

**Toronto Music Sector
(Collaborating for Competitiveness - Implementation
Action 6)**

Date:	November 18, 2013
To:	Economic Development Committee
From:	City Manager and General Manager, Economic Development & Culture Division
Wards:	All Wards
Reference Number:	

SUMMARY

Toronto is an international music city and the largest centre of music in Canada. It has a thriving music industry and a well-established and vibrant music scene that engages people across the city, attracts visitors and artists, and engages with other industries such as film, television, and fashion. The music sector is a significant industry and a major cultural asset within the city of Toronto. While Toronto is an international music centre with an abundance of talent and most of the physical infrastructure required for success, it can be bigger and better.

Earlier this term, City Council adopted a new economic strategy, *Collaborating for Competitiveness: A Strategic Plan to Accelerate Economic Growth and Job Creation in Toronto*, and a new culture strategy *Creative Capital Gains: An Action Plan for Toronto*. Both strategic plans support initiatives to advance the music industry.

As is the case with a number of other sectors, one of the most significant barriers to success is the fragmented voice and activities of the music industry. Toronto is home to many talented individuals and firms in the various sub-sectors within the music industry, however, it lacks the connective tissue necessary to make the separate parts into a whole and realize its full potential.

In addition to the above referenced strategic plans for economic growth and culture, City Council and the Economic Development Committee have also adopted specific recommendations in support of the establishment of a Toronto Music Industry Advisory Council and endorsing a Music City Alliance with Austin, Texas.

In October of this year, Mayor Ford together with Councillors Thompson, Crawford, Colle and Ford also participated in a mission to Austin, Texas, to exchange knowledge and best practices in regard to strengthening the music industry as a means to stimulate economic growth and job creation. The City of Austin is recognized as the Live Music Capital of the World. It has a population about one- third that of Toronto but has developed a music industry that generates about three times as much economic activity.

Austin has achieved this impressive outcome through deliberate and collaborative approach to integrate and coordinate the activities, efforts and resources of the City, private sector, and community on a year round basis. This collaborative approach supports and facilitates signature events such as the South by South West (SXSW) festival, the largest music festival in the world based on number of official performers and venues, and the Austin City Limits (ACL) festival, as well as numerous smaller events and activities.

Following endorsement by Austin City Council and Toronto City Council a Music City Alliance Agreement was signed by Mayor Leffingwell on behalf of the City of Austin and Mayor Ford on behalf of the City of Toronto on October 3rd, 2013. The Austin – Toronto Music City Alliance is the first partnership of its kind anywhere in the world.

The first and most important next step for the City of Toronto is to establish a Toronto Music Industry Advisory Council to accelerate the formation of the connective tissue required to strengthen and expand the music industry. The Advisory Council would provide a forum for the discussion of opportunities and challenges, exchange of ideas, input and advice, and collaborative development of recommendations to advance the music sector in Toronto.

An Austin - Toronto Music City Alliance Advisory Committee should also be established and a framework set out to give effect to the Agreement between the City of Austin and the City of Toronto, i.e. to strengthen ties, and support and encourage opportunities for mutually beneficial practical exchanges in the field of music and culture. To ensure alignment, a Working Group of the Toronto Music Industry Advisory Council will be formed to represent Toronto on the Austin – Toronto Music City Alliance Advisory Committee. .

This report recommends the establishment of a Toronto Music Industry Advisory Council and an Austin – Toronto Music City Alliance Advisory Committee. Terms of Reference for both Advisory Groups are attached as Appendix A and Appendix B respectively.

RECOMMENDATION:

The General Manager of Economic Development and Culture recommends that City Council:

1. adopt the Terms of Reference attached to this report as Appendix A for the proposed Toronto Music Industry Advisory Council;
2. request the Striking Committee to recommend the Councillor-at-large member appointment to the Toronto Music Industry Advisory Council;
3. direct the General Manager, Economic Development & Culture Division, to report to the January 20, 2014 meeting of the Economic Development Committee with recommendations for the appointment of citizen members to the Toronto Music Industry Advisory Council;
4. endorse the draft Framework and Terms of Reference for the Austin – Toronto Music City Alliance Advisory Committee attached to this report as Appendix B; and
5. forward a copy of this report and attachments to the Mayor Leffingwell and Austin City Council noting that Toronto City Council looks forward to working with the City of Austin to establish a formal dialogue and create meaningful trade partnerships to the mutual benefit of both cities as contemplated by the Music City Alliance Agreement.

Financial Impact

There are no financial implications associated with consideration of this report. All costs to support the Toronto Music Industry Advisory Council (a.k.a. Music Advisory Council) and the Austin – Toronto Music City Alliance Advisory Committee are included in the Economic Development & Culture Division 2014 Budget submission.

DECISION HISTORY

At its meeting of July 16 – 19, 2013, Toronto City Council considered Member Motion MM37.2, Music City Alliance - The City of Toronto and City of Austin, submitted by Councillor Josh Colle and seconded by Councillor Gary Crawford, and adopted the following recommendation:

"City Council endorse the Austin-Toronto Music City Alliance and direct the General Manager, Economic Development and Culture to report back to the October 2013 meeting of the Economic Development Committee with the framework and terms of reference of the Music City Alliance."

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2013.MM37.2>

At the same meeting City Council also considered Member Motion MM37.43, Fostering Toronto's Music Cluster, submitted by Councillor Michael Thompson and seconded by Councillor David Shiner, and adopted the following recommendations:

1. *City Council request Councillor Michael Thompson, Chair, Economic Development Committee, Councillor David Shiner, Vice-Chair, Economic Development Committee and Councillor Gary Crawford, Co-Chair, Toronto Film Board, in conjunction with the General Manager, Economic Development and Culture, to consult broadly with the Toronto Music Industry in regard to the formation of an industry based "Toronto Music Advisory Committee" to assist staff in strengthening this key cluster and to report back to the October 24, 2013 meeting of the Economic Development Committee with recommendations on the structure, mandate, and terms of reference for such a Committee.*
2. *City Council direct the General Manager, Economic Development and Culture to develop a strategic action plan that maximizes the impact of City support for the Toronto Music Industry, including the preferred forms of this support and to ensure the new Advisory Committee is involved in this process.*
3. *City Council direct the General Manager, Economic Development and Culture to conduct these initiatives in conjunction with any ongoing review and reorganization of the Economic Development and Culture Division and the 2014 budget approval process.*

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2013.MM37.43>

All of the above recommendations were unanimously approved by City Council by votes of 40 – 0 with five members absent.

At its meeting of February 21, 2012, the Economic Development Committee considered Item ED11.8, Implementing Creative Capital Gains Recommendation 3.3 - Fostering Toronto's Music Cluster. The Economic Development Committee referred Item ED11.8 to the General Manager, Economic Development and Culture, with a request that he, in conjunction with industry stakeholders, develop a series of short, medium, and long-term recommendations for government(s) and the Toronto Music Industry to consider that would position Toronto as a leading live music tourist destination and promote and foster Toronto's music cluster.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2012.ED11.8>

All of the above reference directions by City Council and Economic Development Committee see to promote and foster Toronto's music cluster.

ISSUE BACKGROUND

Earlier this term, City Council adopted a new economic strategy, *Collaborating for Competitiveness: A Strategic Plan to Accelerate Economic Growth and Job Creation in Toronto*, and a new culture strategy *Creative Capital Gains: An Action Plan for Toronto*. As the quality and size of the Toronto music sector make it both a significant industry and a major cultural asset, both of these strategic plans support initiatives to advance the music sector. These synergistic strategic plans were developed in an integrated and collaborative manner.

Collaborating for Competitiveness notes that in today's global market economy the quality of life we enjoy, our social, environmental and economic well-being are inextricably linked. Economic activity generates the private and public income – wages, profits, taxes - that residents, businesses, communities, and governments, use to support cultural amenities, among other services and programs. In turn, the availability and accessibility of these amenities are major determinants of the quality of life residents enjoy and the city's ability to retain and attract investment, and create jobs. **Collaborating for Competitiveness** includes recommendations to:

- B.3: Facilitate workforce development to ensure equitable opportunities for all residents, an adequate supply of qualified labour to support economic growth and reduce social support service costs to the City.
- C.1: Help small and medium size enterprises form and prosper.
- C.2: Attract companies and investment to Toronto.
- D.1: Strengthen and grow high-value sectors particularly those with high economic multipliers.

Creative Capital Gains notes that "the competition for talent, tourism and investment is great; the stakes are high. All major cities clearly understand this. We cannot afford to lose ground. To win and become a strong, economically successful city, we must take hold of the creative capital concept and drive it forward aggressively". It recommends that the City:

- Ensure a supply of affordable, sustainable cultural space;
- Ensure access and opportunity for cultural participation to all citizens regardless of age, ethnicity, ability, sexual orientation, geography, or socioeconomic status;
- Support the development of creative clusters and emerging cultural scenes to capitalize on their potential as generators of jobs and economic growth;
- Promote cultural institutions, festivals and other assets to enhance its position as a Creative City regionally, nationally, and internationally;
- Keep pace with international competitors by making a firm commitment to sustain Toronto's cultural sector and position Toronto as a leading, globally competitive Creative Capital.

COMMENTS

Toronto is an international music city and the largest centre of music in Canada. It has a thriving music industry and a well-established and vibrant music scene that engages people across the city, attracts visitors and artists, and engages with other industries such as film, television, and fashion. The music sector is a significant industry and a major cultural asset within the city of Toronto.

The Canadian music industry is clustered primarily around Toronto and the Toronto region making it one of the most concentrated music sectors in North America. According to a report, *The Great Musical North, 2009*, by the Martin Prosperity Institute, University of Toronto, Rotman School of Management, the Toronto music industry has a larger share of the region's employment than New York, NY and Austin, TX.

An economic impact study commissioned by Music Canada, determined that the Canadian recording industry (including both foreign-owned and independent, Canadian-owned companies) had a total economic impact output of \$400 million in 2010. About 80% of recording industry expenditure in Canada is in the Toronto region.

The live music sector generates an estimated \$455 million in revenues and contributes \$252 million to the Canadian economy. Overall, the Canadian live music market has grown at an annual average rate of 6.4 per cent since 2010. Ontario's live music sector generates 80 per cent of total national revenues, up from 65 per cent in 2005.

Research by the Canadian Independent Music Association's (CIMA) reports that the independent, Canadian-owned music industry sector generated approximately \$292 million in revenues in 2011, and contributed more than \$300 million in GDP to the Canadian economy. The report also states that over 13,400 people are employed by the independent music industry in Canada.

Toronto's North By Northeast (NXNE) festival (which is modelled on Austin's SXSW festival) runs seven days and nights, draws over 330,000 attendees, and generates an annual economic impact of approximately \$50 million for the city of Toronto.

Diversity our Strength

The music industry has many different elements including venues, festivals, studios, recording and distribution, artist associations, business management (e.g. legal, financial) unions and guilds, talent development firms, publishers, marketing and promotion firms, communications media (e.g. broadcasting, telecom, internet), software developers, educational and training institutions; suppliers, and financiers and funders.

Toronto's strength in the industry comes from having high quality talent in all of these areas. Toronto is home to major record labels and festival promoters, many smaller independent record labels, numerous recording studios and live music venues, and a

thriving music community with a balance of commercial and non-profit music initiatives; and most importantly a wealth of tremendously talented performers. The diversity of age, cultural background, life experience and music genre within this talent is also a critical driving force in Toronto's success in the music industry.

As the fourth largest city in North American, Toronto (population ~2.8 million) within a region of about 6 million (GTA) to 9 million (GGH), this diversity benefits Toronto by ensuring that there is a sizeable local market for every type of music and providing a unique platform for creativity and innovation through the fusion of different genres, styles and instruments.

Toronto's Music Industry can be Bigger and Better

While Toronto is an international music centre with an abundance of talent and most of the physical infrastructure required for success, it can be bigger and better. Two of its key assets – scale and diversity – combine to form one of its greatest challenges – effective collaboration and development of an integrated system of excellence.

As is the case with a number of other sectors, one of the most significant barriers to success is the fragmented voice and activities of the music industry. Toronto has many talented individuals and firms in the various sub-sectors within the music industry, however, it lacks the connective tissue necessary to make the separate parts into a whole and realize its full potential. As a result much of the talent 'withers on the vine' because performers who don't know the business of music are not connected to managers, studios, venues, promoters, technicians, etc, and the various business and support entities are not well connected to each other or the pools of performing talent.

Austin, Texas, which shares many of the same characteristics of Toronto's music economy, provides an excellent example of the importance of connective tissue to success. Although the City of Austin (population ~842,000) is about one-third the size of Toronto it generates three times as much economic activity as Toronto's music industry and is recognized as the Live Music Capital of the World. Austin has achieved this impressive outcome through deliberate and collaborative approach to the integration and coordination of the activities, efforts and resources of the City, private sector, and community on a year round basis. The organizing partners include the Austin Music Commission, Austin Convention & Visitors Bureau, Austin Music Foundation, Austin Music People, and the City's Music & Entertainment Division.

The Toronto delegation's mission to Austin in October was an opportunity to exchange knowledge and best practices to drive economic growth and job creation by strengthening Toronto's music industry and help position Toronto as one of the leading music tourist destinations in the world. The delegation met with representatives of all of the organizing partners referenced above.

The Austin Music Commission provides advice to its City Council on music economic reviewing matters that may affect the music industry in Austin and that may enable Austin's musicians to achieve national status while remaining in Austin.

The Austin Convention & Visitors Bureau (ACVB) helps to brand the city as the Live Music Capital of the World and to in all of its promotional materials and client contacts. The ACVB has a mobile visitor centre, the 'Austin Airstream', that greets visitors to Austin and travels to festivals across North America to market and promote Austin.

The Austin Music Foundation (AMF) is a nonprofit organization that provides free business education and legal advice to musicians and others in the music industry by connecting clients to subject matter experts with expertise in the music industry. Initial funding for the Foundation's programs was provided by the City of Austin.

Austin Music People is an alliance of entrepreneurs, midsize and small music businesses, professional musicians and artists, and devoted fans of Austin's music scene. It represents live music interests in public and private forums and is committed to making the economic development of the Austin live music industry a priority for our political, civic, and cultural leaders.

The Austin Music & Entertainment Division is engaged in developing and executing initiatives that help accelerate the growth of the music and entertainment industry infrastructure by focussing on job creation, talent export, trade development, and industry revenue growth. It is a four person office with a mandate to:

- Increase the profile of the music scene both locally and abroad while attracting music related businesses to Austin;
- Facilitate communication between music industry stakeholders'
- Advise city policymakers on relevant live music issues'
- Incubate and develop new industry components; and
- Assist live music and event operators to navigate city departments.

Representatives of these convening agencies and other music industry stakeholders communicate frequently to exchange information and ideas and collaborate on initiatives.

Signature Events

Two signature festivals South by Southwest (SXSW) and Austin City Limits (ACL), highlight Austin's annual live music calendar.

The SXSW festival, an 11-day event held annually since 1987 in downtown Austin, is the largest music festival in the world based on number of official performers and venues. It is the largest single event for the Austin economy with an estimated annual economic impact of \$190 million. It has a large music industry component and now also has large film and emerging technology components. The SXSW festival has a similar economic and cultural impact as the Toronto International Film Festival (TIFF) does for Toronto.

In addition to the direct impact, SXSW, like TIFF, is an anchor event that is a catalyst for and indirectly supports the development of other music festivals, events and activities in Austin. The now more than 80 film festivals in Toronto all benefit from the visibility generated by TIFF.

The Austin City Limits festival, traditionally a 3-day event was expanded to 6-days (over two weekends) in 2013. Held in Zilker Park, the festival brings together more than 130 bands performing on eight stages and attracts about 75,000 visitors each day. The 2012, 3-day festival, had an estimated economic impact of \$102 million. The festival is produced by C3 Presents, the third largest concert promoter in the United States, behind Live Nation and AEG Live.

These signature events are attended by visitors and media from around the world and now blogged and tweeted as well as reported globally. In 2012, SXSW festival attendees accounted for 50,000-plus total room nights at Austin-area hotels supporting Austin's brand as the Live Music Capital of the World. A 2012 analysis estimates that music tourism generated about \$806 million and created about 10,000 jobs in Austin.

Austin – Toronto Music City Alliance

At its meeting on June 27, Austin City Council adopted a Resolution to endorse the concept of a Music City Alliance with the City of Toronto and directed its City Manager to begin discussions to finalize the Alliance as soon as similar legislation is passed by the City of Toronto.

Toronto City Council endorsed the Music City Alliance with Austin at its meeting of July 16 – 19, 2013 and an Alliance Agreement (attached to this report as Appendix C) was subsequently signed in Austin by Mayor Leffingwell on behalf of the City of Austin and Mayor Ford on behalf of the City of Toronto on October 3rd, 2013, during the Toronto delegation's mission.

The Austin – Toronto Music City Alliance is the first partnership of its kind in the world. Both cities acknowledged the important role of the music industry in enhancing our quality of life, fostering creativity and innovation, and stimulating job creation, economic growth and tourism; and agreed to work collaboratively to develop and expand all elements of the industry.

Next Steps

The total contribution of the commercial music industry to Austin's economy has increased by nearly \$80 million a year between 2005 and 2010, growing to a total economic output of \$1.6 billion in 2010 from \$1.2 billion in 2005. The dynamic growth of Austin's commercial music industry is evidence that the right type of public sector support can yield a strong return on investment.

The first and most important next step for the City of Toronto is to establish a Toronto Music Industry Advisory Council to provide a forum for the discussion of opportunities and challenges, exchange of ideas, input and advice, and collaborative development of recommendations to advance the music sector in Toronto, specifically to:

- ensure the health, competitiveness and viability of the Toronto music sector;
- achieve long-term sustainable economic growth and job creation;
- develop, support and showcase talent;
- enhance local and global positioning and branding of the city and its music sector;
- establish Toronto as a respected global centre of excellence for music;
- facilitate signature events; and
- collaboratively develop positions on provincial, national and international issues;

Achieving these outcomes will require an integrated system built on strong mutually beneficially partnerships.

As the strength of the Toronto music industry is derived from the quality and diversity of talent within the city. It is important that the membership of the Advisory Council reflect the various sub-sectors and the economic, cultural, demographic and genre diversity within the industry and balance representation from independents and majors. The Council would benefit from having at least one independent performing artist, with touring and industry experience and ideally with limited business experience, as a member. To be effective, build connections to the local business community, and develop synergies between the music industry and other key industry sectors including tourism, the Advisory Council should also include representatives of Business Improvement Areas, Tourism Toronto, Economic Development Committee and City Council. The

An Austin - Toronto Music City Alliance Advisory Board will also need to be established and a framework set out to strengthen ties, and support and encourage opportunities for mutually beneficial practical exchanges in the field of music and culture. The Alliance will encourage business and cultural partnerships, joint programming and exhibitions, act as a gateway for new and emerging entrepreneurs, as well as established professionals, and facilitate the sharing of best practices and expertise to stimulate job creation, economic growth and tourism. The Alliance Board should include City Councillors, staff and music industry stakeholder representatives. To ensure alignment, a Working Group of the Toronto Music Industry Advisory Council will be formed to represent Toronto on the Austin – Toronto Music City Alliance Advisory Committee. .

CONCLUSION

Toronto is an international music city and the largest centre of music in Canada. Toronto's strength in the industry comes from having high quality talent in virtually every sub-sector of the industry. The diversity of age, cultural background, life experience and music genre within this talent is also a critical driving force in Toronto's success in the music industry.

While Toronto is an international music centre with an abundance of talent, it can be bigger and better. To realize its potential it must create the connective tissue required to develop an integrated system of excellence. As a first step in creating this connective tissue, City Council should adopt the Terms of Reference attached to this report as Appendix A for the proposed Music Advisory Council.

Austin, Texas, which shares many of the same characteristics of Toronto's music economy, provides an excellent example of the importance of connective tissue to success. Although the City of Austin (population ~842,000) is about one-third the size of Toronto it generates three times as much economic activity as Toronto's music industry and is recognized as the Live Music Capital of the World.

The Austin – Toronto Music City Alliance, the first partnership of its kind in the world, provides an opportunity to exchange knowledge and best practices to drive economic development and job creation to the mutual benefits of both cities. City Council should endorse the Framework and Terms of Reference attached to this report as Appendix B for the proposed (Austin – Toronto) Music City Alliance Advisory Committee.

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SIGNATURE

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ATTACHMENTS

Appendix A: Terms of Reference, Toronto Music Industry Advisory Council
Appendix B: Draft Terms of Reference, Austin, Toronto Music City Alliance Partnership
Appendix C: Austin – Toronto Music City Alliance Agreement