



IT PAYS TO BELONG

good for you

Let us count the ways it pays to belong.



IT PAYS TO BELONG

good idea

1. Retransmission rights are important.
It's the law.

What is retransmission and where did this notion come from?

It all began when producers realized that retransmitted audiovisual works were not being compensated by those benefiting financially.

Retransmission occurs when off-air broadcast signals are picked up by a cable or satellite company (a retransmitter) and **sold as part of a package to subscribers outside that broadcaster's reach.**

In 1990, the Canada-U.S. Free Trade Agreement led to the creation of a new right under **Canadian copyright law**. Known as a **retransmission right**, it requires retransmitters to pay for the use of the programs in the broadcast signals that are “distant” (rather than local). That is, signals that cannot be received over the air (such as with an antenna only), because the subscriber is too far from the originating signal.

Retransmitters include **cable companies** (like Rogers and Shaw), and direct-to-home (DTH) **satellite systems** (like Bell TV and Star Choice). Low-power television stations (LTV) systems, master antenna systems, and multi-point distribution systems (MDS) are also included.

Broadcasters air signals containing programs for which they have paid producers a licence fee for a specific territory. Retransmitters pick up these over-the-air transmissions of local television stations originating from within Canada or elsewhere. With the boost of a satellite or microwave, a station's signal can be extended beyond its normal reception area for delivery to subscribers in distant places. This qualifies as retransmission, and the **retransmitter must pay for the use of the programs and signals in those distant places**. Copyright owners receive royalties for this use, and these royalties are collected and distributed by collective societies such as the Canadian Retransmission Collective (CRC).

Retransmitters do not have to pay retransmission royalties for programming on specialty and pay television services (such as TMN, Discovery, A&E, HGTV, Outdoor Life, and BBC Canada), because these services don't originate over the air and are copyright-cleared.



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good numbers

2. Retransmission royalties are significant.

What kind of numbers are we talking about?

Canadian territory retransmission royalties currently total approximately **\$90 million each year** – with retransmitters paying 85 cents per subscriber per month.

On behalf of the rightsholders it represents, **the CRC collects more than \$10 million each year** – a 12.03 percent share of total retransmission royalties.

Based on current tariff, the CRC distributes nearly \$10 million each year. By the end of 2008, we had **distributed \$125 million since inception in 1990**.

Given this track record, we believe that our tagline (“**It pays to belong**”) is, shall we say, a good one.

Who’s eligible to collect royalties?

Each of the **CRC’s affiliates** gets a share of these royalties when their programs are retransmitted. Affiliates include independent Canadian program producers, producers of programs shown on Public Broadcasting Service (PBS) and Réseau France Outre-mer (RFO), educational TV producers in Canada (except Télé-Québec),

all foreign producers and broadcasters outside North America, and producers of music videos used in Canadian programs. The CRC represents U.S. programs only when they are retransmitted on a PBS station or RFO.

As a CRC affiliate, you’re **eligible** to receive retransmission royalties **if all of the following apply**:

- You own the copyright in a program, or the owner has granted you the right to collect,
- Your rights apply to Canada, and your program has been broadcast on a retransmitted signal,
- And you haven’t given away your right to collect retransmission royalties (such as through a broadcast licence agreement).



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good regime

3. Representing rightsholders is our raison d'être.

The CRC is part of a community.

The Copyright Board of Canada – a federal regulatory body – sets tariffs (how much, under what terms, and who must be paid), and requires retransmission royalties be paid to collective societies.

A number of **collective societies** were established to represent the interests of various rightsholders. Each society collects royalties from the retransmitters and distributes them to its affiliates. The **Canadian Retransmission Collective (CRC)** is one such collective. A non-profit corporation **founded by the Canadian Film and Television Production Association (CFTPA)**, the CRC represents and is governed by program owners and producers.

The **Copyright Board of Canada sets the royalty rates that retransmitters must pay** and establishes the formula by which royalties are allocated among the various collectives. This formula is based on TV audience ratings in a test period for the programs shown on distant signals, and the number of Canadian subscribers who received these programs on a distant signal. A new tariff is set every five years, after the Copyright Board hears from both retransmitters and rightsholders.

The Collectives and the Rightsholders they represent.

- Canadian Retransmission Collective (CRC) [see previous page for details]
- Copyright Collective of Canada (CCC) [independent US producers]
- Canadian Retransmission Right Association (CRRRA) [Canadian public networks specifically CBC, SRC, RQ, and major U.S. private networks specifically ABC, NBC, CBS]
- Canadian Broadcasters Rights Agency (CBRA) [private Canadian television networks and independent stations, such as CTV]
- Border Broadcasters Inc. (BBC) [select U.S. commercial television stations along the Canada-U.S. border]
- FWS Joint Sports Claimants (FWS) [sports leagues such as NHL, NBA, CFL, NFL]
- Major League Baseball (MLB)
- Society of Composers, Authors, and Music Publishers of Canada (SOCAN) [composers and lyricists whose music is used in programming]
- Direct Response Television Collective (DRTVC) [infomercial producers]



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good policy

4. Fairness and equity govern royalty distribution.

Our policies are designed with you in mind.

The CRC's Board of Directors sets policies to govern **fair and equitable practices**, including our royalty distribution policy.

Our **royalty distribution formula** is supply-based, taking into account the actual number of hours of programming and the number of subscribers to whom the programming has been retransmitted.

The CRC team processes and verifies information and payments from more than **100 retransmitters**, representing **1,950 licensed service areas**. We track approximately **180 distant signals** originating from Canada, the U.S., France, and carried by Canadian retransmitters. We also track broadcast information 24/7 – **1.6 million hours of programming** each year. Representing more than **5,000 rightsholders worldwide** and actively serving roughly one-third of those in any given year, the CRC compares broadcast data to affiliate-owned and registered programs, and promptly and accurately calculates royalties and disburses funds each year.

Royalties are distributed one year in arrears. All reserves are released within three years of the year of retransmission.

When we are unable to determine who owns a program, or find the rightsholder, we publish a list of **orphans**. Royalties for programs unclaimed within a specified time are released back into the general pool for that particular year, and distributed among affiliates who did substantiate their claim.

If more than one party claims royalties for a program, they are asked to resolve it between themselves within a specified time, and report the **resolution** to the CRC in writing.

Five percent of funds are held in **reserve** each year to cover errors and omissions (such as when a program was retransmitted, but not captured in the broadcast data we acquire).



IT PAYS TO BELONG

good governance

5. Clear principles guide everything we do.

Who's running the organization?

The CRC is a **non-profit organization**. This means that we are reimbursed for operating expenses only, and that all other revenues are distributed to the affiliates we represent. The organization has always been lean: year after year, **annual operating costs have averaged between seven and nine percent of revenues.**

A small group of talented people who are passionate about and committed to this organization oversee its daily operation. The entire CRC team – our Board of Directors and staff – adheres to the highest fiduciary, ethical, and behavioural standards.

The CRC Board of Directors.

As founding member, CFTPA selects the CRC's Board of Directors. Our Board is drawn from the production industry, and is a **knowledgeable and committed group** with representatives from:

- Canadian independent production sector
- Public Broadcasting Service (PBS)
- Association de gestion internationale collective des oeuvres audiovisuelles (AGICOA)

- The Ontario Educational Communications Authority (TVOntario)
- National Film Board of Canada (NFB)
- Association des producteurs de films et de télévision du Québec (APFTQ)

Clearly-defined principles, standards, and policies.

Good governance is a fundamental principle. The Board and management have worked together to develop policies and practices that are both **accountable and transparent**. The CRC's operations and financial affairs are conducted in strict compliance with these; our responsibilities to our affiliates and their financial interests comes first and foremost. Our royalty distribution policy appears on our website and in each biennial report. We publish an audited financial statement each year. And send affiliates a detailed title-by-title accounting of how funds are allocated.



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good news

6. We help shape what's coming.

Like you, we're keeping an eye on the future.

The **International Standard Audiovisual Number (ISAN)** was published in 2002, and the version identifier in 2007. ISAN provides a unique, internationally-recognized, and permanent reference number for each registered audiovisual work. A central registry captures this, plus episodes, versions, languages, lengths, formats, and more. Registration agencies are now being established around the world. ISAN Canada was founded by the CFTPA and launched in the first quarter of 2008. Its founding board includes a number of CRC board and staff members. The CRC's President and CEO, Carol Cooper, has been actively involved with ISAN since day one, recognizing that a system that will **facilitate the tracking and identification of works** will greatly enhance the CRC's ability to do the same for our affiliates.

Technology has quite literally become a moving target. We are monitoring developments in **wireless technology**, such as television on airlines and for handheld devices. At the moment, these are outside the scope of the tariff, as retransmission royalties are based on the concept of "premises" (which are static), and therefore do not apply to portable electronics.

New compression technology has made delivery of television using **Internet protocol (IPTV)** a growing option, and is creating competition for more traditional means of delivery, such as cable and satellite systems. Both urban and rural areas are seeing the implementation of IPTV: existing telephone service and customer relationships can be used to create bundled service packages to accelerate the roll-out of this new delivery technology. The bottom line for rights-holders is that as subscriber numbers grow, retransmission royalties grow. And the CRC is vigilant in collecting them on your behalf.

The Producers Audiovisual Collective of Canada (PACC) collects and distributes royalties arising from secondary uses of audiovisual works, such as from the sale of blank audiovisual media and from exhibition or public performance rights. PACC has a royalty distribution policy in place, and has been distributing royalties since 2006. The CRC shares management and office space with PACC, offering management expertise and cost efficiencies.



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It's easy to sign up and receive your share of royalties.

If you think you **qualify for affiliate status**, please contact us either online or by phone.

We'll ask you to sign a one-page authorization form, and register programs that are eligible for retransmission royalties in Canada. Once you're in our database, we can match your programs with the broadcast data we track and ensure you receive your share each year.

It's that easy.

If you're considering using a third party – such as another collective society, an agent, or distributor – rather than dealing directly with us, consider the following: the fee you'll be charged by the third party, when you'll receive royalties from them, and what the withholding tax implications and foreign exchange costs might be if they're not resident in the same country as you or the CRC. We're happy to

discuss your particular circumstances with you, and whether this is an option you might consider. We'll also ask you to ensure that everyone you involve understands who is responsible for collection and administration of these royalties. As a first step, why not **contact us so that we can explain just how simple it is to affiliate with the CRC** and receive your money directly?

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This brochure is a simplification of a complex subject. Please refer to the retransmission royalty tariff published by the Copyright Board of Canada for more detail.

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