



Department for
Science, Innovation
& Technology



Department
for Culture,
Media & Sport

Dame Caroline Dinenage
Chair
Culture, Media and Sport Select Committee
House of Commons
London
SW1A 0AA

INT2023/05736/DC

23 May 2023

Dear Caroline,

We are writing to you as chair of the Digital, Culture, Media and Sport Committee. In response to the Committee's follow up report of 13 January 2023, the Government noted that it was considering its approach on creator remuneration and would be taking a decision in due course.

We are now writing to inform the Committee that the Government intends to take forward the Committee's recommendation to establish an industry working group to explore, develop and agree industry actions in relation to creator remuneration from streaming.

In the course of our work on music streaming, we have heard a range of views from stakeholders on creator remuneration and compiled and considered a broad body of evidence. This includes the IPO-commissioned Music Creators' Earnings in the Digital Era report (published September 2021), the IPO-commissioned research on contract adjustment and rights reversion (published on 9 February 2023) and on equitable remuneration (which is in advanced stages), and the findings of the Competition and Markets Authority's market study (published 29 November 2022).

This engagement and research has brought to light many positives for the music streaming sector and the creators involved in it. Royalty rates in new recording contracts have long trended upwards, with average rates in new contracts now around 25% – while alternative deal types offer artists more options than ever to reach audiences and monetise their works, often with higher royalty rates than traditional record deals. Additionally, new contracts are increasingly moving away from life-of-copyright durations, in many cases allowing creators to regain control of their music after a shorter period. And these improvements come alongside

increasing numbers of artists reaching substantial numbers of streams and being able to make a living from recorded music.

However, we know that many creators still have concerns about how they are paid for streaming. While terms in new contracts are increasingly creator-friendly, those benefits are often not extended to creators still signed to older contracts, many of whom are paid at substantially lower royalty rates than their modern counterparts. Additionally, session musicians feel that they are not sharing equitably in the successes of the streaming sector.

The Government wants to see a thriving music industry that delivers sustained growth in an increasingly competitive global music market alongside fair remuneration for existing and future creators. We believe that these aims are complementary, and that reasonable action can be taken by industry to address creators' concerns around remuneration.

This is why the Government will establish a working group, to be composed of representatives and experts from across the music sector, to explore and develop industry-led actions that support fair remuneration for existing and future music creators as part of a successful and globally competitive music industry. We will be discussing this with industry stakeholders over the coming weeks and will keep stakeholders and the Committee apprised of the progress of this group as the work develops.

Best wishes,

A handwritten signature in black ink that reads "John Whittingdale". The signature is written in a cursive style with a prominent underline at the end.

Sir John Whittingdale OBE
Minister of State
Department for Culture, Media and Sport

A handwritten signature in black ink, appearing to be "Camrose". The signature is written in a cursive style with a long, sweeping underline.

Viscount Camrose
Parliamentary Under Secretary of State
Department for Science, Innovation and Technology

