

Digital, Culture, Media and Sport Committee

Oral evidence: Economics of music streaming, HC 868

Tuesday 8 December 2020

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Members present: Julian Knight (Chair); Kevin Brennan; Steve Brine; Alex Davies-Jones; Clive Efford; Julie Elliott; Damian Green; Damian Hinds; John Nicolson; Mrs Heather Wheeler.

Questions 111 - 202

Witnesses

I: Maria Forte, Managing Director, Maria Forte Music Services Limited; Kwame Kwaten, Manager, Record Producer and Owner, Ferocious Talent; and José Luis Sevillano, Director-General, AIE (Artistas Intérpretes o Ejecutantes).

II: Fiona Bevan, Songwriter and Singer; Soweto Kinch, Jazz Saxophonist, MC and Composer; and Nile Rodgers, Songwriter, Producer and Artist.



Examination of Witnesses

Witnesses: Maria Forte, Kwame Kwaten and José Luis Sevillano.

Chair: This is the Digital, Culture, Media and Sport Select Committee and this is our hearing into the economics of music streaming. We are going to be joined this morning by two panels. First of all we have: Maria Forte, managing director at Maria Forte Music Services Limited; Kwame Kwaten, manager, record producer and owner of Ferocious Talent; and José Luis Sevillano, director-general of AIE, Artistas Intérpretes o Ejecutantes. Before we start I am going to ask members to declare any interests.

Kevin Brennan: I would like to declare that I am a member of the Musicians Union and of the Ivors Academy, which represents songwriters and composers. I also receive occasional money for work as a musician.

Alex Davies-Jones: I would like to declare that I am also a member of the Musicians Union.

Q111 **Chair:** Good morning to our witnesses, Maria, Kwame and José. Good morning and thank you for joining us today. I am going to kick off with a general question for all three of you, so just jump in, whoever wants to answer it first. In our first evidence session—I do not know if you saw it or not—we heard that streaming, when initially introduced, had a very positive impact on the music industry and, in fact, to such a degree that some artists suggested it almost saved the industry. However, is streaming still a force for good today? What impact is it having, positive or negative? Is the current revenue distribution structure fair?

Maria Forte: Yes, streaming is good. It has been great for the business, for the industry, because downloads were diminishing. After the album was fractured and people could buy one track rather than a whole album, things started going downhill. Pirating was rife. Streaming over the last eight or 10 years has been growing and educating people that music is not free. You can have a subscription service and pay for music, which is a good thing. Piracy is not a good thing, and the whole Napster debacle was not good for the industry either.

It is good but, as time has gone on, the industry has shoehorned traditional agreements and traditional methodology into how streaming is dealt with, and that has not worked. The result is that it has thrown up an inconsistency and an inequitable division of the royalties that emanate from that. Having looked at the last two sessions, you know how artists feel about this.

Something that has not been touched on yet is songwriters and publishers. That is an equal right to recording; you do not have a recording without a song. It is very important that songwriters are included in this whole process. Songwriters or publishers do not get enough either, by virtue of the fact they administer those rights. Again that has been through morphing the physical world into the digital world and it does not fit. The economics do not work for a publisher to have



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15% and a record label to have 55%. With songwriters as well, it is not one writer, it can be several writers, so the publishing pie gets even more diminished in a granular way so it makes even less for songwriters. I cannot remember what the last bit of your question was, but basically that—

Q112 **Chair:** I want to expand on one point before I turn to the other panellists. Effectively I think what you described is transposing of the old model of doing business on to streaming and how that is not working.

Maria Forte: Yes.

Chair: Is that almost by accident, to a certain degree, or is it design? Is it very convenient for those companies that are doing it?

Maria Forte: I think it was not design initially, but I do think there is a certain design now. That is especially on the artists' side, because why would a stream be a royalty? I do not understand that. It is a licence, it is like a synch licence and 50% should go to the artist. I do not understand the logic of applying a royalty to a stream, which is happening. That is less so with music publishing, because in music publishing the agreements work differently. The writers get the majority so they will have 75% or 80% of a mechanical, and of a performance they get 50% through their CMO, so the way that distribution happens is different and also they get more of it than the artist. There are two different arguments here and they work differently, but we must never forget songwriters.

Q113 **Chair:** I am going to bring in Kwame and José at this point. Do you think streaming is working in terms of economics and also consumer experience, frankly, and whether or not it is going to help the pipeline of talent?

Kwame Kwaten: I think where Maria was right is that when streaming came along it definitely nuked piracy. It came along and gave us this new way that was very user friendly and you could access a lot of content quickly. However, again I would agree with Maria that we are years on now. I look at things through rose-tinted spectacles and I do not like to look at things and go, "You know what, people deliberately did this in the beginning" so this whole thing of whether it was by design, I do not know. However, I do know that—especially when it comes to writers—we have to fix what Chris Cooke calls the "leaky pipe".

Right now there is royalty collection going on for writers that is going through two or three sets of hands before it gets back to writers. I am not saying that is just in this country; I am saying collection outside this country. It needs looking at. I have sometimes coined the term that we need almost like a magnificent seven to sit around the table. I say no more than seven because I think any more than seven and you cannot get anything done. We almost need one person from management, one person from artists, one person from live and one person from



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Government to sit around the table and almost—this will sound crazy—Rolling Stones style be locked in a room until you come out with a result.

When I say that, what I mean is that the anecdote is that Mick Jagger and Keith, back in the day, were locked in a room until they came out with a song because they did not want to write original material back then, they were a covers band. A similar kind of tactic has to be applied because of this constant putting off of what is very urgent—it is so urgent right now—and writers are suffering. As we say, they are losing sometimes half of their royalties. As a state of affairs it is crazy.

Chair: Can I bring José in at that point?

José Luis Sevillano: Thank you for the invitation. It is a great opportunity for all of us, especially the performers. You asked about fair distribution of rights in the case of streaming. If we go to the past and, as you say, the old model of broadcasting decided the wrong convention of the rights, for these kind of rights for performers. The lawmakers tried to distribute the money that comes from radio and television and so on, 50% for the label and 50% for the performers. We moved this model of traditional radio to the new one, which is basically streaming. There is a big mistake about streaming. Streaming is not replacing sales anymore. I think streaming is replacing broadcasting and, if you want, a kind of rental of music.

Who can say that Netflix is more similar to an old Blockbuster or to a shop where you can buy a film? It is a rental right. In both cases, if streaming is communication to the public or if it is a rental right, there should be a 50:50 split if it is broadcasting or if it is rental. As you have in the UK, the rental right has equitable remuneration, ER, for performers that they can manage on top of the contracts they sign. The contracts not only cover the rights but also the image and other things, and now the contracts are properly for the relation between the labels and the performers' rights.

On top of that the performers should be able to manage their own rights. If you paid attention, the performers are the only part of the music, even the issuer, that does not have a direct link with the user. All sorts can negotiate directly with the publisher and labels of course, but the performers do not have the possibility to negotiate their own rights. They cannot fix the price; they cannot negotiate the terms they want. This is the situation.

Talking about what is fair or not fair, remember that 50% of one user or customer of Spotify goes to the labels, more than 50% of the money that they are paying, 30% remains at the platform and less than 10% goes to the performers. This is unbelievable. If you try to see how the labels are distributing that money, I can tell you that they do not have accurate information because most of the feature performers who have contracts, the contracts have been lost during the change of selling contracts or labels from this to that.



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More than \$2.5 billion was in black boxes last year. It was in the newspapers that, last year, \$2.5 billion was in black boxes without identifying the songwriters and the performers. That money remains in the label's account with no possibility to go to the performers. We need to use more assistance. We have the collection societies. In the UK you have one of the most efficient collection societies for performers in the world, PPL. It is doing an incredible job. It can collect more than £200 million a year and distribute it accurately to all the performers.

The last thing I want to say at the beginning—sorry to be so long—is that the labels are only compensating the featured performers. What about the session musicians? You remember the directive—maybe you are not now under the copyright directive—that says that remuneration should be appropriate and proportionate to the actual potential economic value of the music. What about the session musicians? They are receiving zero, nothing, from streaming nowadays. Who is going to compensate that?

Q114 **Steve Brine:** Welcome, everybody. The streaming platforms that we are talking about offer very similar services—they would all argue not, but essentially it does the same thing—and the prices are remarkably similar and have not changed an awful lot that I can remember in many years. Do you think this is because the market for this product is highly competitive and they are benchmarking against each other, without talking to each other, or are there other factors in keeping the price down?

Maria Forte: Of course there is an element of competition, but you always have to remember that they are competing with free, which is YouTube. People access YouTube to listen to albums and tracks that they want, and that is free to people. That is what they are competing with. It is competitive between them, obviously. There are new services popping up all the time that are slightly different, and then you have to think, "How is that going to get licensed? How do we deal with that new bit?" It is an evolving thing all the time. They need to keep their users.

In fact, with the #BrokenRecord campaign, it is evident that users do not want to pay any more money. However, they would be prepared to pay a bit more if the money went to the artists and the writers. Therefore there is probably a bit of leeway, but you do not want to shoot them down because it will just push more people to free, which is always going to be the issue.

Q115 **Steve Brine:** But they do want to pay more if they can feel warm and fuzzy about where the money goes. How would that work?

Maria Forte: Who?

Steve Brine: The consumer. It is like people saying they do not want to pay more tax, but they are happy for someone else to pay it.

Maria Forte: It is well known that artists are not getting enough money to be able to live on; the same goes for composers. The messaging is



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very clear to the fan base, and an artist's fan base is very supportive of them. If there was a differentiation between how they got remunerated, the messaging would flow through and people would be more comfortable about the fact they are paying £9.99 or £10.99 but that £1 has been changed. Fans have an incredibly strong relationship with their artists, and many follow them around the world, pre-Covid. It is a very strong relationship. It is all about messaging and making sure it is fair, because it is not fair at the moment.

Q116 Steve Brine: You said they are very loyal. We talked about this the other day in our first session. It was Tom Gray from Gomez who I was asking about this. People are very loyal and they do want to pay more to do the right thing, I agree with you. However, then something comes along that is free and there is an element of guilt: you know it is free, but the bottom line is that it is free.

Maria Forte: I do not think it should be free, which is the other thing.

Q117 Steve Brine: Kwame, what do you think the impact of all this is—the pricing and the fact it is unchanged—on the music industry?

Kwame Kwaten: Yes, the market is competitive. In my room, for instance, I have platinum discs that I have done with major artists, but I also have platinum discs and 50 million streamers who are independent and are streamers of today. As a manager, I classically sit in both camps, but at the same time I was a performer as well.

The whole thing about the artists—the composer, the musician, the manager—being able to earn properly from what we now have in front of us is very important. It is explaining and getting across to people all the time that, with a great system, you will have happier artists who are once again able to make a proper living from their art. Their art brings billions to the UK economy; their art increases tourism; their art means people view the UK differently. Their art means a youngster from Italy who went to Glastonbury at 16 and is now boss of a huge Fortune 500 company will remember that festival and give the UK an order for shipping of over £50 million a year and create 3,000 new jobs. Their art will make you and your kids dance around your living room. Their art will be there when your nearest and dearest pass away. Their art will lift you up when you need it. Their art will make you sing loudly at a football match. All of this is how important that group of people are and, mysteriously, they seem to have been left out of the discussions.

I understand how that happened, but it is time to address it. We have to. We have an opportunity now to action it. This is why I harp on about it. I keep saying, "Fix the leaky pipe". It is a thing that we, at the MMF, talk about a lot. We have to look at what is wrong and get to it. If we do get to it, people will be happy. If we have happier artists, we are going to have great music. If we have great music, I just gave you one example of £50 million coming into the UK and there are plenty of those.



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When I say roundtable, I am talking about a magnificent seven, with the difference being it has to be a diverse magnificent seven now, it cannot be just men. Management, MMF, it has to be someone from the artist world, it has to be a representative maybe from the MU, one from a major label, one representing independents, one representing new tech, because we have to have new tech in the room because they will tell us, and one from live music representing venues and festivals. They have to sit in that room. It cannot be a one-off meeting. This meeting has to happen twice a month every month going forward because that is how important it is. It has to be funded, too, because that is how important it is.

When I say this, it is an ongoing thing. It is so important; it is an ongoing thing. New tech—we have Triller, TikTok, Insta and Reels—is delivering new things to us all the time. Every one of those new things needs somebody to look at it and say, “Hold on, are you paying this correctly? Are you paying that correctly? Are you paying this?” That all has to filter back to musicians, composers, managers, artists, music companies and labels. It all has to filter back correctly.

Q118 **Steve Brine:** Thank you, that is very clear. Mr Sevillano, from your point of view, what are the ways you can enforce copyright on behalf of the clients you represent?

José Luis Sevillano: If I may, I will go to the previous question about the pricing. I think the market is competitive. The price, according to the market, I think is enough for the music, the labels and the others, and I think the audience around the market says the same. The problem is that, as you say, some music is for free. It is for free and, at the same time, they are not paying the amount they should pay in the case that you mentioned previously, which is called a value gap.

Among the performers, the double value gap is that there is a value gap for some platforms like YouTube, but there is a value gap in the distribution of the money that the streaming services are receiving. I think the price is absolutely right. It may be in future—as Netflix did in the past—we can increase that money, when piracy and some other competitors finally disappear, but for the time being I think it is enough to establish the market. The question is how we distribute that money and how we can drive that money to the performers.

Q119 **Steve Brine:** Maria, finally, I noticed in your bio that you work with David Gedge of the Wedding Present, which I remember well in the early 1990s.

Maria Forte: I do, yes.

Steve Brine: Am I right in saying that was the band that released a single every month throughout the year of 1991, 1992 or something like that?

Maria Forte: Yes.



Q120 **Steve Brine:** With the impacts of streaming and the economics of music streaming, would what they did in 1991 or 1992 be worth it these days?

Maria Forte: No. David Gedge is a good example because he is still active, he is still out there gigging and he is still releasing albums. I basically do all the PPL registrations for his label Scopitones. He has his own label. He owns his masters of new material. I have re-aggregated all his publishings, now he controls that entirely himself, and I help administer that. We are coming up to a 30-year anniversary. He has now had a few 30-year anniversaries of albums, which were seminal albums that were released in the 1980s and 1990s. He will not see any money from that because of old record deal agreements.

There is a case for breakage. I read royalty statements from time to time because I find them fascinating. I do not understand how breakage can be applied. I know it is in his contract, but how can it be applied to streaming? He will not see any money because he is an indie artist. The way the pot is carved up is on a pro-rata basis, so if he sees any money it will be so minimal that it will not make a huge amount of difference to the income he enjoys through his career, which is mostly from live now.

Steve Brine: Thank you for reminding me that was 30 years ago on the day it is 40 years since we lost John Lennon, which should be put on the record.

Q121 **Chair:** To follow up on something, I am very interested in Kwame's very colourful image of fixing the leaky pipe and the magnificent seven and what have you in terms of trying to get a new sort of deal for the music industry that would benefit songwriters and artists.

To play devil's advocate for a moment, why should record companies and streaming do that? There is no shortage of people lining up to make music. Where is the motivation for them, frankly, to fix the leaky pipe?

Kwame Kwaten: If they do not, tech has a very, very good way of bypassing. Let us look at it. When people needed to access music very quickly, what came along? Piracy came along. We have a problem. Fans do want to pay artists and make sure they can live so they can go to their gigs and so on. If forever there is this murky water—the other analogy I use is Optrex in eyes—and you cannot quite see and somebody else comes along with an opportunity that removes loads of middle people, what will happen is people will take that as a route forward. We will be sat here in another five years going, "Hold on, how do we regulate that?" Tech will have sought a way around it. Who knows, artists might say, "Do you know what, forget it, I am going to deregulate. I am not going to be a member of this, a member of that and a member of that. I will just come out of it and I will deal directly".

It is 2020, which has removed the Band-Aid and you are looking at open wounds. You have to sit there and go, "We have to dress this. We have to dress the wound correctly so that it fixes" so when we go forward it is okay and artists, managers, labels and streaming services all feel okay.



There needs to be real clarity, real honesty and real transparency. If you do not have that, people will find another way. I have been in the business 33 years. I have seen this a few times, when organisations do not listen and do not hear. When things like this go on, another way is found and everybody all of a sudden is going, "Oh my God, oh my God, Napster has come along" or, "Oh my God, it's iTunes, oh my god" and it is like, "Do not say we did not warn you. Do not say we did not warn you".

Q122 Damian Hinds: I want to pick up where Steve left off on pricing and copyright. We have talked a lot in this inquiry so far about how revenues are divvied up and how they should be divvied up. Can we talk for a minute about the amount of revenue before it gets divided? Maria, we know the record industry is growing, new markets are growing the whole time. What about old markets? How does the £9.99 on Spotify compare to what the typical music fan would have spent on CDs or on downloads?

Maria Forte: It does not equate as much. I did a bit of a ready reckoner here, strangely. In the heyday I cannot remember how much vinyl cost, to be honest—although I should do, because I did buy vinyl—but CDs were £15 a pop so you are talking about a dealer price of maybe £10 to £11 with 8.5% of dealer. This is on publishing. You take tax out of it, but it would be divided between the songs on that album on a pro-rata timing basis and that is how it would waterfall out.

When you go to iTunes and downloads, you could download a whole album. You are talking about 8%, but that was a whole album and again it was split between tracks. Then when you could divorce tracks from the main album you are talking about 99p or 79p so it is constantly diminishing.

Q123 Damian Hinds: As an aside—this is not fundamental to our inquiry—why did the industry not differentiate more on price for downloads? Why was there no difference?

Maria Forte: There was a copyright tribunal.

Q124 Damian Hinds: That answers that question. I think CDs probably peaked at £15 and they are much lower now, more like £10, £11 or £12.

Maria Forte: Retail.

Damian Hinds: Yes, retail. How many does the average punter buy in a year, which is really the question?

Maria Forte: Now or in those days?

Q125 Damian Hinds: What I am trying to get to by a circuitous route is whether the total amount of money available to be divvied up is greater than, less than or the same as it used to be. Setting aside China, Vietnam and all those huge growth markets, on a like-for-like basis is there more money in this business to be divvied up? I know you are going to say in a minute, quite rightly, the cost structure has changed a lot too, which will



be interesting to hear. However, at the revenue line, are punters spending more money or less money on music today?

Maria Forte: I think they are spending less. It is an all-you-can-eat basis, you pay your £9.99 and that is it. In the old days—or days gone by, I do not know about the words “old days”—you bought an album, you bought another album, you bought a 10-inch single or a 12-inch single or a picture disc. There was a lot more product. Now you pay a monthly sum and you get what you want, you get whatever you want.

Q126 **Damian Hinds:** Do these numbers exist? Is it known somewhere how much on a like-to-like basis in a market like the UK or the US?

José Luis Sevillano: I think these numbers never appear. In fact, we have a case in Spain with some record labels against the platforms and they just said there was no evidence about the distribution of the money in the case of the new model.

I would like you to pay attention to the case of the Spanish Government, which recognised this problem of whether the money is enough and how it should be divided. In fact, our studies say that of course there is room for different distribution. The amount of the market is almost the same as we had before and will grow very sharply in the next years. In Spain we have collective, equitable remuneration for the performers that we collect—the AIE, the collection society for performers in Spain—on top of the contracts and all the relations between the contracts and the labels, and the labels and the performers. We are managing these rights, and the music services pay directly to AIE for performers.

We get information of the users in Spain of all the music that is used by the platforms and then we distribute that money quarterly to all the performers, not only to feature performers but to session musicians. We pay throughout the world. With our 99 bilateral agreements we are even paying to PPL, for instance, all the remuneration for British performers that is collected here in Spain. I think this is very good to demonstrate that you can rebalance the situation.

Q127 **Damian Hinds:** José, I do not want to cut you off, but I think we are going to come back later in the session to all those distributive issues.

Maria, can I come back to you for now? You do get quite a lot for your £9.99. If you are on one of these free offers, you get one as part of Amazon Prime, you get even more, don't you?

Maria Forte: Yes, and Apple TV+ because they have Apple Music now, it is bundled.

Q128 **Damian Hinds:** Why do you all put up with that? Are you not collectively—this is not just artists or composers, it is labels as well, everybody—funding the marketing expansion of these labels? To come back to Kwame's point, whether it ultimately is Spotify or someone else, eventually in all markets you get disintermediation and people realise



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there is a way to take more of the value chain. Is this industry not enabling that to happen?

Maria Forte: I do not think we have reached streaming numbers yet, I think we are still on an upward curve. There is a huge demographic that has not been included in this streaming thing. A lot of young people who are tech savvy are engaging with streaming, but the older generation less so. There are new services, one in particular that I know, which are putting streaming services through televisions so people feel more comfortable to be able to access it rather than computers. It is a matter of engaging a greater audience to make more money. As Freddie Laker used to say, it is bums on seats. You have to get more people using streaming, and streaming.

The important factor is you have to make sure that what comes out the other end is equally distributed and fairly distributed. These streaming numbers are large, as far as we are concerned, because we are looking at a previous marketplace, but it has to get bigger and is going to get bigger. If it is bundled, it is all part of making more money ultimately. Apple is very powerful when it comes to negotiation. These are tough negotiations that happen.

Kwame Kwaten: We have to remember that in order to get past piracy we needed streaming to win. You have to think back to that time. We needed streaming to win so that was the only way.

I agree with a lot of what Maria said. I am listening to José and he is talking about ER, and I am saying, "Good". However, even with that we have to make sure the people who at the moment are collecting because they are label owners themselves, as in artists—there are many artists now, and I have quite a few, who own their own masters—are not affected and do not suffer. It has to be that everybody wins going forward. This can happen. Again, I would go a bit easier on asking, "Why are you all putting up with it?" We are here and we are talking to you because there is a need for us to sort it out, and it can be sorted out.

Q129 **Damian Hinds:** Let me ask you about that negotiating dynamic. As we understand it, the record labels negotiate with the streaming services, and then the record labels disburse funds through the chain. The complaint is that there is not enough going to the artists and there is not enough going to the composer. Obviously, as well as the big record labels, there are independents.

What is your assessment of the barrier to entry that is stopping new entrants into this market? What is the fundamental tipping point at which, as an artist, you say, "I am going to go to an independent"? What do you lose as a result of going to an independent? Finally, would the world be a better place, and would things be different, if the big record labels were broken up?

Kwame Kwaten: You are going to have to give me one question at a time and then I will answer each one very quickly.



Damian Hinds: You can choose, Kwame.

Kwame Kwaten: Give me the question and I will do it. Go for it.

Damian Hinds: It is about the negotiations. I suppose the simpler version of that question is: in the negotiating dynamic with the streaming platforms, what structure of the industry would end up with a better result for the artist, the composer and the rest of the magnificent seven?

Kwame Kwaten: What structure or what is the way to fix it?

Damian Hinds: I am asking what structure. It is difficult to specify, to stipulate a way that two people should negotiate in a negotiation, but you can say who the people are who should be doing the negotiating. Is there an endemic flaw in the structure of the business because it is too hard for independents to grow, it is too hard for artists to choose to go to independents, it is too hard for new record labels to come in that could offer a better deal to artists and that therefore would be more attractive? That is the question.

Kwame Kwaten: I do not know. I am not even sure if I understand the question. Are you asking if there is a way to negotiate better? If so, as I have said, I think sitting sets of people around the table and then discussing it is definitely the way forward. I am having trouble understanding the question because you have given it in three or four different ways. Give me one more and I will get it.

Q130 **Damian Hinds:** Among all the people taking money out of this equation is the streaming platform itself, and it strikes me as rather a high proportion of the total. That is a matter of negotiation, as we understand it, between the streaming platforms and the record labels. What would make more of that money available for distribution through the chain? Maybe I am making no sense.

Kwame Kwaten: I get it, I get it. Simply it is not that black and white, it just isn't. This is the thing, "Oh, the streaming services are getting all the money. The major labels are getting all the money," and it is not that simple. We tried to fix one problem. Streaming did very well by basically nixing piracy, but in doing that, as often happens, another problem has come. It is ongoing, and we have to look at it and look at where we are now.

Do not forget there are many things that have come about now that were not around when £9.99 or £14 was around, social media for one. This is the thing, there are now so many more things to take into consideration, so we have to look at those now. We cannot just look at it as one meeting and done. We have to keep looking at it. I do not care if there is a paid force. This is why I am saying a magnificent seven roundtable that sits there every two weeks and basically goes, "Okay, how can the UK win with regard to—"

Q131 **Damian Hinds:** Thank you. A final question from me, or the Chair will



get very impatient with me. Can I come to Maria and José? Are you both content with the way negotiation is done in terms of the share of revenue that goes to the streaming platform and the headline price to the user, or do you think a different negotiating dynamic, a different structure in the industry, would result in something more advantageous for artists and composers?

José Luis Sevillano: I can tell you that in the last more than 10 years we have tried to fix the negotiation with the labels on behalf of the performers, trying to rearrange and rebalance the distribution. This is an impossible negotiation, because there are many things in the middle of the battle, if you can say that, and the performers and the producers are not able to find a common agreement because, of course, the producers and the labels now have the direct link and they have the money. When you have the money, you cannot split that money if you feel you need it to survive or whatever.

A way to start a new negotiation, or to do it in a different way, is to try to give the floor to the performers, so the performers have the right to go directly to the platforms with equitable remuneration or whatever you call it. If you can give this right directly to the performers, they can negotiate and they can get fair remuneration for the job. That is the only way. We are seeing it in Europe and the rest of the countries. Now in Holland they have it for visual. In Switzerland, Hungary and other countries they are looking for these kinds of solutions because otherwise there will not be peace in the market in the next 10 years, and finally the performers will lose their possibility to stay in the market.

Maria Forte: I would like to say something that probably is not what you were intending. When it comes to negotiation, the major labels are obviously the first port of call because they have the biggest catalogues. Aligned to them is obviously their publishing arm. Whether or not they do a deal together or separately, there is a joining of the whole licensing push. Often a digital service will come along, they will do their deal with the major label, they get their 55 million tracks that arrive and then they talk about a publishing deal. It is too late, and you have streaming services going live without the correct agreements in place. That adds a dynamic that nobody wants so you lose ground. I think that is a very key point, no one should be launching without the correct agreements in place because that means delayed distributions and all sorts of things. It is a key point that needs to be addressed in this mix.

Q132 **Clive Efford:** Maria, can you take us through what the traditional role of publishers has been in the music-making process and how that has been impacted by streaming? How has that affected independent publishers in particular?

Maria Forte: What do you mean, the process?

Clive Efford: In the process you are involved in, bringing music to the public. What has been your traditional role in that, and how is that



changed by streaming?

Maria Forte: My role personally is on what I call the nuts and bolts side. My position in any publishing entity that I have worked in, and now as my own independent consultant, is to protect the rights of the composers and artists who I work with. In the old days it was a lot simpler to license recordings of an album or a single; they were static things and they did not change. These days, with collecting and distributing on a streaming service, it is extremely complicated. That is not least because often the metadata is incomprehensible. The CMOs, which license streaming services, sometimes receive data that is not possible even to process, so there is a delay in that. The metadata is not good enough for them even to identify the songs that are coming through in royalty income.

I do not know whether you are going to talk about metadata, but anybody who knows me will be rolling their eyes at this point. Metadata is so important in this whole mix so people get paid properly, because without that digital services cannot account to the CMOs for writers to get paid. The metadata goes from the label to the digital service attached to the asset. The artwork, the music and then the metadata are the three key pieces that go together to the digital service. In that metadata you identify each of the songs and you should identify the composers. Some labels identify composers and some do not. For the ones that do not, that means when it goes through to the digital service, the digital service can only push what it has received. The copyright societies are then trying to identify songs from a record company identifier. That has historically been two separate businesses, the record side and the publishing side, and until now they have not worked together in fusing the data they use. That is what is happening at the moment, but it is very late in the day.

It is extremely complicated because you can have one song with multiple recordings, and this is a problem when it has to come out the other end. It is knowing whether you have been paid correctly, whether you have been paid for the right songs and the right composers. It is much more fragmented now and much more difficult. It is also the fact that there are billions of streams, so you are dealing with huge amounts of data whereas before you were not. That is the difference.

Q133 **Clive Efford:** Do you, as a publisher, have a role in untangling that?

Maria Forte: Yes, I do. I sit on various committees, or I have done. I was a founding member of IMPEL, the Independent Music Publishers' e-Licensing body. I do not want to make it sound as if it is unfixable, because it is not unfixable. What will fix it is the metadata; metadata really matters. That is something that everybody needs to come to the table with and fix, because then the flow of income will be much more accurate.

Q134 **Clive Efford:** What are the roadblocks to fixing it?

Maria Forte: It should be compulsory that record companies supply song data and writer information. The writer information is key. They are doing



it much more these days, but not all labels. It is the back catalogue. There has to be a big process of going back over the back catalogue and adding those composers, because it was much more of a forward movement rather than a backward movement when we were aware this had to happen.

Q135 **Clive Efford:** Finally, what will make the record labels do that?

Maria Forte: I have had conversations with a label—I am not saying if it was a major label or an independent label—in one of the seminars I do about metadata, because it is very close to my heart. I said record labels need to apply composer information and somebody piped up, “I don’t care about composer information because it’s nothing to do with me. I’m not changing my system to do that.” My view is that many artists are also composers of their own material, so I think it is not morally correct that you would want to obstruct an income flow by not putting that on there.

I do not think we can rest entirely with record labels having to do this mammoth job—which it would be, you are talking about digitising paper records—but the data is there. I read label copy because I find it fascinating, it has the composer information, the engineers, the producers, the featured artists and the non-featured artists, and it is very interesting. Maybe it is something the industry needs to work on together and fund together to get some of these blockages out of the way.

Q136 **Clive Efford:** I will come to José, because I know he wants to come in. However, is the fact that the record labels have 55% of publishing part of the blockage? Is that a problem?

Maria Forte: It is a problem because artists are not earning enough money from it. They are getting that 55% and, yes, it is a problem because not even half of the 55% is coming through to the artist. That is the biggest problem of all because artists are not going to be able to work. Songwriters are not going to be able to create songs. People have to earn a living. They are going to go out and be Deliveroo drivers, which is shocking.

José Luis Sevillano: The CMOs—as you say, Maria—used to deal with difficult sources of information, especially from broadcasting public performances on television. Over the last 10 years the CMOs, the collection societies—PPL and PRS in the UK—have been working very hard in creating these databases so they can manage or digest all the information from the platforms. In fact, in our case, we can far more easily process the information from Spotify than the information that comes from terrestrial broadcasters. We can distribute not only the current catalogue, but for the back catalogue we have information from the 1950s, 1960s and 1970s, all this information of the line-ups, and it is distributable very quickly.



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The two codes that are very important in this matter are the ISRC for recording and ISWC for the work, and every day they are more linked. The most efficient way to distribute a huge amount of money or a huge amount of information from the platforms, or YouTube or whatever, is through the collection societies. They have the full databases with all the reliable identification processes.

Q137 **Kevin Brennan:** José, you mentioned earlier that money comes from the equitable remuneration right in Spain to the UK via PPL. How much money comes each year to the UK from Spain as a result of that right existing there?

José Luis Sevillano: It is about 15% or a bit less, 13%. It depends on the amount of music.

Q138 **Kevin Brennan:** Someone told me it was about £800,000. Is that the right ballpark figure?

José Luis Sevillano: A year?

Kevin Brennan: Yes.

José Luis Sevillano: A year, yes, maybe.

Q139 **Kevin Brennan:** When you think about it, it is quite a significant amount of money. If this right existed across, for example, the European Union or other countries as well, given the UK's strength in the music industry, it could potentially be a very significant earner for UK-based musicians coming through PPL, could it not?

José Luis Sevillano: Absolutely. I can tell you that PPL—for instance, in all the modern stuff, broadcasting, public performance and so on—is collecting more than £50 million a year for British music. If this right were established around the world, we would collect a big amount of money for British musicians because they are one of the biggest markets in the world.

Q140 **Kevin Brennan:** Do you think equitable remuneration might be the simplest and quickest way to get some money—if I put it this way, in crude terms—out of corporate pockets and into the pockets of the working class?

José Luis Sevillano: For sure. Yes, I think it is the most reliable system. We are used to negotiating on behalf of performers the price to fix tariffs, to negotiate, to distribute. We have the database information and it is very fast. We got agreement with Spotify the last one, three, four or five years ago and immediately we started to distribute to the performers. We are paying more than 7,000 performers a year, and most of them, 4,000 to 5,000, are session musicians, who nobody pays apart from this equitable remuneration.

Q141 **Kevin Brennan:** Earlier you mentioned £2.5 billion in what is called “black boxes” in the industry. For the benefit of the Committee, what you



are talking about is money that cannot be attributed for some reason or other to artists, songwriters and composers, and so on. Is that correct?

José Luis Sevillano: Yes, it was in Digital Music News a year ago.

Q142 **Kevin Brennan:** This is the same thing as the so-called leaky pipe that Kwame mentioned, is it? Money flows out of the leaky pipe into the black box. Would it be easy to fix that or, instead of being kept by the record companies, should thought perhaps be given to creating a fund out of it that could maybe go towards new talent coming up through the industry, or perhaps towards some of those who have been in the industry for a long time but are not getting much out of the pot? What do you think about that?

José Luis Sevillano: I think it is easier to have clarity, if you want to say that, on the money for the performers if you tried to fix this problem with the labels. I think we can manage and we can do it. Publishers, CMOs, performers and others are able to manage this problem.

Kevin Brennan: It is doable.

Maria Forte: I wanted to say a couple of things on that. First of all, equitable remuneration, yes, would be very good if that money went directly through the CMO, which is PPL in our country. It has a very good methodology and it is featured artists and non-featured artists, which is the important thing here. If there was massive resistance against that and it has to go through the labels, for example, the rate needs to change, it needs to be a 50:50 licence rate and not a royalty rate. That is the first thing I want to say.

Kevin Brennan: Understood.

Maria Forte: The second thing is about the black box. CMOs hold black boxes, but they are disbursed after a period of time. They hold the money for six years, and then it is basically paid out on a pro-rata basis to the members.

Q143 **Kevin Brennan:** José, to jump back to you for one second, am I right in saying that in Spain the equitable remuneration right is not 50:50 but 100% to the musicians?

José Luis Sevillano: Yes, it is on top of the contracts. It is not split with the labels; it is only for performers, and the law recognises it that way. We negotiate directly on behalf of the performers. The labels have their own way to receive money. It is not 50:50 in that case.

Q144 **Kevin Brennan:** Thanks, that is interesting to know. Kwame, can I ask you about the black box issue that you raised in relation to the leaky pipe and so on? As managers, are you ever able to get your hands on some of that money for your artists? Is that part of a negotiation with record labels where you go to them and say, "We know you have this black box money. How about giving it to some of our artists?"? Does that happen?



Kwame Kwaten: The thing is that the black box represents so many different pools of income. It is not something that sits in the sky that is necessarily just record label. Sometimes an artist—again, this is also part of the problem—does not know to register themselves correctly PPL-wise or whatever, and as a result what happens is that their income sits there. I have experience of this. I saved one guy. All I will say is that, from my advising him and looking after him, over a certain amount of time he earned over £100,000 just by signing forms correctly.

Q145 **Kevin Brennan:** That probably is not uncommon because artists often do not have this as the first thing they think about when they get up in the morning; they are probably thinking about writing a song. I understand what you did there was an amazingly tremendous service for that artist. We know this money exists. It has been reported publicly at \$2.5 billion across the industry. Do managers ever go to the record company and say, "Give us a slice of that for our artists. Even if you can't attribute it, at least we can give it to some of our artists"? Does that ever happen?

Kwame Kwaten: No. Being completely real here, as managers we are in a tunnel that is very much that we have to earn for our artists. I know it sounds kind of crazy. It sounds like, "Surely, if that money is there, you should go and access it."

Q146 **Kevin Brennan:** I know there are some questions coming up about what the managers' role is now, so I will not go into that too much because there are further questions other colleagues are going to ask about it.

Some people have been a bit critical sometimes of the Music Managers Forum for having a close relationship with Spotify, YouTube and so on in terms of finances. What would your response be to that criticism?

Kwame Kwaten: No, just no. With the MMF we give as much as we get. When I say that, you can be sponsored by somebody but you can disagree on something. I do not buy that at all. We do quite often. Spotify will come around and say, "Okay, you disagree with us on that. We have to have a look at that." We believe that by being close to them we might be able to influence change there. It is no use not having a discussion with someone, which is a cold war and we are past that.

Q147 **Kevin Brennan:** Maria, can I ask you a couple of questions quickly? Other sorts of streaming services were mentioned earlier, such as Netflix, which obviously shows high-end television content, films and so on. Why is it that pretty much all the big streaming services in music offer exactly the same product? Netflix does not have all the same films to access as Amazon Prime or other streaming services. Why is music different?

Maria Forte: It is what record labels deliver, they deliver their entire catalogue. They deliver it to every streaming service because they want to maximise the availability of that catalogue. Not everybody uses the same subscription service. I have Spotify, I know people who have



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Spotify and Apple Music. You are maximising the availability of your catalogue.

Kevin Brennan: To follow up on the questions that were asked earlier by Damian Hinds and Steve Brine—

Maria Forte: I did want to mention about the black box.

Q148 **Kevin Brennan:** I will press you on this, and you can come back and mention what you like. The point I am trying to make is that what you have just said is the reason for the question that was asked earlier. Everybody offers the same thing at the same price because that is what the record labels require of those major streaming services, that everything is available universally. In effect, that means they cannot differentiate the products they offer, except in the most minor way.

Maria Forte: No, I would not say playlists are minor, or Spotify basically including credits—it was the first to do it, and other digital services are now also showing the credits—or being able to search by composer, which is something that has come in. All these things are nuances of a service. They are trying to make their service different to attract consumers.

Q149 **Kevin Brennan:** On the pricing side and what you said earlier about older consumers, it is changing quite rapidly in that older people—like me, for example—are subscribers to Spotify. The reason given often for the price being kept at the same nominal price for the last decade or more of £9.99 is that there was a very high level of price elasticity among young consumers, if you want to put it that way in economic terms. Older consumers are more likely, are they not, to be willing to pay a bit more? Is that something that could be used to try to generate more revenue?

Maria Forte: Potentially, but it is like adding a tax on old people, isn't it? Are you saying giving a greater price to older people?

Kevin Brennan: Or perhaps offering a differentiated service of some kind for them.

Maria Forte: Possibly a differentiated service. I have had Spotify for a long time. I still listen to Spotify. I listen to albums because I am old-fashioned, and to me albums have been created as a body of work and that is how I always listen to an album. I have a son who has endless playlists, and he will not leave Spotify because he does not want to have to lose his playlists, so that is interesting.

I did want to say about the black box. In standard current publishing agreements there is usually a black box clause that it will be distributed on a pro-rata basis with the catalogue to composers. There is a split of black box in a publishing contract, and I wanted to make that clear.

Q150 **Kevin Brennan:** You mentioned earlier the way the publishing pie is being divided up more and more. I think we have all noticed that trend in recent years. Certainly if you ever attend the Ivors, at one point you have



12 people on the stage all claiming to have written the same song. Can you explain, for the benefit of the Committee and perhaps people who might not be aware of this trend, what is going on there?

Maria Forte: There is a number of things. The easiest explanation is, first, sampling is quite prevalent. When you sample a song and you give up a share of the copyright, you immediately have the songwriters of that sampled song in your song. That can be a way in which suddenly you get 17 songwriters. Somebody can write a song and then the producer, who is a producer-writer, will get it and add bits to it. There can be a number of people in the room who will be given a percentage. Often, if it is a major artist, they will require a percentage of the song irrespective of whether or not they contributed to it.

Q151 **Kevin Brennan:** It is the old maximum, “Add a word, take a third” on stilts, basically.

Maria Forte: Yes. I am glad Dolly Parton did not give Elvis a part of her song.

Kevin Brennan: Wise woman.

Q152 **Julie Elliott:** I want to move on to the role of managers. Kwame, in our last session we heard a bit from artists about how the advent of streaming had changed their lives, the way they work and the impact it had. I am very interested to hear how the role of managers has changed with the impact of streaming, how it has affected your approach to negotiations with record labels and also how you ensure you always get the best deal, given the impact of streaming. Just a few things.

Kwame Kwaten: Management, interesting. I know old managers, and they will often tell me about what it was like and there are many similarities, but then there are many differences. For instance, now a manager has to deal with, among other things, A&R as we are called on to help make the record now with the artist, advise them through the process early on. Because, let me put it this way, the artist’s early time working on a record is without funding from a major record label. Indeed, generally, you almost go in as though you are self-releasing. That is the first thing. Therefore it is now A&R, deal-making, new tech, social media—I know management companies that now have a whole social media department—touring, obviously that was back then but is now, and you have brand deals now as well because of social media and navigating that.

Again, back in the day there wasn’t email, and now obviously there is. People can reach you easier, which is great, but people can reach you easier, which is awful as well. If you are having a hit record, your inbox can go from 150 to 200 emails a day to maybe 600 in a day. Then you have to employ somebody to help sift through that so you get the most important ones. Artists’ care and mental health is obviously a huge thing right now.



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What we are saying, putting it simply, is an artist's manager has to do a lot, and arguably a lot more now because of what is in front of us. The simple truth is that, because many artists can upload themselves to any of the streaming services, in order for your artist to cut through, you simply have to do that much more work.

Back in the day, the sieving process was that you would have to get a deal first, which meant that a lot of people did not get through that net. I am not saying it is good, right or wrong, but I am saying that now most people can do a song at home in their bedroom, upload it or get it uploaded and then worry about how to collect it or whatever without a manager.

Your job and the suite of things you have to do is that much larger, definitely. Having been a manager for over 15 years, what I used to have to do and what I have to have in place now are completely different. By the way, that includes making sure that, royalty-wise, every last thing has been looked at for my artists because of the very things we are talking about, the leaky pipes and so on. We have to follow up on all that.

Q153 Julie Elliott: We heard a lot about transparency and a lack of transparency at the last session. Do you feel the streaming services, record labels, collecting societies and so on give you enough information and things are transparent enough to ensure you can advise your clients as effectively as possible?

Kwame Kwaten: I do not think there is transparency all round. That is not me dodging the question against streaming services, I just think that transparency is a major, major issue.

Q154 Julie Elliott: Finally, Covid has affected everyone this year. Music managers are usually paid on commission. How has Covid impacted managers and the rest of an artist's support system specifically, and what support has been available to you through this period?

Kwame Kwaten: I had Covid. I was in hospital with Covid. How has it affected me? Obviously, if you are self-employed as a manager, you have to make sure that—someone is at the door, can you believe it?

Julie Elliott: Have you been paid? Have you had the support you need?

Kwame Kwaten: I am lucky in that many of my artists stream well, so I do get paid.

Q155 Julie Elliott: Have Government given you any support during this period?

Kwame Kwaten: Yes, they have, definitely.

Q156 Damian Green: I was about to ask Kwame a question, but he has to go and answer the door.

Maria, we are spending this inquiry thinking about the distribution of the money available and how little of it gets to artists and songwriters. If the



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labels do not sort this out, Kwame said tech would take over. That gives rise to the thought, why have they not already? Apple, Amazon, Google, with money no object, could run hit-driven industries because they can afford it. Why do they not just approach the artists directly and disintermediate, take out these giant record labels?

Maria Forte: Artists are signed to labels. You would have to re-engineer the whole wheel, basically. You would then be signing artists directly yourself, or I suppose you could have artists delivering songs to you, but you would still have to have a contract. Does Apple want to do that? No, it wants to sell products. The only reason it is in music streaming is, with no downloads anymore, to sell more of its tech products. It could, but I do not think that is a business it wants to be in.

Q157 **Damian Green:** I will put the question to Kwame, since it was originally meant for him. I was picking up something you said earlier about how, if you do not sort out this issue, tech will take over. As a manager, have you ever thought, "Okay, I could cut out these labels I have to deal with. Why don't I go direct to the big tech boys and say, 'Why don't you set up a label, buy one of the labels or something like that, and then cut out a whole raft of middlemen who are taking money out of the system?'"? Have you ever thought of doing that?

Kwame Kwaten: As I said, my core business before working managerially with artists was with major record labels. I have one artist now with a major record label, and the rest of my roster self-releases. Some self-release because they are not ready yet, others self-release because they prefer it as a way forward. I am already involved in what you are talking about and already have success on my wall as a result of it, so I am in that system.

Q158 **Damian Green:** What makes you decide to walk away from contract negotiations with a major label and say it is more beneficial to go independent? Is it just money?

Kwame Kwaten: No, a major label is because you have, to me, a major label act. If you have an act that is definitely suited towards a major label, then I think, yes, correct.

Julie asked earlier about managers, and she asked, "Have the Government supported you?" I want to tie this into what you are saying here. A lot of managers have suffered hugely because live music has been completely hit on the head and is suffering hugely. Sure, my earnings have been affected by that. I was a little distracted because people were banging on the window, so I wanted to get that out.

Damian, I want to go back to your point. Give me the question one more time and I will finish it off.

Damian Green: You say you put some acts on labels and some acts self-release. What makes the decision for you?



Kwame Kwaten: What makes the decision is the artist. My friend manages Dua Lipa. Dua Lipa to me is a major artist. I have some acts that I think are major label. I manage Blue Lab Beats, who have just signed to Blue Note Records. To me Blue Note Records seems to be the right label for Blue Lab Beats. They are ready now, but they are ready because they have done two albums and three EPs on independents, so they have had their time. What would have happened perhaps in the 1960s was people would have gone and done the whole touring circuit. We have to remember that the Beatles did not just emerge; they did seven years, as we know, in Hamburg, X, Y and Z and then they were ready.

Sometimes it is a matter of being ready for a major record label, and some artists just are not ready for a major record label deal. The ones that come to me and say, "I am and I really want it" and I recognise they are not, I will often say, and I have done it this year, "Do you know what, I am the wrong manager for you."

Maria Forte: Major labels are very good at doing what they do. The expenditure on a major label artist is enormous. There are videos that have to be made, they organise the press, promotions and marketing. It is a big vehicle surrounding Dua Lipa. Look at her videos. Arranging interviews and getting her to the right people is expensive. If you have a major label artist or somebody like her—where it was evident right from the start of her career that she was a star—she has to have a vehicle that is going to take her through the business and sell her.

Kwame Kwaten: To back up on it, sure, on major label deals your percentages will be lower, but at the same time the way you look at it as a manager is your percentage will be lower and the percentage coming to you and your artist will be lower—if it works, you have to remember that—but the amount they then put into you will almost teleport you to a new level. That new level has many other ways of earning—you have brand deals, sponsorships and so on—which some major labels try to get a piece of, and others these days say, "No, that is yours to deal with." There are different ways of earning now.

Q159 **John Nicolson:** As we all know, this session is being livestreamed so I would like to read out something that Colin Smith, a musician watching this streaming, has said. He said, "I hope your members of the panel can assist bringing an end to the scandal of streaming or there will not be any musicians left outwith major artists". That is a musician watching and appealing to us for help. José Luis, can I ask you very simply—we are running out of time—if there is a single lesson that we can learn from the Spanish model, what is it?

José Luis Sevillano: I think the single message that we can find in the Spanish model is that finally the performers have their own voice, they use it to negotiate for their own rights and they can receive fair compensation, not only the feature performers but non-feature. [*Inaudible*]
—is a good friend of ours, and he is right. All or most of the



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performers are receiving nothing. The lesson you can learn from Spain is that the remuneration right has successfully been in place in law since 2006. The remuneration right is a right for the performers that is recognised legally and practically, supported by directives. Yes, you were close to that.

Also one part that is important, which they were saying before, is that the directive and the law that we have in most European countries is about transparency. The lack of transparency in the distribution of revenue from the labels to the performers is huge. Nobody knows why this month I received this money and next month I receive half or double. This is something that you, as lawmakers, should fix.

Q160 **John Nicolson:** That is an excellent point. Can I pick up that point, please, with Maria? You have talked about metadata. Many streaming services have dashboards for artists. Should streaming services have a legal obligation to make it clear to artists and composers on these dashboards exactly how much they are owed, addressing José Luis's point that there is no transparency and people have no idea how much money they are due?

Maria Forte: That would be lovely, but it is a contractual relationship between, first of all, the artist to the label and then the label to the streaming service. I do not think legally that would be possible, but what could—

Q161 **John Nicolson:** We have the power to make recommendations as parliamentarians, whatever recommendations we want. We make law, so—

Maria Forte: A way around it would be to give people a grouping. Each of these agreements are under NDAs and they are strict NDAs, which is part of the issue of transparency. With artist dashboards you could have groups of income, "You have earned this much this period." Remember the way it works is the income that is divided up on a monthly basis is by the number of streams that have happened against the income earned in that month. Some months you could have more streams, some months you could have less streams. This is where user-centric is something that really needs to be considered.

Q162 **John Nicolson:** We have all heard that message loud and clear in the course of these hearings. Let me finish by asking all of you to answer the same question. It is a question I ask on a regular basis on the Committee. I have asked all our experts if they think their industry will benefit from Brexit, but not one single expert so far thinks there is any benefit from Brexit. Can I ask each of you: Brexit, good for the industry or bad for the industry?

Maria Forte: With no deal in place, very bad; with a deal in place, who knows? The main thing that is going to happen is the effect on the live music industry and tours. For many English artists, that is a huge amount



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of their income, and a methodology to access different marketplaces. When it comes to music—

John Nicolson: I will just point out for Scottish, Welsh and Northern Irish artists as well.

Maria Forte: Sorry, yes.

Q163 **John Nicolson:** Kwame, can I ask you the same question? Is Brexit good for the industry or bad for the industry?

Kwame Kwaten: I can't see it being good. We have no deal at the moment, so I can only say bad. Covid has already affected venues, performers, artists, agents, festivals, writers, management, and now on top of this—

Q164 **John Nicolson:** It is a further hit. José Luis, Brexit, good or bad?

José Luis Sevillano: It is difficult to say from Europe. We are very sad that you are out of the European Union. I have to say technically that some rights for performers may be at risk because you are not part of the European Union, but this is the only thing I can see.

John Nicolson: Thank you all for your brevity.

Chair: A full house for you in terms of Brexit being bad. On that bombshell, we are going to close the first panel. I want to say thank you very much to Maria, Kwame and José. We are going to take a short adjournment now for two or three minutes as we set up our second panel.

Examination of Witnesses

Witnesses: Fiona Bevan, Soweto Kinch and Nile Rodgers.

Chair: This is the Digital, Culture, Media and Sport Select Committee and this is our second panel today in our inquiry into the economics of music streaming. We are joined by: Fiona Bevan, songwriter and singer; Soweto Kinch, a jazz saxophonist, MC and composer; and Nile Rodgers, songwriter, producer and artist. Thank you very much for joining us this morning. Thank you as well, Nile, as I understand you are in the United States.

Q165 **Steve Brine:** Thank you very much for joining us. I do not know whether you have had a chance to listen to the evidence that has been given so far, either before or in today's session. Last week, we had recording artists Tom Gray from Gomez, Ed O'Brien from Radiohead and others talking to us about what they believe is very little transparency in the process. Fiona Bevan, do you agree, as an artist and songwriter, that this is a process that is cloaked in mystery?

Fiona Bevan: Yes, I would have to agree that the lack of transparency is a very big problem. I am an independent artist as well as a songwriter for other artists. We have talked quite a lot in these sessions so far about



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artists and performers, so my big focus today is to talk about songwriters, but I can speak from both points of view.

Yes, on the lack of transparency, any songwriter will know that when they get their PRS statement and see the streaming income it is all 0.00003 for this, 0.0005 for that. In different countries it is different amounts. We do not know the rates for each country because of the NDAs between the streaming platforms and the publishers and labels. It is basically unauditible and incalculable because of these tiny sums. You have probably seen some of the stats, but one of the stats that the Ivors has just published is that eight out of 10 songwriters earn less than £200 a year from streaming. We have a big problem here, and people do not know why they are getting so little. They do not know where it is coming from. There are many bodies taking a little cut along the way, if you look at *Dissecting the Digital Dollar*. Yes, there is a lot to unpick there.

Q166 **Steve Brine:** Soweto, what are your thoughts on transparency? You were nodding during that answer from Fiona.

Soweto Kinch: There was some confusion in the first session as to whether this lack of transparency is by default or by design. It is definitely by design, and it is something that I have seen throughout my career as a self-releasing artist and independent songwriter and jazz musician. There are people with vested interests in keeping that system as opaque and unintelligible as possible because if you do not know what to ask for, you do not know how much you are entitled to. That went back to the days when I wanted to put out a record myself and people were saying, "Oh, AP2 licences and barcodes" as if it was very complex stuff, when it was just a couple of phone calls and emails away.

There are still people with a vested interest in making you get the impression that this is all very difficult to sort out and it is all so polarised and dissipated that you will never be able to collect all this revenue. It has never been easier to collect metadata. You do not have to go around to every pub that your song is played in. There is a digital trail for all this music as it is being played on all these different platforms.

We should not have much time for these agencies pleading poverty or that it is very difficult in this time of Covid, because one of the most egregious things is that my journey has involved going from being an artist with an independent label, who could be guaranteed some royalties, to relying pretty heavily on live gigs, live engagements and selling my own self-released merchandise on my sets. With the complete dissipation and evisceration of all my live gigs this year, that is no longer a possibility. Record labels have been trying to encroach on that live merchandise world for a while now with 360 deals and so on. It just seems very pernicious to be complaining that it is more difficult for them when, as artists, we cannot earn anything from live.

Fiona quite eloquently put out that stat, which the MU and others have mentioned today, that eight out of 10 musicians earn less than £200.



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Apparently the top three labels have generated £4.2 billion this year. In the year of Covid, it looks purely like market failure. There should not be any discussion other than how that can be right and what detrimental effect it is going to have on music creators. It is not just me personally and how I interface with it, but what music from Britain sounds like.

We would never have a Kate Bush or a David Bowie in today's music ecology because it is very risk averse and there aren't people making those sorts of investments. For an independently minded artist like that, you are making songs for playlists. You are making songs for a very narrow sonic wall. You are not taking the incredible musical risks that a Bowie or somebody like Rod Stewart might have taken decades ago. Sorry for my rant, but I have been holding it all in for an hour and a half.

Q167 **Steve Brine:** I have a feeling that a number of things you have just said will be making it into our final report. There were some brilliant comments in there about market failure in particular.

Mr Rodgers, it is a pleasure to meet you. Tell us your thoughts on non-disclosure agreements in the industry, your experience of them and this whole issue of transparency. Do you feel, without putting words in your head, that it is presented as all being very complicated and not something that artists need to worry their heads about when, as Soweto says, it is not that complicated at all?

Nile Rodgers: I want to simply say I have been doing this all my life—God, I started with *Sesame Street* in 1970 or 1971—and I look at the record labels as my partners. The interesting thing about my partners is that every single time I have audited my partners, I find money, every time. The thing is that we absolutely must have transparency. There should be a wonderful relationship between both parties. Partners are happy when both parties are happy. The only time that we really get to check to see if things are the way they should be is when we go in and audit. Every single time—and I am not making this up for dramatic or comedic purposes—I have audited a label, I have found money. Sometimes it is staggering, the amount of money. That is because of the way the system was designed right from the beginning.

The way the system is set up now, with all of these relationships between the labels under NDA, we can no longer see. We don't even know what a stream is worth. Does anyone? I look at a very learned group of people here. Can anyone tell me what a stream is actually worth? You can't and there is no way you could even find it. There is no way you can find out what a stream is worth. That is not a good partnership. I do not look at my record label partners as enemies; I look at them as my friends. I go to dinner with them. When I am in the south of France and I see Lucian, we are the happiest people in the world, but at the same time Covid has given me a real opportunity to drill down on my numbers and I am completely shocked.



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I love what the gentleman said. I never thought about it that much because my touring revenue has been so substantial I could support my entire organisation. When we were on tour with Cher and we were going into lockdown, I gave all my band members and all my crew a big advance. I had no idea what was going to happen. Only a few weeks ago I did the same thing, and that is because I am in partnership with record companies for the rest of my life so I have a revenue stream that is coming in. But now that streaming has become the default mechanism when it comes to distribution and we know it is a great one so it is never going to go backwards. Now is the perfect time to fix this stuff.

Let me just say something very simply because I do not want to rant—I have a real problem with talking way too much—and this is very sober, from my heart. Right now we see with the companies' exponential growth. We see their numbers going up and up and up. Why? Because streaming is an incredibly effective way to distribute the product. As we have all learned in math class, this is simple, basic stuff. When you have continued exponential growth, mathematically what is the next thing that happens? You have explosive growth. That is what is on the horizon. Why not fix these problems now? Because they know that what is coming is explosive growth for the labels. If you think they are making a lot of money now, what do you think they are going to make in four years? It is going to be astronomical, so now is the time. Make your partners happy.

Let's go into a room, have an organisation that represents songwriters and artists at the table and say, "Look, we love you guys, we're in business together for the rest of our lives, let's make it right. Let's make it fair now because your stockholders, your shareholders, are going to be thrilled because you are getting ready to experience explosive growth in the next few years. Let's pay these people what they should have been making all along and we are going to be one big happy family." Bingo and done.

Q168 Steve Brine: You are famously a very hopeful and positive person, which is great to hear, but how much hope do you have that that will happen? We are the Digital, Culture, Media and Sport Committee of the UK Parliament and obviously we look a lot at football. Football is a massive business. The Premier League here in England is huge, with huge revenues. The talent in that context is the footballers. The footballers are incredibly well remunerated. There is no market failure as far as they are concerned. I am sure some would like more, but there is no market failure as far as they are concerned. They share in the bounty. How hopeful are you, Nile, that the vision that you outline will happen without change in statute, which is what we are obviously capable of proposing?

Nile Rodgers: I am extraordinarily hopeful because I think it makes sense. The difference is that when you are talking about sport, the player is paid for what they are doing at that moment. With music and IP, what we get paid for is the thing that we do at that moment, but the fact is that it is consumed well after we have done it. When I was a kid and I



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studied music and looked at my old heroes, the ones that did well were the ones who got a job working for the church, working for a lawyer or working at court, things like that. We knew as musicians that we were going to grow up pretty much being poor.

The thing that changed that paradigm was recorded music. It was music that could be played while I am not standing in that place. In other words, I do not have to be standing where my music is being consumed. We came up with a mechanism to remunerate me for not having to be in that place but you still getting to enjoy what I do. You get to enjoy my work.

That system has always been cloudy at best, but now we have a chance, a great opportunity, because we absolutely know—we all learn this in math class—that if you are in the knee of a technological curve and you are experiencing exponential growth, then the thing that follows exponential is explosive. That means it is going to go way up. We are not going to go backwards. We watched this happen when CDs were introduced into the marketplace. We went from analogue to digital. Once we entered this digital world and we could replicate something over and over again and the quality stayed the same, oh my God, that was a huge revolution. We are never going backwards. It is always going to get nothing but better.

Q169 **Steve Brine:** Finally, you talk about future-proofing. This is a moment to future-proof because, yes, you are right, the artistry that you guys put in is around for a long time after you have created it, unlike a sports professional. That is only going to change as technology changes, isn't it, because performances—and maybe Covid will be the instigator of this—will be on recorded tape, but who knows what technology will bring? Who knows what avatars of you, Nile, will appear at Glastonbury in the future doing your craft? There is a thought. How will you or your estate, God forbid, one day be paid for that?

Nile Rodgers: You have just explained it perfectly. As the technology changes and say, for example, the scenario you just described is the future, we should have a way of calculating that IP. We should have a way of understanding how the industry sets a price. The best way that we would have of understanding it is if we are sitting at the table. We need to represent ourselves. We need to have someone sitting there representing us. I think we all know the reason that has not happened is because it is a bit of a conundrum. It is hard for the labels, which own the recorded music, to fight for the people who have made the recorded music because it seems like you are fighting against yourself, but it is not really true.

We are partners, and if you just look at us as family, artists are really at a disadvantage. I am just going to go off topic for a moment. We are at a disadvantage because all my life I have seen when Mick Jagger, David Bowie, Diana Ross or Madonna walks in the room and we see the executives, we see the CEOs, there is a big smile on our face because we



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look at them and it is like they are the people who are looking out for us, they are the people who are our partners, they are taking care of us. Artists intrinsically believe—not everyone, so don't get me wrong. I am not trying to speak in absolute terms, but we intrinsically believe that we are in a good business. We are in a business of giving love and sharing art, and we believe these people are in that business because they love the music and they love the people who make the music.

If somehow they could turn around and see it from our side and, if they can't, let us have the power to have representation that can show them our side, that can speak for our side. I think things would be very different very quickly, and the outcome and the growth in the finances that everyone would make would be fine, everybody would be happy. You don't have to have somebody way up here and we are way down here. That is just ridiculous. Why can't we come like this, and they are still going to make a hell of a lot more than we make?

Still, if you could bring it a little more into balance, it would make a lot more sense and we would be a lot happier. Why should we have to suffer the way we are suffering now? Half of my revenue is out the window right now because of Covid. There is nothing I can do about it. I am not blaming anyone for that, but right now if we had a better system and we had transparency—as I said, not one person could tell me what a stream is worth, not one.

Chair: Thank you, Nile. I am just going to say at this point that we have about an hour left in the session, so I am going to ask for a tiny bit of brevity in answers, if that is okay. Steve, have you finished your questions or do you have anything else?

Steve Brine: I just wondered whether Soweto wanted to add something to that. He was itching in his seat, I could feel it.

Soweto Kinch: To expand on what Nile has eloquently described, if we are in a relationship with labels, though, often that relationship is abusive. I cannot underline enough how iniquitous is the pro-rata settlement that we have at the moment with songs. It means the top 10 streaming artists get all the miscellaneous revenue. In short, it produces ridiculous stats, like for 80% of subscribers on a platform like Deezer their money goes to artists they have never listened to, their subscriptions go to artists they have never listened to. As I said, if I create my magnum opus and thousands of people listen to it, I am not making it personal, but Dua Lipa, Ed Sheeran and the top 10 streaming artists get all of that money. Again, as Nile said, in a year that we are normally touring and have live revenues and t-shirt sales you might not notice that, but in a year when all of that has dried up, how can it be right that we have a pro rata rather than a user-based agreement in which people could feel like they are supporting their artists more directly?



Specifically with my genre, jazz music, 3% to 6% of its value is suppressed by this current model. If it was a user-based system, alternative genres—and I can't underline how important these genres are. I was lucky to hear Mr Rodgers speaking about his own musical journey and loving bebop at a certain time. I have stayed in that zone as a jazz musician, but we would not have the funk, the hip hop and the other genres without musicians taking a left turn sometimes, without getting into avant-garde things that are not just profitable in the short term, but work on their chops and develop a different musical ear. That, as I mentioned before, produces a Kate Bush or a Rod Stewart, things that we can be proud of as a country. If that is not happening, we are not going to hear those voices in the future. It is all going to sound very myopic, very narrow and very similar.

Q170 Kevin Brennan: Thank you to our three witnesses for the music and the great pleasure you have brought to all of us over the years. Fiona, it is nice to see you again. If I could start with you, we have obviously heard in evidence about the split in the streaming revenue: 55% goes to the recording side, 15% to the song. Why do you think that is?

Fiona Bevan: It comes from an archaic split where the labels had huge physical overheads to produce vinyl and CDs, to store them and to ship them. We have heard about breakage as well during these sessions. Of course very few people buy physical nowadays and streaming has taken over utterly. Streaming has even supplanted downloads. There is not really an excuse for these huge behemoth companies to have 55% when they do not have these physical overheads anymore. It is very cheap for them to distribute the music. So 15% is still going to the publishing, 15% is what the song itself gets and 55% is the record, the recording. That to me is the very fundamental basis of the problem. If that was a bit more even, the songwriters would be able to survive. Right now, hit songwriters are driving Ubers.

Q171 Kevin Brennan: You have answered my next question in a way. I hesitate to ask you this question because you are not an up-and-coming songwriter, you are obviously a very well-established songwriter who has had very big hits. What is the impact of that on people coming into the industry as songwriters?

Fiona Bevan: It is absolutely devastating. I am quite often a guest lecturer at universities. All these brilliant young students on commercial songwriting courses, popular music courses, are all emerging from university with maybe £50,000 debt into this landscape that has been utterly decimated. It is very difficult for me to say to them, "Yes, songwriting is a great career to go into" because, as I have said, eight out of 10 songwriters earn less than £200 a year. I had a track on an album that was recently No. 1 in the album charts in the UK. That was the fastest-selling solo artist album of the year at the time of release. That track has earned me about £100.

Q172 Kevin Brennan: What was your share of the song? Are you able to tell



us?

Fiona Bevan: It was about 48%. Basically almost a 50:50.

Q173 **Kevin Brennan:** Basically the song effectively earned £200 for songwriters?

Fiona Bevan: Yes. Songwriters are these invisible people behind the scenes who are actually writing the songs. Often it is the artist as well, but if you look at the charts, the vast majority of music in the charts is written through collaborations and teams, songwriters and producers and artists together or producers and songwriters together. These are the most successful songs in the country and in the world. We have had a lot of talk from independent musicians on the last session, but pop songwriters, the most successful songwriters in the world, cannot pay their rent. That is the depth of the problem.

Q174 **Kevin Brennan:** Soweto, it is interesting because the music publishing industry is dominated these days by the same corporations that dominate the record industry. I think I know the answer to this, but why do you think it has turned out that they have not been as forceful in pushing the interest for a share for their publishing arms as they have been for the record?

Soweto Kinch: They are behaving slightly like cartels, really. The ways in which their interests overlap and interleave are quite shocking once you discover them as an artist on the outside.

The model for a jazz composer is quite interesting. If you are independent, you would be looking to pay splits to a composer, a band arranger, songwriters, lyric writers and so on. As Fiona implies, it is quite a team of people. I guess the labels have a vested interest in diminishing that share so they do not have to pay arrangers, composers, et cetera. You could, I suspect, in the olden days have a sustained career through being an arranger, through being a composer. When I do lectures and teach university undergrads, I say, "We need people in PR, we need people to organise, to curate shows and to arrange and compose," but if all the income is either coming to the star performer or the backing and the label, it doesn't make the idea of being a professional arranger or composer particularly viable.

Q175 **Kevin Brennan:** In the origin of all this, I think the record companies also had a stake in the streaming services themselves, which is probably a reason why it might have been set up that way. Could I come to Nile? Are you still there, Nile?

Nile Rodgers: I am.

Kevin Brennan: You are, good. We lost you there for a second. Thank you, by the way. It must be very early in the morning where you are, so thank you for joining us. Nile, I read your autobiography a couple of years ago. You have had an incredible life and it is an extraordinary



story. What motivated you to want to speak out on this issue today?

Nile Rodgers: I feel that the UK is one of the most important musical engines in the world. You have read my book so you know the first song I ever learned to play was the Beatles' *A Day in the Life*, and I am now chief creative adviser at Abbey Road Studios. I am very fond of the UK. It has also given me a second career. Ireland put Chic back on the map 15 or 20 years ago and it has been incredible ever since.

I would just like to say something because, you are right, it is very early in the morning for me. If you know anything about musicians, I had to get up at 5 am, which was only about an hour after I—

Kevin Brennan: You have been up all night, tell us the truth.

Nile Rodgers: Yes, honestly. But I wrote this down before I fell asleep because I thought this was very important and I wanted my words to be sober and clear and not hostile so you understand where we are coming from. This just hit me last night.

A music stream should be treated as a licence, not a sale. Think about that. This is very important. A licence gives the artist 50% of the royalties for a song, whereas a sale gives the artist between 18% and 30%. Since streaming became the main mechanism for consuming music, record companies have unilaterally decided that a stream is considered a sale because it maximises their profits. This hit me right before I fell asleep and it made all the sense in the world. In the old days we would buy a CD and that was a sale. That was something we owned and there is a big difference. Like those bicycles that are on the street that you can put your credit card in and ride on the bicycle, but you have to return it, it is not your bicycle to keep forever.

Anyway, sorry, I don't want to go off topic, but please just let me finish. Artists and songwriters need to update clauses in their contracts to reflect the true nature of how their songs are being consumed, which is via a licence. They are not being consumed via a sale. It is consumed as a licence, something that people are borrowing from, but meanwhile the remuneration does not correspond to the action.

Q176 **Kevin Brennan:** Thanks, Nile. I am glad you were able to put that on the record for the Committee. Can I ask you one last question? I do not want to hog the time and others want to get in. There has been a whole sequence of interesting developments recently with very well-established songwriters selling off the right to the future income from their catalogues, including the news that Bob Dylan has, I think, just done it this week, selling his for \$300 million, reportedly. Obviously there have also been others recently. You have been involved in working with a company that is acquiring those sorts of song rights and future streams of income. What do you think is happening there? Is there a development going on that the Committee should be aware of as to why this is happening in this way at this time?



Nile Rodgers: For the first time artists are starting to realise that their songs need to be managed, just as their performances have been managed, just like the other aspects of their careers have been managed. I do not know what Universal is doing, I cannot speak for them, but what we are doing at Hipgnosis is we are managing the songs. We are trying to make sure that the artists' songs perform at their peak—we want to make sure that artists are really being taken care of.

Artists and songwriters are not fairly remunerated for their streams. As much as I love the convenience, the fact is that the system is unfair. We need to have transparency. If you can help us to make this happen, things would change and I guarantee you that, two years down the road, everybody is going to be fine and happy because I am telling you that we are going to experience explosive growth, mathematical explosive growth.

Q177 **Chair:** Fiona, I want to put a question to you. I was messaged by someone on my Twitter account just before and they said they are a UK music manager, "Achieved 9 billion streams. It's not the platforms. It's the NDAs on the deals. Ban them". Agree or disagree?

Fiona Bevan: I understand why businesses might need to have NDAs, but we are a global industry. To me, every digital transaction or whatever you want to call it can be traced. It is digital. There should not be any opacity and if it is your work, why do you not know what is going on with it? It is extraordinary. To me, yes, it is not necessarily a problem only with the streaming platforms. The record labels have this huge hold on everything because the major record labels also own the major publishers. The value of the song itself has been suppressed and decimated, and the value of the recording has been raised up. That is to do with the physical manufacture, like I was saying before.

If we could even it out so that the song itself is valued—I was saying this yesterday. I did a talk at a uni last night. Most people do not want to walk up the aisle to a beat, they walk up the aisle to a song. It is the lyrics, the melody, the beautiful chords. That is what brings all the value to the streaming platforms. It brings all the value to these huge companies. When the shares get sold, they have grown enormously. Look at all that value, it is all built on the foundation of these incredible songs, but the people who made these incredible songs are not being remunerated and it is really—

Q178 **Chair:** Fiona, yes, this is a constant refrain that we get. We do understand that point, but in terms of NDAs, as someone who lectures on this subject, who has perspective wider than just an artistic perspective, who has an academic perspective, is the problem NDAs themselves or can some NDAs be justified? Perhaps they should be limited when it comes to stopping artists knowing exactly what their songs are earning them.



Fiona Bevan: What are they trying to hide? Why? If you are not doing something wrong, why not let it all come out in the open? I think they probably feel a bit guilty and they know there is something a little bit not right about what is going on. I think that is why they are bit afraid to open the books. I love what Nile said. We are all a family, but—okay.

Q179 **Clive Efford:** After we have finished our hearings, we will write a report that will make recommendations to Parliament, effectively the Government, and the Government respond to those recommendations. We have received in our written evidence calls for us to recommend that Parliament should limit the amount of time a corporate partner can recoup their investment against the creative's royalties and limit the time that they can own the copyright, after which it should return to the composer or the artist. Is that a recommendation you would endorse?

Soweto Kinch: In the affirmative, yes, copyright should revert back to the creator after a fixed period of time and you should not be able to recoup in perpetuity costs that you have not necessarily spent. I completely support that.

Nile Rodgers: The running joke in the music business, ever since I have been in it, all my life—I am 68 years old—is that the music business is the only business where after you pay off the mortgage on the house they still own the house. It does not make any sense. There is no other business on earth that does that. We pay back all the royalties, and they still own our property. It is ridiculous.

This year, when I attempted to buy my rights back, they offered me all sorts of money to keep my property. Of course, it is brilliant why they would do so. It is because if they are now making deals with streaming companies—and believe me, these are very smart people—they know what is coming down the road. If you sell off all the assets, the record company is worthless. If you sell off all those songs and all that stuff reverts back to the artist and you go and buy Universal, what are you buying? You need to buy Bob Dylan; you need to buy all those things that exist.

It is a mess that can be easily cleaned up, and right now is the absolute best time for it to be cleaned up because they know, we know, that the future, like they say, is so bright I have to wear shades. I am wearing shades and I can't even see but—

Q180 **Clive Efford:** You said that it would be simple to sort this out. Very briefly, what sort of formula would you put in place for working out when it should revert back to the ownership of the creative mind that is behind it?

Nile Rodgers: Here is where I believe negotiations should take place. If we are sitting at the table, we would all figure out the proper way to do things. We would come up with a formula. This is very simple to me. A great deal is when both partners leave the room happy. We could sit



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down. I don't want to say that this is what the number should be and that is what the number should be. If we were seated at the table and we are now discussing this, we can easily discuss the wrongs. Because I know so many of the CEOs, I know them all, they are all my friends, we can sit at the table and we can be honest and we can laugh and joke and we can say, "You really screwed me on that one. I bet you made a fortune." We are adults, we are past that.

But now, from this point going forward, we have a very clear eye on what is going to happen in the future. Trust me, people, when I tell you that the future is incredible. It was Fiona who brought it up, I believe. All of these things that we were subordinate to, breakages and returns and things like that, have all gone out the window. Our contracts and all that terminology are still in place. It is meaningless now. Let's laugh about it, put it behind us and say, "This is what the future looks like, this is what your real expenses are, this is what your real growth looks like." Let's deal with real numbers. We can only deal with real numbers if they show us real numbers, because we are just making it up now. We are guessing at it.

In the old days I remember talking to Michael Jackson once and he was trying to figure out a formula where he could have a pennies deal, where he would know what he was making all around the world. The math was so unbalanced and he just did not quite know where it was. I said, "Michael, that makes sense. That's your right, that's your property. You should know what you are making." I am thrilled to be on this Committee, but I am pretty sure you know what your salary is, you know what your worth is, you know what you are going to get paid and you can audit. Auditing has always been a wonderful mechanism where we can go in and look at the end of the year and say, "Oh, my God, I really made that much money? I had no idea" because we really are kept in the dark.

It is not the streaming services. Let's clear this up. It is not the streaming services that we have the problem with. It is fantastic that they can distribute our product in such an effective, wonderful way and keep a great digital trail. It is the labels that are perpetrating this, and we need to address it. If you have the power to do it, because we don't, we would be eternally grateful. Fiona said it so perfectly: what is there to hide? What they are hiding is the humungous difference between what the people who create the music—we make it. If we didn't make it, there would be no record company. When you see the disparity, it is absolutely ridiculous. The thing they know is that it is going to get even greater, and once it reaches those numbers, they will have so much power that we can't fix it. Let's fix it now because we know what is coming.

Q181 **Clive Efford:** Are you saying it is the big three record companies that are the blockage to coming to the solution that you have set out?

Nile Rodgers: Absolutely, unequivocally.



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Fiona Bevan: I want to explain why this is a constant refrain, because that is the comment I made last time. It is a constant refrain because this has been going on for a long time and the situation is worsening all the time. Every day tens of thousands of new songs are uploaded to the streaming services. They have more and more content and that drives down the rate per song, so this problem is getting worse every single day.

During the pandemic, for example, we have the whole nation staying at home, listening to more music than ever before. We have these huge multinationals based outside the UK making these extraordinary profits: £4.4 billion revenue in the first six months of 2020 is the figure added up. All the creators are forced to live on universal credit. Even though their gigs are cancelled, hit songwriters should be able to live on their streaming income, but they can't. That is why it is a constant refrain. It is an emergency. The UK Government are picking up the bill. It is quite shameful, and there is a lot of anger, sadness and depression about this.

I have great hope for the future as well. I think this is an amazing opportunity for the UK to become world leaders in how you change this and how you fix this, data management, making things much more fair, the splits between the song and the record. It is a huge, wonderful opportunity.

Soweto Kinch: There are real practical consequences to this. Somebody created a football analogy earlier on. It is as if not even the Premier League but the big four are cannibalising all the other teams, and that means there is no conduit for new talent. There are no lower-league teams for players to develop their skills in. Someone like me as an artist, I don't need anyone to pontificate which label, major or minor, I sit in within the ecology. I just need a fair split for the music that I create.

There are many artists out there who do not need anyone to lecture them on whether they are major, minor or in between. It is just creating a system that is more of a level playing field and has more of the transparency that you describe, Clive, so that I don't necessarily need to be friends with the people who I am coming to the table with to know that, even if I am an outsider to what sometimes feels like a bit of an industry cabal, at least there is a base rate of being treated fairly as a creator.

Q182 **Julie Elliott:** Fiona, last week we heard from Guy Garvey that he has edited his tracks to optimise them for streaming platforms. Do you think that is widespread in the industry, and has streaming influenced the way you write songs?

Fiona Bevan: Yes, that is definitely very widespread. Streaming has definitely influenced the way songs are written. The form has always affected the content. I do have to say that because of algorithms and algorithmic radio, certain types of music are being favoured over others. It is making people think, "If I am going to pay the rent this month, I am



going to have to make music that sounds exactly like that song that was really big.” We get this extraordinary whitewashing of the variety and the cultural diversity, and it is homogenising music in quite an alarming way.

The other thing I would like to say, and Soweto can probably talk more about this, is a stream is 30 seconds. That is what counts as a stream. If you click before 30 seconds, that does not count as a stream. Within 30 seconds, everybody is trying to grab the audience’s attention. If you are writing a symphony, if you are writing a nine-minute jazz odyssey, your nine minutes still counts the same as a 31-second song. There are lots of odd things like that, which are really skewing numbers and hitting income.

Q183 **Julie Elliott:** Do you think there is enough transparency in these algorithms and the way the music is selected on these platforms?

Fiona Bevan: There is no transparency about the algorithms. Human beings make algorithms, which means that algorithms have unconscious bias. There are very odd things about algorithms. They are deeply flawed because they are made by humans and they favour some things over others.

Q184 **Julie Elliott:** Would transparency around that help, or would it not make any difference?

Fiona Bevan: There is a deeper issue than transparency. I think we are talking about robot radio, which is quite extraordinary.

Julie Elliott: Oh dear, we do not want that.

Fiona Bevan: I don’t exactly know what to say about that. Soweto, you are nodding. Maybe you or Nile have something to say.

Soweto Kinch: With my hat on both as a jazz musician and as a hip hop artist, perhaps even more as an MC, if you want to get playlisted there is a particular format or catchy hook. You are writing for a particular aesthetic in a sense. It does not reward people who are going to take risks, as Fiona mentions, and create longer songs, longer-form content. You are writing for a very quick and, if you like, disposable sort of sound. That is going to have lasting effects on the type of content that this country produces, and we should step in and intervene to make sure that there is diversity, to protect diversity.

Q185 **Julie Elliott:** Just exploring that, in the days of getting on Radio 1 and getting played on Radio 1, they liked songs that were two and a half to three minutes long. Is it any different than that, or is it the same?

Soweto Kinch: It is different because in the days before perhaps a Clear Channel or before the influence of streaming now, labels would invest—I mentioned Rod Stewart and David Bowie. They invested in these artists and their first three albums, but if they were not successful you could afford to do bad numbers in your first or second or third quarter. Now if you do not immediately hit those numbers, if you do not immediately



make the playlisting cut, you can be dropped and they will cut all that investment.

Q186 **Julie Elliott:** Nile, you have said yourself that you have been performing and songwriting for a long time. How has your performing and songwriting changed in response to the rise of streaming throughout your career?

Nile Rodgers: It is not that I do not want to answer your question; it is because it is just trends. Whatever the current zeitgeist is, hopefully if you are a good, passionate artist you respond to that. You do whatever you do. I want to leave you with this, because this is really why I am here. Artists and writers are not remunerated equally. They do not get their fair share of the pie. Regardless of what songs we are writing, how long they are and this and that, that is just the world and that is just—

Q187 **Julie Elliott:** Can I explore that a little? We have had evidence around non-featured artists. The headline artist will get remunerated, you are saying unfairly—I think I agree with you—but the non-featured artists, do you think the position is even worse for them?

Nile Rodgers: Absolutely, but that is a question of deals and what an artist is willing to do. There will always be these different types of negotiations. I am very old school. I take an attitude that we are all partners. Maybe it is because I am an old hippy, but to me—

Julie Elliott: Aren't we all?

Nile Rodgers: —honestly, if there are two or three people in the room and we are writing, we are partners. It is easy. I like easy. I like easy deals. I do not want to fight over, "You wrote that word and you wrote this word." That is not where I am coming from. What I really want to look at is the bigger issue.

I am so honoured to be talking to this Committee because I know I am the outsider, but this affects us all. If the UK is a leader and says this can be fixed, honestly I hope that you can understand that I am not some wacky person, I am not overly angry. I am not that guy, I just want fairness. I am a two-time cancer survivor. I understand the value of life. I understand being fair with your partner, being fair to your friends. Music is a gift. We are all slaves to this. Whatever we are complaining about, we are still going to get up tomorrow morning and write songs. We can't help it. We want you guys to like it and we do it for you, but we really do it for us.

I need to stress this point one more time, and then I am going to get out of here, because this is so important. There has never been a better time. If we were sitting in the room with the big CEOs and, believe me, I will write the mathematical formula out for them and I guarantee you they understand it. We can see where this business is going and we deal with NDAs and we sit there and we look at the math—the same math that we learned in school—and we see where this business is going, everybody is



going to say, “Okay, yes, I could live with that. That is a pretty good number that I am going to get over the next 10, 15, 20 years” or however long they are going to stay in the business. This can now be a great paradigm shift for songwriters and artists all over the world. Things would change so much.

I loved when you brought up the old days and David Bowie. I brought this up to someone yesterday. I was talking about the group Los Lobos and they were on Warner Bros. Los Lobos did not get dropped. They would put out record after record and they would never hit. Then the movie about Ritchie Valens came out and they did the soundtrack. All of a sudden Los Lobos was the thing. The record company knew it. It knew that it should invest in them. It knew that it should hold on to them because one day they would pay off.

Right now, the situations that we have are so crazy and so unfair that if we got into an economic formula—I am going to say this one more time—I want to know what the hell a stream is worth, what it really is economically. Just show me the number so I could sit down with my accountants and we can go over real numbers. Right now, even though I love the way Spotify gives me the stats and all that sort of stuff, I do not know what is on the other side of that wall. I do not have a clue. You can tell me I did a billion of this or 750 million of that; 750 million of what, a billion of what?

Julie Elliott: You have made your point very clearly. Thank you.

Q188 **Chair:** I want to come back to a point that you were talking about a moment ago about algorithms. Isn't the difficulty with algorithms twofold? First of all, you discussed the homogenous nature of music—and I think Soweto mentioned this as well—as a result of the algorithms, that effectively we lose that diversity because they pick up on music that is quite general in form. To a certain extent, that is not a bad thing for a global record company because, if you boil it right down, it can market it to more people. It is something that seems quite unpleasant to us, who like diversity of music, but from a purely business perspective it probably makes some sense that these algorithms work in the way they do. What do you think?

Soweto Kinch: I think that is counterintuitive because, if there is this diverse musical ecology, there will be the next fad, the new thing they can hive off and celebrate. If that is not happening, you just have homogeneity, you just have bland, you just have the things that are risk averse. Music requires risk, certainly the type of music that I am involved in and the type of music I am inspired by. I don't even want to get into the cultural ramifications of that but, in purely business model terms, it is a terrible idea merely to restrict it to the algorithmic sonic wall that we have around us.

Fiona Bevan: The UK has some of the most wonderful songwriters and composers in the world, but they are not being allowed to shine on the



world stage if this homogenisation is clamping down on all that creativity. We would never get the Beatles nowadays. They would not make their way through that algorithm. Algorithms are like radio, and that does make it sound like a licence. That is just harking back to an earlier point.

Q189 **Chair:** I get that. To follow up on that, in terms of radio autoplay, whenever I am on Spotify I listen to the music I want to listen to and then, if I have not changed to something else I want to listen to, the autoplay function starts playing something else. Do we know if the rates are different if you are played during that autoplay, and therefore you are subject to an algorithm, or if someone actively seeks out your music?

Fiona Bevan: As far as I know, the rates are the same, but I have to say that the rates are different for the people listening for free compared to those paying premium. The rates are different in every country. My answer to that question is we don't know the answer to that question. Nobody knows because of these NDAs, which we have talked about.

Soweto Kinch: Also the maybe nefarious but certainly opaque relationship with playlisters, much like radio pluggers back in the day. The amount of leverage or connection that they have to make sure your record gets heard, algorithms or not, is something that should have more transparency around it. We should have that—

Q190 **Chair:** They are like social media influencers, aren't they, except on Spotify and Apple Music? Is that a fair characterisation?

Soweto Kinch: They get your song the traction that it needs to get heard and get the streaming numbers, but without them you are stuck in the mire and that is not necessarily an equitable or sustainable situation.

Q191 **Chair:** What do they get out of it?

Soweto Kinch: A cut, I believe it is called, in the old-fashioned parlance.

Chair: Another middleman.

Soweto Kinch: Yes, a slice of the pie. Depending on how much work they do for you, that differential goes up or down. That is the inherent problem. Once they have too much power to decide what is heard or what is not heard, all sorts of diverse and interesting music is invisibilised and we need to stop that from happening.

Q192 **Chair:** It seems to me it is the same rate if it is autoplay as opposed to being actively sought, but in some ways that is wrong, isn't it? If you are an artist and someone goes and actively seeks out your song and your music, that connection is deeper, is it not? Therefore, should the reward not be greater as a result?

Fiona Bevan: Yes, someone has just texted me and said it is a different rate for algorithmic plays. But it has been proven that all these huge Spotify numbers do not necessarily translate to deep fan relationships, and it may be because of this huge algorithmic placing. Someone said in



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the last session that 60% of people listening to a platform like Spotify end up going into those playlists that just roll and roll and roll. No, it is not a deep relationship.

Q193 Mrs Heather Wheeler: In the last session we talked about how streaming particularly disproportionately affects jazz and classical music. Soweto, have you had to mitigate this yourself? I am trying to work out how on earth you would do that with jazz stuff. If it has had real effects on you, are you having to be more reliant on live performances?

Soweto Kinch: Yes, there are so many ways in which the current streaming ecology damages me as a jazz musician. As I mentioned earlier, it deflates the value of our genre by 3% to 6% because of both this pro-rata thing versus a user-based way of subscribers paying and because of the algorithms.

The way in which I make an album as an independent jazz musician is also quite a hefty investment. For my last album, which was a big band album, it takes a lot of compositional chops and time in the recording booth, as well as all the PR and all the stuff that you self-finance. The economics make less and less sense when you are only going to get a sliver of that back on your royalties or your streaming royalties. There is less of an incentive, if you like, to create that bigger body of work or that more taxing sort of music. Does that answer your question?

Q194 Mrs Heather Wheeler: Yes, it does, but the live performances. Obviously we have the problem with Covid, but did you see that this was ramping up so you were going to have to not exactly write off the Spotify money but know that that does not even buy the Christmas presents? It probably pays your TV licence, marvellous.

Soweto Kinch: It has been a journey, as I intimated earlier, over the past 15 years of expecting a small but not negligible sum from a record label's royalties and PRS and realising that was not happening, given the situation Kwame described earlier of piracy and that situation in the mid-noughties. Okay, live music is where we will do it. We will make all of our money from record sales on the road. The label suddenly stepped in and decided it wanted 360 deals and to have a finger in that pie.

Since then, yes, we have been battling on that ground. 2020 being a year of not touring at all and not selling any merchandise suddenly reveals to you the shocking iniquity of the current streaming set-up. As I mentioned, £4.2 billion paid out to the top three labels this year, in a situation where eight out of 10 of us are not getting £200 a year. That cannot be right. I think that £600 million in bonuses were also paid out to the top five label executives. There is clearly enough money sloshing about in the pie. What could be done with that? How would it be funding new musicians coming through? How would it be funding singer-songwriters, composers, musicians and arrangers to do their next magnum opus? If not, it is just demoralising and it keeps Britain's cultural climate stunted. It needs sorting.



Mrs Heather Wheeler: Brilliant, thanks. There are not that many brilliant things that have come out of Covid, but we have managed to find another one. That is great. Thank you very much.

Q195 **Alex Davies-Jones:** Thank you to all the witnesses for joining us this afternoon. It has been an incredibly insightful session and very worthwhile, so thank you all for your contributions. We have talked a lot about Spotify and the main streaming services. Do you think that the user-centric platforms like Deezer or even the artist-owned platforms like Tidal are a fairer model than Spotify?

Fiona Bevan: Personally, I think that user-centric would help niche music; it would help local music; it would help independent artists. They would still need to make sure there was more transparency. They would perhaps have to get away from that market share thing whereby the biggest label gets the biggest chunk of the money. That is why when you listen to your favourite Aberdeenshire singer-songwriter the money actually goes to Beyoncé, as much as I love Beyoncé. As long as there were certain things put in place, user-centric could be a beautiful scenario and could help a lot.

Q196 **Alex Davies-Jones:** Soweto, as a jazz musician, do you think those platforms would benefit you more, given the difficulties you have expressed with your genre?

Soweto Kinch: Hugely. As a jazz musician and, I guess, an alternative hip hop artist, there is a tremendous loyal fan base that loves my stuff out there and will support it, but that does not necessarily translate to the streaming revenue. I am not looking to compete with Drake or Madonna or anything, as much as I love those artists. It isn't going to happen; it is a bit late for me. You know how jazz musicians and jazz fans can be particularly loyal and attached to a particular aesthetic, and I think that deserves its own model of remuneration.

Q197 **Alex Davies-Jones:** Coming to social media, we have all heard about how YouTube and TikTok have blown up and changed music and how people are accessing new music. What do you think the impact of social media companies has been on your music?

Nile Rodgers: I think it has been positive as far as the consumer is concerned. The consumers are now having probably the time of their lives. If I were a young person coming up right now, I now have access to more music than I ever had before.

There is something else I wrote down before I went to bed last night because I knew my brain cycles would not exactly be on point this morning. Another great concept: why not move to a broadcast rate of payment to musicians for passive listening? This is what Ms Wheeler brought up a few minutes ago. Now, please listen to this. The broadcast rate is appropriate for compensating artists and songwriters for music that has been streamed to consumers without them searching for it, not the lower sale rate. Also, streaming services should be more transparent



with data about when users have searched for a song versus when they have listened to it passively via an algorithm or a playlist. I am acting like I can call on people.

Alex Davies-Jones: No, come on in, yes.

Nile Rodgers: These are simple things, really simple things, that we can do that would change things substantially, would make a huge difference and it is easy to do this.

Fiona Bevan: Even if we went to another model, like user-centric, at the moment, for me, the deepest problem is that the labels and publishers do not have an even split of the revenue, which is making a song so undervalued. That is decimating the grassroots of every avenue into music. Until that is evened up as much as possible, so instead of 15:55, more like 35:35 in an ideal world, the record labels will say, "We still have huge overheads in developing artists." What I would say to that, as a songwriter, is that songwriters spend a lot of their own time, energy and money unpaid, because we do not get paid to go to work, we get paid solely on royalties, so we are taking the risk and we are developing the artists for free for the record label and not getting paid for it. Yes, it is a constant refrain, but I wanted to say that again. If that record label/publisher split was more even, that would help with a lot of these problems.

Soweto Kinch: We have fantastic revenue collection organisations, as mentioned earlier, PPL, PRS. If the split was more equitable than it is at the moment, 80:20 towards the labels and the song, it is cutting out an entire ecology—as mentioned, the songwriters, composers, arrangers—that could live comfortably off 50% as opposed to 20%. It is about tweaking the system that we have and that was created to protect the creatives in the first place.

Nile Rodgers: Exactly correct.

Q198 **Alex Davies-Jones:** I agree. I would like to explore a bit more the impact social media has had on your music. We hear a lot about social media companies, and one of the arguments they will throw at us is that they are giving the artists and songwriters exposure so that outweighs the effects of the safe harbour on copyright. Is that something you would agree with? Do you recognise that exposure outweighs the rights?

Soweto Kinch: Super brief, but I have definitely been on the bad end, if you like, of new platforms like Instagram basically invisibilising posts because they do not meet their algorithms or they do not pass, they are a bit too polemical or not the kind of music they like, particularly political songs or things talking about Covid, and that is very worrying. I had a long chat with Loki, another rapper who talks about subjects like this, and he will not be able to do it. The freedom he had on YouTube 10 years ago has gone now. If you want to have promoted content, you have to be in with the tiny cabal of people that let your stuff go through.



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Fiona Bevan: We cannot pay the rent with exposure. For an artist on a big label, and they get huge exposure, it is wonderful. They get branding deals with huge companies and they go on huge tours and sell merchandise. Everybody who is further down the chain, like the songwriters, are not getting any income from that exposure. They are not getting any income from branding, they are not getting any income from merchandise. We only get 4% of live. No, it is not good enough. I know that TikTok has recently been in the news a lot, and hopefully that has been sorted out. Music has been utterly devalued. Why is it being used for free?

I recently had a tech company trying to use one of my songs on an advert for free. For a song to be on an advert is one of the few revenue streams that is still there, and that has also gone down and down, because it is the only revenue stream and they know they can all undercut each other. So we are in quite desperate times, quite serious. It is an emergency.

Q199 **John Nicolson:** We have had some incredibly memorable lines throughout this hearing. I was particularly struck by what you said, Fiona, that eight out of 10 songwriters earn less than £200 a year. Extraordinary.

Soweto, I am a great fan of jazz and I still listen to 78 records on jazz, as well as 33s and Spotify, too, but there is nothing like 78 records for that fabulous old jazz sound. My great grand-uncle was a jazz musician in the 1930s in New York and I have inherited his jazz collection, the 78s, and I play them on a fabulous old 78 player. I am interested that you said you rely on tours and merchandising. I imagine you have been hard hit this year because of Covid.

Soweto Kinch: Absolutely. I have been as resourceful as I can. I have been in an online festival, which involved going to different locations, filming them and doing all that sort of stuff, but the same love of collecting that you are describing, putting on a 78 and the sound of the crackle, that is what keeps that attachment of jazz audiences. They will come to a show and want a signing and want some physical reminder of the fact they were at a show at a particular time.

Another thing we have not discussed is that there could be maybe not user-centric but artist-centric models of hosting your music on streaming platforms, so that I could offer something that is more bespoke to a listener, if not a signed stream, some higher-level broadcast quality, WAV files or some other level of interaction. There is no ability to set your own prices as an artist on streaming platforms.

Q200 **John Nicolson:** Given how important touring is for you, what effect will Brexit have on you?

Soweto Kinch: It is the insecurity around Brexit that has always been the problem, promoters not quite knowing if they can go ahead and book



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tours and so forth. The insecurity is the biggest thing. Tariffs do not necessarily affect us to the same degree, but there will be an implication when there is physical merchandise on sale at these places. It has affected us already in lots of cultural ways, but I think there is still an opportunity to do good work after Brexit, but it is when there is clarity that that will be the case.

John Nicolson: I see you nodding away, Fiona.

Fiona Bevan: Yes, I wanted to say something else about Brexit that has not been covered so far, which is that if we were still going to be part of the EU, as songwriters and music creators, we would be protected by the EU Copyright Directive, which would protect our IP. Leaving the EU and the last Government deciding not to uphold that directive in UK law is a terrifying prospect for music creatives, but it is also an opportunity for the UK—

John Nicolson: Tell us why.

Fiona Bevan: Because we are going to be worse off than our EU colleagues who we write with. We are going to be absolutely unprotected by those laws, the safe harbour, everything that has been addressed by the EU Copyright Directive—pretty good legislation—and we are outside that now. We need more protection. Our IP needs protection. The UK has an opportunity to beat the European legislation. Why not make it even better? If we are free from those constrictions, it is a chance to protect creatives even more.

Music is one of the UK's biggest exports. It is one of the things we are most famous for in the world and most proud of, the diversity of it, the extraordinary things that come out of the UK and we do not want to see that devastated. We want to see that cultural richness and diversity, not just the bank of Mum and Dad allowing for people to make it through and make music. We need to protect our creatives, and this is a chance to do that; it's amazing.

Soweto Kinch: Tying into that, that is money that is being drained away into supranational, opaque multinationals and not your constituents. It is being driven away from people in this country, paying their taxes and stimulating more musical and cultural growth. Not to sound a jingoistic note, post-Brexit it makes no sense to have this leverage now to be able to create our own laws and to be siphoning off money to supranational companies abroad indirectly.

Q201 **Chair:** Finally, we have heard a lot during the evidence sessions about contracts between artists and record companies, how they are effectively one size fits all at the start of a career. We have talked about breakages, NDAs and so on. How big do you have to get not to be subject to them, effectively to be able to put your own terms across to get a better deal?

Nile Rodgers: You are always going to be subject to that. The bigger you get, the more leverage you have, but Fiona hit on it earlier, and I



reiterate it: it is all about transparency. If we can get rid of the NDAs—we absolutely need to have a place at the table to see what is going on with these deals, to see what we create is worth, what it is generating. Once we know what those numbers are, I believe we can all sit down at the table and come up with formulae that are beneficial to all parties.

We have lived in a world when of course it felt better for us, a long time ago when we were younger, and it felt a hell of a lot better for us before Covid, but now we have had a chance to sit down and look at our lives and see the impact Covid has had upon us, we go back to the thing that we thought we could depend on, our royalties, the things that we have done before that people still love and listen too, sometimes more than the stuff that we are creating now.

I stress this, and I cannot stress it enough. We have a great opportunity and right now is the time, because when we sit down with pencil and paper and draw a timeline into the future, we can look at this growth curve we are on and it is clear, it is not magic, and we can say, “If we just stay on that, we can pretty much figure out what the big companies are going to earn.” If we just stay on that curve, we can say to them, “You could chop off this bit and give it to the people who keep you alive and you are still going to do fantastic; you are going to see numbers that are absolutely off the charts.”

Q202 Chair: Just to clarify that, there is a route where artists can get a better deal. It is basically just being hyper-successful, if you like, a sort of Ed Sheeran-type situation. But is it fair to say that that route is narrower than it used to be?

Nile Rodgers: I don’t know whether it is narrower or not. I cannot really tell. I have been in that position where I have gotten big, big records and I get these massive cheques that come from nowhere and I think, “Wow, where did that come from?” I understand that, but that is not real life. The real record business, the real music business, is this wonderful mosaic of all types of music.

In the old days, just to explain it to you, they used to say, when I would have my good runs, “Oh, you’re paying the rent on this building” and these were all just little joke phrases but they had meaning. The people who were performing at the top were carrying the people at the bottom because we were all one big family. You did not drop those people because they did not do well—someone mentioned David Bowie and the Beatles—you did not drop them because you knew that at some time they would pay off.

Right now we have a situation that is so financially viable and—how can I say it?—the future is so clear, because all of those things that used to be a hindrance in the past have gone away and they are not coming back. So now we can say, “Here we go. We are family, let’s sit down, let’s be fair”. Not everybody is going to be Ed Sheeran. Not everybody is going to be Dua. That is just the reality and we all know that. Even Dua will not be



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Dua soon. When I first got into business, someone told me, “You know what, Nile, here’s what you’ve got to do. You need to learn to embrace failure because as great as you are doing right now—” and it is true, when I started out, every record I put out was a hit. I did not have one flop.

But when that day came and I had a flop, I had nothing but flops until I met David Bowie. It was flop after flop after flop. But the one thing I learned was that if you learn how to deal with the type of rollercoaster that we are inevitably going to be on for the rest of our lives, it is okay. We love being in this business, and if we have a fair and equitable business, we can get through the hard times as well as enjoy the great times. It is always going to be up and down.

We have never had a better time to deal with this issue, because now you can sit down and look at somebody—and I don’t want to believe this, but let’s say that all they are focused on is the money—and say, “Hello. This is what you are going to make in the next 10, 15 years. Isn’t that fantastic? Why don’t you just shave off a little of this and do it in a way that protects us, that we can see what the numbers are and it opens up a system that, for the future, will be better in the long run for everybody?” The more we know, the easier it will be for us to work. Imagine the creatives, if they knew the cost-benefit ratio of what they are putting into a project and you can sit there and go, “God, I’m making this big-band jazz record, but if I don’t know what I am getting paid if it streams, this record could be a massive hit and, guess what, I just lost money because I don’t even know what anything is worth.”

Chair: Kevin Brennan has just messaged me to say that you are very much on message because one of your biggest hits was “We Are Family” by Sister Sledge.

Nile Rodgers: Yes.

Chair: Thank you, Nile, for your evidence today. Thank you, Soweto and Fiona. It has been most excellent, thank you.