

NOTE:

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

TARIFF 6 (re: FITNESS VENUES)
FREQUENTLY ASKED QUESTIONS

What is NRCC Tariff 6?

Tariff 6 (*Use of Music to Accompany Dance and Fitness*) is a new tariff proposed by NRCC to compensate artists and record companies for the use of their recorded music in fitness venues. The proposed tariff also applies to dance venues such as nightclubs, which will be subject to a separate rate.

How much will fitness venues be required to pay under Tariff 6?

The Copyright Board of Canada will determine the rates following a hearing scheduled to begin on April 27, 2010. The hearing will include representations by the fitness industry, NRCC and other interested parties.

The final rates will not be known until the Board issues its decision and certifies the tariff after the hearing. When a tariff is certified by the Board, it is published in the Canada Gazette as official notification to all Canadians.

How will the final tariff rates be determined?

The final tariff rates will be determined by the Copyright Board of Canada following a public hearing which is a transparent process that is fully open to the public. At the hearing, NRCC will present detailed economic evidence quantifying the value of recorded music to fitness venues. Representatives of the fitness industry and other interested parties will then have the opportunity to introduce evidence and make arguments on behalf of their industry.

The Copyright Board will determine a fair and equitable royalty rate after considering the evidence presented at the hearing and factors including the financial realities of the fitness industry.

NRCC welcomes direct input from music users, in tandem with the formal rate-setting process.

Why does NRCC seek music royalties for the use of recorded music in fitness venues?

It is only fair that artists – the people that create recorded music – are equitably remunerated for the public performance of their music and the value that it provides. The *Copyright Act* specifically provides for this remuneration.

Why is NRCC proposing a dance and fitness tariff?

NRCC proposed Tariff 6 so that artists are fairly and accurately compensated for the use of their music by fitness venues and dance venues. Currently, fitness venues pay nothing to artists for the recorded music they play, even though the use of music provides significant value to these businesses.

NRCC's proposal is consistent with international and domestic practice. Fitness venues currently pay music royalties to artists in Australia, the U.K. and other countries. For many years in

Canada they have paid SOCAN royalties to compensate composers for the public performance of their music, but there has never been compensation to artists for that same use.

What evidence supports music royalties for fitness clubs?

The value of music to fitness venues is validated by third-party economic analysis that will be presented by NRCC at the upcoming Tariff 6 hearing. It is also validated by international research, including a recent UK study showing that using music can generate positive results for businesses and their employees. The study found that 92 percent of gym users like to hear music at the gym. Eighty percent of respondents agreed that music makes them more motivated while 77 percent agreed that a gym with music was more appealing to them than a gym without. Details of this study can be found at www.musicworksforyou.com.

Similarly, a PCCA (Phonographic Performance Company of Australia Ltd.) study shows that most Australian fitness class participants “regard music as essential to fitness classes and could not imagine the classes without music. It follows that an absence of music in fitness classes would result in a significant drop in membership, and hence revenues, of fitness centres.” Further information on this study can be found at www.pcca.com.au/fitnessclubtariffupdate.htm.

When are royalties due under Tariff 6?

Royalties will be collected under Tariff 6 following certification by the Copyright Board. Tariff 6 will apply to the years 2008-2012.

Where can one obtain additional information?

Additional information about NRCC can be found on our website at www.nrcc.ca. Further information about the Copyright Board of Canada as well as NRCC’s current and proposed tariffs (including Tariff 6) can be found on the Copyright Board of Canada’s website at <http://www.cb-cda.gc.ca>.

For more information, please contact:

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