



July 22, 2016

[CB-CDA 2016-076]

**File: Private Copying Tariff, 2017**

### NOTICE OF THE BOARD

The Board takes note of Exhibit CPCC-1, paragraphs 36-40. These paragraphs constitute the entirety of CPCC's filing on the question of the valuation of the levy. Accordingly, the Board invites the CPCC to supply the following in relation to valuation of the private copying levy and its apportionment.

1. The Board invites CPCC to supply any additional evidence in support of the proposed levy of \$0.29. This can take the form of a pricing model or other forms of evidence.

The Board asks CPCC to bear the following paragraph in mind when answering question 1:

Just as CDs are reaching the end of their cycle, we conclude that the usefulness of the Stohn/Audley model has run its course. Consequently, we will therefore no longer use this model. (*Private Copying 2012-2014*, at para. 41)

2. According to evidence filed by CPCC, most private copying occurs on devices and non-qualifying media.

(a) Please file an updated version of the Music Monitor Tables, as found in Exhibit CPCC-3B of *Private Copying 2015-2016*.

(b) Please comment on whether, and how, the availability of media and devices for copying music without a levy has an effect on the price a consumer is willing to pay to copy music onto CDs; and whether, and how, this should affect the Board's pricing of the levy on CDs. Assume that CDs continue to qualify as an "audio recording medium," and that some degree of pass-through of the levy to the consumer.

3. In *Private Copying* decisions covering 2001 through 2010, the Board discussed the ancillary nature of private copying based on the concept of declining marginal utility of subsequent copies. In *Private Copying 2001-2002*, the Board noted that "one-half of private copies are second copies for the person making them." (p. 12) As this proportion changed over the years, the new figures were used in the Stohn-Audley model, yielding a blended discount for the ancillary nature of private copying.

The Board's preliminary view is that the correct way to measure the ancillary nature of private copying has changed since 2001. It is possible that an individual who copies sound recordings

onto a CD already has a copy of this sound recording on a device or non-qualifying medium, or has access to this sound recording through an on-demand streaming service. If this is the case, it is possible that the private copy made onto a CD is an ancillary private copy, regardless of whether the copier owns a CD copy or not.

(a) Please supply data on the use of multiple media or devices based on the Music Monitor Survey (or other suitable data source), for several years if possible. To be specific, please indicate the percentage of individuals who copied sound recordings onto CDs who also copied sound recordings onto other devices or media, qualifying or not, broken down by individual medium or device. Please also supply the distribution of the number of additional devices or media, qualifying or not, used by an individual who copied sound recording onto CDs.

(b) Please comment in detail on the Board's preliminary view.

(c) Please indicate the extent to which your answer to (a) suggests a valuation different than \$0.29.

4. Comment in detail on the appropriate apportionment between authors, performers, and makers.

CPCC is to answer these questions by **Thursday, September 1, 2016**.



Gilles McDougall  
Secretary General