Written Submission for the Consultations in Advance of the 2026 Federal Budget

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CPCC
SCPCP

Canadian Private Copying Collective
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Recommendation: That the government amend the *Copyright Act* to make the private copying regime technologically neutral, requiring large technology companies to pay their fair share to copyright holders. The focus of these amendments would be to allow the regime to apply to both audio recording media <u>and devices</u>.

Background

Over the last year, Canada has confronted unprecedented changes to our global trading relationships, unpredictable tariffs and threats to our sovereignty. To meet these challenges, our nation must build a more independent, more resilient economy on the solid foundation of Canadian industries and workers. As Prime Minister Carney recently stated, "we are masters in our own home" and we should take steps to build our own strength.

In the music industry, there is a no-cost, high-impact action the government can commit to in Budget 2026 that will generate over $40 million of revenue a year for creators and music companies, and bring Canada into alignment with our like-minded global trading partners: **making the private copying regime technologically neutral**.

The Canadian Private Copying Collective (CPCC) represents recording artists, composers, songwriters, music publishers, and labels. Currently, under the *Copyright Act*, manufacturers and importers of blank audio recording media pay the CPCC royalties through a small levy on each unit imported and sold in Canada. This compensates music rights-holders for unlicensed private copying of their work on those media.

Private copying refers to the making of copies of your music collection for personal use. In 1997, Canada's *Copyright Act* was amended to allow private copying without a licence onto audio recording media, with a corresponding levy to remunerate creators and music companies for this use of their work. Wherever possible, rights-holders do license the streaming, downloading, and other copying of their music, but the reality is still that not all copying activity can be licensed.

Outdated legislation leading to lost revenue for Canadian rights-holders

Private copying income in Canada has decreased by 99% in the past 20 years as our *Copyright Act* has failed to keep pace with the evolution of digital technologies. Today, Canada's regime only applies levies on the near-obsolete blank CD, while billions of unlicensed private copies are instead made on smartphones and tablets.

> **The CPCC's 2024 research found that there are over 2.2 billion unlicensed, uncompensated private copies stored on Canadians' phones and tablets.**

Rather than empowering Canadian creators and entrepreneurs to earn a fair wage, build their careers and strengthen the cultural economy, Canada's outdated system enables multinational tech giants to extract value from the Canadian music industry. With Canadians across the country challenged by a high cost of living, rising inflation and the unpredictable impact of tariffs, our nation can no longer afford to let tech giants siphon off value with no returns to the Canadian economy.

Dozens of countries around the world, including Austria, Belgium, Croatia, France, Germany, Hungary, Italy, Morocco, the Netherlands, Paraguay, Portugal and Switzerland, and most recently Poland, have amended their copyright regimes to compensate their rights-holders fairly and build their national music industries. Collectively, these regimes generated €1.061 billion in 2024, an increase from €669 million in 2015. In contrast, Canada's annual levies plummeted from $38 million in 2004 to less than $0.4 million in 2024, even as copying activity has surged. **Canada's private copying revenues are now the third lowest in the world on a per capita basis, behind only Ghana and Japan.**

Solution

The CPCC recommends that the government amend the *Copyright Act* to make the private copying regime technologically neutral, requiring multinational tech giants to pay their fair share to copyright holders. The focus of these amendments would be to allow the regime to apply to both audio recording media and devices.

An updated private copying regime is a targeted, self-sustaining policy tool that will restore rights and revenues to the Canadian music industry **at no cost to the government treasury.** A modest $3 levy per device—applied by the Copyright Board and consistent with rates in Europe—would generate more than $40 million a year of earned income for recording artists, composers, songwriters, music publishers, and labels.

The CPCC also proposes minor revisions to the *Act* to clarify that offering or obtaining music illegally, whether through an unlicensed online service, stream-ripping, or by stealing an album from a store, are still infringing activities. The private copying regime is for copying that cannot be controlled.

Mandate Letter Priorities

We know that the Government of Canada continues to be laser-focused on achieving the seven priorities outlined in Prime Minister Carney's mandate letter. Modernizing Canada's private copying regime will help the government in achieving the following goals at no additional cost to the government treasury.

Build the strongest economy in the G7
Making the private copying regime technologically neutral is a critical step to building the scale, calibre, and competitiveness of Canada's music sector. This reform will permit the CPCC to ask the Copyright Board for a modest $3 levy on the smartphones and tablets where Canadians now make their private copies, resulting in a predictable stream of over $40 million a year in earned income.

This will in turn deliver broader economic benefits to Canadians. Rights-holders with predictable, healthy royalty streams produce not just cultural riches, but also employment and investment opportunities for creators, labels, publishers, managers, recording engineers, live music venues, and thousands of other Canadians from coast to coast to coast.

Strengthen our collaboration with reliable trading partners and allies around the world
Canada is an international outlier on private copying. Our global allies, especially the European Union, expect conditions of fair competition among rights-holders. The CPCC's proposal of a modest $3 levy on phones and tablets, consistent with rates in Europe, would bring the Canadian copyright regime in line with modern norms.

Canada's reliable trading partners refreshed their private copying regimes years ago to keep pace with technology. These regimes extend beyond outdated media to generate royalties for our allies' rights-holders on devices such as smartphones and tablets for their citizens' private copying. Canadian rights-holders have also benefited, receiving royalties for the copying of our work in those international markets, but Canada cannot currently reciprocate. We must offer our reliable trading partners equivalent protection for the unlicensed private copying of their rights-holders' work in Canada.

Attract and retain the best talent in the world to help build our economy
Year over year, Canadian talent and rights-holders lose revenue in comparison with their global peers due to Canada's ill-equipped and antiquated copyright framework. Bringing Canadian legislation in line with world leaders will help to fairly compensate Canadian rights-holders in the 21st century, and thus to attract and retain talent.

Canadian rights-holders are on the verge of receiving no levies whatsoever, despite the ever-increasing copying of music made possible by rapid innovation in the tech sector. Ensuring rights-holders are paid their fair share for this use of their work will help keep creators making music in Canada and allow our music companies to attract and invest in the next generation of talent.

Help Canadian creators and rights-holders to get ahead
Canada's copyright framework is no longer equipped to fairly compensate rights-holders, with private copying levies only applicable to blank CDs. Over $40 million a year in earned income from an updated private copying regime will go a long way toward building music careers and businesses in Canada. The CPCC urges the Government of Canada to update the *Copyright Act* to repatriate profits to Canadian music authors, publishers, performers and record labels from an ongoing, significant and valuable use of their work that they cannot control.

Protect Canadian cultural sovereignty
Canada's music industry produces the soundtrack of our country. Restoring fair compensation for our creators and music businesses will protect the sector's ability to tell the stories of our past, bring us together in the present, and help us to imagine where we are going in the future.

Cultural sovereignty is also a strategic economic asset if we ensure our intellectual property is properly valued and remunerated in Canada. Keeping our *Copyright Act* up to date sends a clear and credible investment signal, aligning us with international competitors.

Industry-Wide Support

Private copying reform remains a priority across the recorded music industry. The following are key industry organizations that have demonstrated their support for the CPCC's recommendation, including during a collective trip to Ottawa in March 2026 to meet with representatives from both the Ministers' offices and Departments of Canadian Heritage and ISED:

- ACTRA Recording Artists' Collecting Society (ACTRA RACS)
- ADVANCE
- L'Association des professionnels de l'édition musicale (APEM)
- L'Association québécoise de l'industrie du disque, du spectacle et de la vidéo (ADISQ)
- Artisti
- Canadian Federation of Musicians (CFM)
- Canadian Independent Music Association (CIMA)
- Canadian Musical Reproduction Rights Agency (CMRRA)
- La Guilde des musiciens et musiciennes du Québec (GMMQ)
- Music Managers Forum (MMF)
- Music Publishers Canada (MPC)
- Panorama
- Re:Sound Music Licensing Company
- Screen Composers Guild of Canada (SCGC)
- La Société professionnelle des auteurs et des compositeurs du Québec (SPACQ)
- Society of Composers, Authors and Music Publishers of Canada (SOCAN)
- Songwriters Association of Canada
- L'Union des Artistes (UDA)

Equally, the CPCC stands with our cultural sector partners in their recommendations for other cost-neutral, growth-catalysing copyright reform, including the definition of sound recording, the $1.25 million commercial radio exemption, fair dealing and the implementation of the artist's resale right. As Canada works to build the strongest economy in the G7, a modernized and functional copyright regime will ensure that Canada's cultural industries have the tools they need to drive measurable results.

Conclusion

The federal government has identified its fundamental responsibility to address the challenges facing Canadians today with focus, determination, and above all, action. In the music industry, the path forward is clear. Making the private copying regime technologically neutral now, at no cost to the Government of Canada, will:

- Generate more than $40 million a year of earned income for recording artists, composers, songwriters, music publishers, and labels, helping Canada build the strongest economy in the G7;
- Strengthen Canada's collaboration with reliable trading partners by aligning our copyright framework with leading global regimes;
- Ensure our music sector can attract, retain and invest in talent;
- Enable Canadian music industry workers and businesses to get ahead by restoring revenues essential for long-term, sustainable growth, jobs and cultural output; and
- Protect our cultural sovereignty by ensuring Canadian talent and intellectual property are developed, retained and monetized in Canada.

As Canada focuses on economic resilience, diversifying trade relationships, and building globally competitive industries, **we urge the government to undertake this no-cost, high-impact reform**. Modernizing the private copying regime will help future-proof Canada's creative economy and improve our competitiveness for talent, capital and innovation.

The CPCC asks the Government of Canada to take swift and decisive action by committing to this reform of the private copying regime in Budget 2026. We would be pleased to meet with the Department of Finance to discuss this recommendation in greater detail.

For more information, please contact:

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