



House of Commons  
Digital, Culture, Media and  
Sport Committee

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**Economics of music  
streaming: follow-up**

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**Fifth Report of Session 2022–23**

*Report, together with formal minutes relating  
to the report*

*Ordered by the House of Commons  
to be printed 10 January 2023*

**HC 874**

Published on 13 January 2023  
by authority of the House of Commons

## The Digital, Culture, Media and Sport Committee

The Digital, Culture, Media and Sport Committee is appointed by the House of Commons to examine the expenditure, administration and policy of the Department for Digital, Culture, Media and Sport and its associated public bodies.

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## Summary

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In July 2021, we published our Report into the Economics of music streaming, which called for a “complete reset” of the streaming market. In its Response, the Government described our Report as “a key moment for the music industry”. It set out a series of workstreams with the aims of addressing the key issues that our inquiry highlighted.

On 15 November 2022, we held an oral evidence session to discuss the reset of streaming recommended in our July 2021 Report. This Report provides an overview of the work undertaken by Government, arm’s length bodies and the industry to date. It has two main recommendations:

- The Intellectual Property Office (IPO) needs to provide more transparency with its working groups, which should also consider, and give greater focus to, remuneration and rights revocation. To address all these issues effectively more departmental and ministerial representation is needed from the Government; and
- The Government should take a more proactive strategic role when it comes to cultural policy, including regarding music, to ensure it takes a cohesive approach across all departments in supporting cultural production and the creative industries. A new wide ranging national strategy for music should be developed by the DCMS Department including an assessment of the impact of digital technology on musicians, songwriters and composers, and on the UK music industry’s potential for future growth.

We will keep this work under review and will continue to monitor economic and technological challenges and disruptions to the music streaming market as they emerge.

# 1 The reset of music streaming

## Introduction

### Our inquiry

1. In its Response to the conclusions of our inquiry into the *Economics of music streaming*, the Government described our Report as “a key moment for the music industry”.<sup>1</sup> Our Report called for a “complete reset” of streaming to address the fundamental, structural problems within the recorded music industry and music streaming economy, based on evidence from almost 300 written submissions, seven oral evidence sessions, correspondence with key stakeholders and an engagement event with emerging artists.<sup>2</sup> We made a wide range of conclusions and recommendations, highlighting concerns about music creator remuneration, metadata, transparency, competition, international trade, so-called “safe harbour” provisions for hosts of user-uploaded content (UUC), playlisting, algorithmic curation and recommendation systems and other emerging technological challenges.<sup>3</sup> Our inquiry also indirectly contributed to the evidence base of an important independent, comprehensive Intellectual Property Office (IPO)-commissioned research project on music creators’ earnings in the digital era. The project’s investigators, Professor David Hesmondhalgh, Dr Hyojung Sun, Dr Richard Osborne and Dr Kenny Barr, wrote that our inquiry provided “a vast range of views and information that would not otherwise have been publicly available”.<sup>4</sup> Indeed, the project itself was initiated by the Government in its Response<sup>5</sup> to our 2020 Report on *The impact of Covid-19 on Digital, Culture, Media and Sport (DCMS) sectors*, in which we first voiced our concerns about creator remuneration.<sup>6</sup>

### Subsequent developments

2. For its part, the Government committed to undertaking several workstreams in its Response to our Report on music streaming. Led by the IPO, the Government has established a music industry contact group, launched a research programme to build an evidence base (on remuneration, rights revocation and contract transparency) and convened two technical stakeholder working groups, on transparency<sup>7</sup> and metadata (i.e., data about the song and record itself)<sup>8</sup> respectively.<sup>9</sup> The Government also undertook to commission and publish an industry guide on data management in the music industry.<sup>10</sup>

1 Digital, Culture, Media and Sport Committee, Second Special Report of Session 2021–22, *Economics of music streaming: Government and Competition and Markets Authority Responses to Committee’s Second Report*, HC 719

2 Digital, Culture, Media and Sport Committee, Second Report of Session 2021–22, *Economics of music streaming*, HC 50, para 41

3 Ibid

4 Intellectual Property Office, *Music creators’ earnings in the digital era* (23 September 2021), p.12

5 Digital, Culture, Media and Sport Committee, Third Special Report of Session 2019–21, *3rd Special Report - Impact of Covid-19 on DCMS sectors: Government Response to Committee’s Third Report of Session 2019–21*, HC 885, para 10

6 Digital, Culture, Media and Sport Committee, Third Report of Session 2019–21, *Impact of COVID-19 on DCMS sectors: First Report*, HC 291, para 44

7 Discussed in paras 135–142 of our original Report.

8 Discussed in paras 89–94 as above.

9 Digital, Culture, Media and Sport Committee, Second Special Report of Session 2021–22, *Economics of music streaming: Government and Competition and Markets Authority Responses to Committee’s Second Report*, HC 719

10 Ibid

Concurrently, the Government has agreed with and has engaged the Advertising and Standards Authority (ASA), Ofcom and the Centre for Data Ethics and Innovation (CDEI) to consider (a lack of) transparent and ethical decision-making and payments and benefits-in-kind for playlisting and algorithmic recommendations and the impact of streaming on the UK's prominence regime.<sup>11</sup> It has also committed the IPO to considering evidence on intellectual property issues, such as the music streaming “value gap” between mainstream music streaming services and services that host UUC and “know your business customer” obligations.<sup>12</sup> The Government also told us that it would be taking proactive steps to identify and address emerging threats to rightsholders from technology, such as social media platforms and livestreaming.<sup>13</sup> However, we have noted that, subsequently, the Government and IPO have proposed introducing a new copyright and database exception which allows text and data mining of copyright materials for any purpose, which we have discussed in detail in our inquiry into *Connected tech* and may consider in more depth in our subsequent Report.<sup>14</sup>

3. Concurrently, the independent Board of the Competitions and Markets Authority (CMA) agreed to undertake a market study on music streaming. This followed an initial proposal drafted by CMA staff in the wake of the CMA's investigation into Sony Music Entertainment's (since cleared) acquisition of AWAL, a British music distribution company, and a joint letter from then-Ministers for DCMS and Business, Energy and Industrial Strategy (BEIS) to the then-CMA chief executive Dr Andrea Coscelli CBE.<sup>15</sup> On 26 July 2022, the CMA produced an update paper and notice of a proposal not to make a market investigation reference.<sup>16</sup> Response to the update paper has been mixed, with record labels and some academics welcoming the findings around the amount of music coming to market and the choice of deals artists can strike,<sup>17</sup> while creators and other academics have criticised:

- the paper's perceived emphasis on the user experience;
- the lack of consideration for the impact of static pricing and areas that it concluded probably weaken competition, such as transparency;
- contracts between the major music groups and streaming services;
- competition between the majors themselves; and
- independent labels' access to market.<sup>18</sup>

Interestingly, in supplementary evidence to the CMA, Professor David Hesmondhalgh and Dr Hyojung Sun, two of the investigators for the aforementioned IPO-commissioned study on creator earnings, which was referenced throughout the update paper, argued that the paper:

- provided no evidence for conclusions that the majors' profits were not excessive;

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11 [Ibid](#)

12 [Ibid](#)

13 [Ibid](#)

14 [Q81](#)

15 [Correspondence](#) between the Government and the Competition and Markets Authority, relating to music streaming, 15–20 September 2021

16 Competition and Markets Authority, [Music and streaming: Market study update](#) (26 July 2022)

17 [Qq38–9 \[Will Page\]](#), [57](#), [61 \[Geoff Taylor\]](#), [63](#)

18 [Qq39 \[Dr Hayleigh Boshier\]](#), [61 \[Tom Gray\]](#), [62 \[Naomi Pohl\]](#)

- downplayed the majors’ market power in promotion, advertising and playlisting in music discovery (and subsequently their bargaining power relative to creators); and
- downplayed issues relating to the vertical integration with publishing, such as not providing evidence that recording operations incur greater digital costs and overlooking the majors’ lower profit margins on publishing operations.<sup>19</sup>

4. The CMA published its final report on 29 November 2022.<sup>20</sup> In this market study, the CMA did establish that aspects of the music market had the potential to restrict competition to the detriment of artists and songwriters. For example, the CMA recognised that the market is highly concentrated, and stated that it would pay close attention to any future merger activity. It also noted that the split between recording revenues and publishing revenues could be sub-optimal for songwriters. However, the CMA did not feel that competition interventions would effectively address the issues it identified. Instead, the report calls for a broader policy debate on the optimal distribution of revenues and states it is for the Government to explore wider policy interventions, including in relation to the copyright framework and how music streaming licensing rates are set. Although they have not recommended a full market investigation the CMA agreed with this Committee that competition issues exist in the music industry. The CMA has offered to provide evidence to us on its findings.<sup>21</sup>

5. There have also been several positive steps taken within the industry itself. The BPI, a trade association for UK record labels, and the Musicians’ Union are in the early stages of a negotiation over session rates for session musicians.<sup>22</sup> Geoff Taylor, CEO of the BPI, described the initial proposals as “much larger than has ever been the case before and we [the recording industry] think it represents the growth from streaming and ensuring that session musicians participate in that”.<sup>23</sup> We welcome the substantial move by Warner Music Group and Universal Music Group to join Sony Music Entertainment in writing off unrecouped balances for pre-2000 record deals, which we called for in our Report,<sup>24</sup> which may have enabled thousands of artists to receive royalties from streaming.<sup>25</sup> *In welcoming these announcements, the Committee would like to see evidence of the amount of consequential royalties that are now being distributed by all three Major rights holding groups, and request that they each provide this information to us.*

### **The economics of music streaming: one year on**

6. On 15 November 2022, we held an oral evidence session to discuss the reset of streaming recommended in our Report. Our intention was not to rehearse the issues discussed in our first Report but, instead, to consider the progress of work relating to that Report’s conclusions and recommendations. Our session comprised of two panels: one of key analysts with insight into the processes in undertaking this work, and another with

19 Prof. David Hesmondhalgh and Dr. Hyojung Sun, [Feedback to CMA’s Music and Streaming Market Study](#) (September 2022)

20 Competition and Markets Authority, [Music and streaming: Final report](#) (29 November 2022)

21 [Letter](#) from Sarah Cardell, Interim Chief Executive, Competitions and Markets Authority, relating to the CMA’s final report on music and streaming, 29 November 2022

22 [Qq58–60](#)

23 [Q59](#)

24 Digital, Culture, Media and Sport Committee, Second Report of Session 2021–22, [Economics of music streaming](#), HC 50, para 46

25 [Q57](#)

key industry stakeholders. We thank them for their contributions; this Report provides a brief overview of the reset of streaming and some areas where certain processes could be improved.

## Scrutinising government workstreams

### *The work of the Intellectual Property Office*

7. With the conclusion of the CMA’s market study, perhaps the most important work in Government on music streaming is being carried out by the IPO. Indeed, the Government has emphasised that it is minded to “solve the problem in some other way” than legislation in the first instance while this work is underway (while explicitly confirming that a legislative route would remain open “if we conclude that legislative change is the only way to achieve what the House is looking for”).<sup>26</sup> Two tangible outputs are, for the transparency working group and the metadata working group respectively, agreeing standards and a code of practice for contract transparency and developing minimum data standards for industry data flows.<sup>27</sup> In December 2021, the Minister of State for Science, Research and Innovation in BEIS told the House that it aimed to come back with a substantive response on this work by September 2022.<sup>28</sup> Chris Cooke, co-founder and managing director of music news service Complete Music Update (CMU), argued that the IPO presence had been useful in providing structure and deadlines.<sup>29</sup> Tom Gray, Chair of the Ivors Academy, similarly spoke positively about the engagement in the working groups from both the IPO and representatives across industry.<sup>30</sup> As Geoff Taylor noted from an industry perspective, “I do think IPO deserves the credit it has been given for holding the ring, driving the process forward, chairing all these groups and, frankly, keeping the pressure on”.<sup>31</sup>

8. Despite these positive comments, however, there are some ongoing concerns that need to be addressed. First, we heard that the working groups have missed their deadlines and that the promised public, tangible outcomes are yet to materialise (though Chris Cooke has noted that this, in part, has been due to the complex nature of the issues and ambitious nature of the outcomes that the groups are tackling).<sup>32</sup> Second, we also heard that the working groups, despite one of which being on transparency, had very little in the way of transparency and accountability mechanisms themselves. Dr Hayleigh Boshier, Senior Lecturer in Intellectual Property Law at Brunel University, recommended that more information should be made publicly, routinely available, including the membership and agendas of the groups, and that there should be some reporting mechanisms in place, to allow for scrutiny and peer review of their work. Since our session, the IPO has provided a list of contacts (in response to a request via Geoff Taylor), albeit with the caveat that one member of the metadata group had yet to provide consent and another had withheld consent.<sup>33</sup> Finally, we heard proposals in favour for greater governmental

26 HC Deb, 3 December 2021, [col 1224](#) [Commons Chamber]

27 [Q5](#); Digital, Culture, Media and Sport Committee, Second Special Report of Session 2021–22, *Economics of music streaming: Government and Competition and Markets Authority Responses to Committee’s Second Report*, HC 719

28 HC Deb, 3 December 2021, [col 1224](#) [Commons Chamber]

29 [Q8](#)

30 [Q54](#)

31 [Q56](#)

32 [Qq4–7](#)

33 [Correspondence](#) from Chris Mills, Director of Rights Policy and Enforcement, Intellectual Property Office, relating to working group memberships, 24 November 2022



and, in particular, ministerial engagement in the work of the groups.<sup>34</sup> Chris Cooke noted that there is currently “a list of sticking points—where there is not agreement” that might hinder progress in the near future.<sup>35</sup> Naomi Pohl, General Secretary of the Musicians’ Union, expanded on this point:

With the transparency and data working groups at the moment the sticking point is that we would like something a little more aspirational, even if it is something that is phased in. It might be that we have a gold standard and we want to get there in two years, but what we do not want is to define where we are now in a code.<sup>36</sup>

9. In the wake of our original Report, and the aforementioned IPO-commissioned report on music creators’ earnings in the digital era, the IPO has commissioned separate research on equitable remuneration<sup>37</sup> and rights revocation and reversion,<sup>38</sup> though this is ongoing and has been delayed.<sup>39</sup> However, the IPO has not convened working groups on either remuneration or rights reversion, meaning that while the research could be discussed at the industry contact group, there might not be tangible action as a result. As Naomi Pohl argued:

My major frustration with the process, and it has been alluded to, is that the big issue, and the elephant in the room, is fair remuneration for creators and performers from music streaming. Obviously, we have talked about equitable remuneration; we have not yet had the full report on equitable remuneration. What we need is to sit around table and have a negotiation, and it has not happened. While there might have been some conversations out of the room, the conversations have not been happening in the room, and I feel that is an absolutely urgent priority.<sup>40</sup>

Tom Gray agreed, noting that “one of the reasons why [the IPO] did not set up a working group around remuneration at the beginning was to avoid us immediately getting into a row”, and assessed overall that “there was some good sense in that but, in terms of not introducing a real conversation around it, [...] I would say it has probably not been the wisest decision”.<sup>41</sup>

10. The frustrations with the lack of discussion on core issues like remuneration and rights reversion in the IPO working groups have been compounded when compared to the actions taken abroad since our Report was published. Our inquiry took evidence from the Director General of AIE, a rights management organisation in Spain, where equitable remuneration has applied to music streaming since 2006. Since our Report was published, nine countries (including Germany and Belgium) have legislated for performer remuneration rights in music streaming, including (in several instances) for platforms that host user-generated content, encompassing platforms like YouTube and TikTok,

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34 [Qq4, 8](#)

35 [Q8](#)

36 [Q68](#)

37 A performer right where performers (including non-featured performers) enjoy an automatic, unalienable, non-transferable statutory right to share in recording revenues. The right to equitable remuneration only applies in certain circumstances, as established in the Copyright, Designs and Patents Act 1988.

38 Performer rights that provide for the return of rights to the songwriters and performers in certain situations.

39 [Qq3, 54–8, 75](#)

40 [Q54](#)

41 [Q68](#)

and for audio-visual.<sup>42</sup> Tom Gray asserted that similar debates are occurring in Canada and Australia;<sup>43</sup> he also referenced American Congresswoman Rashida Tlaib’s House Concurrent Resolution 102, introduced in August 2022, which aims “to provide musicians [...] reasonable remuneration through a royalty payment earned on a per-stream basis” and “ensure streaming music services [...] compensate musicians at fair rates that are not significantly lower than rates earned on traditional physical record sales”.<sup>44</sup>

11. Legislating for equitable remuneration is not the only option on the table: in France, at the behest of the French Government, creators and industry representatives have negotiated an agreement for a minimum remuneration guarantee for streaming. As Dr Hayleigh Boshier explained:

They do set a minimum royalty and other tiered royalties, so once you hit a certain number of streams, you get extra money. But it is also legally binding under the French intellectual property code and it is monitored, and there will be a review in five years. So process-wise and implementation-wise, we could learn lessons from them.<sup>45</sup>

Since our session, the Secretary of State for DCMS, Rt. Hon. Michelle Donelan, has committed to exploring the French system in more detail, commenting that “I always welcome, whatever industry it is, them trying to fix the issues themselves first”.<sup>46</sup>

12. **We commend the Government and Intellectual Property Office (IPO) for their work in commissioning and convening further research, industry contact group meetings and the two working groups on contract transparency and metadata. However, we believe that there is room for improvement regarding the scope and practice of the groups. We recommend that the IPO, at minimum, ensure that there is greater transparency around the groups by ensuring that its memberships, agendas and deadlines are made public and that the groups have reporting functions at reasonable, practical intervals (e.g., at certain milestones or on conclusion of negotiations). We also hope that Ministers and departmental officials will take a more active role in the groups where appropriate, particularly where negotiations become deadlocked or deadlines are missed. We also recommend that the IPO continue to build on the current momentum and good-faith engagement by all parties in the process by establishing working groups on remuneration and performer rights to consider the current evidence base and monitor developments in other countries in these areas.**

### **A new strategy for culture**

13. Alongside scrutiny of the work of the IPO, we also discussed the overarching strategic direction of cultural policymaking within Government. As with many aspects of cultural policy, the Government’s responsibilities concerning music are spread across many departments, including DCMS, BEIS (e.g., copyright), the Department for Education

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42 [Qq39–40 \[Dr Hayleigh Boshier\]](#), 54 [\[Tom Gray\]](#)

43 [Q54](#)

44 Expressing the sense of Congress that it is the duty of the Federal Government to establish a new royalty program to provide income to featured and non-featured performing artists whose music or audio content is listened to on streaming music services, like Spotify, [H. Con. Res. 102](#), 117th Cong. (2022)

45 [Q40](#)

46 [Oral evidence](#) taken on 6 December 2022, HC 158, Q 234

(music education), the Department for International Trade (the Music Export Growth Scheme, overarching trade agreements), the Home Office (work permits and visas for touring musicians) and the Department for Transport (cabotage). The issues caused by this have been most apparent in the Government's handling of EU visa arrangements for the creative industries, which are still yet to be resolved, as illustrated in both our session on streaming and subsequently in evidence with the new Secretary of State, where it was confirmed that while DCMS takes an overarching role, the responsibility for cabotage remains with DfT.<sup>47</sup> As Geoff Taylor asserted, there has been a lack of focus in policy regarding, for instance, international trade, such as in response to the increased competition enabled by streaming from abroad, or in issues with protections for intellectual property.<sup>48</sup> Tom Gray argued that a more coherent policy for music would both “[give] the companies that Geoff is working with wonderful incentives to produce and invest in UK entities to make music, much as the British film industry received in 2003” and “make this the best place in the world to be a musician and the best place to be a songwriter”.<sup>49</sup> Tom Gray, Naomi Pohl and Geoff Taylor all endorsed a national strategy for music as a solution to the perceived lack and/or ambiguity of overarching, comprehensive, strategic policymaking.<sup>50</sup>

14. Previous work by this Committee and others have raised similar concerns. Our March 2022 Report on *Major cultural and sporting events* concluded that “we see no golden thread linking the events or tying them to a vision for the future of this country”, with “major events policy formed through little more than ministerial fiat, and nothing illustrates this better than the vague and shape-shifting nature of Unboxed”;<sup>51</sup> our concerns have since been borne out, as the Secretary of State has agreed.<sup>52</sup> In our Report on *Cultural placemaking and the levelling up agenda*, we broadly welcomed the Government's steps to introduce a National Plan for Music Education and Cultural Education Strategy but also observed that many of the issues highlighted in the most recent Culture White Paper (published in 2016, only the second ever published and the first for fifty years) persist and that new challenges for the sector have since emerged.<sup>53</sup> Our Report on *Promoting Britain abroad* highlighted the challenges to the UK's market share and influence internationally in cultural production (and music specifically), caused in part by a lack of funding, of strategic engagement between the creative industries and VisitBritain, and of a co-ordinated “creative industries export office”.<sup>54</sup> Previous iterations of this Committee have come to similar conclusions regarding cultural policy, with a predecessor concluding in 2003 that “a cohesive approach is needed between those parts of Government that have interests in, or responsibilities for, promoting the British film industry”.<sup>55</sup>

15. The UK approach can be compared to the strategic interventions of other successful countries. Will Page, visiting fellow at the London School of Economics and former chief economist at Spotify, noted that Canada's package of policies and support mechanisms

47 [Oral evidence](#) taken on 6 December 2022, HC 158, Qq 243–6

48 [Q81](#)

49 [Q81](#)

50 [Qq81, 99–100](#)

51 Digital, Culture, Media and Sport Committee, Ninth Report of Session 2022–23, [Major cultural and sporting events](#), HC 259, paras 80–1

52 [Oral evidence](#) taken on 6 December 2022, HC 158, Qq 198–204

53 Digital, Culture, Media and Sport Committee, Third Report of Session 2022–23, [Reimagining where we live: cultural placemaking and the levelling up agenda](#), HC 155, paras 59–61, 71, 78, 94

54 Digital, Culture, Media and Sport Committee, Second Report of Session 2022–23, [Promoting Britain abroad](#), HC 156, paras 10–6, 53, 77–81

55 Culture, Media and Sport Committee, Sixth Report of Session 2002–03, [The British Film Industry](#), HC 667-I, para 152

provided a good illustrative example for policymakers, with the aim to export Canadian heritage, which has, for example, led to a strong representation of Canadian artists at music festivals internationally.<sup>56</sup> Geoff Taylor argued that meetings in South Korea between the BPI and officials in the Ministry of Culture, Sport and Tourism had illustrated the disparity in Government support for Korean creative industries and cultural exports relative to the UK; Tom Gray noted that Korea has integrated cultural policy into its broader global strategic aims, and has resulted in a growing market share.<sup>57</sup> During a visit last year to the Republic of Korea as part of our *Promoting Britain abroad* and *Connected tech* inquiries,<sup>58</sup> we met with our sister-committee on culture, entertainment companies across the sector and the Korea Creative Content Agency (KOCCA), the agency that coordinates the promotion of Korean cultural production, and heard the same message. We were also repeatedly told at meetings with the National Assembly, Government and the creative industries that the UK-ROK Creative Industries Forums, which aimed to strengthen the UK and Korea's commercial collaboration across the creative industries, had been generally positive and should be restarted but had largely frustrated Korean delegates due to the lack of tangible, measurable, deliverable commitments and outcomes beyond the agreement of memoranda of understanding.

**16. The current approach to cultural policymaking by Government is too scattergun to be effective, particular in comparison to other successful countries with whom we are competing for market share. We recommend that the Government take a more strategic approach to policymaking regarding cultural production and the creative industries. Responsibilities are dispersed across too many departments, which has created persistent issues, including in international trade, visas and the ongoing skills shortage. This could be addressed by DCMS more regularly setting the overall direction by publishing its overall strategy (with reference to specific disciplines, including music, film and television, theatre, etc), with tangible, measurable outcomes, at more regular intervals, that the work of various departments and arm's length bodies can then work in concert to implement. We also recommend that part of this work should revisit Creative Industries Forums with other markets, including South Korea, and ensure these lead to tangible outcomes that re-energise the commercial collaboration with our most important overseas partners.**

## The future of the music streaming market

17. In its final chapter, our 2021 Report provided an overview of the competition in the streaming market and potential futures for digital music; we revisited these themes in our follow-up session and through our ongoing inquiry into *Connected tech*. Will Page provided an insight into the potential future of competition within the streaming market:

There are two words I would like to introduce, which are herbivores and carnivores. If you think about the last 10 years of music streaming, you have had a herbivore market. As Hayleigh pointed out, everyone seems to be growing and nobody is stealing each other's market. Amazon is up, Spotify is up, Apple is up and YouTube is up. But when you reach that saturation

56 [Qq36–37](#)

57 [Q96](#)

58 Digital, Culture, Media and Sport Committee, Second Report of Session 2022–23, [Promoting Britain abroad](#), HC 156, p 37

point, the herbivores turn into carnivores. It is much akin to how you might want to regulate the telco market, where the only way I can grow my subscribers is by stealing someone else's.

I think what we have seen is an acceleration of growth that was already in place, but the Committee should aware that there will be that tipping point, where we go from herbivores to carnivores and market stealing becomes the domain, as opposed to market growing. I think this acceleration brings that saturation point even closer.<sup>59</sup>

However, when asked to consider what might cause the market to become more volatile, (continuing the metaphor of herbivore and carnivore markets) Will Page mused that:

Perhaps a way of reframing this question is to think about a predator entering a different part of the value chain. Streaming services are here, record labels are here, publishers are here, and collecting societies are there. They all mind each other's gardens. But perhaps a predator decides to stray into a neighbour's garden, and that is a way of thinking about how this market could develop over time.<sup>60</sup>

18. Spotify may perhaps be most impacted when the market reaches this saturation point. Whereas competitors can cross-subsidise their music streaming services with other products (Apple with hardware sales and multimedia bundles, Amazon with cloud computing services, its marketplace and its Amazon Prime bundles, Google with search, hardware sales, software, and so on), Spotify is almost entirely music-focused and dependent on venture capital, meaning that it is reliant primarily on subscriber growth.<sup>61</sup>

19. Alongside issues we highlighted around livestreaming and livestreamed concerts, we have explored other areas impacted by new and emerging technologies. Live music, which has been sequentially impacted by the Covid19 pandemic, cost-of-living crisis and EU touring visa arrangements, and has seen festivals increasingly comprise a greater overall share of the market relative to small and grassroots venues, might potentially face competition from metaverse performances and virtual reality concerts, such as that showcased by the ABBA Voyage.<sup>62</sup> Will Page, however, was relatively sanguine about the technological challenge to live music, arguing that these new technologies would complement, rather than compete with, live music (as streaming has done), stating that "I think the passion for standing in muddy fields is going to stay strong".<sup>63</sup> Chris Cooke also discussed the impact of, and recent controversy around, dynamic ticketing technology, provided by online ticketing companies, that ensure that prices fluctuate with demand automatically (largely in response to the secondary ticketing market).<sup>64</sup> It is unsurprising, given these issues, that Dr Hayleigh Boshier has advocated regular reviews of intellectual property law to address these challenges.<sup>65</sup>

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59 [Q18](#)

60 [Q51](#)

61 [Qq19–20](#); Digital, Culture, Media and Sport Committee, Second Report of Session 2021–22, *Economics of music streaming*, HC 50, paras 155–7

62 [Qq14 \[Will Page, Chris Cooke\], 21, 26–7](#)

63 [Qq27–28](#)

64 [Q24](#)

65 [Q52](#)

20. We warned, in our music-streaming Report, that “it is necessary [...] that the UK regulatory environment is equipped to respond to these multi-faceted challenges” on competition.<sup>66</sup> We also concluded that the Government and IPO needed to ensure the copyright framework is future-proofed and that steps are taken to “identify emerging threats to rightsholders enabled or caused by new technologies”.<sup>67</sup> **We will continue to monitor developments in the sector as the music streaming market matures and as new technologies emerge.**

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66 Digital, Culture, Media and Sport Committee, Second Report of Session 2021–22, [Economics of music streaming](#), HC 50, para 159

67 *Ibid*, para 187



# Conclusions and recommendations

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## Introduction

1. *In welcoming these announcements, the Committee would like to see evidence of the amount of consequential royalties that are now being distributed by all three Major rights holding groups, and request that they each provide this information to us. (Paragraph 5)*

## Scrutinising government workstreams

2. We commend the Government and Intellectual Property Office (IPO) for their work in commissioning and convening further research, industry contact group meetings and the two working groups on contract transparency and metadata. However, we believe that there is room for improvement regarding the scope and practice of the groups. *We recommend that the IPO, at minimum, ensure that there is greater transparency around the groups by ensuring that its memberships, agendas and deadlines are made public and that the groups have reporting functions at reasonable, practical intervals (e.g., at certain milestones or on conclusion of negotiations). We also hope that Ministers and departmental officials will take a more active role in the groups where appropriate, particularly where negotiations become deadlocked or deadlines are missed. We also recommend that the IPO continue to build on the current momentum and good-faith engagement by all parties in the process by establishing working groups on remuneration and performer rights to consider the current evidence base and monitor developments in other countries in these areas. (Paragraph 12)*
3. The current approach to cultural policymaking by Government is too scatter-gun to be effective, particular in comparison to other successful countries with whom we are competing for market share. *We recommend that the Government take a more strategic approach to policymaking regarding cultural production and the creative industries. Responsibilities are dispersed across too many departments, which has created persistent issues, including in international trade, visas and the ongoing skills shortage. This could be addressed by DCMS more regularly setting the overall direction by publishing its overall strategy (with reference to specific disciplines, including music, film and television, theatre, etc), with tangible, measurable outcomes, at more regular intervals, that the work of various departments and arm's length bodies can then work in concert to implement. We also recommend that part of this work should revisit Creative Industries Forums with other markets, including South Korea, and ensure these lead to tangible outcomes that re-energise the commercial collaboration with our most important overseas partners. (Paragraph 16)*

## The future of the music streaming market

4. We will continue to monitor developments in the sector as the music streaming market matures and as new technologies emerge. (Paragraph 20)

# Formal minutes

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**Tuesday 10 January 2023**

## **Members present:**

Kevin Brennan

Clive Efford

Julie Elliott

Rt Hon Damian Green

Dr Rupa Huq

Simon Jupp

John Nicolson

Jane Stevenson

Rt Hon Damian Green took the Chair, in accordance with the Resolution of the Committee of 10th January 2023.

Draft Report (*Economics of music streaming: follow-up*), proposed by the Chair, brought up and read.

*Ordered*, That the draft Report be read a second time, paragraph by paragraph.

Paragraphs 1 to 20 read and agreed to.

*Resolved*, That the Report be the Fifth Report of the Committee to the House.

*Ordered*, That the Chair make the Report to the House.

*Ordered*, That embargoed copies of the Report be made available, in accordance with the provisions of Standing Order No.134.

## **Adjournment**

Adjourned till Tuesday 17 January at 2.00 pm.



# Witnesses

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The following witnesses gave evidence. Transcripts can be viewed on the [inquiry publications page](#) of the Committee's website.

## Tuesday 15 November 2022

**Dr Hayleigh Boshier**, Senior Lecturer in Intellectual Property Law, Brunel University; **Chris Cooke**, Founder and Managing Director, CMU; **Will Page**, Visiting fellow, London School of Economics

[Q1–53](#)

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

[Q54–100](#)

## List of Reports from the Committee during the current Parliament

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All publications from the Committee are available on the publications page of the Committee's website.

### Session 2022–23

Number	Title	Reference
1st	Amending the Online Safety Bill	HC 271
2nd	Promoting Britain abroad	HC 156
3rd	Reimagining where we live: cultural placemaking and the levelling up agenda	HC 155
4th	What next for the National Lottery?	HC 154
1st Special	Major cultural and sporting events: Government Response to Committee's Ninth Report of Session 2021–22	HC 452
2nd Special	Influencer Culture: Lights, camera, inaction?: ASA System and CMA Responses to the Committee's Twelfth Report of Session 2021–22	HC 610
3rd Special	Influencer Culture: Lights, camera, inaction?: Government Response to the Committee's Twelfth Report of Session 2021–22	HC 687
4th Special	Rt Hon Nadine Dorries MP	HC 801

### Session 2021–22

Number	Title	Reference
1st	The future of UK music festivals	HC 49
2nd	Economics of music streaming	HC 50
3rd	Concussion in sport	HC 46
4th	Sport in our communities	HC 45
5th	Pre-appointment hearing for Information Commissioner	HC 260
6th	Pre-appointment hearing for Chair of the Charity Commission	HC 261
7th	Racism in cricket	HC 1001
8th	The Draft Online Safety Bill and the legal but harmful debate	HC 1039
9th	Major cultural and sporting events	HC 259
10th	Another pre-appointment hearing for Chair of the Charity Commission	HC 1200
11th	Pre-appointment hearing for Chair of Ofcom	HC 48
12th	Influencer culture: Lights, camera, inaction?	HC 258

<b>Number</b>	<b>Title</b>	<b>Reference</b>
1st Special Report	The future of public service broadcasting: Government Response to Committee's Sixth Report of Session 2019–21	HC 273
2nd Special Report	Economics of music streaming: Government and Competition and Markets Authority Responses to Committee's Second Report	HC 719
3rd Special Report	Sport in our communities: Government Response to Committee's Fourth Report	HC 761
4th Special Report	The future of public service broadcasting: Ofcom Response to Committee's Sixth Report of Session 2019–21	HC 832
5th Special	The Draft Online Safety Bill and the legal but harmful debate: Government Response to the Committee's Eighth	HC 1039

### Session 2019–21

<b>Number</b>	<b>Title</b>	<b>Reference</b>
1st	The Covid-19 crisis and charities	HC 281
2nd	Misinformation in the COVID-19 Infodemic	HC 234
3rd	Impact of COVID-19 on DCMS sectors: First Report	HC 291
4th	Broadband and the road to 5G	HC 153
5th	Pre-appointment hearing for Chair of the BBC	HC 1119
6th	The future of public service broadcasting	HC 156
1st Special Report	BBC Annual Report and Accounts 2018–19: TV licences for over 75s Government and the BBC's Responses to the Committee's Sixteenth Report of Session 2017–19	HC 98
2nd Special Report	The Covid-19 crisis and charities: Government Response to the Committee's First Report of Session 2019–21	HC 438
3rd Special Report	Impact of Covid-19 on DCMS sectors: First Report: Government Response to Committee's Third Report of Session 2019–21	HC 885
4th Special Report	Misinformation in the COVID-19 Infodemic: Government Response to the Committee's Second Report	HC 894