

## **Creator Remuneration Working Group (CRWG): Terms of Reference**

The CRWG is tasked with exploring and considering industry-led actions on remuneration from music streaming for existing and future music creators. This working group will be chaired by the UK government (DCMS), and aims to provide a forum to advance industry-led dialogues across remuneration issues facing the UK music streaming market.

### **This CRWG aims to:**

- Review the evidence base to reach an informed, collective understanding of the mechanics behind how each group of music creators are currently remunerated from streaming.
- Provide a forum for all parts of industry (including artists, songwriters and other music makers, record labels, music publishers and digital service providers) to set out their positions in order to facilitate constructive dialogues.
- Explore matters raised by industry representatives, considering the merits and drawbacks of potential actions.
- Explore current best practice and possible further industry-led actions, taking account of the evidence-base and potential impacts on current and future creators, investment, and overall growth of the UK music industry, both domestically and globally, ensuring we create the best possible environment for the industry to thrive in an increasingly competitive global market.
- Where possible and appropriate, seek cross-industry action on creator remuneration from music streaming.

### **Background:**

In October 2020, the DCMS Select Committee launched an inquiry into the economics of music streaming. It published its report with its recommendations to the government on 15 July 2021. These recommendations were largely related to three issues: i) metadata; ii) transparency; and iii) creator remuneration. We have made good progress on industry-wide solutions to both the metadata and transparency issues.

In response to the recommendations on creator remuneration within the report, the IPO commissioned a series of research into:

- Music Creators' earnings in the digital era
- A legal right to 'equitable remuneration' – giving artists an unwaivable, statutory right to an 'equitable' share of streaming revenues.
- Contract adjustment mechanisms – giving artists a legal right to renegotiate their contracts in certain circumstances.
- Rights reversion – giving artists a legal right to revoke their recording contracts after a set period, e.g. 20 years.

The IPO published the research into music creators' earnings in September 2021 and the research on contract adjustment and rights reversion on 6 February 2023. The research on equitable remuneration was published on 19 February 2024. The Competition and Markets Authority (CMA) also launched a market study looking at potential competition issues in the sector in January 2021. In November 2022 the CMA published their final report into music and streaming, setting out its findings and conclusion, including their decision not to undertake a market investigation.

As set out in the letter of 23 May 2023 from the Minister of State for Media, Tourism and Creative Industries in DCMS, and the Parliamentary Under-Secretary of State for AI and Intellectual Property in DSIT, to the Chair of the House of Commons Culture, Media and Sport Committee, the government recognises that the rise of streaming and changes in

business practices have brought many positive developments for creators: royalty rates in recording contracts have been trending upwards, artists have more choice than ever before in deciding how to bring their music to market, and increasing numbers of artists are sharing in the benefits of music streaming.

Alongside this, the government also recognises and welcomes that record labels have taken proactive steps to address concerns from creators, including by disregarding unrecouped advances in older contracts - a significant move that means many artists are receiving royalties from streaming for the first time.

Notwithstanding this progress, some creators have still raised issues around how they are paid for music streaming. The creator remuneration working group will provide a forum to explore these issues and consider what steps could be taken to address them, while giving real consideration to consequences of any actions on the broader UK music industry. Discussions may also consider broader issues impacting the music industry, such as the impact of AI generated content in music streaming. Guided by the evidence, this forum provides an opportunity to discuss the IPO-commissioned research, alongside other relevant papers.

**Composition:**

The new working group will include individuals nominated by members of the existing contact group. Members will represent the breadth of the music industry, including but not limited to: record labels, trade associations, creator representatives, publishers, digital service providers and collecting societies.

Members are expected to engage constructively in discussions and so participants must be able to speak authoritatively on behalf of their organisations and their members.

DCMS may appoint or remove members on a temporary or permanent basis as necessary depending upon the work programme. DCMS may bring experts to present/assess evidence at different points throughout the process.

**Meeting Frequency:**

The working group will be launched by Ministers (in Spring 2024) with the Contact Group in attendance. Following this, nominated industry experts will attend this working group on a monthly basis. The progress of the working group will be assessed by Ministers after the first 6 months, when the working group is expected to conclude.

**Chair:**

The working group will be chaired by DCMS senior civil servants and supported by officials from DCMS and IPO.

**Publication of materials:**

DCMS intends to publish some materials relating to the creator remuneration working group. These will include the Terms of Reference (with participant list) and the agenda for each meeting.

Whilst DCMS will not publish minutes of these meetings, a high level summary of the meetings will be published - in line with our commitment to protecting commercially sensitive data shared by members to the greatest extent possible. DCMS commits to consult members prior to any FOI disclosure as part of its assessment of whether it is appropriate to apply any exemptions.