

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 2.D – Television - Canadian Broadcasting Corporation (2026-2028)

1. Description of Uses Covered by the Proposed Tariff

This tariff applies to the communication to the public by telecommunication of musical works in SOCAN's repertoire for all broadcasts of programs by the television network and stations owned and operated by the CBC.

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

This tariff applies only to the CBC.

3. Explanation of How Royalties are Determined

The proposed tariff sets out a rate that includes both a percentage of gross revenue of 1.9% and a flat monthly fee of \$907,976.28 for 2026, \$929,302.79 for 2027 and \$950,629.30 for 2028.

The proposed royalties are based on the previously approved tariff. The proposed increase to the monetary amount 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 2006. SOCAN has estimated the appropriate inflationary increase based on projected CPI for years that full CPI data is not available. The monthly royalty amounts are inflationary adjustment from the last approved tariff which received a rate increase, which was approved in 2008 for the years 2002 to 2008, divided into 12 monthly amounts. According to the Board's adjustment formula, this figure will likely change once actual CPI data is available. Notwithstanding the proposed royalties and any joint-submitted text for years prior to 2026, 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 increase to the royalty amount.

As the CBC's business model moves more towards that of a conventional commercial broadcaster, it becomes appropriate to set tariff terms approximate to the terms in Tariff 2.A. However, since the CBC continues to receive funding from the government, it is necessary to retain the flat fee royalty structure as well.

It is anticipated that in a proceeding to examine the proposed tariff, the CBC will produce information and documents that will assist in establishing the monetization of radio networks and stations, and the value of the use of SOCAN's repertoire by the CBC, 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 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 the CBC to report, on the first day of each month, on a two-month trailing basis, the CBC's gross income for the relevant month.

5. Explanation of Changes from Previously Approved Tariff

- 1) The explanation for the proposed rate for 2026-2028 is found above.
- 2) The proposed tariff changes the language from “perform” to “communicate to the public by telecommunication” because the reference to “performance” was erroneous.
- 3) 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.
- 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. The audit clause from the previously approved tariff has been moved into its own section.