

**NEIGHBOURING RIGHTS COLLECTIVE OF CANADA/ SOCIÉTÉ CANADIENNE DE
GESTION DES DROITS VOISINS (NRCC/SCGDV)**



These brief notes are designed as an introduction and resume of NRCC. They are broken down into the following sections: history, current structures, current operations, current tariffs and proposed tariffs.

NEIGHBOURING RIGHTS

History

The performance right for artists, musicians and record companies existed in the 1924 Copyright Act but when owners tried to enforce the issue in the late sixties the broadcasters were successful in achieving an amendment that allowed owners to protect their rights in this regard but not to collect monies for radio use. Twenty-five years of lobbying (and no payments) ensued before the right was re-instituted in the 1997 Copyright Amendment Act. Upon passage on April 27th of that year the various owners involved immediately looked at ways to enable them to file a tariff by the due date of August 31, 1997 to allow them to begin collecting royalties in 1998. After detailed discussion it was agreed that the only feasible way to do this was for established groups to do it as only they could provide immediate access to necessary funding for the substantial expenses involved in forming and operating a collective and the filing, researching and defending of tariffs.

Current Structure

The Neighbouring Rights Collective of Canada/Société canadienne de gestion des droits voisins (NRCC/SCGDV) consists of five groups, two representing the producers: Audio-Video Licensing Agency (AVLA) and Société collective de gestion des droits des producteurs de phonogrammes et vidéogrammes du Québec (SOPROQ) and three representing the artists and musicians: Alliance of Cinema, Television and Radio Artists (ACTRA), American Federation of Musicians (AFM), Société de gestion collective de l'Union des artistes (ARTISTI).

The board consists of six members, three from each group with the Chair changing annually and alternating from producers to artists. Decisions must be unanimous.

Current Operations

NRCC operates with a small staff from a Toronto office and is charged with the day-to-day operations needed to ensure that tariffs are constructed, researched, filed and defended appropriately in front of the Copyright Board, with collecting monies due under these tariffs from users and enforcing these rights when necessary and with establishing and working with the various constituent collectives to ensure that effective, efficient distribution systems are put in place and operational as well as with the overseeing of all governance issues relating to the NRCC and its member collectives.

Current Tariffs (1998-2002)

| Commercial radio stations - Tariff 1A | all talk | low-use | all remaining |
|---|-----------------|-----------------------------|------------------------------|
| On first \$1.25 million advertising revenue | \$100 | \$100 | \$100 |
| In excess of \$1.25 million advertising revenue | \$100 per month | .63% of advertising revenue | 1.44% of advertising revenue |

Non-commercial radio other than CBC – Tariff 1B

No certified tariff. Currently the community radio station rate of \$100 per year applies

CBC Radio – Tariff 1C

\$80,000 per month

Pay Audio Tariff

5.265% of payments collected from affiliates

Proposed Tariffs

| Commercial radio stations - Tariff 1A 2003-2007 | low-use | all remaining |
|---|----------------|----------------------|
| On first \$625,000 in advertising revenue | .86% | 2% |
| Revenue greater than \$625,000 but less than \$1.25 million | 1.72% | 4% |
| Revenue greater than \$1.25 million | 2.58% | 6% |

Non-commercial radio other than CBC – Tariff 1B 2003-2007

Low-use stations: .86% of station's annual gross operating costs

All other: 2% of station's annual gross operating costs

CBC Radio – Tariff 1C 2003-2007

6% of revenue X .6139

Pay Audio – Tariff 2 2003

Small cable transmission system: 3.9% of affiliation payments

All other distribution undertakings: 7.8% of affiliation payments

Background Music – Tariff 3 2003-2009

Category A – Supplier: 12% of income less cost of equipment provided to subscribers

Category B – User:

- a) where number of admissions is known: admissions X 2.1¢
- b) where capacity is known: capacity X number of days X 2.1¢
- c) where neither a nor b can be verified,
 - (i) Number of square feet X number of days of use of background music X 0.175 ¢, or
 - (ii) Number of square metres X number of days of use of background music X 1.884 ¢;
- d) Where NRCC is satisfied that none of a), b), or c) above can be applied, the payment shall be \$175 per annum

Internet – Tariff 22 2000-2002

5% of gross revenues of the operator of the telecommunications service with a minimum royalty of \$0.25 per subscriber

It is expected that the next tariff hearing will take place in Spring 2003. Increased rates have been filed and will be argued by NRCC.