



Department for Digital, Culture, Media & Sport

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Damian Green MP
Acting Chairman of the Digital, Culture, Media and
Sport Committee
House of Commons
London
SW1A 0AA

Dear Damian,

We are writing to you as acting chair of the Digital, Culture, Media and Sport Committee to update you on the Government's work on **music streaming**, launched following the Committee's inquiry into the subject.

Our letter of 18 May 2022 set out the progress the Government had made so far. This included:

- establishing working groups, composed of industry experts and chaired by the Intellectual Property Office (IPO), to seek solutions to issues around music metadata and contract transparency
- commissioning independent research into the impacts of potential changes to copyright law to improve creator remuneration
- the Centre for Data Ethics and Innovation (CDEI) undertaking research into the impacts of algorithms used in playlisting on streaming platforms; and
- keeping the music industry updated on this work via a 'Contact Group', composed of senior representatives from across the industry.

In parallel to this, the **Competition and Markets Authority (CMA)** had launched its [market study into the streaming sector](#).

Since then, the Government has continued to work with industry on these issues. The working group on metadata is close to agreement on a set of shared aims and commitments to improve how **metadata** is used in streaming, with the aim of more timely and accurate payments for creators. Similarly, the working group on **transparency** is close to producing a draft Code of Practice that will improve creators' understandings of how their music is licensed and give them confidence that they are being paid correctly. In the next few months, we will work with the Contact Group and other key stakeholders to finalise these documents and begin to see them implemented. We will also publish the two agreements once they are ready.

The research we commissioned on the impacts of **equitable remuneration, contract adjustment mechanisms**, and **rights reversion** is in advanced stages and the research report will be published by the IPO once they are complete. Based on the findings of this research, as well as voluntary action taken by industry on creator remuneration (such as the decision by the major labels to disregard unrecouped advances in older contracts, and the decision of some independent labels to commit to a minimum digital royalty rate), we will be considering the case for legislation and our approach over the coming months.



The **CDEI's research into the impacts of algorithms** in music recommendation systems has concluded and will be published by DCMS shortly. The research found the evidence around the impact of algorithms to be mixed and inconclusive. Based on this, the CDEI has highlighted areas where future research is needed, and are making several recommendations for streaming services to improve transparency around algorithms for consumers and creators.

Alongside this work, the **CMA has concluded its independent market study** into the music streaming sector. The CMA found that, although legitimate concerns exist for artists and songwriters, these are unlikely to be driven by competition issues. The CMA's report also contains other positive findings: recording contracts are increasingly artist-friendly, with higher royalty rates and fewer lifetime transfers of copyright; and publishers and songwriters now receive a significantly larger share of streaming revenues than they did when streaming was introduced, with publishing revenues paid out by the largest streaming services more than doubling in the past five years.

But, as the CMA itself notes, competition is only one angle from which to consider the issues raised by creators. The findings of the CMA do not detract from the importance of action elsewhere to achieve a fairer streaming sector – and we are already seeing concrete steps towards this in the form of the work on metadata and transparency, voluntary action taken by parts of the music industry to address creators' concerns, and in the improved understanding and trust within the music industry.

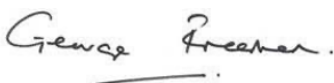
We are clear that, for this work to have been worthwhile, it must result in meaningful and lasting improvements to streaming – and we will be working hard with our officials to make this happen. To this end, we will host a roundtable meeting in February with representatives from across the industry to push for agreement on the metadata and transparency codes, as well as to hear broader views on streaming and other issues of interest to the sector.

We note the recent Select Committee Report published on 13 January and will respond to this in due course. We will also be in contact with you to offer a meeting with members of the Committee, and other interested Members of Parliament, to discuss our work on streaming and our ongoing mission to support best practice and fair remuneration for the creators who are so key to our creative industries.

Yours sincerely,



Julia Lopez MP
Minister of State
Minister for Media, Data and Digital Infrastructure



George Freeman
Minister for Science, Research and Innovation