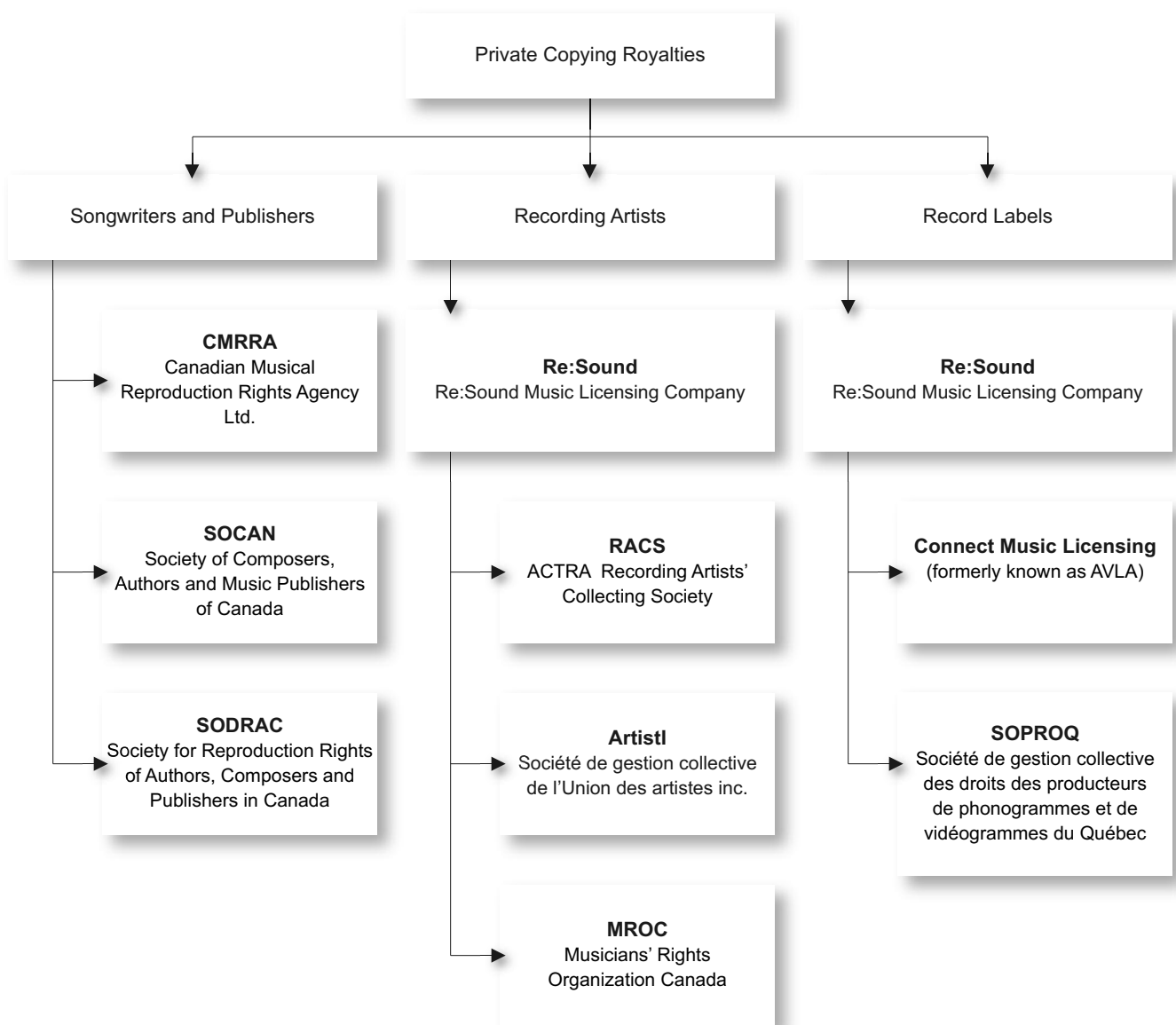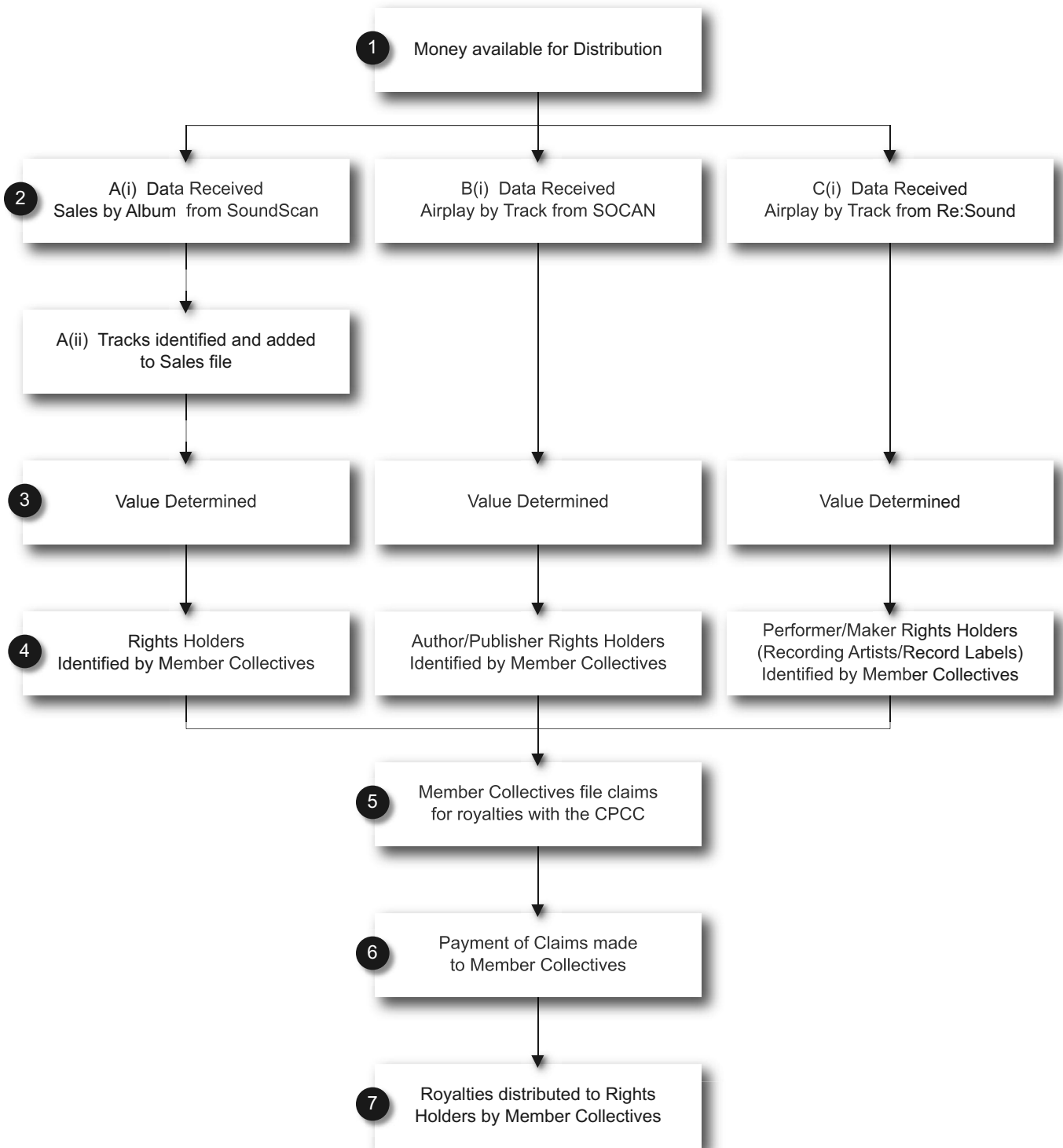# The Private Copying Levy
Calculation & Distribution

Who receives private copying payments?

Songwriters, music publishers, recording artists and record companies are all eligible to receive private copying payments. While songwriters and music publishers are eligible regardless of nationality, only Canadian recording artists and record companies may receive payments under current law. Each of the CPCC's member collectives represents a particular type of rights holder and is responsible for representing their members in private copying distributions. The chart below illustrates which type of rights holder is represented by each collective.

Private Copying Royalties

Songwriters and Publishers

CMRRA
Canadian Musical Reproduction Rights Agency Ltd.

SOCAN
Society of Composers, Authors and Music Publishers of Canada

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

Recording Artists

Re:Sound
Re:Sound Music Licensing Company

RACS
ACTRA Recording Artists' Collecting Society

ArtistI
Société de gestion collective de l'Union des artistes inc.

MROC
Musicians' Rights Organization Canada

Record Labels

Re:Sound
Re:Sound Music Licensing Company

Connect Music Licensing
(formerly known as AVLA)

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

How is the Levy Distributed?

This chart illustrates the steps of the private copying distribution process.

1 Money available for Distribution

2
A(i) Data Received
Sales by Album from SoundScan

B(i) Data Received
Airplay by Track from SOCAN

C(i) Data Received
Airplay by Track from Re:Sound

A(ii) Tracks identified and added
to Sales file

3
Value Determined

Value Determined

Value Determined

4
Rights Holders
Identified by Member Collectives

Author/Publisher Rights Holders
Identified by Member Collectives

Performer/Maker Rights Holders
(Recording Artists/Record Labels)
Identified by Member Collectives

5 Member Collectives file claims
for royalties with the CPCC

6 Payment of Claims made
to Member Collectives

7 Royalties distributed to Rights
Holders by Member Collectives

Steps of the **Private Copying Distribution**

1 **Money Available for Distribution**
Manufacturers and importers of blank media submit levies owing to the CPCC bi-monthly. Distribution is based on the annual net revenues reflected in the CPCC's annual audited financial statements which are presented at the CPCC's AGM in the following year. Once the financial statements are approved, the CPCC can begin the distributions for that year.

2 **Data from Album Sales and Radio Airplay**
The private copying levy distribution is based on representative samples of radio airplay and album sales, which are given equal weight in the distribution. Every year the CPCC validates tens of thousands of tracks.

A(i) Album Sales The sales sample is taken from the SoundScan database which summarizes album sales in Canada for the year.

A(ii) Tracks on Albums For each album, the CPCC identifies each track on the album. This is done in multiple ways: by pulling information from the CPCC's master database which includes albums from previous years; and by conducting research on the Internet. Once identified, the tracks are added to the sales file.

B(i) Airplay by Track (SOCAN) Airplay logs received from SOCAN are used to generate the airplay sample for the Author/Publisher college. The sample identifies the work and how many plays it received during the year. This log is not available until August of the following year.

C(i) Airplay by Track (Re:Sound) The CPCC also receives an airplay log file from Re:Sound, which is used for the Performer/Maker college. The sample identifies the work and how many plays it received during the year. This log is not available until August of the following year.

Calculation of Value per play and Value per sale
3 The Copyright Board of Canada determines what percentage of royalties is to be distributed to each group of rights holders. For 2014 this breakdown will be: 58.2% to authors and publishers, 23.8% to performers and 18% to record companies. Once the annual net revenue has been calculated by the CPCC and the number of sales by tracks and number of plays are determined, the value per play (VPP) and the value per sale (VPS) are set. The VPP and VPS are used to calculate how much is payable to each rights holder.

4 **Identification of Rights Holders**
The CPCC sends the sales and airplay databases to its member collectives, who then identify the rights holders for each track of music in both the airplay and sales samples. Each track is unique, and must be correctly identified to ensure that all eligible rights holders receive payment. Different versions of the same song may have different rights holders, so determining which version of the song has triggered payment is extremely important. Each track has many rights holders. The example in the following chart illustrates a case with two feature performers and two back up performers.

5 **Filing Claims for Royalties**
Once the member collectives have identified the rights holders who are entitled to private copying royalties, each collective begins to file claims with the CPCC for the rights holders that they represent. As there are many tracks with many different rights holders, multiple claims are made for each year.

6 **Payment of Claims to Member Collectives**
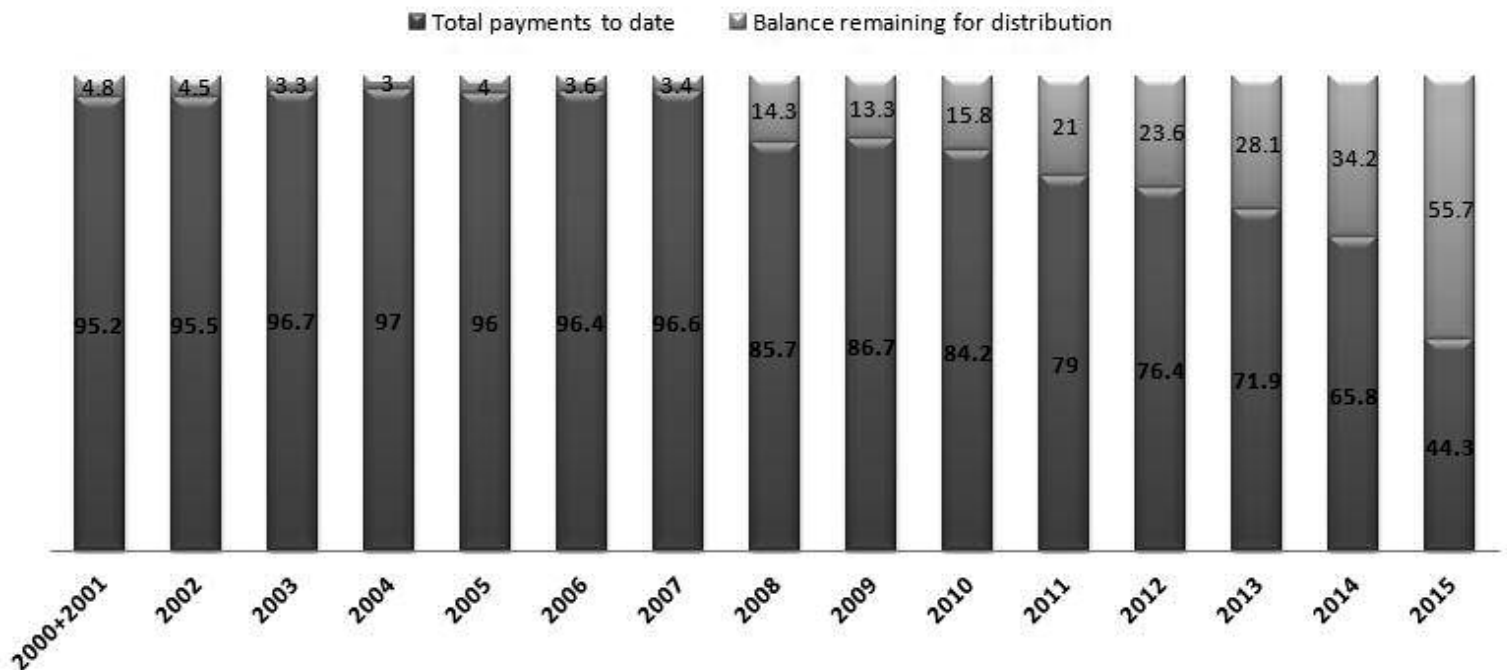Once the claims have been verified, the CPCC pays the total amount owing for the claim to each collective.

7 **Distribution of Royalties to Individual Rights Holders**
The member collectives then send each rights holder their private copying royalties.

How much money has been distributed?

The CPCC began collecting the private copying levy in 2000. As the purpose of the private copying levy is to compensate rights holders for the use of their copyrighted material, distributing the levy (or royalty) is a top priority for the CPCC. The first distribution was in early 2003. For the years 2000-2015, $301 million was available for distribution to music rights holders for private copying. To date, the CPCC has distributed $275 million dollars.

The chart below illustrates the percentage of money which has been distributed for each year. Distribution of the 2015 royalties began in September 2016, after the completion of the steps outlined above. Distribution continues for all years. For the dollar amount distributed to date, please see the Financial Highlights chart on the CPCC web site.

■ Total payments to date   ■ Balance remaining for distribution

Year	Balance remaining for distribution	Total payments to date
2000+2001	4.8	95.2
2002	4.5	95.5
2003	3.3	96.7
2004	3	97
2005	4	96
2006	3.6	96.4
2007	3.4	96.6
2008	14.3	85.7
2009	13.3	86.7
2010	15.8	84.2
2011	21	79
2012	23.6	76.4
2013	28.1	71.9
2014	34.2	65.8
2015	55.7	44.3

Figures based on distribution up to October 24, 2016.

Canadian Private Copying Collective
Société canadienne de perception de la copie privée
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Suite 320
Toronto, Ontario M5S 2S3
www.cpcc.ca

CPCC Member Collectives
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Society of Composers, Authors and Music Publishers of Canada (SOCAN)
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    - Connect Music Licensing (formerly known as AVLA)
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CPCC
SCPCP