

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 3.A – Cabarets, Cafes, Clubs, Cocktail Bars, Dining Rooms, Lounges, Restaurants, Roadhouses, Taverns, and Similar Establishments - Live Music (2025-2027)

1. Description of Uses Covered by the Proposed Tariff

This tariff applies to performances in person of any or all of the works in SOCAN's repertoire in cabarets, cafes, clubs, cocktail bars, dining rooms, lounges, restaurants, roadhouses, taverns and similar establishments.

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

Users are cabarets, cafes, clubs, cocktail bars, dining rooms, lounges, restaurants, roadhouses, taverns and similar establishments. 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 3% of the compensation for entertainment paid in the year, with a minimum fee of \$140.07.

The proposed royalty rate of 3% of the compensation for entertainment paid in the year is the same as the royalty rate in the previously approved tariff, which was approved by the Board in 2022 for the years 2018-2024 (2022 CB 5-T). The proposed minimum fee has been increased for inflation according to the Board's established CPI-adjustment formula. SOCAN has estimated the appropriate inflationary increase based on projected CPI for the relevant years. According to the Board's adjustment formula, this figure will likely change once actual CPI data is available. Notwithstanding the proposed minimum fee of \$140.07, SOCAN requests that the Board certify the maximum inflationary increase that SOCAN is entitled to under the Board's adjustment formula at the time of certification of the tariff.

4. Submissions on the Collection of Information

The proposed tariff requires users to report the compensation paid for entertainment in a year and to provide a list of all of the musicians, singers and other performers of live music during that year. This is an annual fee tariff, which is paid in advance, based on the compensation paid for entertainment in the previous year. The report made no later than January 31 of the following year allows SOCAN to verify the fees paid for the previous year and adjust as necessary.

This information collection under the proposed tariff is needed to calculate royalties.

The requirement to provide a list of all of the musicians, singers and other performers of live music during the year is an addition from the previously approved tariff. This requirement will assist SOCAN

in determining whether a user has accurately the reported compensation paid for entertainment during the year.

5. Explanation of Changes from Previously Approved Tariff

The proposed tariff includes the following changes from the previously approved tariff:

- 1) The addition of a requirement to provide, once a year, a list of all of the musicians, singers and other performers of live music during the year.
- 2) The proposed tariff adds an application clause that clarifies the scope of the tariff. This clause is consistent with other SOCAN tariffs and complies with the Board's *Practice Notice on Filing of Proposed Tariffs* [PN 2019-004 rev. 3] by limiting reliance on ambulatory references to other tariffs.
- 3) The proposed tariff removes the adjustment provision from the previously approved tariff that was added to account for reduced attendance in 2020 and 2021 as a result of the COVID-19 pandemic.