

NOTICE OF GROUNDS FOR PROPOSED TARIFF

Filed with the Copyright Board by SOCAN on 2024-10-15 pursuant to Rule 15 of *Copyright Board Rules of Practice and Procedure*

SOCAN Tariff 19 – Physical Exercises and Dance Instruction (2026-2028)

1. Description of Uses Covered by the Proposed Tariff

This tariff applies to public performances of any or all of the musical works in SOCAN's repertoire in conjunction with physical exercises and dance instruction.

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

Users are entities that offer space for physical exercise and dance instruction. This includes gyms, fitness clubs, and other similar venues. 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 2026-2028 is determined as a flat fee of \$3.62 per room where performances of musical works take place, multiplied by the average number of participants per week in the room. The tariff also sets out a minimum annual fee of \$108.23.

The proposed royalties are based on the previously approved tariff. The proposed royalty rate and minimum fee have been increased since the last approved tariff which received a rate increase, which was approved in 2017 for the years 2013 to 2017 (and, more specifically, the rate increase for the year 2015). This proposed increase accounts for inflation according to the Board's established CPI-adjustment formula and the Board's default methodology as published by the Board in its *Inflation Adjustment to Royalty Rates – Default Methodology*. The inflation calculation commences in January 2014. SOCAN has estimated the appropriate inflationary increase based on projected CPI for years that full CPI data is not available. According to the Board's adjustment formula, this figure will likely change once actual CPI data is available. Notwithstanding the proposed royalty rate and minimum fee, 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 approval of the tariff and that such inflation calculation commence as of the last inflationary increase to the royalty rate and minimum fee.

4. Submissions on the Collection of Information

The proposed tariff requires users to estimate the average number of weekly participants for each room covered by the tariff and provide this information – along with the royalty fee resulting from applying the royalty formula according to this estimated number – to SOCAN by January 31st of the year covered by the tariff. The tariff is an annual fee tariff, which is paid in advance, based on estimated data; the report made in January of the following year allows SOCAN to verify the fees paid for the previous year and adjust as necessary.

5. Explanation of Changes from Previously Approved Tariff

- 1) The explanation for the proposed royalty rate and minimum fee for 2026-2028 is found above.
- 2) To comply with the Board's *Practice Notice on Filing of Proposed Tariffs* [PN 2019-004 rev. 4], the proposed tariff has been revised to remove references to licences and limit itself to royalty rates and any related terms and conditions.

3) The proposed tariff adds a “Terms and Conditions” section that 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.