

What is the private copying levy and why does it exist?

A blank CD costs in the range of 50 cents. Of that, 29 cents is collected for singers and songwriters and other rights holders in music. This royalty is called the private copying levy and it provides compensation to creators for private copies that are made of their music without authorization.

The private copying levy

The private copying levy is a royalty for music rights holders, such as performers and songwriters, that is included in the price of blank CDs that you buy at your local store. The levy provides a way to compensate music creators when individuals copy music onto blank CDs for their own listening enjoyment. This additional use is referred to as private copying.

The beauty of the private copying levy is that it addresses the inherent nature of private copying — it provides some compensation to the creators for a use of their work that is indeed private and cannot be monitored.

The levy was established by the Federal Government in 1998. The amount of the first levy was set in 1999. Previously, music that was copied onto blank CDs infringed the creators' copyright and they, as rights holders, received nothing for this use of their work .

Currently, you pay a levy of 29 cents on a blank CD. This rate is set by the Copyright Board of Canada and published in a public document called the Private Copying Tariff.

Part VIII of the *Copyright Act* stipulates that Canadians are granted an exception that allows them to copy music onto blank audio recording media, such as blank CDs for their personal use. In exchange, Canadians pay a small levy on the blank audio recording media.

Why the private copying levy is needed

This simple yet important solution became necessary as changes in technology made it easy for millions of Canadians to copy music themselves.

When Canadians began copying music they were bypassing paying the creators for this use of their music. The solution, proposed by Canada's songwriters, performers, record labels and music publishers to the government, was to establish the private copying legislation to address this widespread and un-stoppable violation of copyright .

Copyright, as a legal protection for artists, has been around since the invention of the printing press. Private copying regimes for music copying exist in over 40 countries worldwide. The CPCC is now one of the leaders in developing systems to distribute royalties to rights holders quickly.

The Canadian Private Copying Collective

The Canadian Private Copying Collective (CPCC) is the agency responsible for collecting and distributing this specific royalty. The CPCC is made up of a group of collectives that represent rights holders. The member collectives represent all facets of the music industry involved in creating music – singers, songwriters, composers, musicians, music publishers and recording companies.

The CPCC's responsibilities include collecting and distributing private copying levies on behalf of the rights holders; enforcing the Private Copying Tariff; and representing its members before the Copyright Board of Canada, where it is decided which media will have a levy and at what rate .

The Copyright Board of Canada is an economic regulatory body empowered to establish the royalties to be paid for the use of copyrighted works, when the administration of such copyright is entrusted to a collective administration society.

Visit the Copyright Board at www.cb-cda.gc.ca.

The allocation of the levy, set by the Copyright Board, is as follows:

58.2% to eligible authors and publishers; 23.8% to eligible performers; 18.0% to eligible record companies.

Where does the money go?

The CPCC distributes the money to its four member collectives which claim royalties for their members. The member collectives are then responsible for distributing the money to the music rights holders they represent.

The CPCC has distributed \$215 million of the \$269 million available for 2000 to 2010 private copying royalties.

Under the *Copyright Act*, recording artists and record companies must be Canadian to receive payment. Songwriters and music publishers are eligible regardless of nationality.

For more detailed information about distribution, please see the CPCC's Distribution FAQ.

Why the levy is **29 cents** on a blank CD

The Copyright Board holds public hearings to set the amount of the levy. Factors are considered such as how much private copying is done on different blank audio recording media like CDs, and the value of a copy of the music. The Board then decides which media should have a levy, and sets the monetary value of the levy for each type of media.

The levy is adjusted as copying technologies and habits evolve and as the value of the copying changes.

Institutions that use blank CDs and tapes for reasons other than copying music can qualify to purchase media levy-free, or at a “zero rate”. The CPCC has voluntarily developed the Zero-Rating Program for a wide range of qualifying organizations, such as educational, religious and medical institutions, broadcasters, law enforcement agencies, the courts, advertising agencies, music, film and video industries, and other businesses.

Canadians and private copying

MP3 players have become the device of choice for copying music. Sixty-two percent of the 1.9 billion songs copied annually in Canada are copied onto MP3 players. This means that Canadian artists receive nothing for the vast majority of private copies made of their music. Only an amendment to the *Copyright Act* extending the levy to MP3 players will ensure that rights holders continue to receive compensation for private copying. Such a levy would only apply to devices that are designed, manufactured and advertised for the purpose of copying music.

In a survey of 1,000 Canadians conducted by Praxicus Public Strategies in January 2010, 67% agreed that artists should be compensated when private copies are made of their music and a majority supported a levy as high as \$25 on MP3 players.

When everyone pays a little, it amounts to a lot —
and helps keep creators
making music

Canadian Private Copying Collective

Société canadienne de perception de la copie privée

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CPCC Member Collectives

Canadian Musical Reproduction Rights Agency (CMRRA)

Society of Composers, Authors and Music Publishers of Canada
(SOCAN)

Society for Reproduction Rights of Authors, Composers and
Publishers in Canada (SODRAC)

Re:Sound Music Licensing Agency (Re:Sound):

ACTRA Recording Artists' Collecting Society (RACS)

ARTISTI (Société de gestion collective de l'Union des artistes
inc.)

Musicians' Rights Organization Canada (MROC)

Audio-Video Licensing Agency Inc. (AVLA)

Société de gestion collective des droits des producteurs de
phonogrammes et de vidéogrammes du Québec (SOPROQ)