

## **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 16 – Background Music Suppliers (2025-2027)**

#### **1. Description of Uses Covered by the Proposed Tariff**

This tariff applies to suppliers who communicates to the public by telecommunication works in SOCAN's repertoire or authorizes a subscriber to perform such works in public as background music, including making such works available to the public by telecommunication in a way that allows a member of the public to have access to them from a place and at a time individually chosen by that member of the public, and including any use of music with a telephone on hold or by means of a television set.

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

Users are background music suppliers. 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 sets two royalty rates for 2025-2027:

For users who communicate works in SOCAN's repertoire during a quarter, the royalty is 2.25% of revenues from subscribers who received a communication during the quarter, subject to a minimum fee of \$2.63 per relevant premises.

For users who authorize a subscriber to perform in public a work in SOCAN's repertoire during a quarter, the royalty is 7.5% of revenues from subscribers so authorized during the quarter, subject to a minimum fee of \$8.78 per relevant premises.

The percentage of royalty rate is the same as the previously approved tariff, which was approved in 2012 for the years 2010 to 2011.

The proposed minimum fees have been increased from the previously approved tariff. This proposed increase accounts 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 fees, 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 information used to calculate the royalty as well as (1) sequential lists of all musical works transmitted on the last seven days of each month of the quarter, and (2) the name of each subscriber and the address of each premises for which the user is making a payment.

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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**

Proposed Tariff 16 includes the following changes from the previously approved tariff:

- 1) The application clause has been updated to improve clarity and consistency with other SOCAN tariffs and to comply 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.
- 2) The proposed tariff revises the confidentiality provisions. These revisions are intended to harmonize confidentiality provisions across SOCAN tariffs.
- 3) The proposed minimum fees have been adjusted to account for inflation as explained above.
- 4) The proposed tariff includes clauses concerning taxes on royalty payments and interest on late royalty payments. These clauses are consistent with other approved SOCAN tariffs and were included in the "General Provisions" of the previously approved tariff.