

Transfer of Medium

- ❖ Currently, private radio broadcasters pay more than \$74 million annually for the use of music they broadcast on air.
 - ❖ This is set to increase substantially in the face of a newly proposed reproduction right tariff filed on behalf of the Canadian Recording Industry Association (CRIA) through the Audio-Video Licensing Agency (AVLA) and the Société de gestion collective des droits des producteurs de phonogrammes et de vidéogrammes du Québec (SOPROQ).
 - ❖ Through this tariff proposal, the record labels are demanding an additional \$50 million annually for the right to make technical reproductions of sound recordings that are incidental to playing the music over the air – a right for which radio broadcasters already pay.
 - ❖ At the 2007 AGM, CAB members voted unanimously to adopt a resolution condemning this attempt by the music labels to drain money from private radio to make up for losses from file sharing. The resolution states, “the CAB will take all measures to publicly oppose this egregious and abusive demand by the record labels, including taking action before Parliament, the Copyright Board and the courts.”
 - ❖ The reproduction right tariff effectively taxes radio stations for being innovative – for using technology to get music to listeners. This raises several serious concerns:
 - First, radio already pays – to two different collectives – for the right to play music. This new tariff represents triple payment for the same use of the music, an unfair burden by any standard.
 - Second, making these reproductions only facilitates the broadcasting of the music broadcasters have already paid to use. No new use is made of the music, and radio makes no additional revenues when they make the reproductions. Any money saved through the use of this technology is balanced by the capital investment in the technology itself.
 - Third, government had promised the broadcasting industry over the course of many years that it would provide true exceptions from copyright liability for these types of “technical reproductions.” The Phase II Copyright Reform bill as originally introduced contained true exceptions. Many other countries, including the United States, and numerous European countries, grant exceptions to their broadcasters to facilitate these reproductions.
 - ❖ Minor changes to the *Copyright Act* would turn these provisions into the exceptions that broadcasters need.
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❖ Quick Facts:

- ❖ For many years, commercial radio broadcasters only made copyright payments for the use of music to SOCAN. In 1998, copyright payments were required to be made to the NRCC and as of 2003, copyright payments must also now be paid to CMRRA/SODRAC.
- ❖ Over the years, the SOCAN tariff closely tracked the rate of growth of radio revenues. However, with new tariffs and new rates, the growth rate for copyright fees now far exceeds the rate of growth for radio revenues.
- ❖ The cost of copyright payments for the use of music for Canada's commercial radio broadcasters has increased dramatically since 1997, growing from \$27.9 million to \$73.9 million in 2006. Current tariff proposals would bring this to \$200 million in 2008, an astounding 170% increase.
- ❖ The graph below demonstrates the growth of copyright payments by commercial radio broadcasters. Payments made pursuant to private agreements are not accounted for in this graph. This graph reflects only the copyright payments made for the exhibition of music over the air and does not include other tariffs relating to other delivery platforms such as the Internet.

Copyright Fees Paid by Private Radio in Canada

