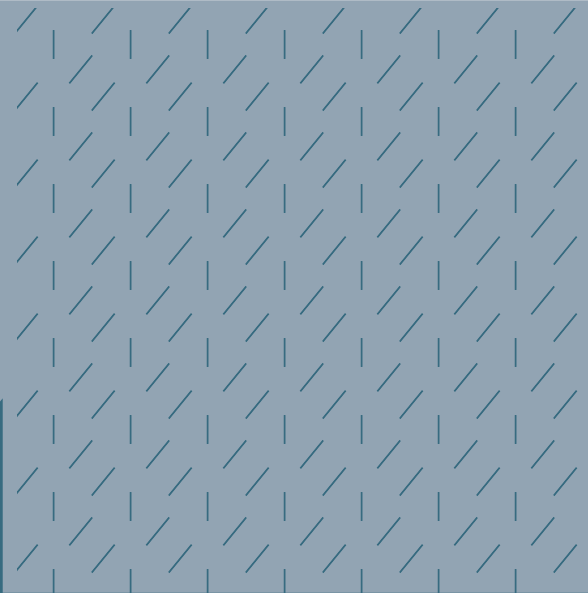




Supporting the Writers of Tomorrow



**A report of the All Party Writers Group 2018
Inquiry into Authors' Earnings**



From the Chair of the All Party Writers Group

Throughout history, the UK has benefited from the writers that shape our culture and now drive the UK creative industries that are an international success. Continuing our tradition of rich creativity is central to establishing our future in the world. As our creators are as important as ever, we must do all we can to ensure they are fairly rewarded for their fantastic contribution to our society.

The world is changing and evidence suggests that writers are unfairly disadvantaged by this; we believe instead they should share in the opportunities the future brings. As we leave the EU, we will need to ensure we preserve the right of the writer to be fairly remunerated for all the uses of their works: we need to ensure that authors' earnings are not diminished by under-representation in a growing creative marketplace.

The Inquiry into Authors' Earnings has been a great opportunity to bring together authors, their representatives, and the industry they work in, for a discussion that has been enlightening in terms of the challenges writers face today and the opportunities for UK culture that must be seized going forward. This report covers the common issues raised by the authors, representatives of authors and publishers, who gave both written and oral evidence, and recommends the points for action that the All Party Writers Group will take forward.

A handwritten signature in black ink that reads "John Whittingdale". The signature is written in a cursive, flowing style.

Rt Hon John Whittingdale OBE MP
Chair of the All Party Writers Group

4–7

The Key Issues Identified

8–21

Findings of the Inquiry

22–23

Input from Inquiry Respondents

The Key Issues Identified

Overview

Despite the continued growth of the creative industries, now valued at £101.5 billion, studies show that writers' earnings have fallen by 42% in real terms since 2005.

Professional writers' earnings
(Professional writers are people who dedicate over half their time to writing.)

2005

£12,330

(2017 real terms equivalent — £18,013)

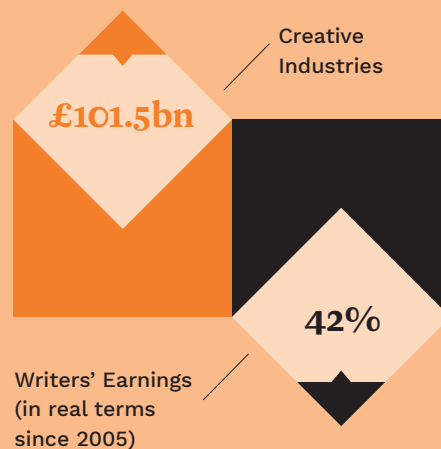
2013

£11,000

(2017 real terms equivalent — £12,309)

2017

£10,500



The most recent ALCS survey suggests that female authors earn around 75% of that earned by their male counterparts. This issue seems to exist in both earnings and opportunity.

16%

of working screenwriters are women and only

14%

of prime-time TV is written by women.

What the Government can do

- ◆ Adopt the measures proposed in the EU copyright directive.
- ◆ Protect and promote the UK's effective copyright system.
- ◆ Establish a Creators Council to look at a variety of issues such as diversity.

The Key Issues Identified

continued

€16.6 million

The creative industries have benefited from significant funding from EU sources. The report 'Creative Europe in the UK' estimated that the UK's audiovisual, creative and cultural industries in 2017 benefited from €16.6 million of non-repayable grants.

1 in 11

The creative economy employs 1 in 11 working people.

What the Government can do

- ◆ Secure ongoing support for the creative industries, similar to that provided by 'Creative Europe'.
- ◆ Reduce the rate of VAT on ebooks.

The most prominent bookseller is now considered to be Amazon, which some book industry experts estimate to have around an 80% share of online physical book sales; before the impact of Amazon was felt by the high-street, the most powerful bookseller was Tesco.



- ◆ Review the tax and benefit rules for authors.
- ◆ Create a level playing field between high-street and online booksellers.

Findings of the Inquiry

The challenges authors face

Almost all of the responses to the Inquiry suggested a reduction in authors' earnings; this was evidenced in the findings from ALCS' surveys of 2005, 2013 and 2017¹ and supported by the responses to the Inquiry identifying a range of causes for this. Much of the evidence suggests that this issue is an international trend, with reference made to similar findings from recent surveys across Europe², in the USA³ and Canada⁴. The respondents to the ALCS survey are writers who are traditionally published, self-published and who write for a range of subjects and genres. With a membership of over 100,000 writers, the ALCS survey gives a picture of experience from a broad range of UK writers.

A major issue is that the structuring of royalties significantly changed following the dissolution of the Net Book Agreement (NBA). Many authors found the effect has been most significant where booksellers frequently discount books at high rates, putting downward pressure on the sale price of books, and as a result, royalties received have dropped well behind the rate of inflation. With the NBA, royalties were typically connected to the cover price of books; the shift to using net receipts has meant that after discounts, royalty per book has not kept up with inflating book prices.

It is common for authors to do more than writing to enable them to make a proper living. Authors, particularly those writing

for children, typically subsidise their income with visits to schools, community centres and literary festivals; in multiple submissions to the Inquiry authors stated this is no longer an option. Authors said that some schools commission fewer visits due to budgetary constraints, even when these visits can be part of a varied and interactive education. A particular concern for authors is festivals where authors are expected to speak for free. The fact that this happens at events where every other contributor is remunerated suggests an expectation that authors can work for free. The Society of Authors has campaigned for a boycott of festivals where speakers are not paid, and for setting 'minimum practice' guidelines to pay authors booked for appearances.

“...although the book retail price has increased almost fourfold, the royalty paid per book is almost the same. This is because royalties are no longer paid by most publishers on the cover price. Instead, they are paid on the publisher's net receipts, that is, the amount they receive after the retailers' or wholesalers' discounts.”

Rosalind Kerven, Writer

¹ ALCS, 2018. *Authors' Earnings 2018: A survey of UK writers*.

² FERA/FSE, 2018. *European Film and TV Screenwriters and Directors: Their earnings and working life. First results*.

³ The Authors Guild, 2019. *US Published Book Author Income Survey*.

⁴ The Writers' Union of Canada, 2015. *Devaluing Creators, Endangering Creativity*.

This is one of many areas where there are expectations that authors should work unpaid ‘for exposure’, but many authors feel it is not worth the time and expense incurred.

Evidence submitted to the Inquiry suggested that authors of poetry are finding it particularly difficult to maintain a livelihood. Evidence suggested smaller poetry publishers that nurture mid-list authors are closing their lists, including Enitharmon Press which closed its list in 2017 after losing Arts Council England funding. Poetry writers also rely on paid event appearances that are becoming rarer. Poor financial return from writing for compilations means that poetry and short story writing are less viable as an entry point to professional writing. Similarly, playwrights found that fewer new productions are put on, with theatres relying on familiar plays. Playwrights stated that many of the opportunities that gave a start to current successful writers are disappearing. Many authors have found agents to be essential for

negotiating and striking deals with publishers. Most professional support for authors comes with costs that impose difficult decisions on low earners. Many authors are becoming ‘hybrid authors’, self-publishing and managing their own promotion; despite the costs (both time and financial) some find this preferable to help maintain their income. The digital revolution has created new opportunities for hybrid authors; the Alliance of Independent Authors has said that its membership is seeing greater success with new opportunities to self-publish and sell works internationally.

Unfortunately, the digital revolution has also seen a rise in demand for writers to complete freelance work for free or lower fees. This is an area where the Writers’ Guild of Great Britain (WGGB) has been active with its ‘Free is NOT an Option’ campaign; they worked with their members to compile guidelines on what a writer should and shouldn’t do for free. Contracts increasingly demand

extensive rights for a one-off payment, including rights to future reuse without further payment; this can be particularly concerning for authors in fields such as educational writing where their work is of persistent and wide-reaching use by students.

Due to the unpredictable nature of the book market, and the timing of publishing schedules, authors can find their earnings to be sporadic. This can make it difficult for authors when their taxes and even benefits are calculated by a system intended to deal with steady income streams.

Although writing should create an opportunity for us to hear from all parts of society, there is more to be done to reach a point where our cultural products reflect the diversity of our society. Concerns have been raised that a decline in authors’ earnings could discourage new writers, exacerbating the lack of diversity in publishing and the creative industries. The most recent ALCS survey suggests that female authors earn around 75%

of that earned by their male counterparts. This issue seems to exist both in relation to earnings and opportunity. Research commissioned by the WGGB⁵ and funded by ALCS demonstrated that the number of women in the screenwriting industry has barely improved over the past ten years. In film, only 16% of working screenwriters are women and only 14% of prime-time television is predominantly written by women. Figures from DCMS show that 92.5% of workers in the Creative Industries and Digital Sector come from more-advantaged social groups compared to 67.3% for the general UK workforce⁶. There is a concern that if steps are not taken, cultural opportunities will become elitist.

Representatives of the industry responding to the Inquiry were aware of this issue and outlined efforts to address diversity. Existing schemes include WriteNow, launched by Penguin Random House, and a scholarship launched by Faber & Faber, each of which aims to support writers from under-represented communities.

⁵ Kreager A. and Follows S., 2018. *Gender Inequality and Screenwriters: A study of the impact of gender on equality of opportunity for screen writers and key creatives in the UK film and television industries.*

⁶ DCMS (Department for Digital, Culture, Media and Sport) 2018. *DCMS Sectors Economic Estimates 2017: Employment.*

The position of writers within the creative industries

Our creative industries contributed £101.5 billion⁷ to the UK economy in 2017, and the creative economy employs 1 in 11 working people. The creative industries depend upon authors to create intellectual property that translates into a range of formats including books, films, television series, plays, radio and video games.

Some authors were concerned that market pressure on the publishing industries would feed back to authors. Some feel mid-list authors could lose out due to the focus of publishers on bestselling authors, and the decreasing budgets allocated to marketing and promoting books of less well-known authors. This has encouraged many authors to self-publish.

It is important to continue to encourage a wide range of writers beyond bestsellers; books do not need to be bestsellers to have readers to whom they are important, a range of choice is important for diversity of culture. It is also important to consider the wider value of books beyond their potential as bestselling fiction; the range of works that will be important to education and culture reaches beyond this; if it is not possible for a range of authors to write for a living, we will see a decline in the success we have in these areas.

While the business side of UK creative industries has an established point of contact with the Government through the Creative Industries Council, there

is no equivalent for writers and other creators. Respondents to the Inquiry suggested that an established channel of communication to government for creators and their representatives would help to ensure that creatives in the UK are not disadvantaged by policy change and opportunities are not missed.

Authors need publishers to be healthy and economically resilient. Over the course of this Inquiry there has been significant debate as to the extent to which publishers share profits with the authors whose work they use. However, there has also been recognition that part of the decline in authors' earnings is felt as a result of challenges publishers are facing.

The creative industries depend upon authors to create intellectual property that translates into a range of formats including books, films, television series, plays, radio and video games.

⁷ DCMS (Department for Digital, Culture, Media & Sport) 2018. *DCMS Sectors Economic Estimates 2017 (provisional): Gross Value Added.*

Respondents to the Inquiry noted that consolidation of publishers could lead to greater negotiating power over authors in a market with less choice and competition for their IP; while a clear contributor to the consolidation of publishers is the state of the bookselling market. The most prominent bookseller is now considered to be Amazon, which some book industry experts estimate to have around an 80% share of online physical book sales; before the impact of Amazon was felt by the high-street, the most powerful bookseller was Tesco. The publishing industry has come to face a book market with a few dominant booksellers. There has been an ongoing decline in the number of independent or even dedicated bookshops, which has contributed to a market focus on the bestsellers that sell well in supermarkets

and other non-specialist sellers. Publishers have had to respond to the strength of online sellers by offering more discounts to high-street sellers which has had an impact across the value chain of publishing. Respondents noted concern that the dominant businesses selling books offer them as part of a wider offering to customers, potentially as a loss leader, a significant advantage over booksellers. The dedicated high-street bookshops that are ideal for curating works face a disadvantage both in terms of the scale of online sellers in addition to a lack of equivalence in business rates and corporation tax paid. Respondents raised concerns that this situation in the book market has led to a decrease in the diversity of books sold in the UK with literary fiction struggling in particular.

**“Identifying, financing
and developing authors
is the most important
role of a publisher.”**

Hachette UK

The impact of Brexit on writers and copyright

A significant concern for the ongoing success of authors and publishers is that the continuity of the UK copyright regime could be disrupted, as this is based upon a significant body of existing EU law. There are four key concerns in the area of copyright and intellectual property: the continuation of our copyright regime which effectively balances access to works and remuneration for their use; the copyright exhaustion regime which supports the business of UK authors and publishers; continued access to the single market; and cultural funding. In 2019 the EU adopted new copyright rules, many of which provide greater protection for authors and other copyright-owners. To sustain the economic value generated by authors, other creators and rightsholders, it is vital that the UK adopts these new measures within its copyright framework at the earliest opportunity.

As a member of the EEA (European Economic Area) the UK has been part of a regional European exhaustion framework which has been of great importance to British authors and publishers. This has meant that UK authors and publishers can benefit from the confidence in dealing with the rights to the first sale in their market, while enabling the legitimate trade of their books in other countries at a price point suitable to that economy. It has allowed publishers to build a strong and vibrant domestic book market by preventing the import of cheaper editions from elsewhere in the world, enabling better investment in UK authors. If the UK were to adopt an 'international exhaustion' regime, publishers could find they are undercut by foreign publishers with a lower cost base, with rights owners unable

to prevent this without ending legitimate sales abroad. Because of this, the respondents to the Inquiry strongly supported either a continued engagement with the European exhaustion framework, or the establishment of a national exhaustion regime.

The UK copyright regime strikes an effective balance in ensuring access to content, with remuneration for authors. This enables among other things, lower-cost access to works used for education while ensuring that educational writers still make a living writing the books used in our schools and exported abroad. Respondents to the Inquiry made it clear that our current model of copyright should be maintained, especially with regard to exceptions that should not be expanded.

“[adopting an ‘international exhaustion’ regime would] put at risk publishers’ ability to invest in authors and their works. This in turn would make the UK a less attractive place for global publishers to base their international operations, which in turn would significantly undermine exports.”

The Publishers Association

The EU makes up one of the largest markets for our creative industries, equating to 30% of publishing industry exports. It is important that we maintain access to this market. For the creative industries this will include a mixture of factors including tariffs and alignment with the Digital Single Market strategy. From an industry perspective it will also be important to maintain the advantages we have gained from having access to a mobile workforce that is vital to delivering our cultural output to the rest of Europe.

The UK creative industries have benefited from significant funding from EU sources. The report *Creative Europe in the UK*⁸ estimated that the UK's audiovisual, creative and cultural industries in 2017 benefited from €16.6 million of non-repayable grants, bringing support to the UK from 2014 to date to €74 million. This is in addition to the benefits gained from Creative Europe supporting the distribution of UK film. If UK writers lose access to the benefits of these cultural funds, it will be important that equivalent funds in the UK are established.

The EU makes up one of the largest markets for our creative industries, equating to 30% of publishing industry exports. It is important that we maintain access to this market.

⁸ *Creative Europe in the UK 2017: Results report, July 2018.*

Recommendations from the APWG

The APWG recommends the following action to be taken immediately:

Better government engagement with creators

Although the wider creative industries have a positive channel to communicate with the Government through the Creative Industries Council, creators such as authors would benefit from an equivalent arrangement whereby the Government is in regular contact with creators and their representatives. A Creators Council could help initiatives taken to improve the general understanding of the value of copyright, intellectual property and how authors should be rewarded for their work as well as addressing issues such as diversity. This would be beneficial as a matter of fairness to creators and for good policymaking in the digital age.

The UK has supported policymaking in the EU that will create benefits for the creative industries due to be established through the Digital Single Market Strategy. Ahead of the UK withdrawal from the EU, plans should be set for the UK to have equivalent benefits by adopting new copyright legislation

at the earliest opportunity. This would include a review of laws applicable to creator contracts to introduce measures that ensure authors' transparent communications about the use of their works, and to establish a principle of appropriate and proportionate remuneration, which will be important to UK creators for sharing and profiting from their work in the modern creative industries.

Protect the success of the UK publishing industry beyond Brexit

Europe is a major export market for UK publications and AV productions. We call on the Government to ensure that after Brexit no additional barriers to trade are installed that would disadvantage UK authors, publishers and producers. Additional economic rights should be supported by continuing reciprocal agreements between the UK and Europe, as these secure important earnings for UK creators. We also ask the Government, on leaving the EU to ensure that it does not adopt an 'international exhaustion' regime, as this could be catastrophic to UK authors and publishers. The Government should consult with author and industry

representatives regarding continuity of the EU's copyright exhaustion framework or a national exhaustion framework.

We call on the Government to ensure that withdrawal from the EU and subsequent trade deals do not undermine the strong, well-balanced copyright regime the UK has achieved. The current regime provides certainty and fairness to creators and users alike. The UK should resist pressures to broaden copyright exceptions and so-called 'fair use' models that would undermine the success of our creative industries.

Support authors

Creative Europe has offered vital funding for authors that have empowered the success of the creative industries. In addition to the opportunities for developing the cultural sector in the UK, funding for translation has contributed to the success of UK culture around the world. Without Creative Europe authors could have limited access to grants and funding to support their work, so the Government must set out plans for equivalent funding programmes.

Authors are self-employed workers who could be better protected by tax and benefit rules. Authors could be supported by being able to offset the cost of childcare against their income, or the cost of training in 'new skills' such as self-publishing and marketing. Potential plans for 'Making Tax Digital' could prove burdensome for authors. As recommended by the Treasury Select Committee, we call on the Government to bring the threshold for reporting in line with the VAT registration threshold of £83,000.

Fairness in the bookselling market

The APWG calls on the Government to reduce the rate of VAT on ebooks. VAT on ebooks amounts to a tax on reading and a tax on knowledge, a principle that has already been acknowledged with 0% VAT on printed books.

Authors benefit from a healthy and diverse market of booksellers. High-street booksellers have struggled to compete with the discounts and convenience that online retailers can offer customers while being burdened with high business rates. The APWG supports calls to level the playing field in this market and encourages a review of measures to achieve this.

Input from Inquiry Respondents

Their truth

“Evidence shows an ongoing decline in the income of authors despite the fact that the creative industries see record growth year on year. The contribution of authors needs better recognition; the way we engage with culture continues to develop and adapt to meet modern needs but this should not create value gaps that threaten the continued creation of authors.”

Authors’ Licensing and Collecting Society

“Authors are at the heart of publishers’ businesses. Their creativity, knowledge and imagination has enabled the UK to be home to a publishing industry which has entertained, educated and informed people all over the world.”

The Publishers Association

“The publishing industry depends upon authors to provide a stream of ideas that translate into books, journals and a range of digital formats. Identifying, financing and working closely with authors to take their books to the widest markets is the most important role of a publisher.”

Hachette UK

“Britain’s creative industries generate £101.5 billion a year for the UK economy, and the creative economy employs 1 in every 11 working people. We would like to see greater recognition of the centrality of writers to the success of the creative industries, which includes ensuring that they can make a living from their work.”

Society of Authors



Philip Womack



Poppy Corbett



Anne Rooney

© Lukki Sumner-Rooney

“There is a cruel irony that pieces are read by more people across the world and yet the people who write are getting less.”

Philip Womack, Writer

“Cultural products such as films, television programmes and video games are key exports. It is vital, for the UK to retain its position as one of the world’s largest creators and exporters of cultural products, that we continue to have access to a suitably skilled and mobile workforce. It remains vital that new tariffs and trading regulations do not prevent the UK from remaining competitive in the global market.”

Writers’ Guild of Great Britain

“From my own teaching of undergraduate and postgraduate playwriting students, I have seen that there is valuable and diverse talent that is being lost to the industry because writing for theatre is now such an inaccessible career.”

Poppy Corbett, Playwright

“I know that I get paid less and less for the same work, but also...among the other writers I know, several have given up because they’re just not earning enough. They don’t want to compromise on quality, but if you have less time in which to write the same type of book, it’s very difficult.”

Anne Rooney, Writer

“Authors need publishers to be healthy and economically resilient, as authors depend on publishers as patrons and customers. However, the ALCS survey and others offer evidence that many authors are not receiving a high enough share of the profits of publishing to protect their creative livelihoods.”

Association of Authors’ Agents

The All Party Writers Group (APWG) was established in November 2007. All party groups allow MPs and Lords from all sides of the political spectrum to keep both government and opposition parties informed on specific policy issues, taking on board opinions from both within and outside Parliament.

The APWG Inquiry into Authors' Earnings ran from July to February 2019. The Group heard from the following organisations:

Alliance of Independent Authors

Association of Authors' Agents

Authors' Licensing and Collecting Society

Hachette UK

The Publishers Association

The Society of Authors

Writers' Guild of Great Britain

In addition to this we received written testimonials from **over 30 professional authors**.

The following Parliamentarians attended Inquiry sessions:

Rt Hon John Whittingdale
OBE MP (Chair)

Pete Wishart MP (Vice-chair)

The Earl of Clancarty

Julie Elliott MP

Giles Watling MP

Summaries of the evidence provided are available on the APWG website: **allpartywritersgroup.co.uk**

The Group is grateful for all of the evidence received and fed in to this report.



This is not an official publication of the House of Commons or the House of Lords. It has not been approved by either House or its committees. All Party Parliamentary Groups are informal groups of Members of both Houses with a common interest in particular issues. The views expressed in this report are those of the group.