



CANADIAN PRIVATE COPYING COLLECTIVE
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For Immediate Release

February 9, 2007

Proposed Update of Private Copying Levies is Supported by Environics Survey

(Toronto) – The Canadian Private Copying Collective (CPCC) has proposed a new Private Copying Tariff for 2008 and 2009. It was published today by the Copyright Board. The current private copying tariff expires on December 31, 2007.

Private copying levies on blank audio recording media make it possible for the public to provide some compensation to the creators of recorded music, which in turn makes it possible for them to continue to create. The private copying regime is an increasingly important source of revenue for music rights holders.

A June 2006 nation-wide survey conducted by the Environics Research Group confirmed that 60% of Canadians believe that music creators should be compensated when copies of their music are made without their authorization. The same survey found that, among those Canadians who make private copies of recorded music, 80% said they would consider a levy of 30¢ on CD-Rs and CD-RWs to be fair and reasonable. Similarly, 79% of Canadians who make private copies said that a levy of \$40 on an iPod or other digital audio recorder of 30 GB capacity would be fair and reasonable. A 30 GB digital audio recorder can hold copies of up to 7,500 songs, or the equivalent of 500 CDs.

The CPCC proposes that the levy on CD-R and CD-RW be increased to 29¢ and the levy on MiniDiscs, CD-R Audio and CD-RW Audio be increased to 85¢. No increase is proposed to the levy on audio cassettes. In recognition of the large and rapidly increasing volume of private copying onto iPods and other MP3 players, the CPCC is also proposing a levy on digital audio recorders, as well as a levy on electronic memory cards. The royalty rates for these media in the proposed tariff vary depending upon memory capacity, with rates ranging from \$2 to \$10 for memory cards and \$5 to \$75 for digital audio recorders.

Since 2001, the private copying levy rates have remained unchanged at 21¢ on CD-R and CD-RW; 29¢ on audio cassettes; and 77¢ on MiniDiscs, CD-R Audio and CD-RW Audio. However, the marketplace for each of these media has changed in the intervening years. The CPCC has a responsibility to its members – songwriters, composers, music publishers, recording artists, musicians and record companies – to seek levies that reflect current reality.

“It is simply a matter of fairness that the creators of content, the creators of culture actually, should receive some compensation for the large volume of unauthorized and uncontrollable copying onto these media,” stated Claudette Fortier, Chair of the CPCC Board of Directors. “Private copying is a fact – Canadians do it. And legislators, in recognizing this fact, chose to create the exception in the *Copyright Act* which allows individuals to make copies for personal use, in exchange for a levy on the blank audio recording media people ordinarily use to make these private copies. The CPCC’s ongoing research tells us that this new tariff proposal simply reflects current copying behaviour.”

In its decision on the 2003-2004 Private Copying Tariff, the Copyright Board approved the CPCC’s request for a levy on the hard disk or flash memory that is embedded in iPods and other MP3 players, which the Board referred to as digital audio recorders. Subsequently the Federal Court of Appeal ruled that the Copyright Board had erred on this point. However, neither the Copyright Board nor the Court has ever been asked to consider whether a digital audio recorder itself is an “audio recording medium.” The CPCC is confident that the digital audio recorder qualifies as an audio recording medium under

the *Copyright Act* and that the Copyright Board has the authority to impose a levy directly on iPods and other MP3 players.

The CPCC had also requested in its proposed tariff for 2003-2004 that the Copyright Board certify a levy on electronic memory cards. However, the Board declined to do so at that time, stating that it was not satisfied there was sufficient evidence that specific formats of memory cards qualified under the *Copyright Act* as audio recording media. Since then, the storage capacity of memory cards has greatly expanded, prices have fallen sharply, and the CPCC believes the evidence is now clear that SD (Secure Digital) cards, MultiMedia cards and Sony's Memory Stick are used for private copying. Consequently, the CPCC has requested a levy on these cards.

The CPCC is the non-profit agency charged with collecting and distributing private copying royalties. Established in 1999, the CPCC is a collective of collectives that represent songwriters, composers, music publishers, recording artists, musicians and record companies.

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