

NOTICE OF GROUNDS FOR PROPOSED TARIFF

Filed with the Copyright Board by SOCAN on 2023-10-23 pursuant to Rule 15 of *Copyright Board Rules of Practice and Procedure*

SOCAN Tariff 2.A.R – Commercial Television Reproduction Tariff (2025-2027)

1. Description of Uses Covered by the Proposed Tariff

This tariff applies to the reproduction of musical works in SOCAN's repertoire by a broadcast television station.

2. Description of Users / Groups of Users Covered by the Proposed Tariff

Users are broadcast television stations. Importantly, it is the nature of the *use*, and not the nature of the user, that determines whether the tariff applies.

3. Explanation of How Royalties are Determined

The proposed royalty rate for 2025-2027 is 1.4% of the broadcast television station's gross income.

This is an increase in the royalty rate from the previously proposed tariff. The proposed royalty rate is calculated as a function of the proposed royalty rate for performing rights uses for commercial television stations (SOCAN Tariff 2.A and SOCAN Tariff 17). This rate is adjusted in accordance with the use of SOCAN's reproduction rights repertoire and any applicable discounting for documented pre-cleared programming.

The proposed rate takes into account the fact that the value of music on broadcast television has increased since the last contested hearing on Tariff 2.A and Tariff 17, which took place in 2003. SOCAN cannot know the full extent of the changes to the market since the last contested hearing until the interrogatory phase of this proceeding.

It is anticipated that as part of the 2025-2027 tariff proceeding, objectors will produce information and documents that will assist in establishing the value and monetization of broadcast television stations during the relevant period. The anticipated information and documents are highly confidential and not otherwise available to SOCAN. As in prior tariff proceedings, it is expected that this relevant information and expert analysis will enable SOCAN to provide a detailed valuation analysis to permit the Copyright Board to set an equitable royalty rate for broadcast television stations during the relevant period.

SOCAN reserves the right to adopt and advance additional or alternative valuation methodologies and inflationary rates in the course of the proceedings relating to the proposed tariff.

4. Submissions on the Collection of Information

The proposed tariff requires each station to report, on the first day of each month, on a two-month trailing basis: (1) the station's gross income for the relevant month and, (2) a cue sheet for each program broadcast for the first time by the station in the relevant month, along with a set of music use information for each musical work embedded in the program. The proposed tariff also requires each licensee to report basic service-identification information.

The information collected under the proposed tariff is needed to identify users, calculate royalties and distribute those royalties to rights holders.

5. Explanation of Changes from Previously Approved Tariff

There is no previously-approved tariff, but the proposed tariff includes the following changes from the previously *proposed* tariff:

- 1) References to SODRAC have been removed from the proposed tariff.
- 2) The definition of the term “cue sheet” has been slightly revised for consistency with other SOCAN tariffs and clarity.
- 3) The proposed tariff revises the confidentiality provisions. These revisions are intended to harmonize confidentiality provisions across SOCAN tariffs.
- 4) The proposed tariff revises the records and audit provisions as well as the provisions pertaining to interest on late payments. These revisions are intended to harmonize these provisions across SOCAN tariffs.
- 5) To comply with the Board’s *Practice Notice on Filing of Proposed Tariffs* [PN 2019-004 rev. 3], the proposed tariff has been revised to remove reference to licences and limit itself to royalty rates and any related terms and conditions. In particular, the breach and termination provisions in the previously proposed tariff have been removed.