

NOTE:

The Neighbouring Rights Collective of Canada was renamed Re:Sound effective March 1, 2010

NRCC Proposes New Music Royalty Rates for Commercial Radio

Fair compensation sought for music creators based on value of their music

Toronto, 27 June, 2009 – NRCC announced today that it recently proposed changes to music royalties paid by commercial radio stations in Canada, in line with its mandate to obtain fair compensation for artists and record companies.

The changes include increased royalty rates that more accurately reflect the value of music today to commercial radio. The amendments would also make royalty payments simpler for broadcasters to administer.

The proposal, submitted on March 31 to the Copyright Board of Canada in NRCC Tariff 1A, applies to the years 2010 and 2011. It is now under consideration by the Board.

The new rates are based on a detailed economic analysis of the value of music to commercial radio stations and the appropriate share of this value that should be passed on to the performers and makers of music. The study concluded that the music played on commercial radio has been significantly undervalued in previous tariffs.

Under the new tariff, music royalty rates paid by commercial radio stations would increase to 4.47 percent from 1.44 percent today on the first \$1.25 million of annual revenues, and to 6.5 percent from 2.1 percent on additional revenues. (In actuality, stations pay just \$100 on the first \$1.25 million in revenue, as set out in the Copyright Act). For “low use” stations, a single rate of 2.58 percent is proposed, up from 0.75 percent now.

“Recorded music forms the core content of most commercial radio. The proposed rates better reflect the true value of music to broadcasters, and would more fairly compensate the creators of the music,” said Ian MacKay, President, NRCC. “The increase would address on a go forward basis, the significant undervaluation of music in existing royalty rates.”

The proposed rates would be based on gross income in place of advertising revenues, bringing them in line with SOCAN’s rate base and making them easier to administer. This is consistent with the position advanced by NRCC and other collectives at the Copyright Board’s 2008 commercial radio hearing.

About NRCC

NRCC is the Canadian not-for-profit music licensing company dedicated to obtaining fair compensation for artists and record companies for their performance rights. On behalf of its members, representing thousands of artists and record companies, NRCC licenses recorded music for public performance, broadcast and new media. Created in 1997, our member organizations are AFM, APRS, ArtistI, AVLA and SOPROQ. Please visit us for more information at www.nrcc.ca.

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