

Written evidence submitted by Dr Gareth Bonello

DCMS Select Committee Inquiry on Music Streaming

November 2020

Introduction

I'm an award-winning songwriter, performer and session musician based in Cardiff and have been performing under the stage name 'The Gentle Good' since 2005. I regularly tour throughout the UK and abroad and have performed at many leading festivals, including Glastonbury, Latitude, The Green Man and Cambridge Folk Festival. Collaboration is a key part of my work and I have written and recorded with artists all over the world, particularly in China and North East India. I have released several critically acclaimed albums, including *Tethered for the Storm* (2011), *Y Bardd Anfarwol* (2013) and *Ruins/Adfeilion* (2016). A new album is scheduled for release in 2021 in collaboration with musicians from the Khasi community in Meghalaya, North East India. I have been recognised many times for my work, receiving the BBC Radio Cymru Composer of the Year Award in 2010, the Welsh Language Album of the Year Award at the National Eisteddfod in 2014 and the Welsh Music Prize in 2017.

My website can be found at www.thgentlegood.com

I'm submitting evidence to this inquiry because I strongly believe that the current model does not sufficiently remunerate music creators and reform of the industry is urgently required.

Question one: what are the dominant business models of platforms that offer music streaming as a service?

Most of my music is available on the major online streaming platforms; Apple Music, Amazon, Spotify, Deezer, Tidal, YouTube, Soundcloud, Bandcamp and so on. In today's music market, consumers expect to be able to listen to their favourite music on a variety of devices, most of which will only work with online streaming. As such, streaming is a vital way for me to connect and stay in touch with my audience as well as a route to finding new fans. As a result, my online audience has grown considerably, with 12,200 monthly listeners on Spotify alone in October 2020. Streaming has also helped me to reach an international audience, with particularly high numbers tuning in from the USA, Canada, Australia, Europe, Brazil and Japan.

Unfortunately, the growth in my listenership has not translated into a financial return. With the notable exception of Bandcamp, streaming doesn't allow me to monetise the music I make. Bandcamp has a different model to most streaming companies, allowing artists to sell both digital and physical merchandise direct to fans. Remuneration from most streaming companies

such as Spotify, Apple and Amazon work differently, with no direct transaction between myself and the people that listen to my music. These companies use a subscription model that allows listeners to pay a monthly fee in return for access to all the music on the company's platform. This model favours the major labels and a handful of their top artists, as they can negotiate more lucrative rates with the streaming platform. The vast majority of artists receive payment at a miniscule rate per stream, after the platform, labels and publishers have already taken their cut. This means that the creators of the music are paid very little, whilst a handful of huge labels; Sony, Universal, Warner and the like, make vast sums. For an independent artist such as myself, it also cuts out the direct fan contact that is so vital. Selling just four CDs direct to fans would outstrip my entire income from streaming last year despite my music having tens of thousands of plays on Spotify alone. It also means that the money that subscribers pay for their monthly subscriptions doesn't go to the music they listen to; it overwhelmingly goes to the major labels and a handful of massively successful artists. You could stream my songs every day for a year and almost all of that money would go to Sony or Warner and artists like Taylor Swift and Ed Sheeran.

My direct income from streaming is so low that it cannot be considered relevant to my business. Between April 2019 and April 2020, I earned just £32.77 from streaming, despite the fact that there are more people listening to my music than ever before. The four pie charts below are from my PRS statements for 2019-20 showing the proportion of income from streaming (labelled 'Online') in purple compared to other sources, such as radio play, live performances and residuals.

Fig.1 PRS distribution April 2019

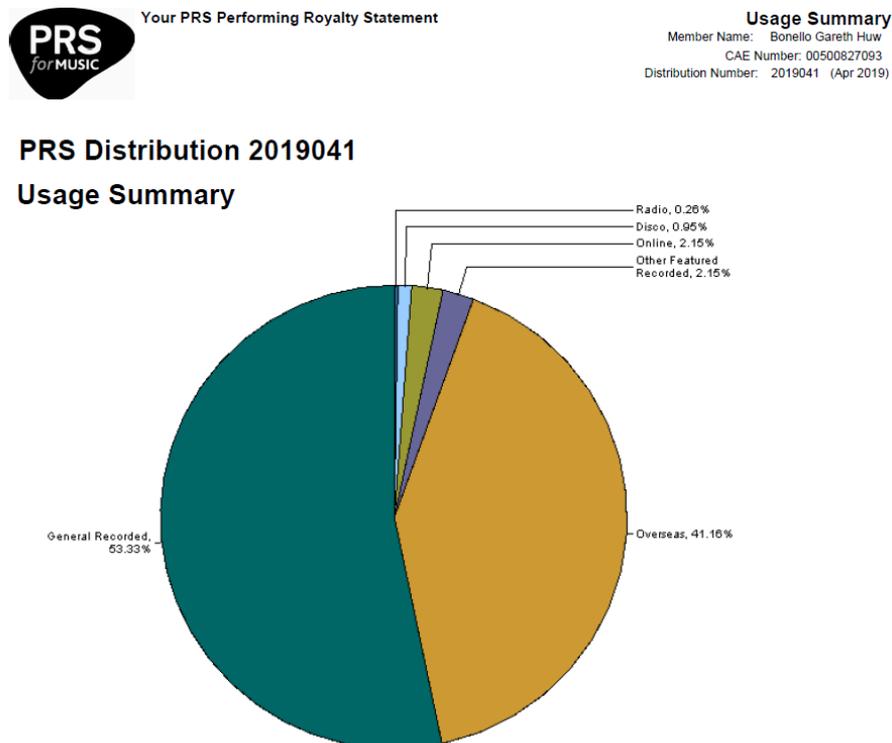


Fig.2 PRS distribution July 2019

 Your PRS Performing Royalty Statement

Usage Summary
Member Name: Bonello Gareth Huw
CAE Number: 00500827093
Distribution Number: 2019071 (Jul 2019)

PRS Distribution 2019071
Usage Summary

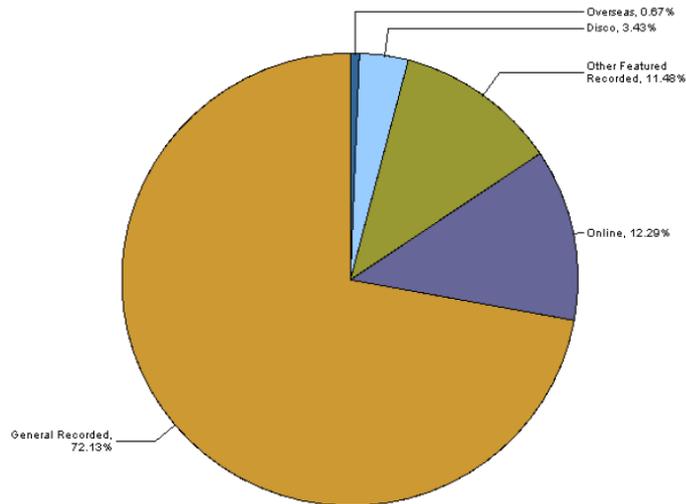


Fig.3 PRS distribution October 2019

 Your PRS Performing Royalty Statement

Usage Summary
Member Name: Bonello Gareth Huw
CAE Number: 00500827093
Distribution Number: 2019101 (Oct 2019)

PRS Distribution 2019101
Usage Summary

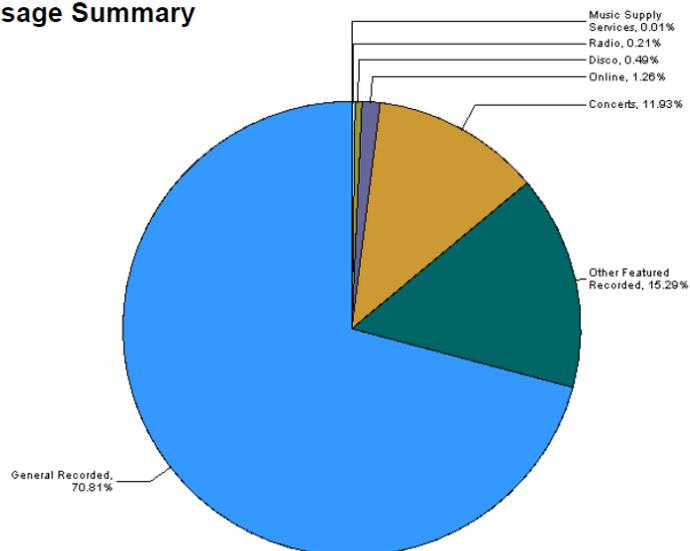
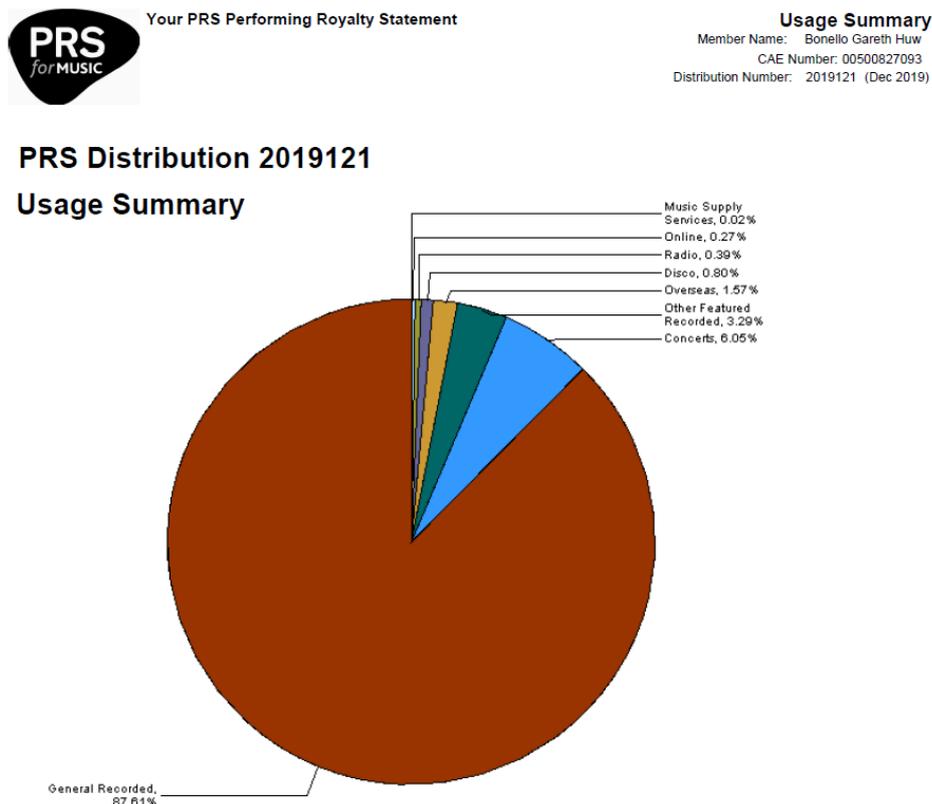


Fig.4 PRS distribution December 2019



As the pie charts demonstrate, a tiny percentage of my income is generated online. Payments in 2019 accounted for just 2.35% of my royalties from PRS, which distributes streaming income.

From my experience, there is also a negative effect from streaming as more music fans listen at home rather than attend live performances. As a result, live audiences are dwindling and sales of merchandise sold at shows such as CDs, Vinyl and T-shirts are down. For example, in 2016-17 I sold £1,205 worth of merchandise at live shows, but by 2018-19 that figure had halved to £610. With a drop in audiences, many independent venues have been forced to close and that has made it harder for artists to find regular gigs. Despite all this, playing live shows and selling physical merchandise was still the most profitable area of my business before the pandemic struck. For the foreseeable future, most types of live performance will not be possible, and many musicians will have lost the only reliable income they had. In its current form, streaming is in no position to replace the lost income that it has caused to many artists.

For example, in a recent distribution covering a 6-month period (see the Figure 5), I received just 0.44 pence for my song 'Aubade' which was streamed 1,132 times on Spotify. This works out at just 0.039p per stream.

Fig.5 PRS Statement Detail April 2019 – ‘Aubade’

				Sub Total →	3,8800
Aubade	Lion Robertson	Sebastian Michael Goldfrinch	Gareth Huw Bonello	56.87%	
T9098801399	Alliance Amazon United Kingdom Limited Download / On Demand Streaming Service		01/08/2017 - 31/12/2017	25	0.0250
T9098801399	Alliance Amazon United Kingdom Permanent Download Service Album		01/05/2018 - 31/08/2018	2	0.0134
T9098801399	Alliance Amazon Prime United Kingdom Limited Download / On Demand Streaming		01/10/2018 - 31/10/2018	7	0.0012
T9098801399	Alliance Google United Kingdom Limited Download / On Demand Streaming Service		01/04/2018 - 31/05/2018	12	0.0078
T9098801399	Alliance Google Ukraine Limited Download / On Demand Streaming Service Single		01/05/2018 - 31/05/2018	1	0.0001
T9098801399	Alliance iTunes United Kingdom Permanent Download Service Single		30/09/2018 - 29/12/2018	3	0.0201
T9098801399	Alliance Spotify Finland Limited Download / On Demand Streaming Service Single		01/07/2018 - 30/09/2018	8	0.0031
T9098801399	Alliance Spotify United Kingdom Limited Download / On Demand Streaming Service		01/07/2018 - 31/12/2018	1085	0.4130
T9098801399	Alliance Spotify Norway Limited Download / On Demand Streaming Service Single		01/07/2018 - 30/09/2018	38	0.0201
T9098801399	Alliance Spotify Belgium Limited Download / On Demand Streaming Service Single		01/07/2018 - 31/07/2018	1	0.0003
				Sub Total →	0.5041

Indirect income from streaming is harder to measure, but I have not had a noticeable boost in audience numbers at live shows or sales that are clearly attributable to streaming.

The great benefit of streaming is the ability to reach new audiences all over the world. The risk is that it provides audiences with an easy way to access the music they want without properly rewarding those that created it. The streaming model takes income away from hard-working musicians and distributes it to tech giants, major labels and the 1% artists at the very top of the industry. This is supremely damaging to the music industry, because it strips grass roots venues, independent labels and artists of income, making it much harder to earn a living. Without the grassroots, ordinary musicians don't have the vital networks to begin their careers and the industry will be less diverse, less innovative and far duller than it was. A career in music will only be possible for those with independent wealth and will deprive working-class music makers of a voice. From my experience working in my local music scene, the impacts listed above are already happening and have been for some time. If it is to work for all musicians, the streaming model must create the strongest environment for UK creators and ensure that UK songwriters, composers and performers do not fall behind on basic rights and protections

Additionally, success from streaming is dependent on dubious algorithms and secretive deals with major labels. Are we able to trust tech companies and major labels to set up a system of remuneration that is fair and equitable to all music creators? Or is it more likely that they will seek to monopolise the market for their own financial return, exploiting music creators in the process? So far, the latter has proven to be the case. If streaming is to be fair it must include checks on the dominance of major music corporations on streaming marketing, licensing and distribution of streaming royalties.

In order to fix streaming, I strongly believe that the model must be equitable, fair, transparent, efficient, and pro-creator. We must value the songwriter and performer contribution to streaming more highly, or face driving vast numbers of our most talented music makers out of the industry.

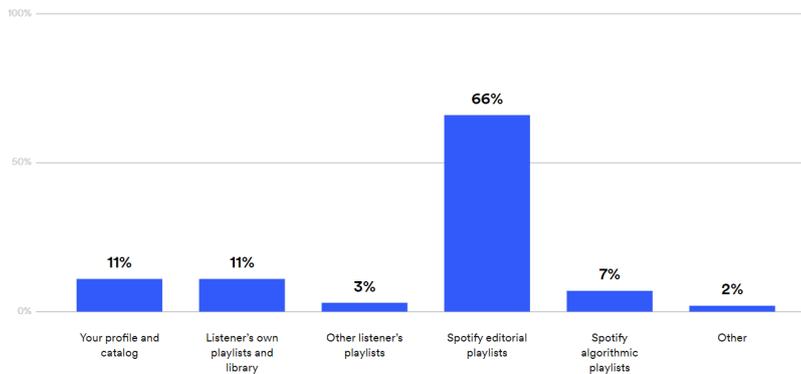
The music industry itself, and the way labels and publishers work with artists is in dire need of reform. Much of the information on the collection of royalties is not easily available to artists and I have found that certain publishers will actively avoid sharing this information even when contractually obliged to do so. This leaves many artists, including myself, with a vast information deficit that makes them vulnerable to exploitation. In the past I have discovered that certain labels have kept records from me and have withheld payments. Despite raising these issues with the label's finance department on many occasions, I am still not provided the paperwork on a quarterly basis as required in the contract. This leads me to suspect that I am still being exploited. A fair streaming model must stop information being hidden that enables conflicts of interest and prevents creators and performers understanding what they're being paid and why. It must include modernised royalty distribution systems to stop bad and missing metadata, and mis-allocated payments.

Because I have limited access to much of the records, I have at best an incomplete picture of the data on my music in the streaming system and so cannot account for its accuracy. My back-catalogue is held by two separate publishers, both of whom ensure it is available on all the major streaming platforms. Unfortunately, my first record deal was with a record company that continues to engage in exploitative practices when dealing with artists. This deal was signed before the existence of streaming and attributes just 14-16% streaming income to me, even though the label will have incurred minimal costs in making my music available online. My second deal is more equitable with a 50/50 split between myself and the publisher.

Question two: Have new features associated with streaming platforms, such as algorithmic curation of music or company playlists, influenced consumer habits, tastes, etc.?

Many of my songs are written in the Welsh language, which means that they don't fit into the one-size-fits all approach of the major streaming platforms. I don't believe that algorithms work for me and have personally received very little play from algorithms. The graph below shows the overall percentages of where my Spotify streams came from in the month of October 2020. As you can see, it is heavily weighted towards Spotify editorial playlists, algorithms barely feature at all at just 7%. It's clear that being on an editorial playlist greatly increases the reach of your song, but the way these playlists are curated and the influence that major labels have to promote their artists on them is highly problematic. It's unfair that major labels are essentially able to buy their way onto playlists that will rapidly boost the audience for a song.

Fig. 6 Sources of Streams from Spotify for The Gentle Good, October 2020



Two songs below illustrate this effect I think it may be useful to compare them as an example of how playlists work. The only song that I have on a Spotify editorial playlist is called 'The Fisherman'. It had 22,300 plays in October 2020 alone, 87% of which have come direct from a playlist called 'Acoustic Massage'. The song made it onto the playlist through lobbying from Pyst, a company that champions Welsh music to online streaming platforms. Compared to the next most streamed song; a Welsh language ballad called 'Llosgi Pontydd', the difference is astronomical. 'Llosgi Pontydd' isn't on any editorial playlist and received just 595 plays. Most of the plays for this song (51%) came from playlists made by listeners, or direct from my Spotify page (23%). Just 12% of those 595 plays for Llosgi Pontydd came from Spotify algorithms and just 6% for 'The Fisherman'.

Fig. 7 Spotify Streams for 'The Fisherman' and 'Llosgi Pontydd' October 2020

Last 28 days
↓

#	TITLE	▼ STREAMS	LISTENERS	SAVES	FIRST ADDED
1	The Fisherman	22.3k	10.7k	252	5 Apr 2019
2	Llosgi Pontydd	595	319	43	14 Mar 2011

Fig. 8 Sources of Spotify Streams for 'The Fisherman' October 2020

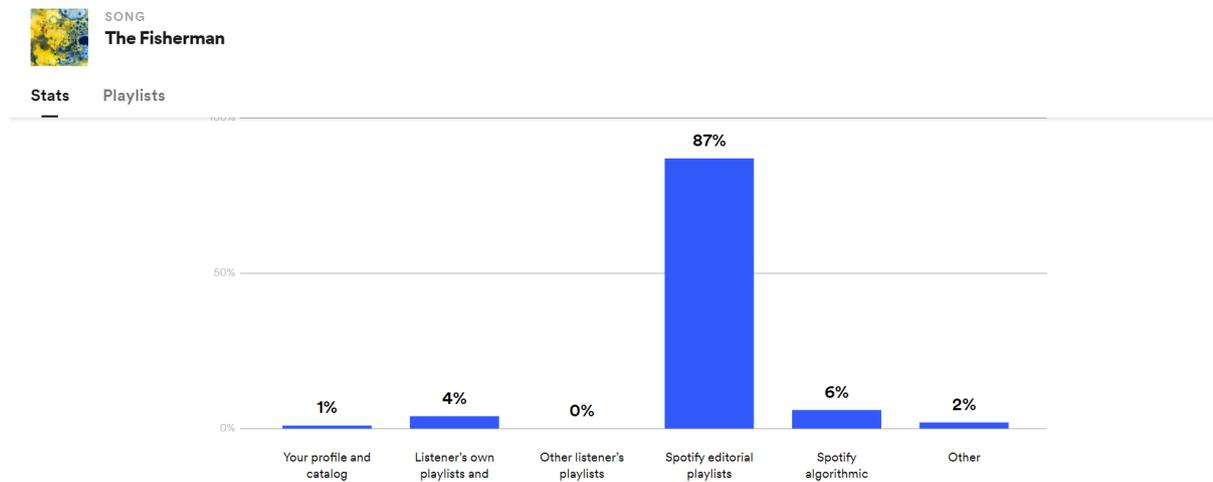
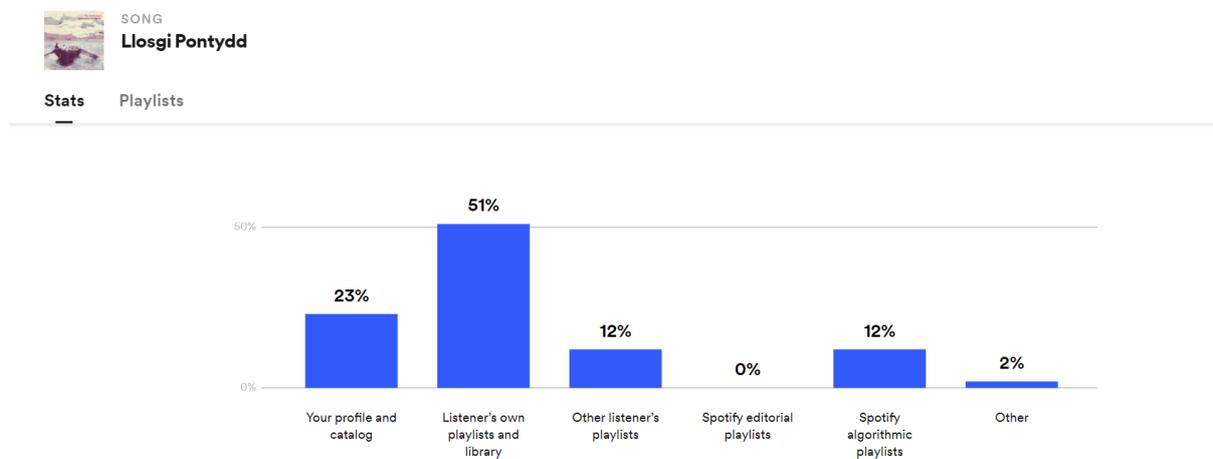


Fig. 9 Sources of Spotify Streams for 'Lloggi Pontydd' October 2020



At the moment, playlists seem to determine the success of your track, at least if you measure success in the number of streams. But getting your music onto playlists is a difficult and mysterious process that favours major labels and their artists. This is why it is essential that there is oversight of platforms so that algorithms are not biased and provide equal access to the streaming market for all artists, songwriters and performers regardless of whether they are signed or not. We also need full auditing and disclosure of the relationships between rights owners (music publishers and record labels) and streaming platforms to expose agreements, marketing partnerships and non-licence revenues.

Question three: what has been the economic impact and long-term implications of streaming on the music industry, including for artists, record labels, record shops, etc.?

There has certainly been a cultural shift, in that consumers no longer expect to have to pay for music, especially younger listeners, who may never have had to pay for music in their lives. For me, this has resulted in sales of CDs and Vinyl dropping in recent years, with barely anything to replace that lost income from streaming. Between April 2019 and April 2020, I earned just £32.77 from streaming, despite the fact that there are more people listening to my music than ever. Attendance at live shows are down which has had a negative impact on independent venues and promoters. In my hometown of Cardiff there has been a steady decline in the number of small venues available for live music and many independent promoters have had to leave the industry. Streaming has also adversely affected my understanding of who licenses my music and at what rates, particularly with contracts that were signed prior to the existence of streaming platforms.

Below are the breakdowns from my PRS statements for 2019. As is clear from these statements, if streaming disappeared tomorrow, the effect on my income would be negligible. For me, streaming under the current model just means that tens of thousands of people can listen to my music for next to nothing.

Fig. 10 - PRS Statement breakdown April 2019

	Your PRS Performing Royalty Statement		Usage Summary	
	PRS Distribution 2019041		Member Name: Bonello Gareth Huw CAE Number: 00500827093 Distribution Number: 2019041 (Apr 2019)	
Usage Description		Royalty £.p	Tax Withheld £.p	
Amazon		1.25		
Amazon Prime		0.24		
Apple Music		0.88		
BBC iPlayer		0.10		
BBC Radioplayer		1.96		
Cruise Ships Background Music		1.11		
Deezer		0.30		
DJ Events		3.00		
Google		0.41		
iTunes		0.78		
Online Residuals PDS		0.06		
Small & Community Radio Services		0.82		
Spanish (SGAE) General & Broadcasting		129.17		
Spotify		0.82		
UK Aerobics & Keep Fit		6.82		
UK General Recorded (Other)		6.37		
UK General Recorded (Pubs)		0.21		
UK General Recorded (Restaurants & Cafes)		5.31		
UK General Recorded (Shops: Christmas)		0.07		
UK Welsh Music		143.22		
	Total :	£302.90		£0.00

Fig. 11 - PRS Statement breakdown July 2019

	Your PRS Performing Royalty Statement		Usage Summary	
	PRS Distribution 2019071		Member Name: Bonello Gareth Huw CAE Number: 00500827093 Distribution Number: 2019071 (Jul 2019)	
Usage Description	Royalty £.p	Tax Withheld £.p		
Amazon	1.60			
Amazon Prime	0.02			
Apple Music	1.39			
BBC Radioplayer	5.33			
Cruise Ships Background Music	0.62			
DJ Events	4.78			
Geol - S4c	1.14			
Google	0.50			
iTunes	0.95			
MSB2B - The Yaboo Company Ltd - Online	0.06			
Napster	0.02			
Spotify	6.11			
UK Aerobics & Keep Fit	14.73			
UK General Recorded (Other)	11.78			
UK General Recorded (Pubs)	0.15			
UK General Recorded (Restaurants & Cafes)	9.30			
UK General Recorded (Shops)	19.95			
UK Karaoke	1.26			
UK Welsh Music	59.31			
Total :	£139.00	£0.00		

Fig. 12 - PRS Statement breakdown October 2019

	Your PRS Performing Royalty Statement		Usage Summary	
	PRS Distribution 2019101		Member Name: Bonello Gareth Huw CAE Number: 00500827093 Distribution Number: 2019101 (Oct 2019)	
Usage Description	Royalty £.p	Tax Withheld £.p		
Amazon	0.90			
BBC Radioplayer	1.64			
DJ Events	2.40			
Finnish (NCB) Online	0.01			
Google	0.54			
iTunes	0.40			
MSB2B - Imagesound Plc - Online	0.61			
Napster	0.22			
Small & Community Radio Services	1.01			
Spotify	1.86			
UK Aerobics & Keep Fit	61.94			
UK Background Music Systems (Imagesound)	0.05			
UK Background Music Systems (Imagesound) - Wilkinson Stores	0.01			
UK Concerts & Stage Shows (Pre 2018)	58.27			
UK General Recorded (Other)	138.54			
UK General Recorded (Pubs)	51.84			
UK General Recorded (Restaurants & Cafes)	49.22			
UK General Recorded (Shops)	20.97			
UK Welsh Music	141.73			
Total :	£532.16	£0.00		

Fig. 13 - PRS Statement breakdown December 2019

	Your PRS Performing Royalty Statement		Usage Summary	
	PRS Distribution 2019121		Member Name: Bonello Gareth Huw CAE Number: 00500827093 Distribution Number: 2019121 (Dec 2019)	
Usage Description	Royalty £.p	Tax Withheld £.p		
BBC Radio 2 (SPD)	1.30			
BBC Radioplayer	1.11			
Cruise Ships Background Music	2.71			
DJ Events	3.34			
MSB2B - Imagesound Plc - Online	0.01			
Small & Community Radio Services	0.32			
Swedish (STIM) Online	3.87			
UK Aerobics & Keep Fit	13.81			
UK Background Music Systems (Imagesound)	0.06			
UK Background Music Systems (Imagesound) - Wilkinson Stores	0.01			
UK Concerts & Stage Shows (Pre 2018)	25.40			
UK General Recorded (Other)	144.76			
UK General Recorded (Pubs)	56.51			
UK General Recorded (Restaurants & Cafes)	53.73			
UK General Recorded (Shops)	19.20			
UK Welsh Music	93.81			
Total :	£419.95	£0.00		

These statements are my main source of information about my income from streaming. I would very much like to see an equitable model that enables greater value to be placed on the song. The model should also ensure the major music corporations do not dominate the marketing, licensing and distribution of streaming royalties. This will require greater transparency to stop information being hidden that enables conflicts of interest and prevents creators and performers understanding what they're being paid and why.

Question four: how can the Government protect the industry from knock-on effects, such as increased piracy of music? Does the UK need an equivalent of the Copyright Directive?

I don't believe that online platforms such as YouTube do enough to protect creators and their work. Many of my tracks are uploaded by individuals that do not hold the copyright. I believe that better or equivalent copyright protections for creators to those awarded elsewhere, such as in Europe, need to be implemented. We also need greater transparency amongst record labels, music publishers, streaming platforms and other licensing entities so that creators can effectively use their right to audit music companies they are signed to or who administer royalties for them.

Contracts between music creators and companies tasked with exploiting their works should always ensure that all creators will be paid appropriately and proportionally to their music's success. I would also argue that creators should be able to renegotiate contracts if the remuneration originally agreed under a license or transfer of rights turns out to be disproportionately low compared to revenues generated by a creator's music. Additionally, assignment of rights to a music company should have a maximum term, after which the rights

should automatically return to the creator, who could decide to extend or place their rights elsewhere.

Question five: do alternative business models exist? How can policy favour more equitable business models?

Streaming as it stands does not currently work and will eventually run independent music makers and labels out of the industry. As income from the traditional music industry has dwindled, the major labels have attempted to make artists bear the burden of their losses. At the same time, they have monopolised the new streaming market through making undisclosed deals with the streaming companies. As a result, a tiny proportion of superstar artists make millions from streaming (or the major labels that own them do), whilst the vast majority of artists make nothing. We need more transparency and opportunities for scrutiny, so that current market distortions can be exposed and reformed. Ensuring a level playing field through regulation can enable ethical business models to become the norm. Not all platforms are the same, and not all music companies are the same; some, such as Bandcamp, are demonstrating that more equitable business models can be adopted.

I would like to see a model that is more user-centric, in which fans are connected directly to the artists that they listen to, rather than having their music chosen by an algorithm or a playlist. I would also like to see the reclassification for performers of streaming as a 'communication to the public' rather than 'making available'. This would help artists as it would generate new royalties for them that they wouldn't get direct from a label and generate an income stream for session musicians who currently receive no streaming royalties.

I look to organisations such as the Musicians Union for advice and would hope that the MU would be deeply involved in the process of restructuring the streaming model in the UK.