



Digital, Culture, Media and Sport Committee

Oral evidence: Economics of music streaming: follow-up, HC 874

Tuesday 15 November 2022

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Watch the meeting

Members present: Julian Knight (Chair); Kevin Brennan; Clive Efford; Julie Elliott; Damian Green; Dr Rupa Huq; Simon Jupp; Jane Stevenson; Giles Watling.

Questions 1 - 100

Witnesses

I: Dr Hayleigh Boshier, Senior Lecturer in Intellectual Property Law, Brunei University; Chris Cooke, founder and Managing Director, CMU; and Will Page, visiting fellow, London School of Economics.

II: Tom Gray, Chair, The Ivors Academy; Naomi Pohl, General Secretary, Musicians' Union; and Geoff Taylor, Chief Executive, BPI.

Written evidence from witnesses:

– [Add names of witnesses and hyperlink to submissions]



Examination of witnesses

Witnesses: Dr Hayleigh Boshier, Chris Cooke and Will Page.

- Q1 **Chair:** This is the Digital, Culture, Media and Sport Select Committee and this is a special one-off hearing into the economics of music streaming. Just to remind the viewing public—all two of them—we did a report into this around a year ago now, where we recommended some changes, and this led to a CMA investigation of the issue. What we want to do at this juncture is to revisit and just see where we are and what is next for this crucial industry in the UK economy.

We are joined by two panels today. Our first panel consists of Hayleigh Boshier, senior lecturer at Brunel University; Will Page, visiting fellow, London School of Economics; and Chris Cooke, founder and MD at CMU. Hayleigh, Chris and Will, thank you very much for joining us today.

Before we begin I am going to ask Members for any declarations. Jane Stevenson.

Jane Stevenson: I was, a long time ago, a member of the Musicians' Union and the ISM as well.

Kevin Brennan: I am a member of the Musicians' Union and have received support from them at election time. I am also a member of the Ivors Academy. I have received hospitality from the BPI, who are appearing later before us. If I have forgotten anything, I will declare it later on, Chair, if something else comes to mind.

Chair: Yes, that is fine. I think that is enough. Brilliant. Anyone else? No, fine. Our first questions today are going to come from Kevin Brennan.

- Q2 **Kevin Brennan:** Sorry, one thing I had forgotten was I have received some small royalties for songwriting from PRS for Music.

Dr Boshier, as the Chair mentioned, our report came out in July 2022, I think it was, and it set in train quite a number of different workstreams and activities, both in the industry and in Government entities. What is your assessment, as someone who pays close attention to this sort of thing, of whether or not that reset we were calling for is under way and where that work has got to since our report came out?

Dr Boshier: As you will know, the report was substantive and offered some really big changes. The Government responded to those recommendations, largely agreeing, and then a programme was set out whereby the UK IPO got together a contact group of industry stakeholders, and it also set up two working groups, one on contract transparency and one on data. There have been small steps taken in the right direction. However, we have not seen any public outcomes, and a lot of the things that were set out in the recommendations of your report and then agreed upon by the Government have not come to fruition since the last inquiry.

- Q3 **Kevin Brennan:** Can you remind the Committee—obviously for the



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public record, if you like—of the sort of recommendations that we made in our report that were being considered by these working groups and research projects within the Intellectual Property Office and where that is at?

Dr Boshier: Yes. Equitable remuneration was recommended by the Committee, and then the Government said they would look into it more. The UK IPO commissioned some research on that, and the research is still ongoing and has been delayed, so we have not seen any outcome of that. There was not a working group set up on remuneration. I think there probably should have been because conversations have not been going on specifically looking at fair remuneration. The research is supposed to inform that discussion, but you can start those conversations without that, because it is not going to offer you an answer—it is offering you information to help you with those discussions and negotiations. So there was equitable remuneration.

Two other research studies were commissioned by the UK IPO. One was on contract transparency and rights revocation, both off the back of recommendations made by the Committee and agreement from the Government that these recommendations needed further investigation. Those research projects are very nearly completed. They are a lot further along than the ER one. They are currently under academic review, and then they will go back to the working groups to discuss. Again, they don't offer answers; they offer information to help inform the discussions. Discussions and negotiations should be going on in the working groups and the contact group to move things forward.

On transparency and rights revocation, where you can get your rights back after a certain period of time, and transparency and data requirements around information to do with codes of songs, there are lots of different things where this research will help inform those discussions, but that is again still ongoing.

There are some things that were recommended in the report where we have not seen anything at all happen. For instance, one of the things that you recommended was that the Government look into the safe harbour provision and the impact on YouTube. The Government said, "Yes, we should look into that" and didn't do anything else, and we have not seen anything happen there.

There was also a small recommendation around playlisters, and it was referred to the Advertising Standards Agency, and Ofcom confirmed that they do regulate playlisting on radio. For instance, you can't receive remuneration for playlisting on radio, but they cannot regulate streaming. So that was acknowledged, but, again, nothing has happened there.

If you wrote a list of all your recommendations and all the Government responses where they say, "We agree" and/or "We will do some research into that area," the steps we have seen are that these working groups have been set up; nothing official has come out of those yet. They have also been closed off, so we don't know what is going on. They have not been reporting on what they have been doing. We do not even know



publicly who is involved in those groups. The research is ongoing, but there has been a delay, and we have not seen any firm, concrete outcomes that follow up from your recommendations.

Q4 Kevin Brennan: The Government did say in the House of Commons that it expected to make a full response on all of this by last September. Clearly, from what you are outlining, we are quite a long way from that commitment being able to be fulfilled.

Obviously, my next question is, what do you think we, as a Committee, should do after taking the temperature today about where our report Home Secretary got to in relation to—if we chose to—perhaps issuing some kind of mini-report to say, “We note where we got to, and this is what should happen next”?

Dr Boshier: It is really important to continue the Government pressure here and for the Committee to acknowledge that you still stand behind all the recommendations that you made and that you are still expecting outcomes here. Although the processes have taken longer than expected and all the deadlines that were committed to have been missed, what we don't want to happen is that the process just gets lost and we don't see any outcomes.

There are things that you could do. For instance, there should be a ministerial presence in the working groups. I think that the working groups should have a reporting responsibility. At the minute, we do not know what their agendas are, we do not know who is in the groups—“we” being the public—and I think they could be much more transparent about what they have been up to in this last year. That could be very helpful.

It is also important for the Government to reiterate that if negotiations do not become fruitful and agreements are not met, they will legislate, which is what they did say would happen. I think it is important to remind everybody that that is the position.

Q5 Kevin Brennan: Thank you. Briefly, because other members will want to come in, Mr Cooke, I think you are a member of one of the working groups, even though, as Dr Boshier said, we don't know all the make-up of them. Just generally responding to what I have been asking, what is your view about how the process is going and where we should go from here?

Chris Cooke: I would agree very much with Hayleigh that we are not yet at the point where we have a list of outcomes that we can review in response. To quickly summarise, as Hayleigh said, there are basically three tracks of work that the IPO instigated a year ago because, obviously, the economics of the music streaming debate are actually a lot of different debates. I think that was a good idea—to separate out the different issues and different debates.

Very quickly in terms of the working groups, I am a member of the transparency working group and also, through some of my consultancy work, I have had some insight into the data working group. I think it is those two working groups where we have seen the most progression.



They are not yet at the point of having outcomes, but I think we will see some outcomes early in the new year. I do not think there are any sinister reasons why it has taken longer to get to where we are. It is a step-by-step process.

In terms of what those working groups are, they are made up of experts from across the industry. The various trade organisations were invited to nominate people to those working groups, and indeed people could put themselves forward. The transparency working group has representatives from the music maker side—artists and songwriters, lawyers and managers—and also from labels, publishers and PRS. I think the data working group is slightly more operational, with data experts, as you would expect.

In terms of where we are at with progress, on the transparency working group the ambition is to have a code that comes out that labels, publishers and others sign up to, where they set themselves the obligation of being more transparent about certain aspects of the streaming business. I was involved in putting together a wish list on behalf of artists, writers and managers of all the data and information they would like, and that has informed the code.

Q6 Kevin Brennan: When do you think we will see the code?

Chris Cooke: We are hoping it will be early 2023, so it is a work in progress. There was an initial version, then the Council of Music Makers—which brings together the artist, writer and manager organisations, who are pretty much in agreement on all of this—made a number of proposed amendments, and we are now in what we hope is the final phase.

Q7 Kevin Brennan: Early 2023 in civil service talk probably means August. Are we talking about the first two or three months of the year?

Chris Cooke: I would hope so. That said, some people in the working group are aware of the deadlines that you and the Government set and have been eager to escalate things. I personally believe that this is a big issue. The fact that we have people around the table—and that is thanks to your report—is a big step forward, so getting it right, even if it takes a couple more months—

Q8 Kevin Brennan: What is your response to Dr Boshers' point that perhaps there needs to be a bit more stick in the room in terms of ministerial interest in this work to get it moving? Would that be helpful? Perhaps not stick, but governmental engagement.

Chris Cooke: The Intellectual Property Office is very much involved in those sessions, and I think the IPO presence, in terms of providing structure and deadlines, has been very useful. We may get to the point with both the working groups where there is a list of sticking points—where there is not agreement—and I think that is the point at which more solid Government intervention may be needed.

Q9 Kevin Brennan: I do not want to hog too much time, but am I right in saying that we don't know publicly who the members of the transparency group are? Am I right in saying that?



Dr Boshier: That is correct.

Chris Cooke: I don't actually know that, but that is what Hayleigh is saying.

Q10 **Kevin Brennan:** That is correct.

Mr Page, welcome. Nice to see you again. Briefly, because other members will come in and you will have other opportunities, but just on this part of the discussion, do you have anything you want to add to what has been said?

Will Page: Two things. First, I would say there is a problem with transparency. I think it is an external point. Internally, if you are a member of the BPI, you are briefed on these events. If you are outside of those rooms, you have no visibility on what is happening. I think that could be corrected with an external communication strategy very quickly.

Secondly, if I could present one point to the Committee, I think the problem that these working groups and this Committee are trying to solve is one of supply. When I originally submitted my evidence in 2020, I announced that the number of artists in the UK had more than doubled since Spotify launched in 2009. I am pleased to say that, in the time that has passed since these working groups have been taking place, it has now trebled. If I apply my Government economic training, the music industry is making more money, but it just has way more mouths to feed. I think that is the arch for these working groups and this Committee to be considering.

Kevin Brennan: Of course, and our main interest is in people. It is not in the very, very long tail of all of this, but in the squeezed middle, if you like.

Will Page: The torso.

Kevin Brennan: Yes, exactly, to coin a phrase.

Q11 **Chair:** I will come to Simon in a second, but just to follow up, Chris, we noted there that we do not actually know the members of the transparency working group. You are a member of one of the working groups. You are there in order to, effectively, put the wish list together, as you said, for artists in the industry. Where are the main sticking points right now, or is this a bit like "Fight Club", and you can't talk about it?

Chris Cooke: There are two sides to the ongoing debate. One is that there is some data and information where there is resistance to sharing that information. Some of that is legitimate—there are obviously good reasons why some of the deals between Spotify and the music industry are confidential—but I think there is a push on the part of artists, writers and their managers—

Q12 **Chair:** Sorry, does that tension come between the labels themselves—individual labels—or is that as an industry?



Chris Cooke: I suppose, in the context of the working group, it is as an industry. I should stress also, from the services, it is not just the labels in terms of that. Part of it is the data and information that we want. Having said that, the majority of what has been requested is still on the table as part of the negotiation.

The second part is how proactive the industry will be versus, "We will answer these questions when we are asked them." What the artists, writers and managers have been pushing for is that a lot of this information should just be available. Rather than having to phone up a label and ask these questions individually, there should be an FAQ available that explains how TikTok money is distributed, for example.

I guess what we are currently at the stage of is finalising where there are some sticking points on exact data and information and pushing back on that. We have had conversations, and I think we are moving in the right direction regarding being proactive rather than reactive with a decent portion of transparency.

There is still work to be done, but I am lightly optimistic that we will get a code that results in some tangible change on the transparency side at least.

Q13 **Chair:** It all reminds me a little of financial services when they were having arguments about exactly how to define APR. That was about 20 years ago, I think. They were asked to define it, and no one could do it in front of the Treasury Select Committee.

You say the majority of the information is on the table, but what isn't on the table and what is still resistant?

Chris Cooke: I think the thing that is not on the table is the specific deal terms. What is at the heart of a Spotify deal, an Apple deal or an Amazon deal is a revenue-share arrangement. What is the exact revenue-share arrangement? There has been resistance from the labels, the publishers and indeed the streaming services in making that data available, for confidentiality reasons and also competition law reasons. With perhaps the exception of accountants auditing, I think the artist, writer and management community are not particularly pushing for that information. They respect that deals need to be confidential and that labels can get a better deal with that confidence. Perhaps the exception to that will be accountants auditing royalties.

In terms of the structure of the deal, I think we are seeing some willingness on behalf of both the services and the labels to share more information. As I say, it is still a work in progress, but I think we are going to get some information next year that we have not had previously.

Q14 **Simon Jupp:** Will, a moment ago you talked about how the amount of money is being shared a lot more by more people in the music industry. I want to touch on the state of the music economy at the moment and on spending habits. From your point of view, are people still buying music in the same way, signing up to streaming services and things like that? How has the trend changed over the last couple of years and since our report,



in particular?

Will Page: That is a great question, and it is timely because I think the original Committee happened during a pandemic crisis and now are in a cost of living crisis, so we have a tale of two crises. To illustrate my answer, if we go back to 2014, when Spotify took off in the UK, we saw two interesting things happen. First, spend on recorded music started to grow, but secondly, spend on live music started to grow with it, suggesting these were complementary goods—gin and tonic, not different brands of gin. So the more you pay for streaming, the more you pay for concert tickets. We went through this interesting period between 2014 and 2019 where music was getting an increasing share of an increasing wallet. Disposable incomes were growing and music was getting a bigger share of those bigger wallets of disposable income.

Crisis No. 1 hits, and we have two ships passing each other in the night. Streaming takes off as a stay-at-home stock, as it was labelled, whereas live music was silenced. Now that we are in crisis No. 2, what we have seen is that live music has bounced back. I have to say that it is a bit of a lopsided bounce-back; it is very much stadiums and festivals. Wembley stadium this year had more concerts than football matches, which is interesting.

So we have this bounce-back of live and this continuing recovery of recorded, but when you apply the spending squeeze, we have gone from getting an increasing share of an increasing wallet to perhaps holding a constant share of a shrinking wallet. So these are very uncertain times. To colour it, perhaps people unsubscribe from Netflix, but they don't unsubscribe from Spotify; they cancel a European holiday, but they don't cancel that trip to Glastonbury. I am confident they can get through, but these are definitely challenging times.

Simon Jupp: If they can get tickets to Glastonbury, obviously—not that I have ever tried to apply. Chris, same question for you, from your point of view.

Chris Cooke: On the copyright side of the industry, I always defer to Will's study on this, the most recent one of which was published a couple of weeks ago on music copyright revenues continuing to grow, and that is predominantly pushed by the streaming boom. It is worth stressing that we are not here to talk about the live side of the industry, but the live side of the industry is still really struggling. It is not a case that the pandemic ended and live returned. At the upper level, things are going well, but in the middle level, people are struggling and costs are surging.

Live has always been a top-heavy business because of its economies of scale. The grassroots always struggles, but we are starting to see the middle level struggle too. I think, even though the pandemic is over, artists who rely on touring income as a significant part of their revenue, if they are at the middle level, are under as much pressure at the moment as they were 18 months ago.

Simon Jupp: Hayleigh, the same question: what do you think has



happened over the last 12, 18, 24 months?

Dr Boshier: I would agree with Chris in terms of live. As Will said, the top level is coming back, but there is a lot of struggle at the mid-level. In terms of what else has changed, the price of Spotify remains the same, although Apple Music did increase by £1. Amazon in many ways almost decreased; they informed their users, "We had 2 million songs in our catalogue, but for the same price, at no extra cost, you can have 70 million—68 million songs at no extra price." In terms of the price of the streaming services, we are still seeing that.

On what Will said about more mouths to feed, I think that is true, but we are also seeing more subscribers. In one year, Spotify had 30 million new paying subscribers. So we have more mouths to feed, but we have more people also subscribing.

Q15 **Simon Jupp:** Is that the covid effect? Obviously, people were at home for the best part of a year and a half in some cases on furlough or working from home. As working trends change, do you think that has been a big impact on streaming platforms?

Dr Boshier: I would say it had an impact, for sure, but that is one piece of data from one streaming platform. We have seen a steady increase in subscriptions across all platforms for 10 years. Yes, there was a dramatic increase during the pandemic but, at the same time, we are seeing a steady increase every year. There are new subscribers to every streaming platform, so it is a growing market.

Q16 **Simon Jupp:** Is there one that people tend to go to more than others? People tend to stick to one and then just don't leave, because you create playlists and you cannot change them—all that kind of stuff. That is my very vague understanding of it, as someone who is signed up to Spotify, to be very clear to you.

Dr Boshier: Yes, Spotify and YouTube are the two most popular music streaming platforms.

Q17 **Simon Jupp:** Chris, from your point of view, in terms of the impact of covid, with people staying at home, and in some cases working from home or in some cases not working from home, what was the impact for you guys?

Chris Cooke: Certainly, as you say, there was an uplift in home entertainment during that time, and I think the streaming services benefited from that. There have been concerns expressed. Do we then see the fall that I think you were alluding to post pandemic? I think that is being seen more on the video streaming side than it is on the music streaming side. The video streaming model is different because they compete on catalogue rather than experience. It does feel at the moment that, in terms of music streaming, yes, it is the premium subscribers where the money is really made, and less so the free subscribers, but all of those are continuing to grow. The user-generated content platforms are also a really important growth revenue stream. YouTube is the most obvious, but obviously TikTok has been the really buzzy platform.



In terms of the music industry's frustrations with its licensing deals, whereas maybe five years ago the frustration was with YouTube, I feel that that frustration is not there so much anymore, because of various things that YouTube has done. As TikTok comes to renegotiate its licensing deals, I think there is a feeling that the music industry should be sharing more of the profits of that success story.

So, yes, premium streaming is still where the most money is made, but the user-generated content platforms are important as well in terms of growth, and they are more complicated, so there is even more need for transparency.

Q18 Simon Jupp: Understood. Will, the same question to you about the impact of covid on streaming, and now that we are heading into this cost of living, what the impact will look like in the future.

Will Page: There are two words I would like to introduce, which are herbivores and carnivores. If you think about the last 10 years of music streaming, you have had a herbivore market. As Hayleigh pointed out, everyone seems to be growing and nobody is stealing each other's market. Amazon is up, Spotify is up, Apple is up and YouTube is up. But when you reach that saturation point, the herbivores turn into carnivores. It is much akin to how you might want to regulate the telco market, where the only way I can grow my subscribers is by stealing someone else's.

I think what we have seen is an acceleration of growth that was already in place, but the Committee should aware that there will be that tipping point, where we go from herbivores to carnivores and market stealing becomes the domain, as opposed to market growing. I think this acceleration brings that saturation point even closer.

Simon Jupp: Thank you. You have just made me hungry, but anyway, I will hand back to the Chair.

Q19 Chair: To follow up on that, in terms of those cross-currents you have just mentioned, would you say that Spotify is potentially more liable to—that they, effectively, could be more damaged by these cross-currents?

Will Page: It is worth thinking about Spotify in terms of its greatest strength. It is largely—almost entirely—music focused, but its greatest weakness is it does not have hardware sales to cross-subsidise with, it does not have search revenue to cross-subsidise with and it does not have Amazon Prime to cross-subsidise with, so it is a standalone music entity. Since the launch of Rhapsody in 2002, I have yet to see a standalone music streaming service become profitable, which is interesting.

If you look at bundling, I think of James Barksdale's famous remark: "Ladies and Gentlemen, there are two ways to make money: bundling and unbundling". What we are also seeing now is a lot of bundling taking place. If you look at Apple One, it is a fantastic offer: music, games, TV, news, storage and fitness all for one price. That is an interesting way of selling convenience to the customer, and I think that is an interesting



way in which you will see these different platforms compete. But, again, to reiterate, currently we are in a herbivore market. When it turns to carnivores, that bundling factor is going to be much more relevant.

Q20 Chair: Of course Spotify, in terms of its business model, has to keep growing because of the investors that are involved in it—the private equity etc. Therefore, if it doesn't continue to bring on those premium subscribers, and also when they are part of a bundle like they are with some phone contracts, it could find matters very difficult indeed.

Will Page: I might describe tech companies as bicycles: if they don't move forward, they fall over.

Q21 Chair: Mr Cooke, during our inquiry we were often told, "Wait until live music comes back and then you will see what the economics are." Well, live music has come back, but given what you said about the difficulties that are still there for many people in the industry, it has not come back in the way that would have been envisaged. Therefore, how does the argument now apply when it comes to, "Wait until live music comes back"?

Chris Cooke: As I say, live has always been a top-heavy industry. I think there are some artists, when that narrative was shared during your inquiry, who would have disagreed with it even pre pandemic. Yes, the upper level of live makes a lot of money, but at the grassroots and the middle levels, it is a struggle. What we are currently seeing is that the middle level is more of a struggle because costs are going up, but artists generally don't feel they can increase ticket prices to the same scale as the energy costs and the travel costs have increased.

I guess, in terms of the live industry coming back when we weather the storm of the cost of living and the energy costs, and once the wider economic issues are over—however long that takes—the question is, will the live industry then be back to where it was pre pandemic? Maybe it will, maybe it won't, but it is important to remember for grassroots and even the lower middle that live was never that lucrative. For artists at that level, it is not necessarily the case that there is a cash-cow revenue stream; it is that you have a number of different revenue streams like—

Q22 Chair: The power balance is different, isn't it, when it comes to slightly lower down the food chain, so to speak? You cannot drive the deals that you can do when you are at the top end of things. For example, there was a band that recently outed a venue for taking 40% of merchandise revenue—they have felt that powerlessness. I imagine that, as a result of this pandemic, with rising costs, and also as with the situation with the EU and musicians and with access to EU markets, that has become even more acute now when it comes to the lower end and middle end of live music.

Chris Cooke: Yes. As I say, the lower end always struggled. It has never been easy to make money at the grassroots, but I think it is the middle where, yes, these rising costs are being felt, and that includes Brexit costs, energy costs etc.



On the merchandise commissions that the venues take, I should stress that that does not happen so much at the grassroots; that is more middle level and up. And yes, as with anything in the music industry, a superstar artist, generally, will be able to negotiate a better deal for themselves than an artist operating in the middle tier.

Q23 Clive Efford: I was going to ask about live music venues, but I think I will move on. Can I ask about the consolidation of ticketing companies? What has the impact of that been on live music?

Chris Cooke: It was interesting during the pandemic. There was a period about five years ago when there were a lot of ticketing start-ups coming to market. Entrepreneurs realised how hard it was to launch a streaming service, so they all started launching ticketing services instead. Very few of those have succeeded, and a couple of quite high-profile ones went out of business quite recently on the back of the pandemic. So you do have a ticketing market that is dominated by a small number of players.

One of the challenges with ticketing is that, as a promoter, what you are looking for in a ticketing partner is not just a platform to sell tickets; it is data that you can use for marketing and a company that is in a position to advance you money on shows that have not yet happened. That gives the traditional players, of which the biggest is Ticketmaster, the advantage.

It is hard for new ticketing companies to enter the market. There are a handful out there. DICE would come to mind. They can compete on things like giving the promoters more transparency and having their own audience to promote to, but it is very hard in the ticketing market, because the biggest database and the biggest cash flow with the biggest shows will generally win the business, and that is the Ticketmasters and the See Tickets—the traditional players.

Q24 Clive Efford: Looking at it from the point of view of the consumer rather than the artists themselves, do these monopolies in terms of the ticketing companies benefit the music-going public, or are they being priced out of seeing their favourite bands? In the past, we have seen tickets go on sale for many times their face value. Is there an issue there about this consolidation around ticketing companies that is causing problems for the genuine fan, if you like?

Chris Cooke: Obviously nobody likes the fact that the ticket commission is seemingly charged at the end of the process, and that has always been controversial. I think that is because that is the ticketing company's fee, and the reason why, traditionally, the commission is charged at the end is because of this idea that, maybe, tickets are sold by multiple different platforms and they compete on commission, although where you have one platform that has 80% of the allocation, that doesn't really work.

I think the recent controversy has been around dynamic ticket pricing, which was basically the primary market's response to the second market. Where we had the unofficial sellers using the secondary platforms and selling tickets at a much higher price, we had promoters thinking, "Hang



on a second. We should be charging at that higher price.” So we have seen the development of this dynamic ticketing technology, and Ticketmaster, among others, provide that technology. It is proving controversial, and I think we are starting to see a backlash to that. I guess the question is to what extent the artist is involved in the decision to use that technology and to what extent the promoter of the show is, and that will depend on the scenario.

Q25 Clive Efford: Do you think that the artists can influence that more than they do?

Chris Cooke: Again, at a certain level, yes. Having said that, I think there is an element I am hearing where, because even the biggest artists had two years of no live business, they are seeking to get the biggest advance they can from their shows, for entirely understandable reasons, and then allowing the promoter to recoup that money the best way they can.

Q26 Clive Efford: You were talking about live music and the problems at the lower end. Are we losing smaller venues—smaller theatres and concert halls? Perhaps, Will, you would like to answer that. Is there a crisis in venues for the smaller performances?

Will Page: First, I want to acknowledge the collaboration of PRS for Music, who licence all the live concerts up and down the country. It has provided me with a dataset, which we did not have at the start of this Committee, where we can now model the live music industry. That is very relevant for this Committee—to know there is now an evidence base before you consider policy.

What we learned when I modelled the British live music industry—which, by the way, was largely for the benefit of the bailout fund announced in 2022, and live music insurance announced in 2021—was that festivals and stadium concerts made up 20% to 22% of the live music industry back in 2012, and now it is closer to 45%. In fact, this year it might be half. Half of the British live music industry will be in the stadiums and festivals.

As a consequence, we talk about the body, the torso, the middle of the market is shrinking in absolute and relative terms, so there are fewer concerts generating less revenue than before. We are seeing this growth in the head of the distribution of live music, but at the expense of those smaller venues. Now we have the evidence, that is something we can track over time as well, so that is a great asset for this Committee to know about.

Q27 Clive Efford: As part of another inquiry we are going to look at ABBA Voyage. Is there a new area of competition that is opening up in the music industry, where these back catalogues and historic performances will be competing with artists? Is that a new phenomenon in music that we are going to see more and more of, using new technology?

Will Page: Yes. When we talk about the metaverse, you are going to see a lot of developments in this space. Hyperreal, a US-based tech



company, has recently worked with the hip hop artist, Biggie Smalls, who passed away many years ago, to bring him back to life as well. So it is not just about old catalogue, but deceased artists coming back to life in a metaverse context.

I don't think it is going to compete with the live music experience at all. I think no promoter is worried about the metaverse. It is going to complement and sit alongside it. But it is interesting when you think about how you can realise value in catalogue today with modern technology that you could not do yesterday.

Q28 **Clive Efford:** You don't see ABBA Voyage as being a signpost for the future of live performances from historic groups going way back?

Will Page: I think the passion for standing in muddy fields is going to stay strong.

Q29 **Damian Green:** I apologise for going back to where we started, but I am fascinated by the lack of transparency on the working groups, in case this is exposing an attitude of mind that one would hope we would have moved on from. Who decided that we were not going to know who was on these working groups? Was it the working groups themselves at their first meeting?

Chris Cooke: I was not even aware it was not public domain. So, no, it has never been discussed within the working groups that the membership was going to be private. I don't know who made that decision.

Q30 **Damian Green:** Who has the power to make that decision? Presumably each working group is chaired by somebody.

Chris Cooke: I guess the IPO convened the working groups. The IPO was provided with long list of nominees, mainly from the various trade organisations representing all the different stakeholders, and then they selected the best group that they felt they could put together. So the IPO convened them. I don't know whether there has ever been a decision not to make it public. It is more that there was never a decision that, "Oh, we ought to be setting up a webpage that has this information available."

Q31 **Damian Green:** If this Committee, as part of the report from this session, politely asked that we should at least know who is sitting on these working groups, it is not impossible that everyone would say, "Okay, fine. We are not trying to hide anything"?

Chris Cooke: I cannot think of any member of the working group who would not want that information to be public. I suspect most of them, like myself, are not aware that it is not public domain. I would agree with something that Will said earlier.

I think that all the different organisations have been reaching out to their networks to get input on the debates happening in both transparency and data, but I think that that network probably should be and could be wider, particularly on the data and communications and within A&R—people who probably aren't even aware these conversations are ongoing. Let's say we get a transparency code in the new year and people sign off



on that; I would definitely urge people across the industry to then check what that code is saying and to ask, if you are a data, communications and A&R person, "How can I help my label meet this?" With data and transparency, it is almost cultural. We just need a culture where data and transparency are seen as being really important.

Q32 **Damian Green:** How many working groups are there?

Chris Cooke: Two.

Damian Green: Two, so it is fairly confined.

Chris Cooke: Correct.

Q33 **Damian Green:** But it is slightly worrying if you say that you think there are people on the outer shores of the industry who don't even know this is happening.

Chris Cooke: If I am being honest, I suspect there are some people in the industry who don't even know your inquiry happened. It is a very wide community, and a lot of people are focused on the business of getting music out. I think that, inevitably, you cannot involve everybody in every conversation, but I think everybody has to be involved. With data and transparency, we need the entire industry to embrace that for the solutions to work. I think, at the very least, that there is, as Will said earlier, some communications work to be done next year, once these working groups have reached some sort of progress. There has been quite a lot about education within the working groups, which I guess is part of the same thing, to get the word out to the entire music community.

Q34 **Damian Green:** Moving on to something else, one of the original drivers of our report was the thought that the industry as a whole was not doing enough to help young artists and songwriters to make a living out of it. Is there any sign that that has changed in the last couple of years? I am looking to Dr Boshier on this—you have not had a go for a bit.

Dr Boshier: No. I think that, as with the working groups, everything is still in progress. As Chris said, there are two working groups, one on transparency and one on data. There isn't one covering those issues or fair remuneration, so those conversations just have not happened yet. We have not seen any voluntary movement from the industry as a direct result of the inquiry recommendations.

Q35 **Damian Green:** It is interesting, because we appear to be at the stage where we are expecting some things to happen, but from that answer, you are not very optimistic that big things will happen and people will say, "Okay, fine. There has been this long-running problem, but we are now addressing it properly."

Dr Boshier: I think the initial first steps have been taken, which is great. I think that there might be some issues in the processes—for instance, not knowing who is in the groups and what the groups are doing, and there is no monitoring of the groups. They are being chaired by the IPO, but there are things like putting out a code. And, yes, there should be a



peer review of that. What if somebody that is not in the room knows something that people in the room who made the decisions don't know? It might need to be adjusted.

Also, when they do agree on a code, should that be regulated? When you say they are obligated to follow that code, they are not legally obligated to follow that code. So we need to decide these things, like what kind of pressure we are going to put on them to come to a negotiation and then, if there is an agreement, how that process is implemented.

Q36 Damian Green: Yes. I was thinking that the world is full of voluntary codes, with people saying they need to be made statutory if they are going to have any teeth. I wonder if, in two years, this Committee will be coming back and saying, "Hang on, nothing much has changed."

Moving on, Will, can I ask you about the wider economic aspect? Should the Government worry if we see fewer musicians breaking through to make a career out of it in the UK? Is that economically important enough for Government to care?

Will Page: To help answer this question, I will try to put my former Government economist hat on and think about what we used to do in the Treasury in terms of option appraisal. "What if we do nothing?" is a great way to frame this. I beg to differ on Hayleigh's earlier point there, because what has been happening since this inquiry was set up is, first, the industry keeps growing, which is encouraging. Secondly, we have more artists than ever before joining PPL, which is very encouraging. Thirdly, if you look at the data of the CMA, the royalty rates that artists are receiving seem to be going northwards. So there is more money and more of it is trickling through to more artists. As a "do nothing" option, that is not a bad state of affairs.

In terms of how you look at intervention in the market, it is interesting to break that question down. "Should you intervene in a market and should you determine who bears the cost of that intervention?" is a way of structuring the question. I would point you to a piece of work I did for the Swedish Government just as I was stepping down from Spotify and starting to go into my batcave to write my book, which was called "Sustaining Sweden's Music Export Success Story". There are three exporting countries of music in the world: the United States, the UK and Sweden. What we did for the Swedish Government was give a policy framework of things you could do by learning about other countries.

When you think about intervention, I think that would be a really good example of looking at what works elsewhere and asking what worked and what could work here. A simple example is what Canada does for its music industry. A whole raft of policies and support mechanisms are in place. Some of them might work here; some might not. One I am particularly fond of is tour support. If a Canadian band, broadly speaking, confirms 11 dates in Europe, the Government subsidises every additional date at very little marginal cost. That is a great way of getting those young, small bands further up the ladder towards the body and the head of the distribution.



In terms of that policy framework of option appraisal—of comparative studies—you have to put the horse before the cart and get those foundations locked down first.

Q37 **Damian Green:** I would be interested to see a Treasury official arguing a case for subsidising band tours in the current state of the—

Will Page: It is interesting. In Canada, they see it as exporting Canadian heritage, and that is a democratic decision to do so. So an 11-date tour of Europe becomes a 30-date tour. Canadian bands are always disproportionately represented at UK festivals. That is their decision. America does very little in that space, and it is just across the border. It is just about learning from those other countries' examples of where intervention has taken place, where it has worked and where it becomes transferable.

Damian Green: Interesting. Thank you very much.

Q38 **Dr Rupa Huq:** It is very interesting that, potentially, new talent is not getting a look in, with all this huge back catalogue that we have—decades of music since the 1950s.

I want to ask about the report the CMA is doing at the moment on the suppression of the value of publishing rights in streaming. In my day, there were the big four major labels—Epic and whatever they were—with the stranglehold they had. The CMA's interim conclusions say that there is healthy competition for songwriters by publishers based on the rates they achieve in the streaming licensing market. Is this a correct understanding of how the market works?

In my youth there was "Top of the Pops", "Smash Hits" and John Peel. There were all these things, and you would know what new talent was coming through, whereas now it feels that there is nothing equivalent to those, it is difficult for new talent to get a look in and everything is sort of tilted towards these great magazines like *MOJO* about the heritage industry. What thoughts do the three of you have about this?

Will Page: Perhaps I could take a lead on this one. In terms of struggling to get a look in, I think that needs some context. When this Committee was originally assembled, Spotify and streaming services were ingesting 65,000 songs a day. Today that is up to 100,000. To put that into context, streaming services are ingesting more music today than was released in the calendar year 1989. We really are partying like it is 1989. It is an incredible achievement. Lots of artists and lots of songs are getting a look-in. How do you stand above the crowd when, today, there are 100,000 new songs and tomorrow there are another 100,000 new songs?

Q39 **Dr Rupa Huq:** Do we know how much of that proportion is heritage acts and how much is new talent?

Will Page: This is the second point, and I prepared some evidence on this for you. When we talk about old content, it is often termed



“catalogue”. Now, catalogue is a rule that was invented in 1991—ironically, to keep Meatloaf off the top of the charts because—

Dr Rupa Huq: To keep who—

Will Page: Meatloaf. Around 1991 the entire population of Britain and America was replacing their vinyl collections with Crown dependencies, and one vinyl record you had to replace was the 1977 record “Bat Out of Hell” by Meatloaf. Because Meatloaf was top of the charts, they invented the catalogue rule to say, “If you are more than 18 months old, you are catalogue and you are no longer chart eligible.” Weirdly, back then, we were struggling with a format change; today we are struggling with a format change.

We have this cliff edge of what we term “old music”. Apologies for throwing some numbers out here, but broadly speaking the industry works out as 70% catalogue, 30% frontline; 70% old, 30% new. But if you go into that 70%, over a third of it is content released between 2019 and 2020. It is not that old; it is just not quite new.

So do not be misled by this artificial cliff edge called “catalogue”. It is an antiquated term that is not fit for purpose. Most of the content being consumed today was released in the past five to six years, so there is a bit of a misconception there about what old content is. It is not that old— a bit like myself.

Dr Rupa Huq: Do the other two agree there is healthy competition and everything is fine as it is?

Chris Cooke: This is a line I am stealing from someone—unfortunately, I cannot remember who I am stealing it from—but it is true to say that there has never been a greater time to be a new artist making music and there has never been a worse time to be a new artist making music. The fact that anybody can get their music to a global audience relatively easily is what makes this a magnificent time to be a musician. But that results in this fierce competition.

When it comes to remuneration, and just to reference back, I would agree with Hayleigh that, in terms of the work that the IPO has been doing, remuneration is the one we are least on, even though for most artists and writers it is the most important part of your report, although that is because of the research that is coming in.

When it comes to artist remuneration, the issues are different for those grassroots artists versus full-time artists versus heritage artists. Where there are challenges, the challenges are different. In terms of the solutions, whether they are voluntary agreements within the industry or whether they are changes to copyright law, what is required to make it better for people at entry level versus middle level versus heritage artists is different.

It is a great time to be a new artist, because you can get the music out there and you can find an audience. It is incredibly challenging, and I think many of the remuneration solutions you recommended in your report are definite solutions to definite problems that exist, but they do



not necessarily help those new artists. The challenge for new artists is finding an audience. As Will alluded to, once you start doing deals with labels, if you have found an audience, you are probably going to be getting much more favourable deals today than you would have done 10 years ago and certainly 20 years ago.

I am not sure I answered your question, but I guess that my key takeaway is that the challenges around remuneration are different depending on where you are in your career.

Dr Boshier: No, I do not agree with the CMA—absolutely not. However, they are looking at the same problem from a competition perspective, and I really think that, at the heart of the streaming inquiry, is a copyright issue, and this thing about fair remuneration can be solved through copyright. The problem with the CMA's remit is that they are looking specifically at the user experience more than anything. The user is having a great time, as we have just talked about. The price has not gone up ever and they are getting more and more for their money. They are having a good time. I think it is a short-sighted way of looking at the industry, but I can see how the CMA came to that conclusion, even though I disagree with it.

What we should focus on is the copyright perspectives. Joining up with what Chris was saying and you were saying, we do not have this remuneration discussion going on. You asked what movement has happened elsewhere, and when you did your original inquiry, you had evidence from Spain. At the time, they had had equitable remuneration there for 15 years and it was a great example. It is important to know that, since then, we have not had any movement on equitable remuneration in this country, but we have in nine other European countries—it is now nine, not one. One or two already had some, but we did not know about it.

So there is movement elsewhere. Maybe, at the time, the report was quite innovative, and now we are lagging behind because there is not any movement in those important areas about the redistribution, and the fair distribution, of the wealth in the music industry. Even if you solved the competition problem, if you are not looking at the distribution of the wealth and how the money is fairly shared between the creators in the industry and platforms, you are still going to have those problems because of the copyright balance.

Q40 **Dr Rupa Huq:** On the international comparisons, Will Page mentioned Canada, and Hayleigh said there were other European models. The French industry has agreed to a code of good practice for the publication of music works that is pretty wide-ranging. Is anything similar going to be found in the codes being proposed by the BPI and MPA?

Chris Cooke: At the moment no, because those current codes do not cover remuneration. That said, I think there are these research reports, as Hayleigh mentioned earlier, around the various copyright law proposals to do with remuneration, which is reversion rights, contract adjustment and ER. The fourth alternative to that is a voluntary code,



similar to what was agreed in France quite recently. For example, it might include a minimum royalty rate that labels sign up to. The key question is, does that apply retrospectively to catalogue, because, really, it is catalogue where a lot of the big issues are.

I think that, within the label community in the UK there is some support for that. I do not know whether it is universal support. Within the contact group, that is definitely the other strand of the remuneration debate that needs to happen very soon, as those research reports are considered because I think that does sit very much alongside those three copyright law reforms as being the options—not necessarily exclusive options, but they do need to be considered side by side.

Dr Boshier: In terms of the French agreement, it could be useful for us to look at it and compare. They do set a minimum royalty and other tiered royalties, so once you hit a certain number of streams, you get extra money. But it is also legally binding under the French intellectual property code and it is monitored, and there will be a review in five years. So process-wise and implementation-wise, we could learn lessons from them.

In terms of the movement I mentioned—the nine other European countries—that is definitely encouraged by the digital single market copyright directive, which stipulated that member states need to have laws around fair, appropriate, proportionate remuneration. One of the ways that some of the member states are doing that is by equitable remuneration. Some of them, such as France, have done a negotiation. We could have something like that. Here it is definitely possible for the industry to agree, but I do think it is important to recognise that it is underpinned by law.

Q41 **Dr Rupa Huq:** They have always been quite interventionist. In the 1990s they had laws for quotas for French language, which made the French rap scene the second biggest on the planet. Anyone else?

Will Page: If I could just offer the Committee a wee reminder about why catalogue is in such focus now with regards to your question and your trip to the ABBA concert. I call this the “I preferred the earlier stuff” effect. Let us say ABBA release a new album, and this is in the age of the CD or the download, and you like it but you preferred the earlier stuff, we are none the wiser as you are picking those old CDs off your shelf and playing them. But now, in streaming, where you are monetising consumption as opposed to monetising a transaction, we know about it and we monetise it again and again and again. That is a simple explanation for why catalogue has suddenly become so valuable and why you read about catalogues being traded in the *Financial Times*.

Dr Rupa Huq: Also, artists who are dead don’t get drunk, turn up late and all that are easier to manage.

Will Page: You might say that. I could not possibly comment.

Q42 **Jane Stevenson:** The Committee looked at lots of different models, including user-centric payments. The evidence we heard suggested it



might support more niche music—classical music, jazz or folk music. It does not seem to have been a popular one. Do you think the user-centric payment model would have a place alongside bigger streamers or within a bigger streamer? How do you think that could benefit those niche music areas?

Will Page: I have quite a strong view about this user-centric debate that I want to share with the Committee, which is that the retrospective studies we have been doing—I have done a 65-page one at Spotify myself—are null and void. The reason why that is the case and the reason why that is relevant to the policymaker is that you cannot apply a new set of user-centric distributional rules retrospectively on a game that is played out under pro rata rules.

I think about the football analogy. When they invented the pass-back rule, where you could not pass the ball back to the keeper, it changed how defenders would play. It is as simple as that. If the game is pro rata, the artists play to that model. Why are songs getting shorter and why is the chorus going to the front? Because you do not get paid unless you have been played for 30 seconds and you do not get paid a penny more for lasting a second more. You can see how the rules of streaming—the tail that wags the dog—are affecting the game of songwriting right there.

Since this inquiry began, SoundCloud has had a year of distributing on their fan-powered royalties model, where people can opt into user-centric distribution. That would provide real evidence of a new set of rules and a new game being played under that new set of rules, which we can get genuine learnings from.

A second, complementary point to that is when we think about pro rata and user-centric it is often debated as either/or. In a paper published by me and David Safir entitled "Money in, money out", we explore all the lessons you can learn from the collecting societies, who, since they were founded over 100 years ago, have never treated music as having the same value. It is very interesting.

If you look at how the BBC would pay the PRS and PPL—the songwriters and the artists—for radio play, it is pro rata. If you get played, you get paid. But there is also in the distribution of that money a duration factor—a value per minute. If you think about the band Queen, that means that "Bohemian Rhapsody" would earn far more than "Don't Stop Me Now". That is the interesting qualification, or tweak, to the distribution model that one membership-governed society has deemed fairer than would have been the case without that adjustment.

I would encourage the Committee to learn from the 100 years of collecting societies adjusting the distribution of the fixed pot of cash and consider which of those models could be adapted here in achieving a fairer allocation.

Q43 **Jane Stevenson:** Obviously, in the examples you have used about not getting a penny more, classical music falls way outside that—"Götterdämmerung" is not going to get shorter. In terms of new



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recordings of classical pieces, that is a challenge. Is there not a place for a different model within certain genres of music that would bring more equity?

Will Page: I agree completely with your point. I will just reflect on the most interesting meeting I had in my decade at Spotify. Myself and our best data scientist, David Erlingsson, went to visit Decca Records here in London—a classical label—and we were just hit for six with the challenges they faced that a normal record label does not face if you are doing hip hop, pop or rock or streaming works like this. If you are doing classical, it is a fundamentally different challenge. We came out of that meeting shocked at what we had not learned.

But, to reiterate, in terms of what can you learn from the collecting societies, since ASCAP was set up in the 1930s, they have had two distribution pots—One for music deemed classical and one for music that is not deemed classical. When you learn about that, it is illuminating in terms of what policy solutions could exist here.

Chris Cooke: In terms of user-centric, I talked earlier about how there are different debates that we are having. In terms of how the money is shared out, there are, again, a number of different debates. For example, the remuneration research that has been undertaken is not covering user-centric, because it happens higher up the supply chain.

In terms of the user-centric approach, it is definitely true within the artist, writer and management community that I do quite a lot of work with that there is a lot of support for the user-centric approach. On one level it feels fairer. It possibly would overcome some of the scamming that is currently going on on the platforms. Having looked at various studies that have been done—Will probably looks at these closer than I do—my gut instinct is it would not make as big a difference to distributions as people think. There was an interesting French study that concluded that most artists would not even know the difference. I am acknowledging that artists, writers and managers are generally quite pro user-centric. I am a bit agnostic. I think there is more work to be done in crunching the figures.

That said, in terms of the other proposals—for example, why do we not just count an additional play at five minutes, at 10 minutes and then at 15 minutes?—seems to me a relatively simple thing that, provided there was agreement, could be added. In terms of it skewing against certain genres, we do not need to go to user-centric to address that concern.

I think user-centric is definitely something—the SoundCloud experiment is also very interesting—we should definitely continue to look at, but I think some other little tweaks could be made that would also have tangible benefits maybe for certain genres that should also be part of the discussion.

Dr Boshier: I would agree with Chris. The way I approach all of the recommendations that the Committee made and all of the things that were on the table in terms of the negotiation is that there is no one



solution. It is not like if we had user-centric everything else is solved and the situation is fairer. That does feel like a fairer distribution model, but without fixing all the other issues it is not going to make a foreseeable difference.

The analogy that I always use to explain my view on how we should approach this problem is another sports one; it is hockey. If you take a hockey game, we have all these rules that we make up so that we can play the game, and that includes breaking halfway, having to wear protective equipment and getting the goals to win. For me, if you think about that as an analogy for the streaming era, it is like taking a hockey game and playing it on ice. It is the same game, but instead of being on the pitch, we are on ice. That means we need new rules because we are in a new situation. You cannot just change one rule. Now they break three times because the ice will melt and they have to freeze it again; you have to wear different protective equipment; and you have to have a puck that goes across the ice. The point is if you just changed the puck—so you have user-centric—but you are playing on a different pitch, it is not going to make a big difference. What you need is to assess all the rules of the game.

Q44 Jane Stevenson: I am just trying to weigh up the differences between different types of music, and the economics of live performance and of streaming within different types of music, because my background is classical music—that is where my brain naturally goes. Is there not that space for different genres—to have different systems—so they would not be playing on the same hockey pitch—

Dr Boshier: Yes, and you would not even need to categorise them by genre. We can talk all day about where you cross over or songs that fit more than one genre. You could just do it on duration. Like Chris said, after you hit a minute, two minutes or whatever, then the royalty changes, depending on the length of the song.

Q45 Jane Stevenson: “Bat Out of Hell” has some very long songs on it, so that would also tip into the time issue.

Will Page: Two supplementary points there. First, you may know that PRS for Music has a different tariff for licensing a live performance of classical music than it would do for festivals and pop concerts. Right there you can see they have made a distinction between genres when applying the value of repertoire.

Secondly, a hat tip is deserved to Apple Music, who not only purchased symphonics—they are taking classical music seriously—but have also appointed their first curator of jazz music, which I have not seen anywhere else in the streaming world. Supply affects demands. If these streaming services supply curation and resources to these genres, I am sure we are going to see more demand for them as well. But the long-forgotten genres of music, as the streaming revolution has taken off, are jazz and classical.

Q46 Jane Stevenson: If I can ask just one completely unrelated question,



you talked about bundling a while ago. I get Spotify as part of my mobile contract. Are the terms the same? Do artists get the same revenue from bundling, or is there a different deal for that? That is not something I have thought about. Does the phone company pay the same?

Chris Cooke: The basic model is the same, but it may be that a label's deal with the service will usually have all the different product types and there may be slightly different arrangements depending on the product type. Also, when you are bundling there is probably less money coming into the pot because it is part of a bigger thing and ultimately it is a revenue-share business. I think the basic model is usually the same, but some specific terms might be different. Having said this, I have not seen the contracts, and this is information that we hope will be more readily shared if and when we get a transparency code up and running.

Dr Boshier: Just to add the important point that there is the word "may"—we do not know, because these contracts are not shared with us. That goes back to the transparency point. But, yes, it is likely that it does have an impact on pushing down the price.

Q47 **Giles Watling:** It is very good to hear that all three of you are singing largely from the same song sheet—pun intended. We live in very fast-moving times. Things have changed since the sale of sheet music was how people made money as composers. We have moved on. We have had vinyl come and go and come back again. Have we reached a point where the music industry as a whole is incapable of self-reform? Does it need some form of regulatory body? I put that to Chris.

Chris Cooke: It depends on which aspect of the industry we are talking about, because there is an ongoing conversation, for example, when it comes to the duty of care of music companies and managers to the artists they work with. Commercially, again I come back to this idea that, sometimes, the issues for new artists are different to the issues for artists who are locked into very long-running deals. Obviously, traditionally in the music industry artists were signing "life of copyright" deals—certainly with labels and, if we go back far enough, with publishers as well—which meant that they were in business with companies for 100-plus years.

Those deals, certainly publishing deals, do not exist anymore. On the recording side, they are becoming less common. For me, that is the challenge. If you are an artist arriving today new, there are all the challenges that we talked about earlier because of the competition, but if you can find an audience you can make money, and if you can make money you can build a business. It is working out how you do that.

The problem is what if you are locked in a 20-year-old deal that has another 80 years to run. I think that is where a lot of the frustrations have come—around remuneration and transparency.

Q48 **Giles Watling:** Do you think a regulatory body would be a positive thing or would it just get in the way?

Chris Cooke: We are not probably answering your question. I would need to have a better idea of what that body was going to be specifically



regulating and with what powers. Coming back to your point, things do move fast and the danger with this conversation is that, maybe in five years, a chunk of what we are talking about here today is irrelevant, as user-generated content, the metaverse and NFT platforms become bigger. The challenge for the regulator would be that it would then need to keep up with the changing beast.

It is about having pressure. The fact that the industry is around the table—I have been working with the Music Managers Forum on this for seven years now—as a result of your inquiry and report is a big step forward, even though there are a lot of steps still to be done. There are probably voluntary solutions. Enforcement is a key issue, I acknowledge. But I think there are voluntary solutions that can be considered, and I think should be considered, before formal regulation, but I would have to think more about what a formal regulator would look like.

Will Page: I appreciate your point, but I would like to flag my concern with regulatory fatigue, which as you know is relevant with Ofcom, Ofgem and any other regulator worth their salt. You are constantly chasing your tail, trying to catch up in time, before you can catch the criminal, fine and punish.

In February this year, I was invited by AIM, the trade body for independent record labels, to give a keynote address to their annual summit, and I was able to make two announcements. The first was that Spotify had passed 20 million monthly active users in the UK, which is incredible—bigger than any radio station or TV show in the country. When I joined the company there were 250,000; now it is 20 million.

But, secondly, TikTok had reached 15 million in the UK. The point I wanted to make was that it took 12 to 13 years for Spotify to get to 20 million. It took three years for TikTok to get to 15. First, that proves markets are contestable. When people talk about tech monopolies, they always point out the oxymoron that you cannot refer to a monopoly in the plural. You cannot have more than one. As Screaming Lord Sutch said, we need two competition authorities.

We have lots of tech companies, but they are contestable markets. TikTok has come from zero to hero and has probably overtaken Spotify today in this country. So what is coming round the corner next? I would worry that a regulator can keep pace with that.

Q49 **Giles Watling:** It would be irrelevant, in your view, then?

Will Page: I think so. I do not see how a regulator could keep pace with this market.

Dr Boshier: I would say that you could have regulatory input in safeguarding minimum standards and then allow the industry to be flexible through the negotiation.

Giles Watling: As Chris said, you would have to be specific about exactly what it was going to be covering.



Dr Boshier: Yes, I think it could work. Copyright is the same. We have had the same law since the 1950s, but it is still relevant today because it has flexibilities that allow for modern technology to apply in certain areas, and then certain things have to be updated because they clash with new development. You have to have that safeguarding of principles, such as proportionate remuneration, and then allow for flexibility in terms of the way that that remuneration is made and distributed.

Q50 **Giles Watling:** Will, you were talking about the herbivores, carnivores and the whole food chain. Can you name a top predator?

Will Page: I go back to the point about bundling. I think what customers want is convenience and what they do not like is friction. I mentioned James Barksdale's famous remark, that the only way to make money is by unbundling and bundling. I think removing friction and selling convenience makes you a pretty strong predator.

Q51 **Giles Watling:** As far as copyright is concerned, it seems to be largely that among the big three—Sony, Universal and Warner. If we did get a top predator in the world of streaming, do you think that would be a volatile position—that it would be moving rapidly?

Will Page: Perhaps a way of reframing this question is to think about a predator entering a different part of the value chain. Streaming services are here, record labels are here, publishers are here, and collecting societies are there. They all mind each other's gardens. But perhaps a predator decides to stray into a neighbour's garden, and that is a way of thinking about how this market could develop over time.

To clarify, this question has come up in terms of the power of the majors. If you look at the success of streaming, it is perhaps best reflected in the growth of the independent label market share. It has never been bigger and it carries on growing. Even on the narrowest definition, indies today make up a market share that is significantly larger than it was before streaming took off.

Q52 **Giles Watling:** I think we have done the predator thing to death. Hayleigh, what do you think of the governance of IP? It is your subject. Do you think the governance is adequate? Should we be holding an inquiry into IP specifically?

Dr Boshier: One of the reasons I enjoy intellectual property is that it is a rapidly changing area of law compared to other areas. That is because it is so closely linked to culture, behaviour, consumption and technology. It should be reviewed regularly.

In the past, we have had the Hargreaves review, and that has been a while now, so it would be appropriate to review—

Giles Watling: Have an inquiry.

Dr Boshier: Have an inquiry into IP.

Q53 **Giles Watling:** Would you give evidence at such an inquiry?

Dr Boshier: Absolutely, I am free.



Giles Watling: That really should go through the Chair, but there we are.

Chair: That concludes this session. Thank you very much, Will Page, Hayleigh Bosher and Chris Cooke for your evidence. We are going to take a short adjournment ahead of our second panel.

Examination of witnesses

Witnesses: Tom Gray, Geoff Taylor and Naomi Pohl.

Chair: This is the Digital, Culture, Media and Sport Select Committee and this is our second panel today into our recap on the economics of music streaming. We are joined for our second panel by Naomi Pohl, the General Secretary of the Musicians' Union; Geoff Taylor, the CEO of BPI; and Tom Gray, the Chair of the Ivors Academy. Naomi, Geoff and Tom, thank you very much for joining us this morning. Our first question is going to come from Kevin Brennan.

Q54 **Kevin Brennan:** Welcome, everybody. Can I just start in the same way that we started with the previous panel? I will start with Mr Gray and move across, as I did previously. Where do you think we are in relation to the recommendations we made in our report and the work that has been undertaken subsequently through the Intellectual Property Office, within the industry, within Government and so on? What is your assessment of where we have got to?

Tom Gray: First, I would like to thank the Committee for the extraordinary report that you delivered. It has been enormously powerful and meaningful to British musicians and music makers in challenging the status quo, which has put the professional class of creatives in this country under profound pressure, if not an existential threat. That is simply the reality.

Had you not done that report, we would not be going anywhere, but if your complete reset of the music industry is New Zealand, we are on a beach in Normandy and talking about how we are going to get to Italy in two years. A beach in Normandy is not an unpleasant place to be but it is certainly not New Zealand.

Since you started in November 2020, the French Government, in May 2021 instructed their music industry to get around a table and sort it out within a year, and within a year they did. You recommended equitable remuneration be undertaken. There are now, as Hayleigh set out, around eight to 10 countries that have put ER into law across UGC, which would include new platforms like TikTok, as Will said; AV—so we have never had equitable remuneration in audiovisual in this country; and across music. Those countries are doing one or other or some combination of all three, Germany amongst them.

I have a huge amount of time and respect for the good, committed public servants in the IPO. I think they have been brilliant. I think every group



has been willing at the table, and it is incredible to have had the industry sit around the table for the first time. But let us be clear: the political will that is needed to bring about the profound change you instructed us to do is not there.

Kevin Brennan: I am sure you can come back with more of your views in due course, but I just want to take everybody's view on this.

Naomi Pohl: I agree with Tom that we are not getting anywhere close to a complete reset of the music streaming economics. The discussions have been useful in the working groups around data and transparency but the music maker side of the table, if you like, are very keen to see stronger commitments. We would be in favour of some form of regulation.

To give a related example, the Musicians' Union has a code of practice, which organisations can sign up to, which covers sexual harassment in the music industry. But if you do not have somewhere to go with complaints, and there are no sanctions if somebody breaches their code of practice, then the code of practice does not have much impact. Unfortunately, in that area, we are still receiving complaints. We talked at the IPO contact group about what the mechanisms could be, and whether there could be a dispute procedure so that if somebody does breach a code there is somewhere to go with that complaint and have somebody independently look at it. I think that is very important.

My major frustration with the process, and it has been alluded to, is that the big issue, and the elephant in the room, is fair remuneration for creators and performers from music streaming. Obviously, we have talked about equitable remuneration; we have not yet had the full report on equitable remuneration. What we need is to sit around a table and have a negotiation, and it has not happened. While there might have been some conversations out of the room, the conversations have not been happening in the room, and I feel that is an absolutely urgent priority.

Q55 **Kevin Brennan:** My understanding is that, rather than there being a group on it, there is a research report, isn't there, being prepared on equitable remuneration, which has not yet been put in front of anybody? What would happen to that report once it is produced if there is not an actual working group on remuneration? Where would that be considered?

Naomi Pohl: It could be discussed at the contact group, which is the main group overseeing the work of the working groups. I feel that that is the piece of the jigsaw that is currently missing. If we have the report on equitable remuneration, that will be very useful information but, as we talked about earlier—I think Hayleigh said this—what we are looking for is a package of changes. It might be that equitable remuneration is one option. It might be the best option; I am quite supportive of ER as a solution. But it could be that what we are talking about is also minimum digital royalty, for example. It could be that we are talking about that something is more of an up-front payment for session musicians, with something on the back end as well. It might not be equitable



remuneration; it could be something like a pot that is set aside at PPL, maybe provided by the platforms.

There are lots of different ways that you could solve the problem but, at the moment, the Committee clearly identified that there is a problem in terms of remuneration, and we are not anywhere close to getting a solution at the moment.

Q56 Kevin Brennan: Geoff, broadly, what is your assessment of where we are and how the process is going? Does the industry acknowledge there is an issue about remuneration? Even if it is not in favour of the proposal we made relating to a form of equitable remuneration, do you have some alternative proposals that would help the issue of remuneration without reducing the rights that performers have in relation to copyright?

Geoff Taylor: First, thank you for inviting me back. There has been a huge amount of activity going on in this space. If the Committee will indulge me, it will take a few minutes to talk through all the different strands.

In response to your question, Kevin, we absolutely share the objective that as many artists as possible should be able to sustain a living from streaming and their wider music business activity. Our whole job in record labels is supporting artists. But we also think that you need to consider not only the artists of today and yesteryear but also the talent of tomorrow. That is the mindset that we have when we approach these questions.

The report from the Committee kicked off a process, which has had many strands to it. I think there has been a lot of good progress; there has been a huge amount of engagement and the amount of time this has taken up from BPI, our member labels and all the creative groups has been extraordinary. I do think IPO deserves the credit it has been given for holding the ring, driving the process forward, chairing all these groups and, frankly, keeping the pressure on. I would say, in response to the question about pressure, that we very much feel the pressure from Government and this Committee that we need to see changes that are positive across the piece. That is what we have been working on.

To look at the different strands, one of the things that the Committee recommended was a Competition and Markets Authority investigation into the structure of the market. That has happened. The CMA published its interim findings a couple of months ago and they are something that I would like to come back to because they are very interesting and create a new factual basis against which we should consider the policy options.

Kevin Brennan: We can come back to that.

Geoff Taylor: I will move on from that. Then, of course, we have had the working groups, which have been mentioned, on a transparency code and data flows—metadata issues—in the industry. A huge amount of work has gone on there, and I think they are making progress towards their conclusion, which is I think expected by Christmas or very early in the new year.



Then we have also had the research reports, which I think were briefly referenced. There is research going on on equitable remuneration, algorithmic playlists and recommendations, contract adjustment and rights reversion. There is a plan of research that is coming to its conclusion, I believe, and we are still waiting for the final version of those reports. But then, in the marketplace, there has also been a lot of change.

Chair: Excuse me, Mr Taylor, Kevin's question was very specific. Could you please answer the question?

Geoff Taylor: Sure, I would love to give more detail on the groups if I could.

Chair: We would like you to answer the question, please.

Geoff Taylor: I think the question was what progress has been made.

Chair: Kevin's question was about what alternatives there potentially were to equitable remuneration. We do not need to trot around about everything that has gone on in the last 18 months or so. We would be grateful if you could address Kevin's question directly, please.

Geoff Taylor: Okay, so you would like me to answer specifically on equitable remuneration?

Q57 **Kevin Brennan:** Just on the point I was asking, and I appreciate that there is a lot that has gone on. I accept that. The question ultimately was: out of this process—I know that you do not favour the proposal for equitable remuneration—are you, recognising there is a remuneration issue, coming forward with alternatives from the industry that might solve this issue without diluting the rights that musicians have in relation to their copyright?

Geoff Taylor: That is in fact exactly where I was going to go, because we have already seen changes made to the operation of the streaming business, and we have a number of areas where further progress has been made.

We have seen artists' royalties increase, as the CMA noted, as well as shorter terms of contracts for artists and much more choice in terms of the types of deal that they can strike. We have seen progress in songwriter royalties, which was covered by the CMA. We have also seen the three major companies announce that they would write off unrecouped balances for pre-2000 deals, which is a very substantial announcement, which means that thousands of artists will now be receiving streaming royalties on top of the advances that they previously were receiving.

Kevin Brennan: Which is what the Committee did call for, and of course Sony had done it by the time we produced our report.

Geoff Taylor: There will be further announcements on that, and I think that is welcomed by the artists' groups as a step forward.

Q58 **Kevin Brennan:** Specifically on the issue that was identified, there is a



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danger that musicians' incomes over time are likely to diminish because of the way that the streaming ecology works—there was likely to be a diminution as time went on. Therefore, we recommended that it be set out in copyright law—because then it would be statutory and so on through equitable remuneration—that there be something that guaranteed a minimum payment to musicians who either participate in recording sessions as session artists or are featured artists on those recording sessions. That is what I am trying to get at. Are you coming forward with a specific proposal on that, accepting that we welcome what the labels have done?

Geoff Taylor: I apologise for the time it is taking, Chair and members of the Committee, but there is a lot of content and I am trying to cover it all. When it comes to featured artists, as I have said, we have seen featured artists having improved deal terms, which means that more money flows through to them and, as I think Will Page was saying before, we are now in a business where more and more artists are succeeding; it is just that there are a lot more artists. Perhaps we can come back to that.

Another constituency, which we have not touched on, is session musicians. There we have been doing work on the industry side with the Musicians' Union, where we have put a proposal to the MU for a significant increase in session rates for the session musicians to ensure that they are not left behind. Of course, featured artists have contractual royalties, which self-adjust because they are a percentage of revenue—if the revenues go up, the royalties go up. That is not the case for session musicians, who get a fee per session. We think they have been somewhat left behind, and we have put forward a proposal to address that.

Q59 **Kevin Brennan:** I do not expect you to negotiate here at the table, but is that a no-strings proposal or do you have demands in return?

Geoff Taylor: We proposed something that would involve simplification of the administration of the way that session musicians are paid. I think that is going to be a conversation, isn't it, Naomi, and we cannot have it here? But what I would say is the increase that we have put forward in the session rates is historic. It is much larger than has ever been the case before and we think it represents the growth from streaming and ensuring that session musicians participate in that.

Q60 **Kevin Brennan:** Naomi, I do not expect you to negotiate at the table either, but is that an accurate categorisation of what is going on between you and the BPI about remuneration?

Naomi Pohl: Every five years—it is at the moment—we negotiate the BPI agreement. We have talked about potentially having a three-year deal this time. We were due to negotiate the session fee. The session fee has been static for quite a long time, so we are due an uplift. In the proposal as it stands there are some strings attached to having a decent uplift. But we are in quite the early stages of that negotiation.

Q61 **Kevin Brennan:** I do not want to go on for too long but can I come back



to you, Tom—I will come back to Geoff, to be fair—about this. On the interim report that the Competition and Markets Authority has produced, it would be fair to say that, although they agree there are issues, they do not accept our argument that there could be a real competition issue with the labels owning both publishing and the recording side, with the potential conflict of interest that causes. They also make comments—you are the chair of the Ivors Academy—about songwriting and the way that songwriters and composers are quite free to move around. Do you think that that report understood the ecology and the position regarding songwriters?

Tom Gray: Absolutely not. It absolutely did not understand it.

Kevin Brennan: Specifically, why?

Tom Gray: I am glad it is an interim report and not the completed one because there were two quite serious factual errors in the way that they diagnosed the market. A songwriter cannot see the rate that their publisher receives in the market. They have no way of looking at the revenue-share deals that publishers receive or the revenue-share deals that PROs receive. Those deals are hidden behind NDAs, which you mention in your report. Those NDAs should almost certainly not exist. The NDAs are mentioned in the CMA report as well and they say they probably weaken competition.

I think it is very strange, if I am honest. CMA reports consistently talk, for SMEs and suppliers, about price and performance and being able to see how you are performing in the market to justify whether you move or change where you are selling your goods. But songwriters do not have that.

We know what percentage we are getting from our publisher. Two different publishers might offer you 20% or might offer you 15%, but you do not know what that is 20% or 15% of exactly. It is quite curious to state that that gets rid of any issues with competition. It doesn't. It seems to be an assumption that is there in order to state that it is not worth looking at but for us, there is a lot more to it than that.

Kevin Brennan: Geoff, I think it is only fair if I just ask you to respond to that briefly.

Geoff Taylor: I think the CMA report shed some light on the respective shares that labels, publishers and so on receive. I think it found that publishers' share of the pie has increased from 8%—it was 6.5% back in the CD days—up to 15%, 16% now. I think that is a fairly standard rate and it is fairly well-known in the market. In terms of disclosure of DSP dealings—

Kevin Brennan: You might say it was outrageously low when it started because you no longer had the distributional or manufacturing costs and so on in the streaming market.

Geoff Taylor: What we have seen is the change to digital, and there are huge costs in the administration and marketing of digital, as you know. I think we talked about that at the last session. There are still new costs to



consider, but ultimately songwriters, as the CMA find, and publishers have been the biggest winners from the transition to streaming.

In terms of the transparency of the deals, the CMA did comment on that and said there are certain aspects of deals that it would not expect to be made available, because they are so commercially confidential and their disclosure could impair competition either between DSPs or between labels in signing deals with DSPs. I think most people know roughly the shape of these deals.

One of the things we have been talking about in the transparency group is that the code could provide for artists—and I guess songwriters—to be given communication on a more proactive basis when new deals are struck, about what those deals look like, what the business model is, what the term and territory of the deal is, and when royalties will start to flow through to a songwriter or an artist from a new DSP deal. That would be positive if we can get there on the code, because it will mean that there are fewer questions about how royalties are calculated.

Q62 Kevin Brennan: Just briefly to finish my bit, each one of you, what should this Committee do next—whether or not you agree with all our recommendations in the report—to make sure that this process does land and does not run out of steam and go nowhere after all the effort that everyone has put into it, as you have quite rightly outlined?

Tom Gray: Everything in your power to maintain political pressure on this process. I presume that you, as politicians, would have greater insight into that than me.

Kevin Brennan: Okay. Naomi.

Naomi Pohl: Do you mind if I briefly comment on the CMA report as well?

Kevin Brennan: Sure, of course.

Naomi Pohl: I felt there were a couple of areas where there were issues highlighted. For example, the report said that pricing has been remarkably static for a very long period—something that we all might have an interest in. My question back to the CMA would be, “Okay, show me another functioning market that has such static pricing for such a significant period of time.” Also, looking at the contracts between the major labels and the platforms, it did say that there was weak competition between the major labels. That may not be having a direct impact on consumers, but it could be having an impact in the longer term.

Also, it did say that independent labels are not getting the same access to the streaming market. I was quite surprised that the Association of Independent Music warmly welcomed the findings of the CMA report, because I would have thought that that was a bit of a red flag for them.

However, in terms of what this Committee can do, absolutely keep the pressure on. The key thing is that we need to have this negotiation. We



need to come out with a package of changes, and I don't think that is going to happen without pressure from the Government.

Again, thanks to the IPO for all the work that they are doing in bringing us together. It is a very thorny subject in the music industry, so we are grateful for their support.

Q63 Kevin Brennan: Geoff, we know you are moving on shortly from your role—thanks for all the work you have put in over the years, and we have talked about some of these issues over many years. It would be a great swansong for you to go out as a hero of songwriters and musicians, having agreed to a package of reforms that make sure that they are remunerated well, into the future. Would that be your legacy?

Geoff Taylor: Someone told me the other day, “Les absent ont toujours tort”—once you are out, everything gets blamed on you.

I hope we can try to get to a deal. I am working tremendously hard to try to make sure that that is the case. There are those who take issue with the CMA’s conclusions, but it is a very important, detailed, thorough review of the operation of the streaming business, with evidence-seeking powers that most people would not have.

I know that the CMA has asked very searching questions of major and independent labels, and I have just a quick comment on that. In the streaming business, we announced earlier this week, the independent share of the streaming business has risen again, to 28.6%. It was in the low 20s five years ago. As the DIY market expands, independents are doing better overall in the streaming market and majors are losing a little bit of market share, albeit not so much—

Q64 Kevin Brennan: Not losing revenue, but losing market share.

Geoff Taylor: Losing a bit of market share, which ultimately does impact on revenue. It was interesting that the CMA found that the streaming market not only works well for consumers but is very competitive in terms of competition between labels to sign artists, and artists are therefore getting better royalty rates, shorter contract terms and more choice in terms of the types of deal that they can strike.

There was a comment earlier about suppressing publishing royalties. It looked in detail at that and found that there was no evidence in support of that allegation. In fact, all the evidence is to the contrary—that publishers have been the big winners from the streaming revolution.

Q65 Kevin Brennan: I am aware of all that but, to answer my question, do you have any confidence that you can come to an agreement that will genuinely help remuneration for musicians and songwriters?

Geoff Taylor: I do. I think we are most of the way there. We have to let these groups finish their work. I am sure there will be some difficult conversations at the end of it, but I already mentioned that there has been progress in the marketplace and even on the price point. At least we have seen Apple Music announce an increase.

Q66 Kevin Brennan: We should continue with our work to make sure—



Geoff Taylor: We feel the pressure from this Committee, from the Government, from the IPO, and we know that we have to work hard to deliver the solutions. However, we firmly believe that a voluntary package of measures, based on the talks that we are having, will be a much better outcome for British music than interventions that could have quite serious, negative consequences and reduce not only the size of the industry but our international competitiveness going forward.

Q67 **Chair:** Just to pick up on the points that Kevin was making, what is the main sticking point to a deal?

Geoff Taylor: We are negotiating on a number of different fronts, so when it comes to the transparency code, I think there have been questions about whether or not all terms of DSP deals will be made available. I don't think, ultimately, for the reasons I mentioned earlier, that is going to happen. None the less, there is great content in the transparency code that not only reflects best practice but also has new obligations to disclose in royalty contracts not just that advances are recuperable and all the recuperable costs, but details like, are royalties being paid at source? How will withholding tax be treated? There is a lot of detail in there that is new and positive.

I am not sure that there are any major sticking points on transparency. I would hope we would get there. On metadata, I think there are those who believe that it should go further—the metadata working group—or go faster at least. What I would say to that is that metadata is supremely complex. There are issues—mainly on the publishing side of the business more than the recording music side—with the allocation of ISWCs, the works code that identifies a song. Those tend to get allocated too late in the process. Very often songwriter splits are not agreed early enough and, therefore, there are problems matching releases to works. This problem is not caused on the label side; it originated on the publishing side of the business, but we will try to help. We will do what we can to capture ISWCs early and reflect them through the process. We want to help, but I think managers, producers and publishers all need to work on this. There is a workstream set out in the metadata group to try to change systems that will ensure that royalties flow better, but also to raise awareness among creators about the importance of getting this information into the value chain so that they get paid properly. I think there will be a couple of years of work following on from the metadata working group, which I think will make a big difference.

Q68 **Chair:** You mention metadata and making terms public. What is the other sticking point in terms of coming to a deal?

Geoff Taylor: I think we are in a negotiation, as I said on the—

Chair: Yes, but what is the main sticking point, though?

Geoff Taylor: Well, on the sticking point, you will probably have to ask Naomi. I think we have put a generous proposal to the MU for a significant increase and we are negotiating that right now.



Tom Gray: As has been said, the elephant in the room is remuneration. It is ridiculous. It is like everyone is dancing around it. It may be a little unfair to the IPO, but one of the reasons why it did not set up a working group around remuneration at the beginning was to avoid us immediately getting into a row. There was some good sense in that but, in terms of not introducing a real conversation around it, at some point over the past year, I would say it has probably not been the wisest decision.

Just go back to the CMA for a second. The big elephant in the room with the CMA is that it refuses in its scope to deal with the fact that streaming competes with radio. It just rejected that wholesale. In terms of the problem we have as songwriters, as performing musicians in this country, if I ask my butcher whether people are listening to more linear broadcasting or listening to more streaming now, what do you think his answer would be? You do not need to be an expert to see the direction of travel.

The problem isn't, as the CMA says, "Oh, we can't find any proof that remuneration from recorded music hasn't always been bad." Well, great—you haven't been able to find that evidence. But let me tell you this: if we lose the well-established rights—performing rights and performance rights—that successive Governments have given to us in radio, because radio effectively disappears and streaming takes over, the threat to the income of working musicians is beyond existential. We have to be brought into this; everybody has to have some kind of fair dividend from the streaming pipe.

Chair: Naomi, did you want to add anything to what Tom has said?

Naomi Pohl: Yes, I would say that the major sticking point in the entire process is remuneration. With the transparency and data working groups at the moment the sticking point is that we would like something a little more aspirational, even if it is something that is phased in. It might be that we have a gold standard and we want to get there in two years, but what we do not want is to define where we are now in a code. What we want to do is look to the future and say, "How can we make significant improvements?"

One of the things that we have talked about with the code for the song is that if you are releasing a track, you should know at that point that the songwriter is going to be paid. At the moment, that is not the case, so—

Q69 **Chair:** Just remind me exactly when the groups were set up. Just the date of the set-up for the two groups on data and transparency. How long have they been going now?

Naomi Pohl: A year ago.

Q70 **Chair:** Let's get this straight: for the last year you have been negotiating things that are peripheral. Is that fair?

Tom Gray: I would not say they are peripheral. Naomi used a very good description of it yesterday.



Naomi Pohl: For me, they are a little bit peripheral because, as much as it is very important that we improve data—we all know that that has been an issue in the music industry for a long time, and transparency is really key because creators need to be able to understand what they are being paid and why and to make sure it is fair—the big issue is that we need some more money. Musicians are in a very dire state and—

Q71 **Chair:** Why have these negotiations been carried out in secret? We do not even know the names of the people who are on the two panels. Who has been behind that?

Tom Gray: The IPO has been running that entire process, so—

Chair: It must have been responding to someone's request because it does—

Tom Gray: My recollection of it is that they was asked all of the relevant trade associations and groups for suggestions. They also obviously has working relationships with experts across the industry, so they will have drawn on that talent pool too.

Q72 **Chair:** Can you shed some light on this, Mr Taylor, please? Why is it that these negotiations on transparency and data have been carried out in secret without anyone knowing who is on the panels?

Geoff Taylor: I don't think, as was said on the earlier panel, that there is any resistance to releasing the names of the people who work in these groups.

Q73 **Chair:** Can we have the names now?

Geoff Taylor: I would be happy to write to you with them. I can try to remember them all now if you like, but I might do a disservice and put someone in the wrong group as well.

Chair: If you could write to us in the next seven days, that would be good.

Geoff Taylor: Certainly. I have no problem, as long as no one else objects. I can certainly give you the names of all our representatives in those groups.

Chair: No, no, no. You just said you would give us all the names.

Geoff Taylor: I will course those for you.

Chair: We know you are on one, because you just said so. We want to know who is on these panels.

Geoff Taylor: As was said on the earlier panel, I think it is probably more by omission than anything else that those have not been published. I don't think anybody considers them secret.

Chair: If you give them to us, we will publish them.

Geoff Taylor: Yes.



Q74 **Chair:** There is no particular reason why these negotiations are carried out in secret, though. We should be able to see the notes, should we not, as a Committee?

Geoff Taylor: I do think that some of the issues that are discussed require a lot of trust for people to explain details of how their businesses work. Whether or not people would be able to make as much progress if everything were public, I do not know, because this is a negotiation over various points, so—

Q75 **Chair:** You are not negotiating, as the witnesses from the Ivors Academy and the Musicians' Union have said, in terms of remuneration. The two things that are being discussed are transparency and data. They are important but not core and germane to the main issue of our actual report, which is about remuneration. Do we have any form of commitment here to go and discuss this particular matter, and to do that knowing who is around the table? I do understand that you may not be able to instantly produce the minutes of such a meeting, but the IPO needs to institute a new working party that looks at this particular issue. Are you open to that, Mr Taylor?

Geoff Taylor: On the issue of transparency about the transparency group and the metadata group, I will write to you as you ask. I am very happy to do that.

On the issue of creator remuneration, the main proposal was for equitable remuneration, and I would like to comment on that, if that is welcome. Our view of ER is that it is absolutely the wrong solution to the problems and challenges that were raised around streaming.

The main lesson from the Competition and Markets Authority study is that label contracts are not the source of the challenges that artists face with streaming. The source of the challenges is the explosion in the volume of music available on streaming services. The number of artists, the CMA said, has gone up from 200,000 on streaming services in 2014 to 400,000 last year. I actually asked the Charts company yesterday, and 645,000 different artists had streams last year. There are 100 million tracks on streaming services. This is the cause of the challenges not just for artists but also for labels with streaming. How do you get yourself heard against that enormous volume of content?

Rather than being the source of the problems that artists suffer, labels are the best solution and the best partner to solve this challenge by helping them market, helping them get heard and helping them succeed. That is why more artists are succeeding than ever before. We have 400 British artists that achieve 100 million streams a year globally. We have 1,500 British artists that achieve 10 million streams a year globally. Some 20,000 tracks achieve 1 million streams in a year. So there is a huge amount of success going on.

Equitable remuneration would not help that. It would just get in the way, and let me explain why. First, it would reduce the amount of money that



comes into the music business from streaming. That is what we have seen with radio. Radio is held up as some great design—

- Q76 **Chair:** We have heard ad nauseum during our inquiry about why the industry does not agree with equitable remuneration. We take that as a bit of a given. However, there are two people alongside you who have both said they are willing to discuss this matter, so what we are interested in, first of all—this is follows on from the first question that Kevin asked you—is, what would you be liable to agree to? What do you think would be a future model? Secondly, why don't you agree to discuss this model as a separate working party, rather than in the two you do have, which are, as Naomi says, on more peripheral issues?

Just to recap: first, what would you accept and, secondly, will you negotiate on those matters?

Geoff Taylor: There are different constituencies here, Chair. In terms of featured artists, we have already seen the major labels announce substantial change. We have already seen the market move substantially in terms of the terms under the royalty contracts that artists receive and the variety of deals that they can choose to enter into.

Chair: You gave me that answer at the start—

Geoff Taylor: But that is a change in the marketplace.

- Q77 **Chair:** You have told us what you have been doing over the last 12 months or so. You need to tell us, first of all, what you are willing to negotiate on and, secondly, whether you will actually start negotiating on it.

Geoff Taylor: Chair, our view is that the streaming market for featured artists is highly competitive and is delivering good outcomes for featured artists. On the session musicians side, we accept that it is different and that session musicians are—

Chair: You have already told us about session musicians. Sorry, Mr Taylor, you are giving me the same answers that you gave right at the start to Mr Brennan, and you are just continually giving the same answers. My question is very simple. Let's boil it down to one question: will you commit to negotiate over remuneration as a separate strand of the IPO look at this entire market? Yes or no?

Geoff Taylor: I guess the answer, Chair, is I will not make that commitment, for a good reason, which is that the terms that are negotiated with artists are a factor of competition—in fact, the key factor of competition in our marketplace. I think that is best done individually between artists and their managers and their labels in a competitive marketplace. The CMA has found that the marketplace for that is competitive, and that is the right places to do it. I do not believe that the right solution to the issues that have been raised is some kind of standardised, collectivised replacement of the market, with some industry and Government-sponsored process. That is my view.

- Q78 **Chair:** Thank you for that straight answer. Mr Gray.



Tom Gray: If I might take my Ivors hat off momentarily. Naomi and I are members of the Council of Music Makers, which also represents featured artists, who I am representing here today. The truth is that there is no reason not to introduce minimum royalty rates into the market. It should be on the table. I don't know why it is not on the table.

Obviously, it was wonderful when you guys were doing your work and Sony saw fit to forgive debt. What they did not do on those historic debts is raise their royalty rates. These might be deals where the rate is 2%, 5% or 6% on a stream that is worth a third of a penny. If you are not going to lift people up to a minimum of 15 or 20—as Governments have seen fit to do with minimum wages—it is not going to cost you an awful lot of money to do this, if I am honest. I have spoken to other labels who say that debt forgiveness isn't the most expensive thing for them to do.

Alongside that, and Naomi should probably speak to this, making a pool of money available—whether that is the platforms, which might be the right place for it, because they are not paying for the performance of the session musicians—to give some small remuneration to session musicians for performance seems like the most pragmatic thing in the world. It does not have to be a right. It does not have to be legislation. Netflix did not pay residuals to actors, and then they just did. Netflix went, "This is probably the right thing to do," and they did it. The same thing with platforms. Why can they not pay some money to session musicians? They can do it if they want to. They just don't.

Naomi Pohl: Do you mind if I just come in as well? We are quite flexible about what the solutions could be, but I agree that a package could include the minimum digital royalty. We are a trade union. We have over 70 collective bargaining agreements and we set minimums. It is not anti-competitive, because people can always pay above the minimum if they want to. I think that is a good solution.

If I could briefly talk about equitable remuneration and the Copyright Act, there is a slightly wider issue here than music streaming. On the audiovisual side of the business, where you have a TV broadcast, as the BBC, for example, moves from linear broadcast to iPlayer, less and less money is being paid via PPL to the performers. The problem is that we have a bit of creep there on the TV side as well as on music streaming. So, I still think that equitable remuneration needs to be something that is discussed. If we come up with a solution that is purely for music streaming, we—the union—are still going to have that issue of performers' remuneration going down on the broadcast side as well. There is an issue with the Copyright Act in that it needs to be brought up to date.

I am very flexible about what the potential solutions could be. At the end of the day, if there is more money going into our members' pockets, that is where we want to get to.

Q79 **Damian Green:** In the last 20 minutes, you all started off playing nicely, saying that it is taking a long time, that it is all very difficult and that we have had 12 months where we have not really achieved anything, but



nirvana is just around the corner. I feel we have moved away from that. The central issue is clearly remuneration in some form or another. It does not feel as if, within the next six months, when we have had all these working groups reporting and we have had the research into equitable remuneration—even though we accept that there are different ways to cut the cake so that songwriters and musicians get more money, and how you do that is genuinely a matter for debate—that is going to be the end outcome. I suppose this question is more for Geoff than anyone else. Do you think that is going to be the end outcome?

Geoff Taylor: I am a lot more optimistic perhaps than you are, Damian, because I think there is a lot of goodwill in the working groups and they are near their conclusions. When it comes to the other issues, if we can get a deal that improves terms for session musicians significantly for streaming, that will be a big step forward. Featured artists have benefited from the unrecouped balances programmes, so they have had some benefits. Songwriters are seeing a much bigger share of the pie than ever before.

So my view is there has been a lot of progress in the marketplace, and that should not be ignored, alongside what is being done in the Government workstreams. So I am confident. The UK has an amazing record in music. I believe that is based on a competitive marketplace. I don't believe that putting lots of regulations in place will help us; in fact, I think it will hold us back. It is right that the pressure has been on for us to find solutions together, and that is exactly the work that is being done.

Q80 **Damian Green:** That last point is really interesting. Perhaps I can put it to Tom that the instinct is not to have a regulator, because the regulator is always behind the curve. Do you share that?

Tom Gray: No, not at all. The big issue that I would say is facing the UK at the moment is that, with all these countries start initiating equitable remuneration—alongside all 27 European states that appear to be on the path to some form of equitable remuneration, Canada is looking at it, Australia is looking at it and, although it is very unlikely, a Congresswoman in the United States Congress is looking at it—we are going to miss out on reciprocal income. If we do not have some form of equitable remuneration in our system that money just will not come back to us. That is a sincere danger.

The United States, for many years, did not sign up to a treaty and do not pay equitable remuneration on radio. I think that is something that the British Government should have been pushing back on in trade deals for many years because an extraordinary amount of money is being lost. I am sure Geoff would agree with me wholeheartedly. It is an extraordinary amount of money that is being lost in performance income because that does not get paid back to UK performers.

There is a real danger there, and that is because the world is changing its copyright law to try to keep up with the times we live in. Copyright does not look how it looked in 2003. Streaming did not exist then.



Q81 **Damian Green:** Sorry, to revert to my point, it is not obvious that—particularly the behaviour of others—would be solved by a UK regulator.

Tom Gray: That is right. I think the point is that, in the UK, it would be nice to know that, if we adopt these codes of practice—I am sure Hayleigh gave this answer—there is some form of policing of them. Without somebody being given that job, I don't know how we are going to see any enforcement.

Maybe that does speak for the fact that there isn't a lot of trust in this industry. That is historic and problematic, and why we have to go with these negotiations wholeheartedly and pragmatically. I don't think there would be a musician in the country who would not like to see policing of the situation.

Geoff Taylor: It is part of the discussions that we need to talk about implementation, and to ensure that there is a process to make sure that the codes work and that they are followed. We agree that that is a piece of work that needs to be done.

Coming back to the mentions of radio and ER, it is very important to say, first, that ER for radio is terrible. We raise about £85 million a year from all licensing of radio and TV in the UK. That is less than a tenth of what we make from streaming. It is not a good model to try to bring over into streaming and, most importantly—

Tom Gray: Well, that pays for the groceries for musicians all over the country. That £80 million is paying for musicians' livelihoods. It is not a lot of money, but it is some money.

Geoff Taylor: My argument is it should be a lot more, and the streaming market delivers more. Also, ER would leave many featured artists worse off. The world has changed. Most artists these days are not signing deals where they sign their copyright for a lifetime and get a 26% royalty. Many artists are doing deals that are an artist and legal services deal, a distribution deal, a joint venture, where they are getting more than 50% of the label's receipts anyway. You bring in ER, and they are going to be getting less than they currently get under their deal. So it is far from a panacea for featured artists. It is also highly inefficient. It is going to cost millions to distribute through collective management organisations trying to pay tiny amounts of money to lots of people. It is not the right way forward.

The Government can help. Some things are getting left aside from this debate, unfortunately, which would be positive for everyone in the music community. The first is much more focus on our international exports, helping us export more British music overseas because, ultimately, we are in a fight for attention around the world in a growing streaming market. We are doing very little. We have the MEG scheme, but it is much too small.

Secondly, we need to make sure that, when we licence new platforms—we have talked about this—TikTok, Triller and so on are paying fair value,



because that will grow the size of the streaming economy. That will put more money into creators' pockets.

Finally, we also need to deal with issues like the IP framework, where the Government have proposed to cut away the foundations of copyright for artificial intelligence and text and data mining. That is our future. If the Government pursue policies like that all of us will lose out. We will earn no money from the use of music by AI, and I think that would be a disaster. So there are important issues on which we all agree where the Select Committee and the Government could help.

Naomi Pohl: I am in favour of a regulator. As I mentioned earlier about the code of practice for sexual harassment, we are now talking about a regulator. I think there has to be somewhere that people can go and make complaints when the codes are not being adhered to, and you have to have a proper procedure for that.

DIY artists only have a 7% market share at the moment, and Universal alone has over 25% of the market share, I understand. Okay, with equitable remuneration there is a risk that some featured artists, if they own their own recordings, their money may go via PPL, but the Bill that Kevin proposed dealt with that. There is a way of carving it out. Equitable remuneration is not one-size-fits-all. It does not have to be exactly the same system as radio. It does not have to be the same rate as radio. But this is what needs to be discussed in a negotiation. Once we have the equitable remuneration report, which is overdue, we can sit down and we can say, "Well, where is the tipping point?" There must be a rate that we can apply or there must be a pot that we can put aside that would not completely disrupt everybody's business model but that would mean that session musicians can sustain a living.

If I can just say that Help Musicians has published some stats this week. At the height of the pandemic, musicians said that 22% of them were seriously considering leaving the music industry. As of this week, 49% of musicians are considering leaving the music industry. We have a real financial crisis on our hands and we cannot afford a talent drain. We need to urgently get some more money into musicians' pockets.

Tom Gray: I would like to agree with Geoff. What is really missing in this whole picture is a national strategy for music, which gives the companies that Geoff is working with wonderful incentives to produce and invest in UK entities to make music, much as the British film industry received in 2003. On the opposite side of that coin, we have to make this the best place in the world to be a musician and the best place to be a songwriter, where you have the best protections and the best remuneration. Then surely everybody wins.

Geoff Taylor: On that point—

Q82 **Damian Green:** He is agreeing with you. I wouldn't interfere at this point. Just as a final thought, we are deliberately holding this session a year on as a sort of catch-up to discover whether anything is really happening. When do you all think we should have the next session like



this? Six months, do you think? If we are getting all these reports in the next couple of months, should you have an outline of a deal by next summer?

Geoff Taylor: I think that would be fair enough.

Tom Gray: I would like to see that happen sooner.

Naomi Pohl: Yes.

Q83 **Jane Stevenson:** I look forward to seeing you in six to eight months. I would like to touch on the rights recapture that the Committee recommended. I think we all think of Taylor Swift re-recording her back catalogue to get around various copyright issues. The Government came back and said evidence from the Netherlands suggested it would not work in practice. Do you agree about rights recapture? Who wants to start, Tom?

Tom Gray: I think the Dutch example is a total misdirect. Rights recapture would be extraordinarily powerful, especially in the composition world. British composers and media composers might be paying a few grand to soundtrack a show with a low budget. Then it goes off into the world and wins an Emmy and makes extraordinary amounts of money for its production team, and that composer is still left with the few grand that they were bought out with. It would make that market extraordinarily more competitive if rights recapture was available to those composers.

Some of the problems I have often found with musicians is they don't know what their rights are. Do Dutch composers even realise that they have this ability? How frictionless it is to get those rights back once you decide to do it would be really interesting to look at in the Netherlands as well. I don't know. Just because somebody says you can get them back, that does not mean that you are going to necessarily jump through every single hoop to get them back. We don't know that.

The Ivors are hugely behind rights recapture. We think it would be a complete game-changer.

Q84 **Jane Stevenson:** In what timeframe, if you had to put a number on it? I think it was quite a long one that we recommended.

Tom Gray: Amusingly, I think that the rights holders probably thought rather the opposite. They thought it was rather short. There are difficulties in this area because there are different types of publishers—classical publishers. We might have to look at exemptions in any kind of ruling like that because their business game is much longer and it takes them much longer to make their earnings back but, of course, we would have to be pragmatic about the application of the law.

For me, 15 to 20 years is the sweet spot because you have given the rights over. There has been a wonderful opportunity to make as much money as you possibly can and now let's reflect on what is happening. I think strengthening the rights of composers later on gives them a wonderful bargaining chip at the beginning as well. The really important thing is that companies forget that, when they involve a creator, they are



partnering in the success of whatever they are making with that creator. What rights recapture does is hover over them. It reminds them that they have to make sure that, in the first place, they have made sure this person is going to share in the success of that project. They are not going to bother recapturing their rights if they have done well out of it. If they are still making money and it is all going well, they are not going to recapture them.

Q85 Jane Stevenson: Before I bring in Geoff and Naomi, can I ask whether it should be a commercial decision, or do there need to be regulation protections in place with the selling of rights? Do you think that there is enough framework there?

Tom Gray: There is no legal framework for it to happen at present. We could probably talk about contract adjustment within this because that is the softer option, let's be clear. The ability to renegotiate—that is where the power sits with the writer, not with the production company—would be huge as well.

There is room for a compromise here as well. With all these issues, whether it be equitable remuneration, or whether we do not go to equitable remuneration but to minimum rates or some other compromise solution, similarly with recapture, it would be wonderful if we lined up some form of contract adjustment. But, yes, we would love recapture.

Geoff Taylor: We would be very concerned about it. I think we talked in the earlier panel about how much catalogue helps to fund investment into new music. We announced this year in our figures that investment in new music has gone up to £358 million a year. If you add on marketing, that is almost another £500 million a year that is being invested. That is a huge amount of money and a lot of that comes from catalogue and streaming.

Effectively, what rights recapture would do is it that it would be like shortening the term of copyright for record labels, who fought very hard to get it extended from 50 years to 70 years. Now it is being suggested that a record label might only be able to bank on 15 or 20 years. That is very important because, when you are making a decision about whether to invest in an artist and how much to invest, you are looking at the return on investment that you may get.

In many ways rights recapture isn't needed because deals increasingly are much shorter licence deals. Artists are very often only licensing their rights to a label for five, 10, 15 or 20 years, not the life of the copyright. That is much more common than a traditional copyright assignment in the market anyway now. For those more traditional types of deals, you would be saying to a label, "You thought you had 70 years. Now you have only got 15 or 20 years when the artists take their rights back."

CFOs looking at where to invest their money globally are going to look at the UK and think it is a very risky place to put your money. You are better off putting your money into Mexico, Brazil or somewhere else that does not have rights recapture, because otherwise you are less likely, in



the UK, to make money and much more likely to lose money. Therefore, I think it would make us internationally less competitive and I am not sure it is needed.

If you applied it prospectively, why do you need it? We have seen that deals are shorter and on much better terms. If you apply it retrospectively, it is really a concern. It goes against the general principle that you should not legislate retrospectively. It is a kind of principle of natural justice that that is something you should only do very rarely. It would absolutely undermine business confidence. You struck a load of deals and then later on someone comes along and says, "Oh, no, we are actually taking those rights away."

What about the catalogue market? There has been huge investment in companies like Hipgnosis buying catalogues, paying tens, hundreds of millions for catalogues, and then suddenly they are told, "Actually, the artist gets those rights back." They would have enormous losses as a result of that provision.

I do not think this is a fully thought-through idea. I think it would put the UK at a significant international competitive disadvantage, right at a time when we need to be stronger and more competitive than ever.

Q86 Jane Stevenson: Do you think there is a danger that the Taylor Swift re-recording or jiggling past catalogues is something that repeats? Is there enough money at stake?

Geoff Taylor: It is something that artists can do. Already you are under exclusive contracts with a label for a period of time. After that, there may be a short post-term restriction, but after that, you are free to re-record the records that you made previously with that label. Taylor Swift has done it. Bryan Adams has done it. It has become a bit more common. That is a freedom that artists already have.

Naomi Pohl: In terms of being competitive internationally, we are seeing contract adjustment and rights reversion coming in in other territories, so we have to make sure that we are competitive in terms of attracting creators to actually work and live in the UK; otherwise we have a real problem on our hands.

Tom Gray: A small correction there. Not all artists have the re-record right. Some artists in their original contracts cannot re-record their songs.

Q87 Jane Stevenson: Could they be changed to a degree and reimagined—

Tom Gray: Only if you enshrined a form of contract adjustment interlock.

Q88 Jane Stevenson: Interesting. Just for Geoff predominantly: what do you think the success of Taylor Swift's versions does for the public perception of the industry, for artists, for labels and for how the whole business works?

Geoff Taylor: It just shows that there is a lot of artist flexibility and choice. You get some investment from a record label. Hopefully, you benefit from that. But afterwards, once you are in charge of your own



career, and perhaps acting as your own record label, you can do what you want.

I think contract adjustment, as opposed to rights reversion, is a recipe for uncertainty by its very nature. Basically, it means that when you sign a contract you have no idea how much it might get adjusted by, or if it will be, and when or by whom. It just basically says that you cannot rely on the contracts that you sign.

It goes against the whole model of record businesses, which is a portfolio model. Basically, you make 10 investments. Three of them make money—one of them makes big money. Two make a little bit of money and the rest lose money. In those circumstances, if the only times that you have a hit your contract is then readjusted so you have to pay out a lot more, you cannot fund the misses. It is just going to affect the amount that we can risk in terms of up-front investment into artists. I really don't think it is the recipe for more success.

When Tom was talking about how this is a joint venture, it very much is between labels and artists, and the one thing we need to make sure of is that more and more money is getting invested into British talent here, creating the right framework for that. That is how we will succeed internationally.

Q89 Jane Stevenson: Do you think that, once the artists go to a certain level with record labels and then do it on their own—exploit their own commercial potential—the business will have to change?

Geoff Taylor: That has been the fundamental change in the market over the last 10 years. You have seen a lot more artists going their own way, acting as their own record label or just doing an artists or label services deal or a distribution deal, so they are retaining a much larger part of the profits or the revenues from a release. Of course, they have to fund more things themselves and take more risks themselves, so that is the choice in the market.

Q90 Jane Stevenson: Do you see that continuing to accelerate? Will it be a much bigger part of the industry?

Geoff Taylor: It depends on the artist. For artists at the beginning of their career who don't have much of a following, for them trying to get signed by a major record label, which will have a huge investment into marketing and so on, can be very important. Or there are other, more independently minded artists who think, "I am in a niche. I am going to work that niche. I want to control my career. I want to just appeal to the fanbase. I am not trying to become Dua Lipa. I am comfortable with the fanbase that I have." They have a lot more control now, and I think "choice" is the watchword really in the business.

Q91 Jane Stevenson: Naomi, what do your members tell you about leaving the label behind?

Naomi Pohl: This has been a trend for quite some time. It is possible to go the DIY route, but unfortunately it is very difficult out there at the moment. I have referenced musicians struggling financially, and touring



is becoming more expensive and more difficult, so it is tough. If you do go it alone, how do you make a living? There may be many more artists out there uploading music to streaming services, but how many of them can sustain a career? That is what I am interested in.

There are a lot of people who might go and play a few gigs in their local pub earlier on in their lives and not go on to have a professional career in music, but the question is: are there more musicians sustaining a career in music now? I am not sure that that is the case.

Geoff Taylor: I think there is some useful evidence on that. The IPO did a bunch of research into creators' earnings, and what it found was that, yes, it is a struggle for many musicians out there. I think they found that £12,000 was fairly typical earnings for musicians. But there is a big difference between artists who are signed by record labels and artists who aren't. Whereas £12,000 might be an average, for artists signed to an independent label it is £25,000, and for those signed to a major label it is over £50,000 a year. Therefore, the benefits of having a partnership with a label can be significant.

Tom Gray: It is important to remember that, when we are talking about those earnings, we are talking about the combined earnings of live, recording, publishing, merchandising, brand relationships—all the rest of it. Of course, if you have the might of the major labels' marketing machine behind you, you can leverage that to get money out of all the different parts of your career, which is why the relationship with labels is so extraordinarily important.

The problem that we have is that the professional body of music makers is not able to make this work at the moment. We keep talking about the mid-level of musicians in live, as if they are not the vast majority of musicians. We talk about the people who call themselves professional musicians, as opposed to the millions of kids who, rightly, are taking the opportunity to put their music on Spotify, whose music—let's be clear—never gets played for the most part. Most music on Spotify never gets heard. It gets played once or not at all. It isn't creating more competition. It is just creating more wood for the trees. It is harder to find the music you want, not to compete for the money that is available.

We are coming to a moment where if we don't do something, and we don't intervene on some level to invest in the incredible music scene that we have always had in this country—which is probably the leftover of a brilliant music education policy post-war, the dole in the 1970s and the 1980s, and the vibrant high street we had in the 1990s and early noughties—when radio money has gone and we are sitting here just with streaming and picking over the bones and with live struggling, we will have to see some kind of change. We must see some kind of progress to hold up British music and the incredible cultural soft power it holds for this country and the world.

Q92 **Dr Rupa Huq:** Can you update us on the EU visa rules issue with British acts trying to break into the European market?



Naomi Pohl: It is still a major problem and one of the issues that contributes to the fact that musicians are in particularly dire straits at the moment. It is very difficult for musicians to tour in the EU still. The Schengen visa gives you 90 days of work in a 180-day period, and unfortunately we are now seeing a lot of musicians and crew hit the 90 days and have to come back. They either have to shorten their tours, or they have to turn down work, and that is causing a lot of practical problems for our members at the moment.

We have not seen any progress. What we would like is an EU-wide cultural touring agreement. Alternatively, I still think pursuing bilateral agreements with individual territories at the moment is probably our best short-term approach.

Q93 **Dr Rupa Huq:** Are you involved with talking to Government in resolving it? Are there beer and sandwiches at No. 10?

Naomi Pohl: I would love to have conversations about this at such a high level, but no. I have tried to talk to some people on the EU side, and at the moment it is clear that the relationship with the UK Government has completely broken down. That is the impression that we get. Unfortunately, our members are some of the casualties of that. Obviously, there is the Northern Ireland protocol and there are bigger fish to fry than the issue of musicians, but there is a lot of awareness around the issue and a lot of understanding of the fact that touring is such a significant part of a musician's lives. We are still hoping there is an opportunity to renegotiate the trade agreement in a few years, and we need to maximise that and to get some changes.

Q94 **Dr Rupa Huq:** Which bit of Government is leading on it? Which bit is it, and who should it be?

Naomi Pohl: It is International Trade. It is also the Home Office. It has an immigration aspect to it. We talk to DCMS officials most regularly. There is also an issue around DFT because it is transport—the issue of cabotage is an issue for the DFT. Basically you can only take a truck and make three stops in the EU before you have to return to the UK. A lot of companies are having to hire EU trucks to do their touring, which is not good for companies based here, and it is definitely not good for musicians and organisations that are on a low budget. It is very difficult.

Unfortunately, it is a cross-departmental issue. We will talk to anybody who wants to talk to us about it, and we are trying to open doors and have as many conversations as we can.

Q95 **Dr Rupa Huq:** So possibly some banging heads together and doing something in Committee with everyone. It seems to be siloed off, by the sound of it.

Naomi Pohl: It is a bit, so, yes, that would be incredibly helpful.

Q96 **Dr Rupa Huq:** I have asked International Trade questions in the House on behalf of constituent companies stymied by leaving the EU common VAT agreement. If music is dematerialised and you do not have to stamp goods in, goods out, has the Brexit impact of that been less on



streaming? Who would know that?

Geoff Taylor: Streaming is basically an international business. There are no tariff barriers or anything like that, that get in the way of streaming. There is a symbiosis between recording music and live, and it is very important to us that we can export as much recorded music as possible. That grows fan bases overseas that will go to see an artist live. You have to compete on both fronts.

Similarly, artists being able to freely tour is important to promote their recorded music consumption. We share an absolute common interest here. I agree with Naomi that these are barriers that we need to see dealt with quickly. We also need to be much more ambitious in promoting our music overseas and our culture overseas. I think the Committee went, if I have this right, to South Korea not that long ago. I was there a couple of weeks ago and talked to the Deputy Director at the MCST, which is the DCMS in South Korea, and asked them how much support they give to the Korean music industry—you will be aware of K-pop and the phenomenon there. It is many times the level of support that the UK gives to SMEs in music. They mentioned £20 million to £25 million per year of support, whereas we are more like £500,000 per year through the MEG Scheme and a little bit through the international showcase fund. We are very grateful for all the assistance that we get, and we have a great partnership with DIT, but ultimately we have to be a lot more ambitious than that if we are to compete for market share, and the UK market share globally has been under pressure.

Q97 **Dr Rupa Huq:** The concluding question I want to ask you is, are the Government dragging their heels on all this? Is there more that they could do for the industry?

Tom Gray: Absolutely. I feel some sympathy for the Government, sort of, because of the complexity of what has been going on over the past few months, and the political will and focus has been hard, with all the changes that have been going on. As I have probably said ad nauseum today, galvanising that political will again to do—interestingly, George Freeman is back in position as the Minister at BEIS, which is wonderful. He spoke in the House in December last year, saying that the Government were committed—

Dr Rupa Huq: Three Prime Ministers ago.

Tom Gray: Yes, three Prime Ministers ago. He said that the Government were committed to the free-flowing fair remuneration that we all want to see.

Q98 **Dr Rupa Huq:** Is everyone agreed on that?

Geoff Taylor: I think it would be unfair to say that the Government have been dragging their heels. They have driven these working groups relentlessly and put a lot of pace into the discussions, and they are holding the industry to account to make progress regularly. I certainly get that message regularly from Government, so I think it would be



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unfair to criticise them. Politics has meant that there have been some ministerial changes that perhaps have slowed things down.

Naomi Pohl: Absolutely, the IPO have been convening regular meetings, which has been great, and it is really good to be round the table. It is just about moving the remuneration element up the agenda.

Dr Rupa Huq: Tom, I was partial to the “78 Stone Wobble” in my day.

Tom Gray: Oh, thank you. I am glad somebody remembers it.

Q99 **Dr Rupa Huq:** Honestly, it changed my life. You advocated a national music strategy. Is that something that the three of you would go for?

Tom Gray: I think it is the most obvious solution to these questions. The people on the opposite side of the argument to me frequently talk about the fact that the UK is losing market share. Well, who is growing market share? South Korea are growing market share. They have a complete, integrated music policy to develop their soft power around the world, because they recognise the power of music. We tend to forget it.

Q100 **Dr Rupa Huq:** A national strategy?

Geoff Taylor: If it is focused on international growth, absolutely.

Naomi Pohl: I think it would be great. We have a national plan for music education. There is a lot that we do agree on. It is not evident in this particular session, but we do meet regularly at UK Music, and it would be great to have a co-ordinated plan.

Dr Rupa Huq: It is something that we are truly world-beating in. That phrase is overly used, but with our music we are.

Chair: That concludes our session today. Naomi Pohl, Geoff Taylor and Tom Gray, thank you for your evidence.