

UK

UK MUSIC

MANIFESTO
2015

INTRODUCTION

Andy Heath, Chair, UK Music

Growth in the music industry is at 9%. As we approach 7th May, when the country will decide the political future of our nation for the next five years, we need to ensure that the next Government will continue to enable and improve growth in our sector.

Previous Governments, including the current Coalition, have mixed records when supporting the music industry. Initiatives around skills, education and some financial measures have been positive, yet over a number years we have had to contend with numerous consultations, reviews and inquiries into the way copyright based industries do business.



This has created uncertainty which is not good for our industry or the economy as a whole. We are not against change, but it must be driven by properly evidence-based reasoning.

UK Music's Rights Committee, which brings together the industry's legal and copyright expertise, has devised a pro-active agenda for 2015. This agenda enables our industry to focus on what should change, what we will monitor, where we will collaborate with other sectors and where we will focus further internal discussion. This agenda supports proposals in this document to achieve fair compensation under private copying, review the role of intermediaries in the internet economy, as well as achieving progress on cross-border copyright enforcement and issues emanating from withholding tax.

Fundamentally, we need the next Government to support music businesses who rely on a strong copyright regime, in particular as part of relevant debates in Europe. We present this document to help inform the election and political debate, and look forward to working with the new Government and Parliament in achieving it.

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INTRODUCTION

Jo Dipple, CEO, UK Music

UK Music represents the collective interests of the songwriters, composers, artists, musicians, studio producers, music managers, music publishers, major and independent record labels, music licensing companies and the live music sector. These component parts contribute a total of 111,000 jobs to the UK economy.



Overall the music industry contributes £3.8 billion to the UK economy and £2.2 billion in exports. Since the last election, albums released by Take That, Adele, Coldplay, Ed Sheeran, Jessie J, Olly Murs, Mumford and Sons, Emeli Sande, One Direction and Sam Smith have sold millions of copies around the world.

Following the 2015 May General Election, the Government will have an in-tray that includes policies affecting this industry and our members, be it directly or indirectly. For that reason, it is important that UK Music conveys a clear message to this new Government about issues we care about and the outcomes we know would support our sector.

Whatever the colour of that Government, our concerns are largely non-political and should appeal to any business-minded administration. Whichever shade of Coalition we might end up enjoying, the issue of stability in our relations with Europe is incredibly important. Yes, British music enjoys healthy trade globally, but a critical part of that health comes from the European trading block. Stability of exchange rates, EU law, agreements, policies and approach could not be more important at this time.

Our document identifies the main areas and specific steps required so that the political process can help support the music industry. We group these areas as follows:-

1. Strong copyright framework
2. Access to finance and fiscal incentives
3. Skills pipeline
4. International growth strategy
5. Better regulation based on good evidence

UK Music remains committed to delivering apprenticeships for the industry through our work with the Skills Academy and ensuring there are fair internships based on our Code of Conduct. We will be enhancing the relationship between the industry and academia through the launch of MAP (the Music Academic Partnership) and delivering new reports on music tourism and the contribution of the music industry to the economy in 2014. Our commitment to copyright education will be maintained through the "Skills and Schools" initiative and forthcoming update of the Music Inc app. The dialogue between industry and Parliament will be supported via our secretariat of the All-Party Parliamentary Group on Music. We will continue to take an active part in relevant consultations and discussions initiated by Government and Select Committees.

In what promises to be a busy year for us we ask that whoever is elected and forms the next Government supports our agenda for the music industry in the new Parliament.

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1. Strong Copyright Framework

The bedrock of the music industry is the copyright framework. It allows companies to invest in talent knowing they can make a financial return, it lets musicians and songwriters make a living from their talent and it is the basis of the financial flows that support investment in the whole of the wider music economy, from studios to the digital music services that develop new technology to deliver music to consumers.

The potential for changes to the copyright framework, in the EU or in the UK, alters the financial risk in the industry – impacting on investment in new content.

Our recommendations to Government build upon these themes:

- To secure stability, we recommend that Government keep changes made to the copyright legislative framework during the 2010 parliament under review, and in particular amend the private copying exception to provide for a fair compensation scheme as required by European law. Within the EU, the UK should promote policies that protect IP rights and licensing. On issues such as territoriality, the Government should take an evidence-based approach.
- To ensure respect for rights, we recommend that the Government support the Creative Content UK programme and other existing education initiatives that help prevent copyright infringement: eg. Traffic Lights (a technology solution that informs consumers about the legality of a given site), Music Inc and Music Matters.
- Specifically on enforcement, UK Music calls on the Government to fund continued research into online infringement and support the Police Intellectual Property Crime Unit (PIPCU) and section 97A site-blocking actions.
- To consider whether the meaning of current safe harbour provisions could be clarified to ensure that creators secure fair value from all content platforms.
- To ensure that creators get paid, support the adoption and use by all music users of rights metadata and identifiers conforming to international standards.
- If internet intermediaries do not take reasonable steps to support the legal economy, the industry believes Government should bring forward legislation to require search engines to take action where they have knowledge that a site is operating illegally.

2. Access to Finance and Fiscal Incentives

The music industry straddles freelancers, multinational companies and everything in between. Access to finance is vital to the growth of businesses large and small. The financing challenges faced by music industry businesses and entrepreneurs to some extent vary by their size and scale. The unwillingness of financial institutions to properly value IP is a challenge that cuts across them all, however.

Our recommendations to Government are tailored both to this common challenge and to the particular challenges faced by small and larger operators:

- Achieve tax breaks for the music industry, putting the sector on a level playing field with other parts of the creative sector and look positively at compelling evidence from the industry which demonstrates how such incentives will benefit overall growth in the UK economy.
- Encourage bodies such as the Business Bank, Innovate UK and the Intellectual Property Office to value copyright/IP as akin to a tangible asset and continue work that they are undertaking to contribute to this understanding.
- Maintain Government funding or support for the excellent existing schemes - eg Momentum, Music Export Growth Scheme, SEIS, AIM Start-Up Loans.
- Prepare to make adjustments to any taxation rules which adversely impact on the nature of freelance music industry workers and companies.
- Promote reciprocal standards regarding the collection of withholding tax in order to repatriate more money to British creators as quickly as possible.



3. Skills Pipeline

Whether it is future music managers, label executives or collecting society administrators, investing in the talented individuals of tomorrow is fundamental to the music industry. Through apprenticeships, the industry is increasingly up-skilling those taking on business roles within music. We look to Government to support this. We ask Government to recognise that cultivating music skills and performance does not just help our industry but builds self-confidence and resilience that is of value to people in many contexts. It must not be forgotten that music in schools helps with personal development.

Our recommendations to Government reflect these concerns:

- Create an environment where enthusiasm and interest for music begins at primary education to enable a broad base of music skills to be picked up in all other stages of an individual's academic career.
- Support and fund music education, including fully implementing the National Music Plan.
- Ensure that the Music GCSE, AS & A level, to be introduced in 2016, is both academically demanding and relevant to today's musical landscape.
- Partner with schools, colleges, universities and industry bodies to provide appropriate information and tools to develop music industry careers, particularly on copyright and how its importance can be factored into curriculum learning and beyond education.
- Provide funding to expand UK Music rehearsal rooms scheme and education network.
- Maintain support for successful schemes that assist internships and apprenticeships - eg Creative Employment Programme.



4. International Growth Strategy

Music is worth £2.2 billion as an export to the UK. The exports of UK music are equivalent to 58 per cent of the industry's GDP contribution, nearly twice as large as the average ratio of exports to GDP across the economy.

If we are to continue to help to contribute to winning 'the global race', we recommend:

- The UK Government should uphold free movement of labour - and work with EU partners to ensure this. The music industry depends on the right to tour, work in collaboration with other artists and to bring those that wish to tour and to collaborate to the UK.
- The UK should also work with EU partners to impress upon the rapidly emerging economies that valuing copyright can further assist their economic development.
- The UK should also work with other jurisdictions to simplify performance visas.
- The UK Government should ensure that trade discussions and negotiations led by the EU protect reciprocal rights in music.

5. Better Regulation Based on Good Evidence

There is a time and a place for regulatory intervention. When it does occur, it should be grounded on good evidence and be of a proportionate nature. Sometimes the actions of Government when implementing its policies have not seemed consistent with this aim.

In order to create and maintain an appropriate balance, we recommend Government:

- Works with industry to help find technological solutions to the secondary ticketing market.
- Maintains consistency in live music regulation across entertainment licensing, including busking, the planning system and protecting small venues, so that music can flourish at local levels and in communities.
- Achieves change at an international level to the way music is captured in Standard Industrial and Occupation Classification (SIC/SOC) codes.
- Encourages bodies and agencies it is responsible for, such as the Intellectual Property Office, to commission research that helps create an environment in which the economic contribution of music is maximised.
- Ensures that creators can fully assess income derived from all music users, including from technology companies whose use of non-disclosure agreements in striking deals with rights owners has hindered transparent reporting to creators.



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UK Music's membership comprises of:



The UK Live Music Group, representing:

- Association of Independent Festivals
- Association of Festival Organisers
- Concert Promoters Association
- Agents Association
- International Live Music Conference
- National Arenas Association
- Production Services Association
- Musicians Union
- Music Managers Forum
- Music Venue Trust

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