

## Written evidence submitted by the Musicians' Union

### **MU response to the Culture, Media and Sport Select Committee inquiry into the future of public service broadcasting**

1. The Musicians' Union (MU) welcomes the opportunity to contribute to this inquiry.
2. The MU has over 32,000 members who work as full or part-time professional musicians and our interest in this inquiry comes as a result of our desire to protect employment opportunities and income for musicians in the UK.
3. The BBC, as the main public service broadcaster, along with Channel 4 and other PSB providers have been of exceptional value during the current Coronavirus crisis and the BBC in particular has been adept at creating and releasing content in a variety of formats required by the UK public at this exceptional time.
4. The BBC is the single biggest employer of MU members in the UK and is in the unique position of supporting five full-time orchestras. The BBC orchestras alone employ more than 300 contract musicians and many hundreds more on a freelance basis. The BBC also employs and supports musicians working in all genres through its radio and television programming - virtually all MU members will interface with the BBC at one stage of their career.
5. The MU believes that there is plenty of room for both the BBC and the commercial sector. The BBC's provision of high-quality drama does not prevent Channel 4, ITV and Sky Atlantic from doing likewise, although it is noticeable that the BBC provides exceptional value for money in this area. For example, for the same cost of two series of *House of Cards* on Netflix (\$100m), BBC viewers got 14 series and nearly 80 hours of drama. 6% of the UK saw *House of Cards* versus 72% who watched a BBC drama.
6. In terms of music provision, the commercial sector provides very little genuine competition to the BBC, particularly in radio. Most commercial radio stations play similar repertoire, which does not reflect a cross section of music.
7. The BBC radio stations on the other hand provide a real range of programming covering a wide variety of musical genres on BBC radio 1, 2, 3 and 6 Music in particular.
8. The BBC has an extremely positive effect on the market by providing a unique platform for emerging artists through initiatives such as Big Weekends and BBC Introducing as well as through its regular broadcasting. 25 artists that began on BBC Introducing have gone on to have number one albums and therefore have created strong economic returns for the UK. The BBC is more likely than the commercial sector to take risks on new artists and give emerging talent an opportunity to showcase their talent.
9. The BBC is also by far the main primary commissioner of new music in the UK and has a strong tradition of investing in talent in that area, with hundreds

of new commissions every year. Radio 3 alone averages around 45-50 composer commissions per calendar year.

10. The BBC's content is of very high quality and is very distinctive, as set out above. Data from PPL about the use of recorded music in radio broadcasts in 2014 demonstrated that overall, 75% of all tracks played across the full range of BBC radio stations were not broadcast on commercial radio. Outputs of individual BBC radio services are also significantly distinctive from each other.
11. Whilst the MU appreciates the arguments for concessionary licences for older people, we do not believe that the cost of this should be paid for by the BBC. In our view, this concession is a welfare benefit and should be funded by central government via DWP.
12. The BBC is, and must continue to be, the cornerstone of public service broadcasting. One of the most important elements of universality for the BBC is the fact that it ensures that arts and culture are available to everyone. It is essential that the BBC continues to be able to provide this access to a wide range of culture that the market may not provide for and which may not be commercially attractive.
13. BBC radio is crucial to the survival of British musicians at the best of times, and during the COVID 19 crisis this is even more the case as the live music scene has collapsed. A great number of musicians survive on royalties that are paid for radio airplay through PPL. This currently balances out the low royalties that musicians receive through streaming.
14. The Keep Music Alive campaign aims to 'fix streaming' and calls for industry stakeholders to come together to agree an equitable, sustainable and transparent model for royalty distribution in the streaming era. As a first step, we are urging Government to urgently undertake a review of streaming to ensure that the music ecosystem is transparent and fair.
15. We believe that paying streaming royalties on a sales basis, the current standard practice, makes no sense and is unfair to the artists because it is no longer necessary for a record company to pay to manufacture, store and distribute physical product. In the pre-digital era, artists understood that these costs went some way to justifying the low royalty rate. There are none of these costs associated with streaming.
16. We believe that as well as the royalty received from the record company, which is almost always very low or non-existent; there should be an additional payment akin to the money the performer receives when their recording is played on the radio. These payments should be collected and distributed via collective rights management, e.g. PPL. The session musicians on the recording should be included in this, as they are for broadcast, as at present they receive no income from streaming apart from their upfront session fee. The reason artists rarely receive a royalty is often because they haven't recouped the advance from the record company even though the record company, in many cases, has made substantial profits from the exploitation of the artists recordings.
17. Most musicians earn a very low royalty on streaming due to their contract with their record label. If streaming was dealt with as radio is, the majority of musicians would earn more from it. Without changes to the rights

management regime and/or adjustment to existing contracts, the majority of performers will never earn more than a pittance from streaming.

18. Streaming services are, essentially, a sophisticated version of radio. Consumers using Spotify to download a track do not feel they are purchasing the music they listen to in the way they do when using iTunes. The most popular services on Spotify are the curated playlists where the listener chooses, for example, 'modern country' or 'heavy metal' and a selection of music is then streamed to their device. The listener only knows the type of music (not the specific tracks) he or she will be listening to. The experience is no different to listening to a specialist internet radio station inasmuch as you aren't 'pulling' the tracks, rather, they are being 'pushed' at you. We believe that the mixed services that the streaming platforms offer include a substantial element of Communication to the Public and therefore musicians should receive Equitable Remuneration through a collecting society such as PPL, as they do when their performances are played on the radio or in commercial premises.
19. Streaming is a phenomenal success and labels are reporting record profits from it. It offers music lovers the opportunity to access an enormous catalogue of music either free (supported by advertising) or at a very low price. Moreover, there's growing evidence that these platforms are leading people away from illegal sites and helping to reduce music piracy. This is all very good news for the music industry. But, at the moment, it's not sufficiently benefiting musicians and songwriters themselves at what is an incredibly difficult time for them.