

Digital, Culture, Media and Sport Committee

Oral evidence: Economics of music streaming, HC 868

Monday 22 March 2021

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

Questions 710 - 787

Witnesses

I: Caroline Dinenage MP, Minister for Digital and Culture, Department for Digital, Culture, Media and Sport; Amanda Solloway MP, Minister for Science, Research and Innovation, Department for Business, Energy & Industrial Strategy; Robert Specterman-Green, Director of Media and Creative Industries, Department for Digital, Culture, Media and Sport; and Tim Moss, Chief Executive, Intellectual Property Office.



Examination of witnesses

Witnesses: Caroline Dinénage MP, Amanda Solloway MP, Robert Specterman-Green and Tim Moss.

Q710 **Chair:** This is the Digital, Culture, Media and Sport Select Committee and our latest hearing into the economics of music streaming. Today is our ministerial session and we are joined by two Ministers: Caroline Dinénage, Minister for Digital and Culture at the Department for Digital, Culture, Media and Sport, and Amanda Solloway, Minister for Science, Research and Innovation, Department for Business, Energy & Industrial Strategy. We are also joined by two officials and experts in the area: Robert Specterman-Green, Director of Media and Creative Industries at the Department for Digital, Culture, Media and Sport, and Tim Moss, CEO, Intellectual Property Office. Thank you all for joining us today.

Before we commence with our first question, I will ask the Committee for interests to declare.

Kevin Brennan: I am a member of the Musicians' Union and have received support from it at general elections. I am also a member of PRS for Music and The Ivors Academy.

Alex Davies-Jones: I am a member of the Musicians' Union.

Chair: Thank you. Alex, we are going to you for our first question. Take it away.

Q711 **Alex Davies-Jones:** Thank you to our witnesses for joining us this afternoon. Caroline, I will come to you first. Are the Government aware that when live music is taken out of the equation, successful artists are struggling to make ends meet through streaming revenue alone, especially where artists are unrecouped on their current record deals?

Caroline Dinénage: Hi, Alex. Thank you for inviting me to give evidence to this Committee today. I think you are doing a very important piece of work. This is an area of the music sector that up until now has been quite opaque in trying to get details and some solid recommendations about how we can support it. You are right that digital technology has had a very profound impact on the recorded music industry and we know that there has been a period of global decline for recorded music revenue. That has been caught somewhat due to streaming services and some of the issues of digital pirating have been tackled by that, but the pandemic has highlighted more than anything how much modern artists rely upon live performances now in the way they used to rely upon the sale of CDs and albums. It has brought it into sharp focus.

Q712 **Alex Davies-Jones:** But before that, had you had any representations made directly to you or to your Department from the Musicians' Union or PRS highlighting that this was an issue?

Caroline Dinénage: I came into the Department in February last year, Alex, just before the pandemic kicked off, so I have not ever been a



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Minister in what you might call peacetime. I know that subscription streaming services like Spotify entered the market in about 2008, so it has been quite a new form of technology and gradually the issues that were created by it have come to the fore. No, I have not had any conversations.

Q713 Alex Davies-Jones: Thank you. Minister Solloway, Amanda, I will come to you next. Do you think that tech companies are directly benefiting as a result of live music venues not being able to open? Is that something you are seeing?

Amanda Solloway: It is a very complex question and Covid has had an impact, as you rightly say, on live performances. It is undeniably a fact that a lot of the revenue for artists comes from live performances. I was thinking this morning as I was travelling up from Derby, reflecting on the last time I went to see a live performance—and I think it was Take That at the Bowl or something—that there is something wonderful about live performances. I think we need to be addressing where we are now, and the world has changed and we know that. Again, I was reflecting on my record collection and my cassette collection, which I probably have about three of now, and my CDs.

There is certainly a place now for streaming as a medium to get music. The other thing to note very significantly, certainly from my perspective, is the vast array of artists who are coming forward and I think the scope and breadth is immense. That is one of the things that we are being allowed to see through a streaming service, but clearly Covid has had an impact on live performance.

Q714 Alex Davies-Jones: Do increased revenues for tech companies put as much money into the Treasury as receipts from live venues?

Amanda Solloway: Revenue from streaming is the revenue from streaming. I do not see that has altered. It occurs to me that the loss that we have been seeing in the music industry is from the live performances and that has saddened us. Streaming is seen as incredibly productive at the moment, but I suggest that the lack of live performances has impacted as well. Streaming has filled a gap at the moment.

Q715 Alex Davies-Jones: But with the revenue that comes into the Treasury and the UK Government, do we get more from tech companies or from the streaming? Are you aware of the figures?

Amanda Solloway: I am not aware of the figures, but I am happy to send those on to you.

Q716 Alex Davies-Jones: We would be grateful if we could have those figures. Should the Government be looking to ensure that a shift in music consumption does not result in reduced income for the Treasury through VAT or any other taxation?



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Amanda Solloway: Could you repeat the question, please?

Alex Davies-Jones: Yes. Should we be looking to ensure that a shift in the way we consume our music, for example, in streaming, does not result in reduced income to Treasury through VAT or any other taxation?

Amanda Solloway: I do not think this is the premise for the music industry per se. I do not think Treasury is thinking about the revenue from streaming, definitely not. The Treasury is committed to, as you will know, ensuring that businesses thrive and survive as much as possible. I think there is a bigger complexity for the music industry because you have live performances that impact on the revenue. There clearly is an income to be had from streaming, but I do not think anybody wants to see the music industry lose out on it.

Q717 **Alex Davies-Jones:** The point I am trying to get at is that some of the evidence we have had in previous Committees is that the UK taxpayer, quite rightly, would be alarmed to know that their money is going to fund the multinational companies on the east coast of America rather than funding the artists directly. I think that is something that needs to be addressed if we are not getting the tax from streaming platforms, as we would from tech companies. Do you agree with that?

Amanda Solloway: It occurs to me that this is a DCMS question as opposed to a BEIS question. Maybe Minister Dinenage has a clearer answer on this.

Alex Davies-Jones: Minister, I am happy for you to chip in.

Caroline Dinenage: I think it is probably a Treasury question, but I am happy to have a go. This is a question that comes up in the digital area a lot. The big tech companies are largely based in the US, as you say, whereas if a band or a performer is taking part in a live music concert or festival in the UK the British economy benefits from everything, not just the ticket sales but all the other brilliant vendors and merch and everything that is sold at the venue.

Alex Davies-Jones: Thank you, witnesses.

Q718 **Damian Hinds:** Caroline, 20 years ago we had six record industry majors and today we have three. Does that matter?

Caroline Dinenage: You can look at this two ways. The number of major record industry players of that scale has reduced and it is regarded as an oligopoly or something, but equally there are many more routes to market for performers and artists than there ever used to be. Many artists make their own music and upload it to streaming sites like Spotify. We know that there are some very successful artists who are effectively their own record company. They produce their own music, they employ people to market it and advertise it. They have the music produced and recorded and take on all the risk, but they obviously get a much bigger slice of the pie. I think that AJ Tracey is one of the big top 100 UK



performing artists who takes that approach. It is much riskier but there are a lot more routes to market than there used to be.

Q719 Damian Hinds: There are, all that is true, but it is still a pretty small proportion of the overall market, most of which is still controlled by record labels. Of those three, you have an American one, a French/American one and a Japanese one. In an industry in which Britain has traditionally had a very strong role, does it matter that there is not a British-owned brand in that list?

Caroline Dinéage: I would love to see a large British brand, but whether or not that is the future, the way that the music industry is going to go remains to be seen. We have seen labels like Beggars Banquet that have a very equitable reputation growing in success, and there are a number of British indie labels that are doing very well that have grown and are putting together stables of great artists. Maybe the future looks quite different.

Q720 Damian Hinds: I want to ask about indie labels and others. We have heard a number of times in this inquiry from different sources that people are getting a bad deal and it should be possible to get a better deal. All other things being equal, what you would expect to happen in a functioning market if somebody else comes along and opts for a better deal, either a completely new entrant to the industry or somebody moving into an adjacent market, or in the case of the record industry? Of course there are indie labels already—it might be a question for Amanda, a sort of competition policy question. Do we know of material barriers to entry that are stopping new entrants coming into the market or a particular impediment to the growth of indies?

Caroline Dinéage: For record labels, Damian?

Damian Hinds: Yes.

Caroline Dinéage: Amanda will obviously have a thought on this. As I have already mentioned, there are many more ways for artists to bring their music to the public.

Damian Hinds: I am sorry to interrupt you, Caroline, I mean within the record industry model. Yes, there are various new labels but they are relatively small in scale. For artists that want to go to a record label, if existing record labels are offering a very bad deal, it ought to be possible for somebody else to offer a better deal while still offering a record label service. My question is about whether there are impediments to small indie labels growing or to new labels coming in.

Caroline Dinéage: I see exactly where you are coming from. I am not aware of any impediments to the market. Robert from my team is on the call and may know more about this than I do. A record label will often pay an artist an advance fee and take all the risk and probably nine out of 10 of the artists will not recoup the money that it has invested. We know for the very maximum good deal, the artist probably gets about



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only 30% of the income from the label, but that is a reflection of the up-front expenditure. Of course now there are different types of deals that can be done between artists and the record labels, which share a different percentage of the risk, where the label just gets involved in maybe the advertising and marketing of it and then takes a smaller cut of the profits.

I am not aware of any impediments to new people in the market, but the way the market is structured dictates very much to what percentage they can be competitive with those that exist already.

Q721 Damian Hinds: You mentioned that Robert Specterman-Green is on the call. Robert, do you have anything to add on that? Do you know of any impediments that are stopping the market developing more competitively?

Robert Specterman-Green: Hello, Mr Hinds. It is nice to see you again and thank you for your question. I will supplement what the Minister has said. There are economies of scale applying here and the bigger the record label the more means and investment potential it will have to support new and existing artists. One would assume that smaller entrants might face certain barriers to that, but there are mechanisms in the industry that are trying to support the independent labels and artists. You may have heard from the likes of the Association of Independent Music and the Merlin organisation that are aimed at reducing the costs and securing more competitive rates when it comes, for example, to negotiating on access to platforms. There are already some provisions in place to support the broader marketplace.

Q722 Damian Hinds: Thank you, Robert. For my final question I will come back to Caroline. At the early stages of streaming when the record label majors took stakes in Spotify, you can absolutely see why that was a very rational thing to do on both sides. There was a clear shared interest in trying to develop a market that would help to reduce the prevalence of piracy and start to get the industry back on a footing. I think one can see that some cross-ownership makes sense in that scenario. Is it right for a record label to retain a stake in a streaming service now that the market is maturing?

Caroline Dinéage: The Committee will come to the conclusion as to whether it thinks it is right or not. Slightly harking back to your previous question, there is the CMA, the Competition and Markets Authority, which can always look at something if it is regarded that there is not a fair and equitable amount of competition in the market. The relationship between streaming platforms and record companies is the status quo. Back in the day when music was largely on CDs or albums, the record company would have a relationship with HMV or something and in those days you could not get your music out there unless you were signed to one of the big record labels that had a good relationship with the massive stores. These days there are a lot more routes for those who want to get their music out themselves.



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Damian Hinds: Thank you, both.

Chair: Minister Solloway, did you want to come in?

Amanda Solloway: Yes, very briefly, if I may. I think this is a fascinating question. We have to recognise how the music industry has changed over the years. I was a northern soul fan, as an example, which would have been a very indie sort of market and the labels there were very niche. It occurs to me that the way the market is placed at the moment affords that opportunity. As an example, if I put a type of music into Spotify or have my playlist, I quite like the curated playlists because I think they are giving me an opportunity to listen to some artists that I may not have been aware are that genre of music.

While recognising the challenges, I find it quite exciting that streaming has opened the doors for artists of all sizes to come along. I think it is worth bearing in mind that it can reach those different audiences. One of the reasons I got so involved in streaming is that my youngest daughter is incredibly interested in music. She was going on about some bands I had never heard of, but the reason she had heard of them was because of these curated playlists and leading on. Lots of different bands would not have had the opportunity had it not been there. Sorry, Chair.

Q723 **Chair:** No, it is very interesting and quite an interesting perspective. It is all very good having opportunities, but does it provide an income?

Amanda Solloway: I think it provides an opportunity to have an income. We have to embrace today's technology and if we don't embrace it, it is going to be very difficult to go forward. It certainly affords an opportunity to do that because it is not distracting from the fact that clearly labels or broadcasting still have their parts to play. That is one of the reasons I welcome your inquiry because it leads us on to thinking about how these partnerships work. I have Tim from the IPO with me today. One of things that we are looking at very closely is the relationships and thinking about projects. As an example, I have stakeholder meetings discussing exactly how we can be supporting, promoting and opening the door to these artists. It is a fascinating subject.

Q724 **Chair:** Thank you. We will return to stakeholder meetings later because this inquiry has been assailed by stakeholders. It is very interesting that you talk about the equitability of it, the way in which there is always a shop window effectively for artists in that respect. However, if the majority of the user experience is through streaming and it is unbalancing the market, it means that in many instances they cannot earn a crust. What do you understand by the idea of equitable remuneration? Do you think it is a good or bad idea?

Amanda Solloway: I think it is absolutely worthwhile looking at in this inquiry and that is why I welcome it so much. When we think about the way that broadcasting works, and I understand that premise, in a way the rights are signed over. You do not need me to tell you how it works.



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There is something to be said about that but I think there is also a discussion to be had, which is the discussion that you are talking about on remuneration and are there other ways of looking at this. The challenge is when—

Q725 **Chair:** Excuse me, sorry to cut across you. What other ways are there of looking at this? You just said there are other ways of looking at this.

Amanda Solloway: I was just going to say that, exactly. It would be very difficult to do this, but there are obviously conversations about how you reward in streaming—as you will know, forgive me, I know that you know all of these facts— and clearly the most popular artists might benefit from it. That is exactly why it is worthwhile in an inquiry like this thinking about a way that different artists could benefit from that remuneration. I guess the question is, which is why I think this is so fascinating, if you have new streaming organisations coming through, will they by default end up supporting the indie market? It is a complex but interesting question.

Q726 **Steve Brine:** It is interesting, but we are also looking for answers on what we recommend. We have heard quite a lot throughout this about the vexed issue, Ministers and gentlemen, of the classification of streaming. We are trying to understand what the Government's position is on that. You may have heard of something called stream2own whereby the price of a stream doubles every time you listen for the first nine listens, after which you are considered to have downloaded the track as if you had purchased it. I will start with you, Amanda. Is listening to a song on Spotify the equivalent of buying the track, renting it or listening to it via the radio?

Amanda Solloway: That is a brilliant question.

Steve Brine: What is the answer?

Amanda Solloway: I suggest that the answer, if we are talking purely on Spotify at the moment, is that it is not buying. If I were buying a record I would retain it, so that is where the buying part is. If I were renting it, I would be giving it back. On Spotify, while I am paying my £9.99 a month or whatever, I have the ability to use it and that very much is where Spotify is at the moment. We have been working through this and looking at copyright law for streaming as well. I don't know whether or not Tim has anything to add to that.

Q727 **Steve Brine:** Tim, what do you think? If I buy my "Every Rose Has Its Thorn" 7-inch, as I did, it is mine. I can covet it, I can put it under my pillow. No, I suppose that might break it—the Chair thinks that is a good thing. But the record companies would argue that streaming is a physical sale. Of course they would, because they are paying nothing every time you stream it. Is it buying a track, is it renting it or is it listening to it as if you were listening to it via the radio?



Tim Moss: Thank you for the question and thank you for the opportunity to come to the Committee. From our point of view and looking at it from a copyright perspective, there are very clear distinctions between those scenarios. Streaming is what is known as a making available right, whereas if you buy something like your 7-inch it is issuing a copy to the public and then you have the issue around broadcasting that has equitable remuneration and is linked to broadcasting rights. There are different rights associated with it and they are important distinctions for what they mean for the rights-holder. Whether things are a sale or a rental, certainly when thinking about streaming versus buying your CD or your 7-inch, they are different business models, different scenarios: from a copyright perspective, what are the rights that pertain to each of those scenarios?

Q728 **Steve Brine:** Do you think that the law as it exists adequately reflects what is happening with streaming? Bearing in mind that this is a new technology and in lots of areas the law changes to update itself according to new technology, does the law adequately reflect what is happening at the moment in this environment?

Tim Moss: From a streaming perspective, the making available right was introduced to deal with things exactly like streaming. It is embedded in international agreements on copyright and recognised that that is the way that right is served for something like streaming. It is an exclusive right for the rights-holder and it is designed for the streaming environment. We believe that it is fit for purpose. We welcome the work that the Committee is doing to look at all these areas, but we believe that it is fit for purpose.

Q729 **Steve Brine:** Caroline, you were nodding during that answer from Tim. Do you have a DCMS view? We are trying to get on the record here the Government's view on the classification of streaming.

Caroline Dinenage: I don't know whether my view can be reflected as the Government's view because BEIS understands the business aspect of this probably a little bit more.

In answer to your question on whether it is like listening to it on the radio or whether it is a rental or whether it is buying, it can be a little of each, can't it? If you are listening to playlists that are being suggested to you by algorithms, there is not a great deal of difference from it being broadcast on the radio. If you are like me and tend to play the same tracks over and over again when you are in the shower—I won't tell you what it is—it is almost like the equivalent of buying it. You may as well download it, which is often what I do. If it is somewhere between the two, it is like a kind of rental. In answer to the question, it can be pretty much all of those things because of the way that streaming has evolved now with all the different options.

Q730 **Steve Brine:** I suppose what we are trying to get at here is that obviously I can stream something as much as I like, but as soon as I stop



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subscribing to the service it is not mine, is it? It is not for keeps. Robert, do you have a view on this? This goes to the nub of the issue as to how we remunerate the artists, some of whom are Uber driving to make ends meet right now.

Robert Specterman-Green: I don't have a personal view. Mr Brine, nice to see you once more. I concur with what Tim Moss said. There are provisions set out in international and domestic law that define the status of streaming and the rights that are aligned with that. With those rights comes the ability to contract in different ways. As Tim explained, the making available right originated in a large degree in direct response to the development of streaming technology.

Q731 **Steve Brine:** Would you reflect Tim's view that the law is fit for purpose at present in this space?

Robert Specterman-Green: As far as the classification of streaming and in relation to rights, yes.

Steve Brine: All right, thank you very much.

Q732 **Kevin Brennan:** I will come back to the exchange that Steve just had in a moment. Caroline, do you think that it is a fair reflection of the creative process that streaming currently pays out 55% of streaming revenue to the recording copyright, of which the record label takes the vast majority, when radio broadcast splits revenues between the recording and the song copyright holders 50:50? In other words, shouldn't the song be worth more when it is streamed?

Caroline Dinéage: This goes to the heart of the question as to what the fair split is, doesn't it? I don't think I am qualified to be able to make that judgment, not least because from listening to the evidence sessions that you guys have had so far, the music industry itself is very divided on this question. But in answer to that a little bit further, Kevin, I think there is a lot more space here for the music industry, the sector, to work more collaboratively together to come to a conclusion that treats everybody a little bit better.

Q733 **Kevin Brennan:** As you have probably noticed in the sessions, there has been some concern that part of the reason why it has developed in that way might be to do with competition issues in the music industry itself. I do not want to press that at this stage.

I want to ask you one other thing. Currently non-featured artists, session musicians, backup singers and so on, do not receive any remuneration when a song is streamed, unlike when it is broadcast on television or on the radio. Do you think that situation is fair?

Caroline Dinéage: It is something that stakeholders seem to have wildly different views on, so I do not want to comment on what is or is not fair. But it seems that there is a disparity, as you very clearly articulated, between what happens on the radio and on streaming and



yet the contribution of all the talented artists on the piece of music is no different.

Q734 Kevin Brennan: I want to come back to what Tim was saying earlier about the current copyright regime being fit for purpose. Clearly this is an important matter for this inquiry and perhaps I could play devil's advocate for a moment and suggest to you that it is totally unfit for purpose. The major corporations tend to argue that streaming replaces traditional sales and that is why the dominant system for accessing music is the making available right that you referred to earlier. That is their argument, that therefore it is justifiable that their contracts for exclusive rights to recorded music are wholly applied to streaming. That is the essence of their argument, isn't it?

Tim Moss: I think that there are a number of arguments and a number of issues in this space.

Kevin Brennan: I know, but I am asking you whether you think that is the essence of their argument. I want to pursue this a bit first before we dilate.

Tim Moss: Absolutely, I am very happy to pursue this. I think there are clear copyright issues, contract issues and potentially competition issues.

Q735 Kevin Brennan: Do not go down the competition route yet. I am right in saying, aren't I, that basically the argument is that streaming replaces traditional sales, physical sales largely? It is how revenue is being drawn back into the recorded music industry with the decline of physical sales, which were hit by piracy in the digital age. That is the argument for why their contracts for exclusive rights to recorded music can be wholly applied to streaming.

Tim Moss: The marketplace has certainly changed from physical sales to a streaming environment.

Q736 Kevin Brennan: Isn't it also the case that streaming, as well as replacing physical sales, is also replacing radio and all that? In fact, it is the stated corporate policies of the major streaming platforms to do exactly that, to replace radio and to get the advertising revenue across the world that it currently enjoys because streaming can offer a sort of radio-like experience for people who pay their streaming subscription. Am I right in saying that Daniel Ek and Spotify have openly stated that that is their corporate objective?

Tim Moss: It is not for me to comment on the corporate objectives of streaming services.

Kevin Brennan: I am not asking you to comment. I am just asking am I right in saying that or aren't I?

Tim Moss: My responsibility is to look at this from a copyright perspective and we are very clear how the different business models and the different environments sit from a copyright perspective. We are very



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clear that the making available right links to the streaming industry and was designed with that industry in mind. How the industry has changed is a separate issue.

Q737 Kevin Brennan: It is not. You have just said that that is the case, but the point I am making is are you aware, first of all, that Spotify's—and other streaming services'—stated intention is to largely replace radio as part of their way of becoming profitable? Are you aware of that?

Tim Moss: I heard the comment on the Committee session the other day and the answer from the gentleman—Horatio, I think—from Spotify. I am aware of it in that context.

Q738 Kevin Brennan: If streaming does that and if Spotify is successful in doing that, and as you say you heard them say to our Committee that that is their corporate policy, that will reduce the value, won't it? If they take listeners from radio, that will reduce the value of the secondary rights that Parliament decided way back in the 1980s and has subsequently extended in legislation. That was under Mrs Thatcher's Government way back in the 1980s. It decided that there should be secondary rights that go to musicians when the music they create is communicated to the public under the communicating to the public right when it is played on the radio. That is right, isn't it? If streaming replaces radio, that right will wither on the vine and disappear.

Tim Moss: There are differences in the communication to the public and that broadcasting right and the making available right. I think the important difference on this is that the making available is an exclusive right, whereas with the broadcasting one the rights-holder cannot control the broadcast. The broadcaster can broadcast whatever it likes and the rights-holder cannot control what is broadcast, whereas on an exclusive right of making available they have the control.

Q739 Kevin Brennan: Yes, but the truth is that the only control they have on Spotify is that they have agreed to license the rights, in effect, to the streaming service. They are not in control of what is played and when it is played. In fact, an algorithm often decides. Often the consumer is not necessarily in control, just as listening to radio. But when you said what is important, what I just said is important. If you were a musician and your pension relied on you having played on a recording many years ago, being able to get some equitable remuneration, as it is known, from that music being played would be important to you, wouldn't it? The radio is in effect being replaced by streaming and you will no longer get a penny when the music you helped to create is streamed. Isn't that important and shouldn't it be something you are thinking about?

Tim Moss: From an intellectual property and copyright perspective, making sure that there are clear rights that associate with the different ways that music is used is the important element. What is happening with the market changing is not part of the intellectual property regime. We



need to make sure that there are clear rights associated with the different—

Q740 Kevin Brennan: It is not about the market changing, is it? It is about a new technology that you say has been treated in a particular legal way so far. You seem to think copyright law needs to be rigid for all times. But the implications of that technology are now becoming very clear for the livelihoods of a large group of people who Parliament decided should get secondary rights when their music is communicated to the public, played on a radio and so on. We have heard throughout this inquiry the way in which streaming in many ways is becoming more and more analogous to the experience of music being played on a radio.

If people are going to end up getting nothing from their music being played by this trend, the question I am asking is not what the current situation is, but isn't that something that you, as the chief executive of the Intellectual Property Office, should be thinking about and discussing with Ministers? Are the original intentions of Parliament and the Government headed by Mrs Thatcher in the 1980s gradually being eroded away because of this new technology and should that be seriously addressed? Isn't that a reasonable conclusion for any reasonable person to draw from that information?

Tim Moss: Certainly we need to ensure that the copyright framework in the UK is fit for purpose and reacts to changes that are going on. That is exactly why the making available right was introduced and it is underpinned by international treaties. It is not just a UK issue; this is something that sits with the various international treaties on copyright. As things change, we need to make sure the copyright regime is fit for the purpose. The UK has a great copyright regime and we need to understand how things change over time and make sure that it is fit for purpose.

Q741 Kevin Brennan: We do. I am telling you that the communicating to the public right, which is another part of your copyright responsibilities, is being eroded by this process. Making available may be great and it may be part of an international treaty but if the communicating to the public right—the reward, the secondary right to go to musicians through their music being played—is being eroded, there should be some more urgent concern about that. Frankly, I am slightly disturbed by the fact that that is not something that you have said to the Committee is a very active consideration for the Intellectual Property Office.

Can I ask you about the survey that is being undertaken by the Intellectual Property Office, the research into creators' earnings? I asked the Secretary of State about this some months ago and he made it clear when he spoke to the Committee that he wanted everyone in the music industry to contribute hard data to the work that you are doing. How is that going?

Tim Moss: That process is moving forward and we expect the research to conclude some time in the summer. We are very pleased that this is



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ongoing because one of the key areas in this space is a lack of good evidence and data to understand what is happening with creators' earnings. That is why we are working with a number of partners across the industry to look at how we can get good solid data to underpin future proofing in this area.

Q742 **Kevin Brennan:** Agreed. Have all the major labels and the digital streaming platforms contributed evidence to you in the way that the Secretary of State said that they should?

Tim Moss: The research is ongoing and we look forward to the results that come out in the summer.

Q743 **Kevin Brennan:** Sorry, that is a complete attempt not to answer the question. Have they contributed evidence?

Tim Moss: I do not have the detail about that because I am not directly involved in that piece of research. It is independent research, to which we are a party, and I will not have the details on that until the research is concluded.

Q744 **Kevin Brennan:** Are you saying that whether or not they have contributed any evidence is being kept secret at the moment?

Tim Moss: It is independent research that we are supporting by investing in it, but it is independent research and it is not—

Q745 **Kevin Brennan:** It is independent research that you have commissioned and paid for, but are not prepared to tell the Select Committee whether or not the major players, who the Secretary of State said should contribute evidence to that piece of research, have actually done so?

Tim Moss: As I said, this is independent research. It is not for me to be involved in that detailed research. We allow it to carry its journey through the research. We are supporting and investing in it with other partners to ensure that the research can go forward and we look forward to the evidence that comes out of it, which will help inform this very important debate. We hope to have that—

Q746 **Kevin Brennan:** Given the fact that lack of transparency is the major complaint that many artists and music creators have brought to us about this whole subject area, the fact that you cannot even tell us the major players in this, who the Secretary of State, in front of this Committee, strongly said should be open, transparent and contribute to this research, quite frankly I think speaks volumes for what one of the central problems is. I think you should write to the Committee. I am not asking you to interfere in the research and its findings or the individuals, because I am sure the people doing that research are doing it in an entirely proper manner, but I think you should be prepared to commit to ask the researchers if they are willing to share with us who has contributed evidence.

It is difficult for us to draw our conclusions in this inquiry if we do not



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know whether or not the research you are doing is being actively supported by the major labels and the digital streaming platforms. It is an important part of whether or not the transparency some people think should be happening is going ahead. Are you willing to contact the researchers and ask them if they are willing to share with us the list of those organisations that have contributed evidence, even if that is on a private basis?

Tim Moss: I am happy to ask the researchers. I know the steering group on that represents a very broad range of organisations, including Ivors Academy, BPI, FAC, PRS for Music, AIM, the Musicians' Union and MPA. They are on the steering group to ensure that—

Q747 **Kevin Brennan:** But none of those are on the list of organisations I just asked you about.

Tim Moss: No, but they are responsible for ensuring that we have a good broad range of research here and that the researchers are asking the right questions, but I will happily ask the researchers the question that you have asked.

Kevin Brennan: Thank you.

Q748 **Chair:** Mr Moss, can I check what the deadline was for labels to provide you with data for this research?

Tim Moss: I don't have that information because, as I said, I am not involved in the detail of the research.

Chair: As a little aside, you have come in front of a parliamentary Select Committee to do with music streaming. What did you think we were going to ask you about? Did you think it was going to be water sports? This is something that is absolutely germane to your role and you have come in front of us and offered absolutely no details. I will be absolutely clear, Mr Moss, I expect that letter to arrive within the next seven days and the Committee will want to know precisely the number of organisations that have contributed and also what the deadline was for the data. We need openness and transparency about this matter. As you said yourself, there is not a great deal of it in this subject area, so we expect better than this. I think we will move on.

Q749 **Damian Green:** I want to check because I think I misunderstood something. The impression I had from the last few minutes is that it is, I assume, the Government's contention that the current copyright regime is entirely satisfactory in the context of music and reward for creative people. We all know that the Copyright Act dates back to the 1980s, decades before Spotify was invented. Can someone particularly from the DCMS perspective, either Caroline or Robert, tell me that is the case? Broadly speaking, does the Government think the copyright regime works at the moment?

Caroline Dinéage: I will kick that off. Before I do, I will draw the Committee's attention to the fact—it is related to what Kevin was just



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asking, although not the answer that you were particularly pressing for—that my colleague, John Whittingdale, who is the Minister for Media and Data, is currently doing a review of radio stations and radio airplay. That might help contribute towards your Committee’s research.

More broadly, Damian, that is why this piece of work is ongoing with the IPO to try to get a stronger handle on how this is working. We know that right across this whole issue, while there are contractual arrangements between the rights-holders and the streaming platforms and in many cases that is a private matter, we 100% recognise that artists and creatives need to be fairly remunerated for the work that they do. That has never been more important than now, given the just extraordinary times that we are living through.

Covid-19 has been so hard on the music sector, particularly for those who make most of their money from playing live to their audiences. We absolutely know how vital it is that they get fair remuneration from every aspect of their work. We know how vital the music industry is for people’s wellbeing and entertainment and how it got us through this last 12 months, which gives us even more of a reason to get this right.

Q750 Damian Green: Robert, when you were answering questions from Damian Hinds, you said that you thought it was satisfactory in the specific instance that Damian suggested. Do I divine from that that there are other parts where you think it could be improved?

Robert Specterman-Green: Hello, Mr Green. Nice to see you again too. I think it was in answer to Mr Brine that I gave that response rather than Damian Hinds. The copyright legislative framework is only one aspect that is relevant in this whole debate. To support my colleagues from the IPO, they have been active in trying to update and reform the broader copyright environment to keep pace with developments. You may be coming on to talk about piracy and the related enforcement, for example, which has been very important in this broader context.

Clearly there is a debate in Europe and elsewhere about the appropriateness of copyright legislation. The EU has adopted a new copyright directive, the digital services market directive, which introduced a number of new provisions. As you know, the United Kingdom has not implemented that directive because of how it fell with our departure from the EU, but it is also clear that the implementation of that directive in Europe has its own challenges. We have the opportunity to observe and monitor how that is done before we take any decisions about the future of our own copyright regime, which, as Tim said, is widely respected around the world.

Q751 Damian Green: That is very interesting because in the last Parliament Ministers said that they supported the aims of the EU directive and I thought that the Government had decided not to develop an equivalent in the UK. Is it now the position that the Government are going to look and wait and see what happens in Europe before they decide whether or not



they need to develop an equivalent?

Caroline Dinenage: Shall I kick this off and then Robert will sweep up? As Robert said, we have one of the best copyright frameworks in the world and there were mixed views on the copyright directive. It was supported by some sections of the music industry but opposed by others and by some in the wider creative industry, so people like the film industry and, with my digital hat on, some of the technology firms.

There is a lot of work going on at the moment to look at this. Some of the measures in the directive were not subject to an impact assessment. They were very broadly drafted. From memory, Articles 18 and 22, which are about appropriate and proportionate remuneration rights, were added at a very late stage in negotiations by the European Parliament. We are looking very carefully at the implementation of the directive in Europe. Leaving the EU gives us the opportunity to be able to do that and decide how we move forward.

Q752 **Damian Green:** Robert, the Minister has correctly said—and I have noted in the past—that you are one of the greater sweepers-up of potential issues. What are the issues with the copyright directive that we might want to look at again?

Robert Specterman-Green: I was not prepared for such accolades today. I think I should allow my colleagues from the IPO and BEIS to answer that because it is not legislation that the DCMS owns. Sorry to get into the departmental silos, but that is the fact.

Amanda Solloway: I am happy to come in if that is helpful. I am sure Tim will come in with a little bit more detail and sweep up on this, but it is like Minister Dinenage just said. When we looked at this—and I have held stakeholder meetings on the directive—it seemed that certain people felt there were strengths in it and then there were other issues, for example, in the film industry. There are particular issues around this. One of the things we have agreed to do, as you rightly say, is have a look at what is happening in the EU and see where we find our situation rather than making a decision at haste. We believe that this will strengthen what we are able to do and have a look and satisfy the needs of our stakeholders more fully. While some felt that this was a strong thing to have, we are very mindful that it needs to have the whole of the sector. Tim may have very specific examples of those points.

Tim Moss: Thank you, and I certainly agree with the comments that have just been made. The directive was a compromise on a number of issues and there is a real opportunity now to look at what is appropriate for the UK and especially the unique opportunity to see how this is being implemented in 27 other states. These are very complex areas. There was a lot of compromise and we are aware from some of our discussions with others that there are some difficulties in trying to implement this. It will be great for us to be able to look at it and some of the specific issues



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in more detail and see what is appropriate for the UK, building on our very good copyright regime.

Q753 Damian Green: I have two final questions. First, how long are we going to sit and see how it goes in Europe; what is the plan? Secondly, we have had evidence in this Committee that, for instance, the Spanish regime is in some ways preferable for creatives. Are we not worried that the UK might get left behind by other economies in making our creative economy friendly to the people doing our creative work?

Tim Moss: The 27 European countries have until 7 June to implement the directive, so we are not talking that far away for the measures that they need to implement. We want to look and see what they are doing and we are watching the developments in that very closely at the moment.

I think Spain is specially linking to the making available right and then there was an additional one that links to fair remuneration. We want to look at this in more detail. I had some evidence to say that that can increase the complexity of the regime because you have two rights working together. We want to look at whether that works in practice and gives a better deal for those in the whole music industry and look at the detail that comes through.

Q754 Damian Green: Are we expecting it, if we have a change, in this Parliament or do we have any timescale on it? I suspect that is more a question for the Ministers.

Amanda Solloway: My view is very much let's make sure we get it right. I cannot give you a timescale at the moment but Tim and I have a regular monthly meeting and I will certainly ensure that we bring it up at our next meeting and try to get a deadline for you. If we can, I will let you know, but the key thing on this is we absolutely need to have a look and make sure that we are getting it right. This is an opportunity to do that and it might take a little bit longer. I do not know what your timescale is on this but I would certainly rather get it right than rush it.

Damian Green: Thank you very much.

Q755 Kevin Brennan: Tim, to check something that you said earlier, you said that the making available right was introduced in response to streaming, but that is not correct, is it?

Tim Moss: It was introduced to deal with things like streaming. I think it was introduced in 2001.

Q756 Kevin Brennan: It was introduced to deal with digital downloads, wasn't it? It was introduced as an international concept in the 1990s and into UK law in 2003, five years before Spotify existed. Am I right factually in saying that?



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Tim Moss: I believe you are right in saying that. It was linked to changes in the internet and the way that music was being done, of which streaming would be one.

Q757 **Clive Efford:** Minister Dinenage, what is the overall view of DCMS on this issue? Is it the general view that artists are sufficiently remunerated through the streaming payments that they receive or is there concern that particularly the big three dominate and take too much, too big a share of the pie? What is the prevailing view in DCMS?

Caroline Dinenage: I think the prevailing view is very mixed, Clive. We are aware that there are very varied views across the music sector about this issue. We feel very strongly that this has been brought into sharp focus by the crazy times that we are living through with Covid-19 and how it has removed the opportunity for live performances and so streaming has become an important focus. It is clearly very complex. There are very different views from across the music ecosystem and that is why evidence provided in forums like this is very important.

We know that consumer habits are evolving so quickly in the digital age and streaming platforms have become so mainstream in a way that even 10 years ago would never have been thought of, and they are clearly going to be a very significant part of the music sector's future. We have to ensure that it is sustainable and supportive to benefit all. This is going to sound weird, but streaming has enabled more artists to become successful but at the same time more unsuccessful. If I can just explain what I mean by that, which seems to be a completely weird thing to say, but we know that so many more unknown artists are able to get their music out there than they were under radio, for example, where they were relying on geniuses like John Peel to break into the music industry.

Spotify say that it gets 60,000 new tracks a day uploaded. If you are a new artist trying to break into the market there are some real opportunities there. Equally for some established artists, for whom their genre does not particularly lend itself to streaming as a way of digesting their music, it is not so successful. Also the more artists that are there, they are sharing a smaller piece of cake each, if you see what I mean. In that way it is less successful. It is a very tricky situation and we are trying to work our way through it in the same way that the Committee is, which is why this is so valuable.

Q758 **Clive Efford:** You say the cake is bigger, but there are more people taking a piece of the cake, so it is shared around a bit less for all.

Caroline Dinenage: In addition to that, things like piracy, which in the early 2000s was a massive issue for the sector, streaming has really helped to address that. The cake is bigger, the number of people having the cake is bigger, there is cake all over the place and what we have to do is try to figure it out.

Q759 **Clive Efford:** Before you become the Marie Antoinette of streaming, have



you been following the evidence that we have had from artists themselves and people who represent artists? They have said very loud and clear that the distribution of the cake is not fair, it is weighted in favour of the big three companies. We have had successful artists in, Nadine Shah and Guy Garvey, talking to us about successful artists of their stature being unable to pay their rent. What does that bode for the future of their creativity in this field if we have relatively successful artists who are struggling?

Caroline Dinénage: Yes, I completely understand that. It is very difficult because there are certain genres of music that lend themselves to streaming. The stuff my kids love, so your R&B, rap, bedroom pop, all those types of genres in music streaming is crazy. Your top artists, the likes of Dua Lipa, Ed Sheeran and what have you are doing billions and billions of streams. There are certain genres of music—folk, indie music, the type of music on 6 Music, obviously classical music, where there is less and therefore it is much harder for those artists—someone like Nadine Shah, who is a brilliant artist, she has quite a small but a very loyal following. She does well in the live performance market but less well in streaming. That is the difficulty.

It very much depends on the genre and you have to break that out of the normal wider sense of unfairness that some artists are feeling. That is why this review has been valuable because trying to rattle through all those issues and break it down and come to the nub of the question is problematic.

Clive Efford: Minister, did you want to come in?

Amanda Solloway: I am happy to come in when you have asked your next question, Clive.

Clive Efford: What is DCMS's attitude towards the domination of the big three in this field? They not only have 75% of the market but they also own a stake in Spotify and other streaming platforms. Is the Department concerned that that domination is too great and do you think that is something that should be looked into?

Caroline Dinénage: It is difficult, isn't it? There is the Competitions and Markets Authority and it is operationally independent from Government, so there is a real pro-competition regime that can be used if anybody feels that that is the case. As I said earlier to Damian Hinds, we are also in a situation where there a lot more ways of people getting their music to market, whether that is people uploading their own music to Spotify themselves, whether it is them effectively being their own record company and doing all the A&R and all the other stuff that goes alongside it. It is not the same as it was back in the day, where you had to be signed to a label in order to get your physical CDs on to the shelves of HMV. It is a different world.

Q760 **Clive Efford:** What we are hearing is that you do have to be on one of those big record labels because they dominate the streaming, because



they have intricate involvement in bodies like Spotify.

Caroline Dinéage: All I would say to you, Clive, is Stormzy wasn't.

Q761 **Clive Efford:** I am sure we can all give examples that prove the rule, but what we are hearing quite clearly from these artists is that they could survive and they would thrive better if the cake were divided fairly. There is not enough recognition for the creativity in this, for the artists, in the way the cake is divided. What I want to know is whether you feel that the domination of those big companies is a barrier to that being changed.

Caroline Dinéage: I have already laid out that if this is something the Committee feels is the case then there is the Competitions and Markets Authority there to look into it, but there are so many more ways to market. I already mentioned AJ Tracey. He is a top 100 UK artist, who is entirely self-represented. He has his own record label and has made a huge success of it. Ten years ago even that was not even possible. The whole world is evolving in this space and it is a lot more complicated than just there being three large dominant players.

Q762 **Clive Efford:** Minister Solloway, do you think that there is too much domination by the big three?

Amanda Solloway: Thank you very much for inviting me in. Clearly this is Caroline's field. However, there are some things that do need to be mentioned and acknowledged, which is why I welcome this inquiry so much. When Caroline was talking about cake, the cake has changed as well. I think that is something that we need to acknowledge because the way everything is working these days—I am getting really hungry—the cake has changed, but there are some points worthwhile remembering.

Contracts: that is an important part of all of this and I think that is something—I do not know if we will talk about it—that is outside of our control, the way the contracts are defined and designed. That is something that we cannot alter. However, as well as this we do know that one of the significant factors, and it is a fact at the moment with Covid, is that live performances, which really are the bread and butter of a lot of these bands, just are not happening.

I will give you an example. If we think about a live performance, if we think about me using Spotify—I don't know if anybody has heard of *Jerusalema*. It was a dance that was very popular last year that went viral, it was absolutely all over the place and I have been virtually learning to dance it with my granddaughter. I would suggest that when we can get back to live performances it is this kind of thing that is going to bring all this to light.

That is not helpful in terms of where we are at the moment. The fact is we do know that we have a Covid situation, we do know that contracts have to be negotiated and they happen outside of our control. One thing I am very keen to hear from the inquiry is the suggestions of the way



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forward and is there something to be looked at. That is where your conclusions will be incredibly helpful.

Q763 **Clive Efford:** We were talking about copyright earlier on. UK artists are asking for the same ability as their US counterparts to recapture their copyright from labels after 35 years. Is that a right that should be introduced here?

Amanda Solloway: I will defer to Tim on this because obviously this is his level of expertise, but in terms of the copyright we have a very robust copyright system, where as soon as something is produced, it has a copyright attached. I am not sure whether you are talking about the copyright or whether you are talking about the label contract on that, before I hand over to Tim.

Clive Efford: It is copyright. Tim.

Tim Moss: In this space, a lot of this is down to the contracts they sign and what is associated with it in terms of the term of copyright that they are giving up to the record label or not. Again, this needs to be looked at in terms of if you introduce a term like that, what is the impact? It then introduces a lack of certainty sometimes, or greater certainty for the rights-holder, but does it introduce a lack of certainty for labels and others and they build that into their calculation around future investment and what they are willing to do with new artists? It would change the market and it is something that would need to be looked at very carefully, looking at the evidence.

I know the EU looked at it as part of some of the digital single market. There are problems around that, but that is only for rights where the rights have not been commercially exploited and that would be in very few situations and certainly would not link into the streaming scenario.

Q764 **Clive Efford:** You say it should be looked at or it has been looked at and decided that it is too complicated to change. We are hearing a lot of obfuscation here, saying that it is all too complicated. What is the answer?

Tim Moss: The answer is there was a specific bit looked at as part of the digital single market discussion in Europe that we were part of. That was one of the rights that Minister Dinenage referred to earlier, which was introduced very late on in the discussions and was not fully impact assessed. It would need to be looked at very carefully and impact assessed if that is something we look at. At the moment that is not something that we are looking at.

Clive Efford: I will leave it there, Chair.

Q765 **Mrs Wheeler:** I am going to move on. Delightful to have two lady Ministers in front of us, so I am going to be ever so gentle. However, in a completely different view on things, I am quite interested in whether your two Departments have analysed the impact of sites like YouTube with



safe harbour or music industry revenues? If so, what were your conclusions?

Amanda Solloway: Heather, lovely to see you. I do not have that data available to me. I don't know whether Caroline has.

Caroline Dinéage: No, I do not have it either. All I would say is that with regard to the whole issue of safe harbours, I know that the law does require platforms to remove copyright infringing content as fast as possible once they know that that content is there. There are a number of platforms—you mentioned YouTube—that have invested very heavily in the technology to try to cut down on that infringing content upload on to its services. Obviously we are very keen to ensure that that is the case and that is something that continues to happen because clearly that is something that is of enormous concern.

Q766 **Mrs Wheeler:** Thanks for that. To my second question, bearing in mind those safe harbour provisions, has that come up in any discussions with both Departments regarding the US-UK trade deal, either within Government, counterparts or lobbying groups in America?

Caroline Dinéage: I do not know the answer to that question. All I would say is that the UK's IP enforcement regime is absolutely world leading and we need to ensure that any future trade agreements do not negatively impact on the standards that we have here in the UK.

Amanda Solloway: If I may add just a couple of things to that and then Tim can sweep up if I have missed anything. My understanding is there have been some negotiations, Heather, but I believe that they are confidential negotiations. Tim may well come in and clarify that. In terms of making sure that the platforms have processes in place, we have that with data, but Tim may have a little more data on that.

Tim Moss: What the Minister said is correct. Obviously the trade negotiations are confidential, but as Minister Dinéage said, the UK does have a great IP enforcement regime and we are looking to make sure that nothing within the trade space reduces that. In fact, we are looking to increase standards across the world as part of our trade agenda.

Mrs Wheeler: That is very interesting. Thank you so much. Chair, back to you.

Q767 **Chair:** A quick follow-up there. Minister Dinéage, we were just talking about safe harbour. Isn't the position of YouTube effectively that it says to content providers and music providers that, "We have safe harbour. We can pay you what we want to pay you and there is nothing you can do about it if you do not like it. Like it or lump it"? It has done that with Time Warner in the past. Is that a fair and equitable position to be in?

Caroline Dinéage: I do not know. You would have to ask YouTube what its attitude to this is. I do not know if it has appeared at this Select Committee.



Q768 **Chair:** It has, and having complained about the music industry's lack of transparency it then refused to say exactly what it was paying for streams. The real issue here is that YouTube, which is the biggest streaming service in the world—we forget that because there has been a lot of mention of Spotify—because of safe harbour it can do what it wants and anyone who tries to go against that basically it can go, "Tough, we will just do it anyway. They are our users, we have safe harbour. You will therefore just have what we give you as a means by which to sort of keep you happy". Is that equitable in any way? Is that a good relationship to have in global business?

Caroline Dinéage: I do not want to get drawn into YouTube's global business, but the only thing I would say is that the Committee would be aware that we have announced that we are establishing a digital markets unit within the CMA. The CMA is independently operational from Government and it decides what it looks at, but whether it would have the opportunity to look at YouTube would be a matter for it.

Q769 **Chair:** I would hope that the digital markets unit would have the ability to look at YouTube because otherwise it is pointless, is it not?

Caroline Dinéage: It is an offspring of Google, isn't it, so one would think that would make it sufficiently large?

Chair: Yes, absolutely enormous. The realities are that the likes of Google and Facebook, they have already largely killed newspapers in many parts of the world. The truth is that YouTube, Google and, to a lesser extent, Spotify are in process of potentially killing radio.

Q770 **Giles Watling:** First of all I will come to you, Caroline, if I may. Thank you, everybody, for turning up today. It is fascinating stuff and it is good to hear the ministerial side of things.

I want to talk about exports. The BPI said the record labels' income in 2019 was up to £1.1 billion, which was the fourth consecutive year of growth, boosting turnover by 21%, and that represented nearly a 3% uplift in the profit margin. The BPI called for increased taxpayer funding despite all that through the Music Export Growth Scheme, affectionately known as MEGS. That is operated by the BPI and funded by the Department for International Trade. How is the Music Export Growth Scheme doing? How would you evaluate that success?

Caroline Dinéage: I think the Music Export Growth Scheme is very good. It has awarded over £4 million to 280 British music projects so far and the BPI has literally only just recently announced a further 10 independent artists will share the next tranche of £100,000 in the latest round of funding. That includes the Mercury Prize shortlisted act, Jungle, and a Yorkshire indie band called Working Men's Club, who are reflecting the diversity of British music. We are working with the industry on continued support for that because we think it is very good.

We know that some household names like Catfish and the Bottlemen and indeed the London Symphony Orchestra have received MEGS funding. It



has had a lot of success over recent years. It is DIT money, but we hope to have an announcement on that shortly.

Q771 **Giles Watling:** Do we have any quantifiable figures? Do we know how it has increased the export trade and what it is bringing in?

Caroline Dinenage: I may have to drop you a note on that. I am just trying to rack my brains to remember the details.

Q772 **Giles Watling:** That is fine. It is a bit of an unfair question, but it would be very good of you if you could supply us with that information so we can see how it is working in terms of fiscal—Robert has put his hand up. He might have an answer.

Caroline Dinenage: Robert knows.

Robert Specterman-Green: The data that I have at the moment is that the scheme has generated over £46.5 million in music exports for the UK and a return of £12 for every £1 invested for actual or estimated business won.

Caroline Dinenage: Those were the figures I could not remember. The one thing I do remember though is 95% of MEGS grants have gone to independent artists, those who aren't signed to major record labels.

Q773 **Giles Watling:** That is good to hear. Have you considered the BPI's call to support the sector by doubling the contribution to MEGS?

Caroline Dinenage: As I say, MEGS is a fund that comes out of the DIT but has been funded by the Treasury. We are all putting our heads together to see how we can continue to support it. As you have heard, there have been some great examples of success from it.

More broadly than that, as you know, Giles, we are working on continued export support through the touring working group. I am keen on the idea of an export office and we are looking very closely at how we can support that, which obviously would help get our great music all around the world.

Q774 **Giles Watling:** I think we would all support that. Going back to the figures I mentioned earlier about the income that the record labels have had up until 2019, before the coronavirus outbreak, is there a way that the Government could compel the industry to contribute to the scheme from their own revenue so that it is not just DIT funding?

Caroline Dinenage: I would be very happy if this was something that the industry would come together to support because we were talking about cake earlier, but the one way that we are going to make that cake bigger is by exporting our music wider. We know the creative industries in general, but our music industry in particular, is just a great British calling card. It is something that we are world-renowned for. I don't need to tell you that. It stands to reason that it is something we can do more



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of. It is great for the UK economy, but it is also great for getting out artists out there around the world.

Q775 **Giles Watling:** To get the record labels themselves to contribute to the scheme?

Caroline Dinenage: I would love to see that. I would love to see a collaboration there because everybody benefits, don't they?

Q776 **Giles Watling:** What about the creative tax incentive? That was, I believe, the request of AIM and BPI, that perhaps there should be a creative industries tax. Have you considered that?

Caroline Dinenage: All those sort of things we gather the evidence for and then we hand that over the Treasury and let it work out whether or not it feels that it would be a winner or not.

Q777 **Giles Watling:** We do provide incentives for all sorts of things, film innovation, children's television, theatre and orchestras. All of that is very welcome. Commercial music seems to be the exception. Why is that?

Caroline Dinenage: I suppose because commercial music has always been such a great British success story, but clearly the plight of so many musicians now that live music is not an option has definitely brought a lot of things into question.

Q778 **Julie Elliott:** Good afternoon, it is lovely to have you both here. It has been interesting listening this afternoon and listening over the past few weeks. The three main record companies I describe as operating a bit like a cartel because of the way they control the lack of transparency, a lot of the things we have been hearing about.

Caroline, you mentioned CMA three times in this afternoon's evidence. Would you support an investigation by the CMA into all of this and, longer term perhaps, the creation of an adjudicator or ombudsman to protect our world-class music industry? What are your views on that, Caroline?

Caroline Dinenage: Hi, Julie. I think I have said already that the CMA is operationally independent so we do not get to choose what it looks at.

Julie Elliott: Would you support it looking into this?

Caroline Dinenage: Yes, of course.

Q779 **Julie Elliott:** There really is a problem here, isn't there?

Caroline Dinenage: I am very happy for the CMA to have a look at this, yes.

Q780 **Julie Elliott:** Much of the costs associated with music come from the artists' royalties. Do you think this is equitable when labels take the lion's share of the revenues, claiming they are taking a risk in the process?

Caroline Dinenage: Again, Julie, you are tempting me to make a judgment on what is fair and what is not fair when the music industry



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itself is just so hugely divided on this. I suppose in answer to this question and so many others that you have asked me today, I would love to see the music sector more broadly coming around the table and working out what they think is fair, rather than expecting there to be some Government mandate on this. It is not how it works in—

Q781 **Julie Elliott:** No, but they are not equal in the industry.

Caroline Dinénage: I cannot think of many other—and you can correct me if you have evidence to the contrary—industries that the Government would intervene with to this sort of extent, unless there was compelling evidence of almost market failure that would encourage them to have to do so.

Q782 **Julie Elliott:** There is almost market failure. It is not transparent, so none of us can get to the bottom of it. The evidence we have heard today is like the evidence we have heard in every session of this inquiry, that things are not transparent. It is very difficult for us to get numbers to see what is going on.

I will move on. The Musicians' Union have said "every other area of business writes off bad debt after six years, but not record labels". Why do you think that is and do you think it is fair there is this disparity?

Caroline Dinénage: I am going to have to pass on that question. You might have to speak to BEIS. I do not know if Robert has a view, but it would strike me as more of a business issue.

Amanda Solloway: Apologies, I have to go now, but Tim is staying for half an hour extra. From my point of view, I just wanted to come back to a couple of points you mentioned there, Julie. Again, just to reiterate how important this inquiry is. I know you have had lots of evidence sessions. Clearly I have been listening to the evidence sessions as well, and there is an element we must make sure that we address around the transparency, but that is around the contracts that exist. That would not be for Government to comment on. I am very interested in your findings.

Tim, I am going to pass that over to you. Apologies that I have to go, but it was an agreement that we had in advance.

Julie Elliott: That is fine. Would Tim or Robert like to comment on what I have asked there about writing off the debt?

Tim Moss: Thank you for the question. I do not think it is something I can comment on. It is not linked to the intellectual property regime or copyright in terms of writing off of debt.

Robert Specterman-Green: I am afraid I do not have a huge amount of detailed understanding of this particular aspect. To hazard a guess, I would imagine it is related to the ability of record labels to exploit—and I mean that in a positive way—content over a long period of time in order to maximise success and return on investment the label has put into that



particular content. I am saying that as an informed supposition rather than based on any detailed research that I have done.

Q783 Chair: A final question, Caroline. I am going to do a slight segue because you have mentioned about how effectively the economics of the music system are broken right now because there are no live performances, which is something that artists rely on in order not just to make ends meet but to make a decent living. I think we all feel for them in that respect.

But even post-Covid, as we have mentioned to you before when you came in front of us, there is an issue in terms of touring Europe, about access to these markets, cabotage and so on. Just to be clear for the Committee, who is going to take this forward? Who is going to be sitting with the Spanish, Italian and Greek Governments? Will it be a DCMS official? Will it be Lord Frost? Will it be the Foreign Office, say the Parliamentary Under-Secretary of State, Wendy Morton, who is Minister for the European Neighbourhood, whatever that is? Who is going to be sat at that table and who is it that basically you are feeding into now in terms of the wants and the asks of the DCMS sectors?

Caroline Dinenage: There is stuff that I can talk about now and then there is stuff that we are going to have to come back to you on in just a little while because there are things happening across Government that are still being decided upon. What I can talk to you about now is the fact that I have met with Wendy Morton and we have discussed an approach to how we want to work with the heads of mission across the EU, to start talking with our counterparts to work out how we can make the whole process much smoother, much easier and to help try to address the issue so that touring in Europe can resume with as much ease as possible as soon as it is safe to do so.

More broadly, this came up at a cross-Government meeting last Friday. This was the subject of a cross-Government meeting and it is being worked out by a number of different Government Departments because we do want to make sure that it is not just a DCMS issue. It affects everybody, it affects the economy, it affects this whole issue of the EU exit and it affects all of our relationships internationally. Obviously there is a role for not only FCDO but DIT here too. We do want to make sure that every Government Department is playing their part with regard to the cabotage issue. The Department of Transport are involved as well.

Q784 Chair: Just to be clear, what is happening is that you, the Department of Transport, DIT and so on are feeding into the Foreign Office and then the Foreign Office is going to instruct its heads of mission to do the negotiation with the individual states themselves? Or is that just the first stage?

Caroline Dinenage: What I will do, if I can, is come back to you and just set this out clearly when I am allowed to, when I am permitted to, because it is all being drawn up at the moment.



Q785 **Chair:** It is not decided yet?

Caroline Dinenge: It has been decided, but I do not think it has been said publicly. I probably will have my knuckles rapped if I start talking about it here. There is a plan and that plan works on a number of fronts. One of those fronts will be working with heads of mission across the EU to make sure we are doing everything we can to ensure that the whole system of visa touring is as straightforward as possible. We will send you more information as soon as we are allowed to.

Q786 **Chair:** When do you think you will be able to do that?

Caroline Dinenge: As soon as possible. Literally imminently.

Q787 **Chair:** There is a Liaison Committee on Wednesday, as you well know, and it would be good to know precisely before that Committee—when we have the Prime Minister in front of us—exactly where the chain of command effectively is, who it is who is going to do the asking, who it is who is effectively writing the menu. I know you are part of writing the menu and I would not expect DCMS Ministers to go jetting around Europe. We know that would not happen.

Caroline Dinenge: Wouldn't that be lovely?

Chair: Yes, exactly. Although you would have to stay in a hotel for 14 days, wouldn't you? I am very interested to know precisely where the stages are and who is doing the asking. If you would contact the Committee back on that as soon as possible, that would be appreciated.

Caroline Dinenge: I am not trying to be evasive. There is a plan and we will articulate that plan to you as quickly as we can. I don't know at what stage that will be published but certainly the activity around this is happening straight away. I understand we have a very small window of opportunity here before bands are able to start touring again and we want to make sure we grab that opportunity and make as much progress as we can in that gap.

Chair: Thank you, Caroline, for your answers today and also—in her absence—thank you to Amanda Solloway, to Robert Specterman-Green and to Tim Moss for your evidence. That concludes our session.