

NOTICE OF GROUNDS FOR OBJECTION

Filed by L'Alliance des radios communautaires du Canada (**ARCC**), L'Association des radiodiffuseurs communautaires du Quebec (**ARCQ**), and the National Campus and Community Radio Association/ L'Association nationale des radios étudiantes et communautaires (**NCRA**) (the "Associations")

In relation to proposed tariff *CMRRA/SOCAN – Non-Commercial Radio Reproduction Tariff (2027-2029)*

Filed with the Copyright Board on 2025-12-17 pursuant to Rule 18 of *Copyright Board Rules of Practice and Procedure*

The Associations object to the proposed royalty rates under Rule 19(b) of the *Copyright Board Rules of Practice and Procedure* on the following grounds:

- 1) The Associations submit that the proposed rates are unreasonably high and do not take into account the unique circumstances of non-commercial radio stations, their financial constraints, or the role these stations fulfil in their communities.

All the Associations' member stations are not-for-profit organizations that operate on a break-even basis. At least 65% of member stations have annual revenue of < \$265,000, and at least 30% are < \$87,000. Most experienced financial hardship during the pandemic, and many have still not recovered. The Associations estimate that roughly 30 of their approximately 170 licensed member stations are in such precarious financial position that they risk closure, with another 15 stations recently closed, closing or likely to close imminently.

18 licensed campus station members in Ontario will be subject to the new Bill 33, which will likely render the student fees that currently fund their operations non-essential, causing them to lose 30% to 70% of their operating revenue. Stations connected to college broadcasting training programs are closing as those programs cease operating.

The Associations acknowledge that they agreed to the rates set out in the proposed tariff in March 2020, and that agreement formed the basis of the Board's determination on June 27, 2025 that those rates are approved for the years 2018 and 2020-2023 (2025 CB 7). However, there are several reasons

why the Associations agreed at that time, and they now take the position that those rates are too high.

The Associations note the Board's decision on September 2, 2022 (2022 CB 12) which determined that a royalty rate of \$25 per year per station to CMRRA was appropriate for 2003 to 2010 and \$50 per year to CSI for 2011 to 2017, plus an additional \$20 per year per station to CSI for 2011 to 2017 for reproductions to facilitate simulcasting. Altogether under those rates, a station would pay maximum \$70 per year. Under the rates contained in the proposed 2027-2029 tariff, a station with gross annual operating costs of \$175,000 would pay four times that amount.

The Associations' members' revenue has not increased materially since 2022 CB 12 (a minimal increase in average revenue has been offset by an increase in expenses). In fact their overall financial position has worsened with the average annual loss per station rising from approximately \$4,000 in 2024 to \$12,000 in 2025.

The Associations object to the proposed terms and conditions under Rule 19(b) of the *Copyright Board Rules of Practice and Procedure* on the following grounds:

- 1) CMRRA-SOCAN proposes in sections 4(3) to 4(7) that each non-commercial radio station must provide a significant amount of information about files transmitted and musical works broadcast on 30 days' notice within 15 days of the end of the specified period for up to 12 days per year (4 days for stations that pay less royalties), which may not be consecutive. The information sought in these sections far exceeds the data collected by stations for CRTC logging and SOCAN monitoring purposes (which are now harmonized). In contrast 2022 CB 12 contained no reporting requirements, which "addresses the non-commercial nature of the Users, which are often run by volunteers".

The Associations' members would have to allocate extra resources to producing these records, and doing so would be particularly prohibitive for small rural volunteer-run stations with no staff that operate on minimal budgets.

- 2) CMRRA-SOCAN proposes in sections 4(8) to 4(13) that stations must keep financial records for six years, that CMRRA-SOCAN may audit these accounts, and that if royalties due have been understated in any year by more than 15%,

the station must pay the costs of the audit plus interest calculated daily at a rate of 1% above the Bank Rate.

This unfairly penalizes non-commercial stations for incorrect calculations that may have been inadvertent or due to a misunderstanding of rates or which expenses must be included in gross annual operating costs. Since most members of the Associations have either few or no staff with volunteers fulfilling many important functions, penalizing them for errors by imposing financial penalties is unreasonable.

In 2022 CB 12, the Board found that it would not be reasonable or in the public interest to impose interest calculations on non-commercial stations in the circumstances. The Associations' position is that it would be similarly unreasonable to approve the interest rate and audit costs proposed by CMRRA-SOCAN in the 2027-2029 tariff.

Information about the objectors

Together the Associations have roughly 190 members. A majority of those members are AM/FM radio stations licensed under either the Canadian Radio-television and Telecommunications Commission's Community Radio Policy or the Native Broadcasting Policy. A small number of the NCRA's members are licence-exempt Indigenous stations, online-only radio stations that are affiliated with a college or university and/or stream more than 10 hours of original hosted programming a week and are not-for-profit registered societies, corporations or cooperatives in Canada with provisions in their by-laws ensuring that they are public access, volunteer-based and community-oriented, and not-for-profit groups in the process of applying for licences. According to statistics on the CRTC's website, there are roughly 235 licensed campus, community, and Indigenous stations in Canada, so the majority of them are members of the Associations.

If any further details are required, please contact: Freya Zaltz, Legal Counsel for ARCC, ARCQ, NCRA (freyazaltz@gmail.com)