



NOTICE OF GROUNDS OF OBJECTION

Tariff 19 / 2026-2028

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Dear Copyright Board of Canada,

The Fitness Industry Council of Canada (FIC) hereby files its formal objections to the proposed SOCAN Tariff 19 for the years 2026–2028. Representing Canada’s fitness sector with over 7,000 facilities and more than six million members nationwide, we strongly oppose the excessive and misaligned rates outlined in this tariff.

The proposed tariff fails to address the economic realities of the fitness industry, placing an unjustified financial burden on our members. It is our position that this tariff is flawed in its methodology, disproportionately high relative to its value, and disconnected from the practical and economic conditions faced by fitness facilities today.

Grounds for Objection

1. Tariff Rates Are Unreasonably High

The proposed increase of 44.8% since 2022 is untenable. Such an escalation is neither aligned with inflation nor supported by evidence of music’s value within fitness facilities. Historical rulings by the Copyright Board have expressed skepticism toward the evidentiary support provided by collectives, with prior methodologies even described as “peculiar.” We assert that the same lack of foundation persists with this proposal.

2. Diverse and Lower-Cost Alternatives to SOCAN Licensing

Many fitness facilities now utilize alternative music licensing solutions, such as Soundtrack Your Brand and Zoom Media, which offer lower costs and greater accessibility. While SOCAN has argued that these alternatives do not exempt users from paying royalties under Tariff 19, their growing use demonstrates the impracticality of SOCAN's pricing structure. The existence of these services underscores the tariff's disconnect from industry realities and highlights the need for modernization.

3. Partial Use of SOCAN's Catalogue

The calculation of fees based on blanket access to SOCAN's entire music catalogue is irrelevant to fitness facilities, which predominantly use specific genres and tracks suited to physical activity. This structure forces facilities to pay for works they neither need nor use. A consumption-based approach would better reflect actual usage, ensuring fairness and aligning costs with industry practices.

4. Widespread Indifference and Compliance Challenges

The tariff is poorly understood and difficult to implement, as confirmed by a recent FIC survey:

- **65%** of respondents were aware of the tariff, but **70%** found it unclear and difficult to apply.
- **94%** deemed the tariff unfair, and only **55%** reported paying the full SOCAN fees.

The survey further indicates that many facilities submit payments, even if inaccurate, simply to avoid potential legal disputes. This creates a culture of fear rather than compliance, with many operators unable to afford the costs of contesting the tariff or seeking clarity. SOCAN must provide transparency about compliance rates and revenue collected from fitness facilities to assess whether the tariff equitably represents industry participation.

5. Disproportionate Burden on Compliant Facilities

Current enforcement practices disproportionately target larger, compliant facilities while smaller venues remain uninformed or unlicensed. This inequity exacerbates the financial strain on law-abiding operators and undermines trust in the system. Many facilities pay under duress, seeking to "buy peace" rather than challenge what they perceive as an opaque and unjust process.

FIC urges the Board to implement a fair, transparent, and enforceable tariff that encourages widespread adherence while alleviating undue burdens on compliant users.

6. Lack of Adjustments for Industry Challenges

The fitness industry continues to recover from the prolonged closures, declining memberships, and financial hardship caused by the COVID-19 pandemic. SOCAN's tariff proposal does not reflect these ongoing challenges, nor does it account for the current economic conditions facing

fitness facilities. The Board must ensure that these factors are considered in the tariff's design and implementation.

7. Historical Context and Inflation

SOCAN claims that prior tariffs accounted for inflation, yet this does not justify compounding increases that far exceed realistic benchmarks. FIC emphasizes that inflation adjustments must be applied to a justifiable foundation—something SOCAN has yet to establish. Without evidence demonstrating the value of music in fitness facilities, further increases lack credibility.

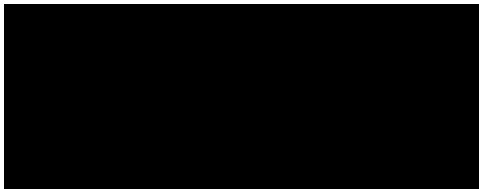
We propose that the Board require SOCAN to substantiate its claims with transparent data, providing a strong foundation for future negotiations. Only then can a tariff be developed that is fair, accepted, and clearly understood by all stakeholders.

Conclusion

The FIC strongly advocates for a tariff structure that reflects fairness, transparency, and the economic constraints of the fitness industry. We are committed to resolving this matter collaboratively, ensuring that music creators, fitness operators, and Canadian society all benefit from a balanced and equitable approach.

Thank you for considering our objections. We remain available for further discussions or to provide additional information upon request.

Sincerely,



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Filed by the FITNESS INDUSTRY COUNCIL OF CANADA

***Regarding the Proposed Tariff Title: SOCAN Tariff 19 – Physical Exercises and Dance
Instruction (2026-2028)***

***Filed with the Copyright Board on 2024-12-16 under Rule 18 of the Copyright Board's Rules
of Practice and Procedure***