
News Release

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Cable industry's copyright fees frozen until 1995; rates lowered in francophone markets

OTTAWA -- The Copyright Board today established the 1992-1994 tariffs for the retransmission of television and radio signals. For television, the royalties charged to cable operators and other retransmitters of "distant signals" remain, except for one important change, basically the same as in 1990 and 1991. Under the new tariff, royalties are reduced by 50% in the newly defined francophone markets. Other adjustments include a new discount of 75% for schools, colleges and universities. In the case of radio, the Board endorsed an agreement between copyright owners and the cable industry that will see rates rise by an average of 20%.

The Board has projected royalty payments of approximately \$42 million in each year of the tariffs' three-year term. Eight collecting bodies, representing several thousands of copyright owners in every region of Canada and throughout the world, will share the royalties.

Today's decision addresses the financial situation of the Canadian cable industry; compares the current situation in the United States with that in Canada; addresses the impact of the new *Broadcasting Act*; recognizes for the first time the distinctiveness of francophone markets, and rejects a proposal that a separate rate be charged for retransmitting "superstations."

Fifty-five witnesses appeared at public hearings held by the Board last spring to examine the tariff proposals put forward by the collecting bodies. The parties also presented close to 400 documents to the Board. Five provincial governments, Ontario, Quebec, British Columbia, Nova Scotia and Newfoundland, made written submissions.

Canadian cable companies began paying retransmission royalties in 1990. Canada agreed, in the Free Trade Agreement with the U.S., to amend the *Copyright Act* so that creators of works aired on television and radio stations would be compensated when those

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stations were retransmitted outside the area served by the broadcaster. American cable systems have been paying copyright royalties since 1978. The Copyright Board was given the mandate to set the royalties to be paid each year and distribute them to the collecting bodies representing copyright owners. The Board issued its first decision establishing the 1990 and 1991 tariffs, on October 2, 1990.

A directive issued by Cabinet in November 1991 specified that the Board was to take into account royalties paid by U.S. cable systems and the impact of the *Broadcasting Act* when deciding how much retransmitters have to pay. Today's decision, in large part, addresses this directive. In its detailed analysis of the U.S. royalty regime the Board found that, when proper adjustments are made to reflect its special features, cable operators in the U.S. pay retransmission royalties that, on the whole, are comparable to those paid in Canada. As for the *Broadcasting Act*, the policy objectives it enunciates justify, in the Board's opinion, tariff reductions in francophone markets.

For television, the royalties charged to a cable operator serving more than 1,000 premises are based on the number of premises receiving distant signals. Smaller systems pay \$100 per year. The maximum rate is 70¢ per month, per subscriber, for systems serving more than 6,000 premises. As for radio, the royalty rate is 5¢ per year, per subscriber, for systems serving more than 1 000 premises. Smaller systems pay \$12.50 per year.

The collecting bodies' royalty shares are also affected by this decision. The largest share of television royalties, 59%, is awarded to the *Copyright Collective of Canada*, which mainly represents producers of American movies and syndicated programming. The radio royalties are to be divided equally between music composers-lyricists and Canadian broadcasters.

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