

# **Copyright Board of Canada**

**For the period ending March 31, 2008**

**Departmental Performance Report**

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Tony Clement  
Minister of Industry

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## SECTION I: DEPARTMENTAL OVERVIEW

### Minister's Message

The Industry Portfolio experienced a busy and successful 2007–2008. As Minister of Industry, I am pleased with the progress made on our mission to foster a competitive, knowledge-based economy that benefits all Canadians.

A competitive economy is one that provides jobs and opportunity to Canadians, and top-quality products and services to consumers. Our economic performance underpins the quality of life we enjoy in this country, and the Copyright Board of Canada is making important contributions to this mission.

The Industry Portfolio is composed of Industry Canada and 10 other agencies, Crown corporations and quasi-judicial bodies. These organizations collectively advance Canada's industrial, scientific and economic development, and help ensure that we remain competitive in the global marketplace.



As a country, we must remain focused on how we can continue to provide an innovative and entrepreneurial economic environment, help our businesses capitalize on opportunities, and provide choice and quality to consumers. The global marketplace continues to evolve, changing with it the dynamics that influence Canada's performance. I am proud to say that the Industry Portfolio is playing its part:

- We are working to make our market for wireless services more competitive, this year launching the policy framework for the Advanced Wireless Services spectrum auction. The framework aims to provide more choice and better service for consumers and businesses — something that we believe will also lead to lower prices.
- We issued guidelines clarifying the application of the *Investment Canada Act* as it relates to foreign state-owned enterprises investing in our country to ensure that Canadians continue to enjoy all the benefits that foreign investment delivers.
- We instituted an independent Competition Policy Review Panel to review and report on key elements of Canada's competition and investment policies and to ensure that they are working to the full benefit of Canadians.
- We created an Automotive Innovation Fund to provide support to automotive firms undertaking large-scale, strategic research and development (R&D) projects to build innovative, greener and more fuel-efficient vehicles. Similarly, investments made through the Strategic Aerospace and Defence Initiative continue to encourage strategic R&D that will result in innovation and excellence in new products and services.

One of my key priorities as Industry Minister continues to be our country's science and technology (S&T) strategy, *Mobilizing Science and Technology to Canada's Advantage*, announced by Prime Minister Harper in May 2007.

- Budget 2008 included measures and initiatives in support of our S&T Strategy that total \$654 million over the next three years.
- We put in place the new Science, Technology and Innovation Council to provide the government with objective policy advice on Canada's S&T issues.
- The government allocated \$105 million in 2007–2008 to support the operations of seven new Centres of Excellence, pilot projects that have the potential to make Canada a global leader in fields of research that offer a strategic opportunity for Canadian industry.
- This past March, Canada's two-armed robot, Dextre, was successfully installed on the International Space Station.

This has been a year of progress and success, and it is my pleasure to present the Copyright Board's *Departmental Performance Report* for 2007–2008. I am committed to building on these successes in 2008 and beyond, and I will continue to work with officials in the Industry Portfolio to make Canada more efficient, productive and competitive.

Tony Clement  
Minister of Industry

## Management Representation Statement

I submit for tabling in Parliament, the 2007-2008 Departmental Performance Report (DPR) for the Copyright Board of Canada.

This document has been prepared based on the reporting principles contained in the *Guide for the Preparation of Part III of the 2007-2008 Estimates: Reports on Plans and Priorities and Departmental Performance Reports*:

- It adheres to the specific reporting requirements outlined in the Treasury Board Secretariat guidance;
- It is based on the department's approved Strategic Outcome and Program Activity Architecture that were approved by the Treasury Board;
- It presents consistent, comprehensive, balanced and reliable information;
- It provides a basis of accountability for the results achieved with the resources and authorities entrusted to it; and
- It reports finances based on approved spending numbers from the Estimates and the Public Accounts of Canada.



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Stephen J. Callary  
Vice-Chairman and Chief Executive Officer

## Summary Information

### Raison d'être

The Copyright Board of Canada's program objective is to set royalties which are fair and equitable to both copyright owners and users of copyright-protected works. This includes setting fair and equitable terms and conditions so as to permit the use of works when the owner of the copyright cannot be located.

The Board is an independent administrative agency that has been conferred department status for purposes of the *Financial Administrative Act*. The mandate of the Board is set out in the *Copyright Act* (the "Act"). The Board is empowered to establish, either mandatorily or at the request of an interested party, the royalties to be paid for the use of copyrighted works when the administration of such works is entrusted to a collective administrative society.

The Copyright Board of Canada is an economic regulator. It deals with complex social, cultural, demographic, economic and technological issues (e.g., communications technology, use of music over the Internet, blank CDs, software management systems to protect music or administer rights). The Board's decisions are not appealable, but can be the subject of judicial review by the Federal Court of Appeal. The Board has existed in one form or another since the 1930s, but its jurisdiction was significantly expanded in 1989 and 1997.

The program objective of the Board underlies the achievement of strategic outcomes related to innovation through new knowledge, which has become the main source of competitive advantage in all sectors of economic activity and is closely associated with increased exports, productivity growth, and the creation of new firms.

In this context, our country's handling of intellectual property matters is a critical element in our long-term success in innovation, and by extension, to our long-term economic health. The terms and conditions by which intellectual property owners (such as owners of copyrighted works) are compensated will largely define the incentive structure for innovation in and creation of copyrighted materials. In addition, the design and implementation of regulations can have a significant impact on innovation and competitiveness, particularly in the areas of intellectual property rights.

### Mandate, Roles and Responsibilities

Mandate of the Board
The Board is an economic regulatory body empowered to establish, either mandatorily or at the request of an interested party, the royalties to be paid for the use of copyrighted works, when the administration of such copyright is entrusted to a collective-administration society. The Board also has the right to supervise agreements between users and licensing bodies and issues licences when the copyright owner cannot be located.

The Copyright Board of Canada was established on February 1, 1989, as the successor of the Copyright Appeal Board. Its responsibilities under the *Act* are to:

- certify tariffs for the public performance or the communication to the public by telecommunication of musical works and sound recordings [sections 67 to 69];
- certify tariffs, at the option of a collective society referred to in section 70.1, for the doing of any protected act mentioned in sections 3, 15, 18 and 21 of the *Act* [sections 70.1 to 70.191];
- set royalties payable by a user to a collective society, when there is disagreement on the royalties or on the related terms and conditions [sections 70.2 to 70.4];
- certify tariffs for the retransmission of distant television and radio signals or the reproduction and public performance by educational institutions, of radio or television news or news commentary programs and all other programs, for educational or training purposes [sections 71 to 76];
- set levies for the private copying of recorded musical works [sections 79 to 88];
- rule on applications for non-exclusive licences to use published works, fixed performances, published sound recordings and fixed communication signals, when the copyright owner cannot be located [section 77];
- examine, at the request of the Commissioner of Competition appointed under the *Competition Act*, agreements made between a collective society and a user which have been filed with the Board, where the Commissioner considers that the agreement is contrary to the public interest [sections 70.5 and 70.6];
- set compensation, under certain circumstances, for formerly unprotected acts in countries that later join the Berne Convention, the Universal Convention or the Agreement establishing the World Trade Organization [section 78].

In addition, the Minister of Industry can direct the Board to conduct studies with respect to the exercise of its powers [section 66.8].

Finally, any party to a licence agreement with a collective society can file the agreement with the Board within 15 days of its conclusion, thereby avoiding certain provisions of the *Competition Act* [section 70.5].

In order to effectively pursue its mandate, the Board aims to achieve the following strategic outcome, with its unique program activity:

<b>Program Activity Architecture</b>		
<b>STRATEGIC OUTCOME</b>		<b>PROGRAM ACTIVITY</b>
Fair decision-making to provide proper incentives for the creation and use of copyrighted works	→	Render decisions and issue licences

### **Financial Resources, 2007-2008**

(\$ thousands)

<b>Planned Spending</b>	<b>Total Authorities</b>	<b>Actual Spending</b>
2,597	2,666	2,521

### **Human Resources, 2007-2008**

(Full-time Equivalents (FTE))

<b>Planned</b>	<b>Actual</b>	<b>Difference</b>
17	17	0

### **Departmental Priorities**

<b>Name</b>	<b>Type</b>	<b>Performance Status</b>
1. Ensure timely and fair processes and decisions	Ongoing	Successfully met
2. Advance the analytical framework for decisions and the regulatory processes for tariff-setting	Ongoing	Successfully met
3. Improve management practices	Ongoing	Successfully met



## Summary of Performance in Relationship to Departmental Strategic Outcomes and Priorities

Strategic Outcome : Fair decision-making to provide proper incentives for the creation and use of copyrighted works						
Program Activity	Expected Results	Performance Status	2007-08 (\$ thousands)		Contributes to the following priority	Alignment to Government of Canada Outcomes
			Planned Spending	Actual Spending		
Render decisions and issue licences	Fair and equitable tariffs and conditions	Successfully met	2,597	2,521	Priorities 1 and 2	An innovative and knowledge-based economy

### Departmental Performance

#### Summary

The report documents the Copyright Board of Canada's contribution to the protection of the interests of Canadians by setting royalties which are fair and equitable to both copyright owners and users of copyright-protected works.

The Board held six hearings in 2007-2008. Two dealt with tariffs proposed by the Society of Composers, Authors and Music Publishers of Canada (SOCAN): Tariff 22 (Internet) for the years 1996-2006 and Tariff 16 (Background Music Suppliers) for the years 2007 and 2008. A third dealt with preliminary motions brought by the Canadian Storage Media Alliance and the Retail Council of Canada to quash the tariff proposed by the Canadian Private Copying Collective for iPods or MP3 players. The Board heard a first-time tariff proposed by Access Copyright, The Canadian Copyright Licensing Agency, for the rights of reprographic reproduction (photocopy) by primary and secondary schools for the years 2005-2009. It also reheard SOCAN and the Neighbouring Rights Collective of Canada (NRCC) Tariffs 1.A for commercial radio stations in furtherance of an order of the Federal Court of Appeal setting aside the tariff and directing the Board to justify the tariff established in October 2005 for the years 2003-2007. Finally, it jointly examined tariffs proposed by SOCAN, NRCC and CMRRA/SODRAC Inc. (CSI) for satellite radio services.

The Board issued four decisions dealing with the public performance of music: SOCAN Tariff 22.A (Internet – Online Music Services) for the years 1996-2006; the re-determination of SOCAN and NRCC Tariffs 1.A (Commercial Radio Stations) for the years 2003-2007; SOCAN Tariff 17 (Pay, Specialty and Other Television Services) for the years 2005-2008; and, the certification of various other SOCAN tariffs. It also issued four decisions dealing with private copying and another dealing with an application for an interim tariff filed jointly by the Audio-Video Licensing Agency (AVLA) and the *Société de gestion collective des droits des producteurs de phonogrammes et de vidéogrammes du Québec* (SOPROQ) for the reproduction of sound recordings by commercial radio stations for the years 2008 to 2011.

All of these decisions are described in greater detail in the 2007-2008 Annual Report of the Board.

The Board issued 21 licences under the provisions of the *Act* for the use of published works for which rights holders could not be found. One application was denied by reason that the applicant did not establish that the portion of the work he proposed to use was a substantial part of the subject work, with the result that a licence was not required.

Significantly, the Board adopted a policy on the issuance of licences for architectural plans held in municipal archives which has facilitated the obtaining of these documents. This was done after the Board conducted a review of the practice of certain municipalities to refuse to provide copies of architectural plans where the rights holder could not be found. This required consultation with the municipalities involved and the consideration of the right to information under the relevant Access to Information statutes.

In 2007-2008, the Board initiated the consolidated examination of the applications for tariffs by a number of collectives (SOCAN, NRCC, CSI, AVLA/SOPROQ and ARTISTI) for commercial radio for a hearing to be held in December 2008. This is the first time, with regard to commercial radio, that the Board will examine five tariff proposals involving two types of rights (communication and reproduction). The Board expects this streamlined process will expedite the valuation of the multiple rights involved.

## **Priorities**

There are three priorities associated with the Copyright Board's strategic outcome:

### 1. Ensure timely and fair processes and decisions

In 2007-2008, the Board took steps which resulted in a reduction of the regulatory burden. For instance, when appropriate, the Board combined hearings processes which have resulted in some cost savings for the participants.

The Board's priority of timely and fair decision-making is challenged by an ever-changing technological environment, global events and new business models. These challenges continued to be met, and risk minimized, by engaging in pre-hearing consultations, information gathering and web site postings. These procedures assisted in conducting well-organized proceedings which address key issues facing copyright-related industries. Performance measures that are considered include the level of satisfaction of stakeholders with the Board's services, the proportion of decisions and tariffs that are published on its website and the time period to render decisions and licences.

The Board receives tariffs applications from collective societies on or before March 31 of a given year in which a tariff is scheduled to terminate. The Board has some latitude in the scheduling of hearings and tries to initiate the procedure leading to a hearing as efficiently as possible. The Board posts its upcoming hearing schedule on its website ([www.cb-cda.gc.ca](http://www.cb-cda.gc.ca)). There are no statutory deadlines for the release of the Board's decisions. However, the Board endeavours to deal with all applications as expeditiously as possible, while keeping the interests and constraints of the parties in mind.

Greater participant satisfaction is closely linked to the timeliness and orderly conduct of formal proceedings. The Board continued to structure and sequence witnesses and hearing stages so as to eliminate duplication and maximize time spent on relevant issues.

Because the Board hearings involve adversarial parties, some of whom will likely experience direct economic gain or loss in association with an offsetting gain or loss to another party, the Board's decisions cannot be expected to be satisfactory to all parties at all times. However, the Board attempts to bring unbiased and rigorous reasoning to its decision-making. The Board also recognizes the need to provide clear and sufficiently detailed explanations in its decisions so as to assist parties in preparing for the next round of tariff-setting. The Board is considering various means for tracking or measuring constituent satisfaction with hearing processes.

In addition, the Board continued to examine alternatives to current procedures based upon input from hearing participants as part of a plan to develop and implement a more active involvement in pre-hearing information gathering aimed at reducing time and cost to participants while safeguarding the fairness of procedures.

## 2. Advance the analytical framework for decisions and the regulatory processes for tariff-setting

Leadership in copyright matters continued to build on the groundwork performed in the past, as noted in previous Departmental Planning Reports. The Board pursued its leadership role in the establishment and expansion of international activities such as sharing of procedures, data, analysis and other information.

The international initiative is also a key tool in addressing the challenges of changing technology and the impact of global events. By comparing experiences across different countries, the Board can gain early warning of significant developments and their likely impacts on the Canadian situation.

Among the most significant risks which the Board faces in achieving its strategic outcomes is the potentially disruptive impact of new technologies (i.e., in terms of how copyright material is utilized, distributed and monitored). The Board's approach to managing the technology risk is to systematically monitor relevant journals, other publications and web sites, and to attend industry seminars and conferences. Among the international fora of copyright specialists which the Board Members and staff attended in 2007-2008, the following are noteworthy: the Fordham University Annual Conference on International Intellectual Property Law and Policy (New York, April 2007); the Annual Conference of the *Association littéraire et artistique internationale* (ALAI) (Punta del Este, Uruguay, June 2007); and the Annual Congress of the Society for Economic Research on Copyright Issues (SERCI) (Berlin, July 2007). The Board was also represented at numerous similar national meetings in Canada. The rationale for the Board's "screening" activities is to identify and assess industry trends before they undermine existing copyright regimes.

## 3. Improve management practices

The Board continued to develop its management practices, working in a cluster group with three other small quasi-judicial agencies, the Competition Tribunal, the Canadian Artists and Producers Professional Relations Tribunal and the Transportation Appeal Tribunal of Canada.

In 2007-2008, the Board was included in the Round V process of the Treasury Board Secretariat's (TBS) Management Accountability Framework (MAF) assessment.

The MAF is a key part of the Treasury Board's approach to improving management across federal departments and agencies. The framework is composed of 10 interconnected elements, such as risk management and accountability, which departments and agencies are expected to implement in their organizations to ensure management excellence and proper oversight of management practices.

Following the assessment, there is one area where the Board has an opportunity to improve its performance. It is recommended that the Board track its performance expectations in the Report on Plans and Priorities (RPP) and report them in the Departmental Performance Report (DPR) from a *Management, Resources, and Results Structure* (MRRS) perspective.

The Board has put in place a policy on Performance Measurement Framework. This policy allows the Board to create and capture the information it needs with regard to its objectives and expected as well as achieved results. In conjunction with this policy, the Board has also prepared its MRRS. This will address the opportunity mentioned in the previous paragraph.

In 2007-2008, the Office of the Auditor General conducted a governance audit of federal small entities and the Board was chosen to participate in the audit. The following three areas were examined: reporting, portfolio coordination and shared services.

The Board has updated its Human Resources Plan as this is an evolving document that needs to be reviewed to take into account changing priorities.

The Board has also implemented the Compensation Web Applications (CWA) for its employees. These new applications provide employees with easy, on-line, secure access to pay, benefits and pension information, as well as the tools to calculate pay and pension-related projections. The CWA also include on-line tools for compensation advisors to assist them in their daily operations.

## **Operating Environment**

The mandate of the Copyright Board of Canada is set out in the *Act* as amended in 1997. The Board has powers of a substantive and procedural nature. Some powers are granted to the Board expressly in the *Act*, and some are implicitly recognized by the courts.

The *Act* requires that the Board certify tariffs in the following fields: the public performance or communication of musical works and of sound recordings of musical works, the retransmission of distant television and radio signals, the reproduction of television and radio programs by educational institutions and private copying. In other fields where rights are administered collectively, the Board can be asked by a collective society to set a tariff; if not, the Board can act as an arbitrator if the collective society and a user cannot agree on the terms and conditions of a licence.

The examination process is always the same. The collective society must file a statement of proposed royalties which the Board publishes in the *Canada Gazette*. Tariffs always come into effect on January 1. On or before the preceding 31<sup>st</sup> of March, the collective society must file a proposed statement of royalties. The users targeted by the proposal (or in the case of private copying, any interested person) or their representatives may object to the statement within sixty days of its publication. The collective society in question and the opponents will then have the opportunity to argue their case in a hearing before the Board. After deliberations, the Board certifies the tariff, publishes it in the *Canada Gazette*, and explains the reasons for its decision in writing.

As a rule, the Board holds hearings. No hearing will be held if proceeding in writing accommodates a small user that would otherwise incur large costs. The hearing may be dispensed with on certain preliminary or interim issues. No hearings have been held yet for a request to use a work whose owner cannot be located. The process has been kept simple. Information is obtained either in writing or through telephone calls.

The Board is responsible for tariffs that are estimated to be worth over \$300 million annually. In fact, copyright tariffs underpin several industries which, according to a Conference Board of Canada study (*Valuing Culture, Measuring and Understanding Canada's Creative Economy*, Conference Board of Canada, August 2008), generated in 2007 an amount representing 7.4% of Canada's GDP when taking into account the direct, indirect and induced contribution. They also contributed 1.1 million jobs to the economy. The stakes are considerable both for copyright holders and for users of copyright. Consequently, interventions before the Board are thorough, sophisticated and often involving expert witnesses, litigation specialists and detailed econometric, business and financial studies, surveys and evidence.

The Board must consider the underlying technologies (such as the Internet, digital radio, satellite communications), the economic issues and the interests of owners and users in order to contribute, with fair and equitable decisions, to the continued growth of this component of Canada's knowledge industries. Sound tariff decisions avoid serious disruption in affected sectors of the national economy and costly and time-consuming court challenges.

The decisions the Board makes are constrained in several respects. These constraints come from sources external to the Board: the law, regulations and judicial pronouncements. Others are self-imposed, in the form of guiding principles that can be found in the Board's decisions.

Court decisions also provide a large part of the framework within which the Board operates. Most decisions focus on issues of procedure, or apply the general principles of administrative decision-making to the specific circumstances of the Board. However, the courts have also set out several substantive principles for the Board to follow or that determine the ambit of the Board's mandate or discretion.

The Board also enjoys a fair amount of discretion, especially in areas of fact or policy. In making decisions, the Board itself has used various principles or concepts. Strictly speaking, these principles are not binding on the Board. They can be challenged by anyone at anytime. Indeed, the Board would illegally fetter its discretion if it considered itself bound by its previous decisions. However, these principles do offer guidance to both the Board and those who appear

before it. In fact, they are essential to ensuring a desirable amount of consistency in decision-making.

Among those factors, the following seem to be the most prevalent: the coherence between the various elements of the public performance of music tariffs, the practicality aspects, the ease of administration to avoid tariff structures that make it difficult to administer the tariff in a given market, the search for non-discriminatory practices, the relative use of protected works, the taking into account of Canadian circumstances, the stability in the setting of tariffs that minimizes disruption to users, as well as the comparisons with “proxy” markets and comparisons with similar prices in foreign markets.

## SECTION II: ANALYSIS OF PROGRAM ACTIVITIES BY STRATEGIC OUTCOME

### Analysis by Strategic Outcome

The Board's strategic outcome is to ensure **fair decision-making to provide proper incentives for the creation and uses of copyrighted works**. The achievement of this outcome relates to innovation, which is a main source of competitive advantage in all areas of economic endeavour.

The use and re-use of cultural and entertainment content (such as musical works) have become widespread with the advent of new media and on-line services, new playback and editing technologies and new uses in conventional media. These matters manifest themselves in some of society's most complex and contentious issues, including the downloading of musical content over the Internet using file-sharing software, the use of digital decoders to receive scrambled TV signals and the proliferation of duplication technologies, including computers, which have the capability to make digital copies of CDs and DVDs.

The Copyright Board of Canada recognizes the need to ensure an effective and efficient copyright regulatory regime in order to attain the maximum productivity in those sectors that create and use copyrighted works. Further, the performance of the Copyright Board will promote a fair and competitive marketplace as well as reasonable opportunities for Canadian firms to export copyright protected goods and services in the music, for content creation and programming areas, as well as for the downstream broadcasting, publishing and entertainment industries.

### Financial Resources, 2007-2008

(\$ thousands)

Planned Spending	Total Authorities	Actual Spending
2,597	2,666	2,521

### Human Resources, 2007-2008

(Full-time Equivalents (FTE))

Planned	Actual	Difference
17	17	0

### Program Activity

To contribute to this strategic outcome, the Board's unique program activity is to **render decisions and issue licences**. The expected result is to obtain fair and equitable tariffs and conditions. The decisions and licences described below set fair and equitable rates and conditions for the use of copyright protected works. Overall, the Board is responsible for tariffs that are estimated to be worth over \$300 million annually. In fact, copyright tariffs underpin several industries which, according to a Conference Board of Canada study (Valuing Culture, Measuring

and Understanding Canada's Creative Economy, Conference Board of Canada, August 2008), generated in 2007 an amount representing 7.4% of Canada's GDP when taking into account the direct, indirect and induced contribution. They also contributed 1.1 million jobs to the economy. The stakes are thus considerable both for copyright holders and for users of copyright.

In 2007-2008, the Board held six hearings and issued nine decisions and 21 non-exclusive licences. In addition, important decisions were issued by the Federal Court of Appeal. What follows is a brief summary of these activities listed on the basis of the various legal regimes which apply to each category. For further detail, please refer to the Board's 2007-2008 Annual Report that can be found at [www.cb-cda.gc.ca](http://www.cb-cda.gc.ca).

### *1. Public Performance of Music*

During the fiscal year, the Board held four hearings on the following tariffs:

- Tariff 22 (Internet) of the Society of Composers, Authors and Music Publishers of Canada (SOCAN) for the years 1996-2006 (April and May 2007).
- Re-determination of Tariffs 1.A (Commercial Radio Stations) of SOCAN and the Neighbouring Rights Collective of Canada (NRCC) for the years 2003 to 2007, further to an order of the Federal Court of Appeal (June 2007).
- Satellite Radio Services: SOCAN Tariff 25 for the years 2005-2007 and NRCC Tariff 4 for the years 2007-2010 [jointly with the proposed tariff of CMRRA/SODRAC Inc. for reproduction rights for the years 2006-2009] (November and December 2007).
- SOCAN Tariff 16 (Background Music Suppliers) for the years 2007 and 2008 (January 2008).

The Board issued four decisions certifying the following tariffs:

- SOCAN Tariff 22.A (Internet – Online Music Services) for the years 1996-2006 (October 18, 2007).
- SOCAN and NRCC Tariffs 1.A (Commercial Radio Stations) for the years 2003-2007 [re-determination further to an order of the Federal Court of Appeal] (February 22, 2008).
- SOCAN Tariff 17 (Pay, Specialty and Other Television Services) for the years 2005-2008 (March 20, 2008).
- Various other SOCAN Tariffs (March 20, 2008).

### *2. Private Copying*

On June 5, 2007, the Board held a hearing on preliminary motions concerning the tariff proposed for the years 2008-2009. Also, the following four decisions were issued:

- Certification of the tariff for the years 2005-2007 (May 11, 2007).



- Two decisions on preliminary motions concerning the 2008-2009 tariff proposal (July 19, 2007 and March 27, 2008).
- Establishment of an interim tariff for the year 2008 (December 18, 2007).

### 3. *Collective Administration (General Regime)*

During the months of June and October 2007, the Board held a hearing on the tariff proposed by *Access Copyright, The Canadian Copyright Licensing Agency* for the reprographic reproduction (photocopy) of works in its repertoire by primary and secondary schools for the years 2005-2009. The decision is under advisement.

As mentioned earlier under section I, in November and December 2007, the Board held a joint hearing on three tariff proposals for subscription radio services. One of the proposals was filed by CMRRA/SODRAC Inc. (CSI) for the reproduction of musical works for the years 2006-2009; the two others are for performing rights. The decision is under advisement.

On February 29, 2008, the Board rendered a decision on an application filed jointly by the Audio-Video Licensing Agency (AVLA) and the *Société de gestion collective des droits des producteurs de phonogrammes et de vidéogrammes du Québec* (SOPROQ) for an interim tariff for the reproduction of sound recordings by commercial radio stations for the years 2008-2011.

### 4. *Unlocatable Copyright Owners*

In 2007-2008, 30 applications were filed with the Board for the use of published works for which rights holders could not be found; 21 non-exclusive licences were issued for the use of such works and one application was dismissed on the basis that the applicant did not use a substantial part of the work; a licence was therefore not required.

On August 22, 2007, the Board adopted a policy on the issuance of licences for architectural plans held in municipal archives. Since 2002, the Board had issued a number of licences authorizing the reproduction of architectural plans that are held in the municipal archives so as to afford applicants access to plans to which they are legally entitled, until the Board finalized its policy on this issue. In August 2007, the Board concluded that, most of the time, those who wished to obtain copies of plans did not require a licence, for two reasons.

First, in most cases, the contemplated uses either constitute fair dealing for the purpose of research or would be covered by an implied licence.

Second, subsection 32.1(1) of the *Copyright Act* provides that a municipality that supplies copies of plans pursuant to an access to information request does not violate copyright. Most Canadian municipalities are subject to access to information legislation.

The Board intends to deal with future applications concerning architectural plans with a view to implementing this policy. As required by law, each application will be dealt with separately, so as to ensure that a licence is issued should exceptional circumstances so require.

## 5. *Agreements Filed with the Board*

In 2007-2008, 275 agreements were filed with the Board as per section 70.5 of the *Act*.

Access Copyright, The Canadian Copyright Licensing Agency, which licenses reproduction rights such as digital licensing and photocopy, on behalf of writers, publishers and other creators, filed 147 agreements granting, amongst others, educational institutions, language schools, non-profit associations and copy shops a licence to photocopy works in its repertoire.

The *Société québécoise de gestion collective des droits de reproduction* (COPIBEC) filed 95 agreements. COPIBEC is the collective society which authorizes in Quebec the reproduction of works from Quebec, Canadian (through a bilateral agreement with Access Copyright) and foreign rights holders. The agreements filed in 2007-2008 were concluded, amongst others, with educational institutions, school boards, municipalities and municipal libraries.

The Audio-Video Licensing Agency (AVLA), which is a copyright collective that administers the copyright in master and music video recordings, filed 32 agreements.

Finally, the Canadian Broadcasters Rights Agency (CBRA) filed an agreement it entered into with the Treasury Board of Canada for media monitoring. CBRA represents various Canadian private broadcasters who create and own radio and television news and current affairs programs and communication signals.

## 6. *Court Decisions*

### **Re: SOCAN Tariff 24 (Ringtones) – 2003-2005**

On August 18, 2006, the Board certified for the first time SOCAN Tariff 24, targeting the communication to the public by telecommunication of ringtones to cellular phone owners. The following month, the Canadian Wireless Telecommunications Association, Bell Mobility Inc. and TELUS Communications sought judicial review of that decision.

The challenge was based on two principal grounds. First, transmitting a ringtone to a cellular phone does not constitute a “communication”. Second, the transmission is not a communication “to the public”. On January 9, 2008, the Federal Court of Appeal unanimously dismissed the application.

Relying on *Society of Composers, Authors and Music Publishers of Canada v. Canadian Assn. of Internet Providers*, [2004] 2 S.C.R. 427 (hereafter “SOCAN”), the Court first concluded that the standard of review applicable to the decision, which turned on the interpretation of paragraph 3(1)(f) of the *Copyright Act*, was correctness. Then, before proceeding with its analysis of the applicants’ main arguments, the Court addressed two other questions.

The applicants were already licensed to reproduce the musical works used in ringtones. They argued that enforcement of copyright should not be split between different collectives so as to collect a second time for a use which is already being compensated. In response, the Court reiterated that the right to reproduce and the right to communicate are separate rights. Consequently, if the transmission of a musical ringtone constitutes a communication to the

public by telecommunication, Tariff 24 is valid since it compensates a right that is not covered by the reproduction rights agreements.

The Court then noted that the parties referred to foreign copyright regimes. The Court simply responded that none of these regimes involves legislation that is sufficiently like the Canadian *Act* to assist in resolving the legal issues to be addressed.

A customer is unable to play or hear a ringtone at the time that a carrier sends it. The applicants contended that a communication occurs only if a transmission is intended to be heard or perceived by the recipient simultaneously with or immediately upon the transmission. The Court was of the opposite view. It concluded that the transmission of a ringtone is a communication, whether the owner of the cellular phone accesses it immediately or at some later time. It is the receipt of the transmission that completes the communication. The Court added that its conclusion accorded with the *SOCAN* decision and that it did not see any relevant distinction between the transmissions in issue in that case and the transmission of a ringtone.

The Court also found that the decisions on which the applicants relied to conclude that the transmission of a ringtone does not constitute a communication were of no assistance. To the contrary, these cases cast no doubt on the conclusion that the transmissions in issue in this case were communications.

Alternatively, the applicants argued that a series of identical communications could not be a communication to the public if each communication was initiated by the recipient's request. Since cellular phone subscribers receive one by one the ringtones they purchase, each transmission would therefore be a private communication. The Court dismissed this argument. All of the customers of a ringtone supplier are a group that is sufficiently large and diverse that it may fairly be characterized as "the public". Furthermore, a series of transmissions of the same musical work to numerous different recipients is a communication to the public if the recipients comprise the public, or a significant segment of the public. Finally, no earlier decision, including those of the Federal Court of Appeal and the Supreme Court of Canada in *CCH Canadian Ltd. v. Law Society of Upper Canada*, [2004] 1 S.C.R. 339; [2002] 4 F.C. 213, were intended to be a comprehensive description of the meaning of "communication to the public".

The Court also found that *Canadian Cable Television Assn. v. Canada (Copyright Board)* (*F.C.A.*), [1993] 2 F.C. 138 was not relevant. In that case, the question was whether a performance was in public, not whether a communication had been made to the public. In any event, the fact that ringtones are offered to a significant segment of the public supplied the requisite degree of "openness" to ensure the public nature of the communication.

The Court's reasons concluded by stating that the Board's interpretation accorded with common sense. If a wireless carrier were to transmit a particular ringtone simultaneously to all customers who have requested it, that transmission would be a communication to the public. It would be illogical to reach a different result simply because the transmissions are done one by one, and thus at different times.

## **Re: Private Copying 2008-2009**

On August 16, 2007, Apple Canada Inc. and several other companies applied to the Federal Court of Appeal for judicial review of the Board's decision of July 19, 2007 that digital audio recorders could, under certain conditions, attract private copying royalties. On October 26, 2007 the Canadian Recording Industry Association (CRIA) was granted leave to intervene in the matter.

The application relied on three grounds. First, the Federal Court of Appeal had previously ruled that a digital audio recorder is not an "audio recording medium". Second, even if the question remained unanswered, the Canadian Private Copying Collective (CPCC) was estopped from arguing the issue. Third, since a digital audio recorder is not an "audio support medium" in any event, it is not subject to the private copy regime.

On January 10, 2008, in remarkably concise reasons, the Court allowed the applications. The sole ground given is a statement that *Canadian Private Copying Collective v. Canadian Storage Media Alliance (C.A.)*, [2005] 2 F.C.R. 654 is authority for the proposition that digital audio recorders cannot attract private copying royalties.

Accordingly, the Court quashed the decision of July 19, 2007 and referred the applicants' motions back to the Board for reconsideration and disposition in accordance with the Court's reasons. On March 27, 2008, the Board complied with the Court's decision.

### SECTION III: SUPPLEMENTARY INFORMATION

**Table 1: Comparison of Planned to Actual Spending (incl. FTEs)**

(\$ thousands)

	2005-2006 Actual	2006-2007 Actual	2007-2008			
			Main Estimates	Planned Spending	Total Authorities	Actual
Render decisions and issue licences	2,342	2,364	2,597	2,597	2,666	2,521
<b>Total</b>	<b>2,342</b>	<b>2,364</b>	<b>2,597</b>	<b>2,597</b>	<b>2,666</b>	<b>2,521</b>

<b>Total</b>	<b>2,342</b>	<b>2,364</b>	<b>2,597</b>	<b>2,597</b>	<b>2,666</b>	<b>2,521</b>
Less: Non-responsible revenue	-	-	-	-	-	-
Plus: Cost of services received without charge	348	333	321	321	321	321
<b>Net cost of Department</b>	<b>2,690</b>	<b>2,697</b>	<b>2,918</b>	<b>2,918</b>	<b>2,987</b>	<b>2,842</b>

<b>Full Time Equivalents *</b>	<b>15</b>	<b>15</b>				<b>17</b>
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\* This total includes four Governor in Council appointees.

**Table 2: Voted and Statutory Items**

(\$ thousands)

Vote or Statutory Item	Truncated Vote or Statutory Wording	2007-2008			
		Main Estimates	Planned Spending	Total Authorities	Actual
50	Program expenditures	2,295	2,295	2,431*	2,286
(S)	Contributions to employee benefit plans	302	302	235	235
	<b>Total</b>	<b>2,597</b>	<b>2,597</b>	<b>2,666</b>	<b>2,521</b>

\* This amount includes the 5% carry forward of \$113,700 from the 2006-2007 budget and \$22,000 for collective bargaining agreements.

**2007-2008 FINANCIAL STATEMENTS (Unaudited)****Statement of Management Responsibility**

Responsibility for the integrity and objectivity of the accompanying financial statements for the year ended March 31, 2008 and all information contained in these statements rests with departmental management. These financial statements have been prepared by management in accordance with Treasury Board accounting policies which are consistent with Canadian generally accepted accounting principles for the public sector.

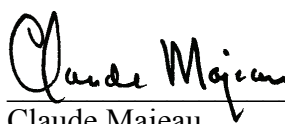
Management is responsible for the integrity and objectivity of the information in these financial statements. Some of the information in the financial statements is based on management's best estimates and judgment and gives due consideration to materiality. To fulfil its accounting and reporting responsibilities, management maintains a set of accounts that provides a centralized record of the department's financial transactions. Financial information submitted to the *Public Accounts of Canada* and included in the department's *Departmental Performance Report* is consistent with these financial statements.

Management maintains a system of financial management and internal control designed to provide reasonable assurance that financial information is reliable, that assets are safeguarded and that transactions are in accordance with the *Financial Administration Act*, are executed in accordance with prescribed regulations, within Parliamentary authorities, and are properly recorded to maintain accountability of Government funds. Management also seeks to ensure the objectivity and integrity of data in its financial statements by careful selection, training and development of qualified staff, by organizational arrangements that provide appropriate divisions of responsibility, and by communication programs aimed at ensuring that regulations, policies, standards and managerial authorities are understood throughout the department.

The financial statements of the department have not been audited.



Stephen J. Callary  
Deputy Head



Claude Majeau  
Senior Financial Officer

**Copyright Board of Canada**  
**Statement of Operations (unaudited)**  
**For the year ended March 31**  
*(in dollars)*

	<u>2008</u>	<u>2007</u>
<b>Operating Expense</b>		
Salaries and employee benefits	1 810 901	1 691 440
Professional and special services	426 917	386 837
Accommodation	216 260	230 000
Travel	154 814	168 794
Information services	56 007	56 099
Rental	42 150	63 295
Telecommunication services	42 003	46 224
Utilities, materials and supplies	36 524	44 288
Informatics equipment and software	12 843	18 932
Repair and maintenance	12 499	2 314
Amortization	11 039	11 039
Postage and freight	7 861	8 672
Other	4 657	505
<b>Net cost of operations</b>	<b><u>2 834 475</u></b>	<b><u>2 728 439</u></b>

*The accompanying notes form an integral part of these financial statements*

**Copyright Board of Canada**  
**Statement of Financial Position (unaudited)**  
**At March 31**

*(in dollars)*

	<b>2008</b>	<b>2007</b>
<b>ASSETS</b>		
<b>Financial assets</b>		
Accounts receivable (Note 8)	69 276	84 572
<b>Non-financial assets</b>		
Tangible capital assets (Note 5)	75 153	86 192
<b>TOTAL</b>	<b>144 429</b>	<b>170 764</b>
<b>Liabilities</b>		
Accounts payable and accrued liabilities (Note 4)	226 054	114 194
Vacation pay and compensatory leave	123 317	146 546
Employee future benefits (Note 6)	197 211	179 001
<b>Total liabilities</b>	<b>546 582</b>	<b>439 741</b>
<b>Equity of Canada</b>	<b>-402 153</b>	<b>-268 977</b>
<b>TOTAL</b>	<b>144 429</b>	<b>170 764</b>

Contractual obligations (Note 7)

*The accompanying notes form an integral part of these financial statements*



**Copyright Board of Canada**  
**Statement of Equity of Canada (unaudited)**  
**For the year ended March 31**  
*(in dollars)*

	<u>2008</u>	<u>2007</u>
<b>Equity of Canada, beginning of year</b>	-268,977	-239,059
Net cost of operations	-2,834,475	-2,728,439
Current year appropriations used (Note 3)	2,520,656	2,363,564
Refund of previous year expenditures	-13,244	-76
Change in net position in the Consolidated Revenue Fund (Note 3)	-127,156	2,469
Services provided without charge (Note 8)	321,043	332,564
<b>Equity of Canada, end of year</b>	<u><u><b>-402,153</b></u></u>	<u><u><b>-268,977</b></u></u>

*The accompanying notes form an integral part of these financial statements*

**Copyright Board of Canada**  
**Statement of Cash Flow (unaudited)**  
**For the year ended March 31**  
*(in dollars)*

	<u>2008</u>	<u>2007</u>
<b>Operating activities</b>		
<b>Net cost of operations</b>	<b>2,834,475</b>	<b>2,728,439</b>
<b>Non cash items:</b>		
Services provided without charge (Note 8)	-321,043	-332,564
Amortization of tangible capital assets (Note 5)	-11,039	-11,039
<b>Variations in Statement of Financial Position:</b>		
Increase in liabilities	-106,841	-13,098
Decrease in receivables	-15,296	-5,781
 <b>Cash used by operating activities</b>	 <b><u>2,380,256</u></b>	 <b><u>2,365,957</u></b>
 <b>Financing activities</b>		
Net cash provided by Government of Canada	<b><u>2,380,256</u></b>	<b><u>2,365,957</u></b>

The accompanying notes form an integral part of these financial statements

## Copyright Board of Canada

### Notes to the Financial Statements (unaudited)

#### 1 - Authority and Objectives

The Copyright Board of Canada is an independent administrative agency which has been conferred department status for purposes of the *Financial Administration Act*. Its mandate stems from the *Copyright Act*.

The Copyright Board of Canada plays a major role in the collective administration of copyright, particularly where the public performance and the communication to the public, by telecommunication, of musical works, as well as the retransmission of distant radio and television signals are concerned. The Board plays a surveillance role in three ways with respect to collective societies which administer very large repertoires of work created by a multitude of originators both in Canada and in other countries: as an economic regulatory body, by approving tariff proposals by the various copyright collective societies; as an arbitrator in private disputes; and as an arbitrator of the public interest.

The Board's principal mandate is to set royalties which are fair and reasonable for both copyright owners and the users of copyright-protected works, as well as issuing non-exclusive licences authorizing the fully legal use of works when the copyright owner cannot be located.

The Board reports annually to Parliament through the Minister of Industry.

#### 2 - Summary of Significant Accounting Policies

The financial statements have been prepared in accordance with accounting standards issued by the Treasury Board of Canada Secretariat which are consistent with Canadian generally accepted accounting principles for the public sector.

Significant accounting policies are as follows:

(a) Parliamentary appropriations — the Department is financed by the Government of Canada through Parliamentary appropriations. Appropriations provided to the department do not parallel financial reporting according to generally accepted accounting principles since appropriations are primarily based on cash flow requirements. Consequently, items recognized in the statement of operations and the statement of financial position are not necessarily the same as those provided through appropriations from Parliament. Note 3 provides a high-level reconciliation between the two bases of reporting.

(b) Net Cash Provided by Government — The department operates within the Consolidated Revenue Fund (CRF). The CRF is administered by the Receiver General for Canada. All cash received by the department is deposited to the CRF and all cash disbursements made by the department are paid from the CRF. The net cash provided by Government is the difference between all cash receipts and all cash disbursements including transactions between departments of the federal government.

(c) Change in net position in the Consolidated Revenue Fund is the difference between the net cash provided by the Government and appropriations used in the year, excluding the amount of non-responsible revenue recorded by the department. It results from timing between when a transaction affects appropriations and when it is processed through the CRF.

(d) Revenues — Revenues are accounted for in the period in which the underlying transaction or event occurred that gave rise to the revenues.

(e) Expenses — Expenses are recorded on the accrual basis:

- Vacation pay and compensatory leave are expensed as the benefits accrue to employees under their respective terms of employment.
- Services provided without charge by other government departments for accommodation, the employer's contribution to the health and dental insurance plans and legal services are recorded as operating expenses at their estimated cost.

(f) Employee future benefits

- I. Pension benefits: Eligible employees participate in the Public Service Pension Plan, a multiemployer plan administered by the Government of Canada. The department's contributions to the Plan are charged to expenses in the year incurred and represent the total departmental obligation to the Plan. Current legislation does not require the department to make contributions for any actuarial deficiencies of the Plan.
- II. Severance benefits: Employees are entitled to severance benefits under labour contracts or conditions of employment. These benefits are accrued as employees render the services necessary to earn them. The obligation relating to the benefits earned by employees is calculated using information derived from the results of the actuarially determined liability for employee severance benefits for the Government as a whole.

(g) Account receivables are stated at amounts expected to be ultimately realized; a provision is made for receivables where recovery is considered uncertain.

(h) Tangible capital assets — All tangible capital assets and leasehold improvements having an initial cost of \$10,000 or more are recorded at their acquisition cost. The department does not capitalize intangibles, works of art and historical treasures that have cultural, aesthetic or historical value, assets located on Indian Reserves and museum collections.

Amortization of tangible capital assets is done on a straight-line basis over the estimated useful life of the assets as follows:

<u>Asset</u>	<u>Amortization period</u>
Machinery and Equipment	10 years

(i) Measurement uncertainty — The preparation of these financial statements in accordance with accounting standards issued by the Treasury Board of Canada Secretariat which are consistent with Canadian generally accepted accounting principles for the public sector requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses reported in the financial statements. At the time of preparation of these statements, management believes the estimates and assumptions to be reasonable. The most significant items where estimates are used are the liability for employee severance benefits and the useful life of tangible capital assets. Actual results could differ from those estimated. Management's estimates are reviewed periodically and, as adjustments become necessary, they are recorded in the financial statements in the year they become known.

### 3 - Parliamentary Appropriations

The Department receives most of its funding through annual Parliamentary appropriations. Items recognized in the statement of operations and the statement of financial position in one year may be funded through Parliamentary appropriations in prior, current or future years. Accordingly, the Department has different net results of operations for the year on a government funding basis than on an accrual accounting basis. The differences between net results of operations and appropriations are reconciled in the following tables.

#### 3a) Reconciliation of net cost of appropriations to current year appropriations used

(in dollars)

	<u>2008</u>	<u>2007</u>
<b>Net cost of operations</b>	2 834 475	2 728 439
Adjustments for items affecting net cost of operations but not affecting appropriations:		
Add (Less):		
Services received without charge (Note 8)	-321 043	-332 564
Employee severance benefits (Note 6)	-18 210	1 079
Amortization of tangible capital assets (Note 5)	-11 039	-11 039
Vacation pay and compensatory leave	23 229	-22 427
Refund of previous year expenditures	13 244	76
	<u>-313 819</u>	<u>-364 875</u>
<b>Current year appropriations used</b>	<u><b>2 520 656</b></u>	<u><b>2 363 564</b></u>

#### 3b) Appropriations provided and used

(in dollars)

	<u>2008</u>	<u>2007</u>
Vote 50 - Operating expenditures	2 430 700	2 407 300
Statutory Amounts	235 047	223 607
Less:		
Lapsed appropriations: Operating	-145 091	-267 343
<b>Current year appropriations used</b>	<u><b>2 520 656</b></u>	<u><b>2 363 564</b></u>

**3c) Reconciliation of net cash provided by Government to current year appropriations used**

<i>(in dollars)</i>	<b>2008</b>	<b>2007</b>
<b>Net cash provided by Government of Canada</b>	2 380 256	2 365 957
Refund of previous year expenditures	13 244	76
Change in net position in the Consolidated Revenue Fund		
Variation in accounts payable and accrued liabilities	111 860	-8 250
Variation in accounts receivable and advances	15 296	5 781
Other adjustments	127 156	-2 469
<b>Current year appropriations used</b>	<b>2 520 656</b>	<b>2 363 564</b>

**4. Accounts payable and accrued liabilities**

<i>(in dollars)</i>	<b>2008</b>	<b>2007</b>
External		
Accrued liabilities	175 939	62 975
Accrued salaries and wages	41 863	30 082
<b>Total External</b>	<b>217 802</b>	<b>93 057</b>
Other Federal Government departments	8 252	21 137
<b>Total Accounts payable and accrued liabilities</b>	<b>226 054</b>	<b>114 194</b>

**5. Tangible Capital assets**

*(in dollars)*

Capital asset class	Cost		Accumulated amortization			2008	2007
	Opening balance	Closing balance	Opening Balance	Amortization	Closing Balance	Net book value	Net book value
Machinery and equipment	158,827	158,827	72,635	11,039	83,674	75,153	86,192
<b>Total</b>	<b>158,827</b>	<b>158,827</b>	<b>72,635</b>	<b>11,039</b>	<b>83,674</b>	<b>75,153</b>	<b>86,192</b>

\*Amortization expense for the year ended March 31, 2008 is \$11,039 (2007: \$11,039)

## 6. Employee Benefits

(a) Pension benefits: The department's employees participate in the Public Service Pension Plan, which is sponsored and administered by the Government of Canada. Pension benefits accrue up to a maximum period of 35 years at a rate of 2 percent per year of pensionable service, times the average of the best five consecutive years of earnings. The benefits are integrated with Canada/Québec Pension Plans benefits and they are indexed to inflation.

Both the employees and the department contribute to the cost of the Plan. The 2007-2008 expense amounts to \$235,047 (\$223,231 in 2006-2007), which represents approximately 2.1 (2.2 in 2006-2007) times the contributions by employees.

The department's responsibility with regard to the Plan is limited to its contributions. Actuarial surpluses or deficiencies are recognized in the financial statements of the Government of Canada, as the Plan's sponsor.

(b) Severance benefits: The department provides severance benefits to its employees based on eligibility, years of service and final salary. These severance benefits are not pre-funded. Benefits will be paid from future appropriations. Information about the severance benefits, measured as at March 31, is as follows:

<i>(in dollars)</i>	<u>2008</u>	<u>2007</u>
Accrued benefit obligation, beginning of year	179,001	180,080
Expense for the year	18,331	10,740
Benefits paid during the year	-121	-11,819
<b>Accrued benefit obligation, end of year</b>	<b><u>197,211</u></b>	<b><u>179,001</u></b>

## 7. Contractual Obligations

The nature of the department's activities can result in some large multi-year contracts and obligations whereby the department will be obligated to make future payments when the services/goods are received. Significant contractual obligations that can be reasonably estimated are summarized as follows:

<i>(in dollars)</i>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013 and thereafter</b>	<b>Total</b>
Acquisition of goods and services	375,077	6,353	5,417	4,748	812	392,407
Employer contributions	224,674	0	0	0	0	224,674
<b>Total</b>	<b>599,751</b>	<b>6,353</b>	<b>5,417</b>	<b>4,748</b>	<b>812</b>	<b>617,081</b>

## 8. Related party transactions

The department is related as a result of common ownership to all Government of Canada departments, agencies, and Crown corporations. The department enters into transactions with these entities in the normal course of business and on normal trade terms. Also, during the year, the department received services, which were obtained without charge from other Government departments as presented in part (a).

(a) Services provided without charge:

During the year the department received without charge from other departments, accommodation and the employer's contribution to the health and dental insurance plans. These services without charge have been recognized in the department's Statement of Operations as follows:

Services Provided without charge  
(in dollars)

	<u>2008</u>	<u>2007</u>
Accommodation	216,260	230,000
Employer's contribution to the insurance plans	104,783	102,564
<b>Total</b>	<b><u>321,043</u></b>	<b><u>332,564</u></b>

The Government has structured some of its administrative activities for efficiency and cost-effectiveness purposes so that one department performs these on behalf of all without charge. The costs of these services, which include payroll and cheque issuance services provided by Public Works and Government Services Canada, are not included as an expense in the department's Statement of Operations.

(b) Receivables outstanding at year-end with related parties:

<i>(in dollars)</i>	<u>2008</u>	<u>2007</u>
Receivables from other Federal Government departments	69,276	84,572

## 9. Comparative Information

Comparative figures have been reclassified to conform to the current year's presentation.



## **SECTION IV: OTHER ITEMS OF INTEREST**

### **Organizational Information**

#### **Role**

The Board is an economic regulatory body empowered to establish, either mandatorily or at the request of an interested party, the royalties to be paid for the use of copyrighted works, when the administration of such copyright is entrusted to a copyright collective society. Moreover, the Board supervises agreements between users and licensing bodies, issues licences when the copyright owner cannot be located, and may determine the compensation to be paid by a copyright owner to a user when there is a risk that the coming into force of a new copyright might adversely affect the latter.

The Board has powers of a substantive and procedural nature. Some powers are granted to the Board expressly in the *Act*, and some are implicitly recognized by the courts. The Board is a court of record and has powers to hold hearings and issue subpoenas.

#### **Responsibilities and Organization**

Board members are appointed by the Governor in Council to hold office during good behaviour for a term not exceeding five years. They may be reappointed once.

The *Act* requires that the Chairman must be a judge, either sitting or retired, of a superior, county or district court. The Chairman directs the work of the Board and apportions its caseload among the members.

The *Act* also designates the Vice-Chairman as Chief Executive Officer of the Board. He or she exercises direction over the Board and supervises its staff.

The organizational structure of the Board follows the requirements set out in section 66 and following sections of the *Act*.

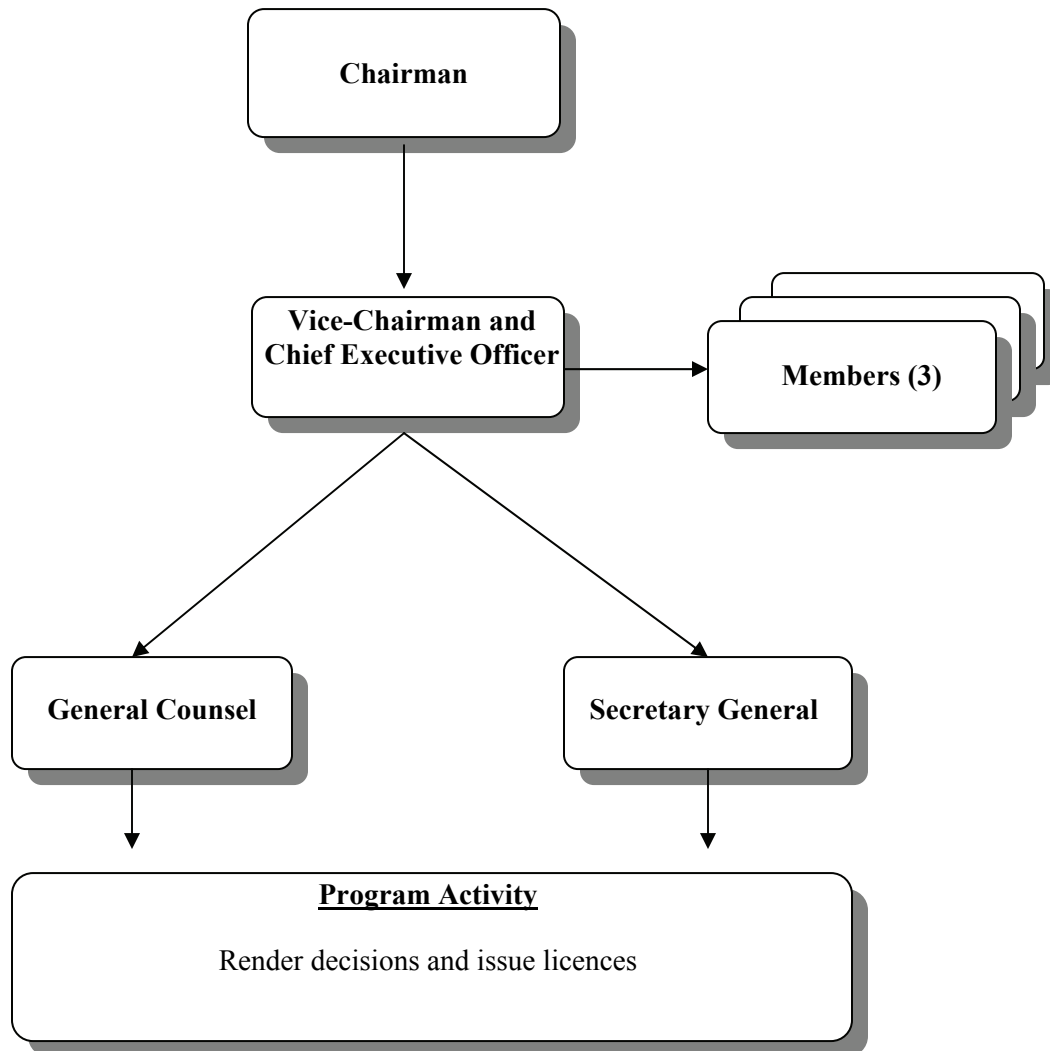
#### **The Board's Staff**

The Board has a staff of twelve employees, two of whom report to the Chief Executive Officer: the Secretary General and the General Counsel.

The Secretary General plans the Board's operations, serves as its Registrar, represents the Board in its relations with members of parliament, provincial governments, the media and the public and directs the preparation of the Board's reports to Parliament and to the federal government's central agencies. The Secretary General is also responsible for managing and directing the economic research, analysis and planning functions as well as the registry and administrative and financial support functions.

The General Counsel provides legal advice on tariff and licence applications before the Board. The General Counsel also represents the Board before the Courts in matters involving its jurisdiction.

## Organizational Structure of the Board



The Board has 17 Full-Time Equivalents (5 Governor in Council appointees and 12 employees).