashed	Artist, Haywire, Studio Owner, Producer, audio mixing/editing
Don Quarles	National Board member, Coalition for Music Education in Canada, Festival manager
Dylan Menzie	Artist
Ghislaine Cormier	Directrice générale, Fédération culturelle de l'IPÉ
Gordie MacKeeman	Artist, Gordie MacKeeman & His Rhythm Boys
Jennifer Gillis	Manager, Atlantic Presenters Association
John Bulman	Owner, House-Front Production Services
Jon Matthews	Artist, Studio owner, Producer, Audio mixing/editing
Lloyd Doyle	Artist Manager, Sandbar Music
Mark Geddes	Artist, Gordie MacKeeman & His Rhythm Boys
Mark Sandiford	Executive Director, Music PEI
Mike Carver	Artist
Nathan Gill	Artist, North Lakes
Renee Laprise	Executive Director, IMAC (Island Media Arts Coop)
Shannon Pratt	Artist management, publicity, grant writing, booking teaching, Luck Productions
Tian Wigmore	Artist, Event manager, Arts administration
Vicki Allen-Cook	Arts/Music Specialist, Department of Education, Early Learning and Culture

A.3 Visioning Session Questions (Discussion Topics)

1. What is PEI known for in the music industry?
 - What makes PEI unique?
 - What are the biggest strengths of PEI's music industry?
 - What are the biggest opportunities for the industry in PEI?
2. What are PEI's weaknesses?
 - What are the biggest challenges facing music artists and professionals living in PEI?
 - What are the biggest threats facing PEI's music industry?
3. How do people enter the music industry in PEI?
 - What are the typical (or atypical) paths for new entrants?
4. What are the major skills shortages in PEI's music industry?
 - How do these affect the industry?
5. Where do people learn and develop their music industry skills?
 - Education & training?
 - Life & work experience?
 - From within PEI or other parts of Canada?
 - International experience?
6. How do you earn your money in music?
 - What are your income sources or revenue streams?
 - How do you manage your income from within and outside of the music industry?
7. What is the difference between your income today and five years ago?
 - And what will it look like in the next five years?
8. What other 'non-conventional' ways do you make money?
 - E.g. free food/drink, rent/accommodation, other services reciprocated
9. What government support does the music industry in PEI rely upon?
 - What is the impact of government support on PEI?
10. How do public support structures help music artists and professionals in PEI?
 - What parts worked and what parts didn't?

11. What would you (or others in the industry) have done if that industry support didn't exist?
12. What do you spend your money on as an artist or music professional?
 - What kinds of services do you hire from local artists and businesses for (including all other industries outside of music)?
13. What are your biggest expenses?
 - Which pose the greatest challenges for you?
14. What is the difference between expenses today and five years ago?
 - And what will it look like in the next five years?
15. What role does 'activity outside of PEI' play for the province's music industry?
 - E.g. touring, showcases, missions, marketing, sales, streaming, synch, etc.
16. How do you tour & work outside of PEI?
 - How do you export?
 - How do you tour outside of Canada?
17. How do you finance your out-of-PEI activities?
 - E.g. Personal savings, private investment, public support?
18. What funds or programs have you heard about (from anywhere in the world) that would be interesting for PEI?
19. Have you got any other comments or questions?



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