

Response to the All-Party Writers Group Call for Evidence on Authors' Earnings The Publishers Association

Introduction

The Publishers Association (the PA) represents the interests of UK publishers across consumer, education and academic publishing. Our members publish academic journals, textbooks for higher, secondary and primary education, fiction, non-fiction, children's books and learning resources. UK publishing supports up to 70,000 permanent jobs and provides income to many thousands of authors.

We are delighted to have the opportunity to present this submission to the All-Party Writers Group and hope that we can continue to help to inform this important debate throughout the inquiry.

Publishers and authors

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 stories that authors create project Britain's landscape, values and culture into the hearts and minds of billions of people around the globe. This in turn has provided a living for generations of authors and publishers. Their collective endeavour has had an enormous impact on British society and the economy.

Because authors are at the heart of what we do, publishers invest heavily in creative talent and work to support a diverse range of writers. One of the ways publishers do this is by shouldering much of the risks inherent in becoming an author. Many books don't recover their costs, and publishers are rarely able to predict in advance which works will receive critical acclaim or commercial popularity. Through a system of advance payments publishers ensure that authors do not bear the brunt of these risks themselves. The importance of this system was highlighted recently by the author of *Apple Tree Yard* Louise Doughty, who noted that it is publishers "who take the first risk on the book" and take "all the risk of publication".

Publishers also work to support authors by investing in their long-term careers and providing the space and time to allow them to become established writers. For example, Dame Hilary Mantel, who has won the Man Booker twice, published novels for decades before finding significant commercial and critical success. Meanwhile, Michael Morpurgo's early novel *War Horse* only attracted modest sales initially. But due to his publisher's decision to keep *War Horse* in print despite it not being commercially viable on its own, allowed it to be discovered and achieve commercial success after it was adapted for screen and stage.

Additionally, publishers are investing in schemes specifically aimed at finding new voices. For example, Penguin Random House has launched WriteNow, a scheme which aims to find, mentor and publish new writers from underrepresented communities. Meanwhile Faber & Faber has launched a scholarship to support writers from backgrounds whose voices might otherwise go unheard.

As an association, we have also endeavoured to work constructively with the author community, and as such have worked to develop the Publishers Association Code of Practice on Author Contracts and

the PA / AAA Good Practice Guidance for the Process of Agreeing Contracts, which aims to ensure that authors are properly remunerated and informed about how their works are being exploited.

Author remuneration

As authors are at the centre of what publishers do, the question of how authors are remunerated is at the centre of our creative and commercial approach.

It is first important to note that there are a range of different business models in the publishing industry and many different ways through which authors get rewarded for their work. In particular education and academic publishers operate very different business models from consumer publishers. And it is also important to keep in mind that in addition to any financial benefits that might accrue to the author from publisher advances and/or sales of their book, publishers in these sectors also provide authors with a range of services and support that bring career advancement to the author, the opportunity to generate other IP related revenue in future should a discovery or invention referred to in their publication become desirable or well-known and more generally enhance the author's reputation in their particular field of expertise.

On the question of author pay itself, we would particularly like to comment on the studies referenced by this inquiry which were commissioned by the Authors' Licensing & Collecting Society. According to ALCS, these reports demonstrate a steep decline in authors earnings, but we do not believe that to be the case.

In fact, our members report to us that they continue to pay very substantial amounts to authors each year. While many have been forced to make efficiencies elsewhere in their businesses (including in some cases being forced to reduce the numbers of staff employed in the UK), properly remunerating and incentivising authors remains an absolute priority in ensuring our collective success. Indeed, while the actual level of remuneration received by authors from year to year under a royalty model will depend on sales made (which the publisher of course cannot control) because authors usually sign a contract before publication that lasts for the full life time of copyright, authors are in a uniquely protected position when compared with many others as publishers simply cannot make changes to pay rates without the author's consent.

ALCS Author Pay Data

We are unfortunately not able to comment in full on the validity of the most recent figures from the survey publicised by ALCS, due to the fact that they have only published a short extract of this research, and not the full report. We note that this inquiry has been launched without the benefit of the full findings being made available to parliamentarians or any of those invited to respond.

Based upon previous reports commissioned by ALCS we continue to have concerns about the methodology and accuracy of the figures reported as follows:

1. Low response rate means data is not fully representative

We are concerned that the low response rate in previous surveys could bias results, and in particular skew the results towards the less well remunerated authors. The response rate to the 2013 survey was just 7%, with only 4% completing the whole survey. This is in comparison to an average response rate to online surveys of 33%. Due to this low response rate there is a high chance that the

results could be affected by those who chose to respond, such as those with a particular interest in the subject or more time to complete it. Given the survey is pitched as helping to ensure writers are remunerated properly, it is likely that it would particularly elicit responses from authors who might be concerned about their level of remuneration.

2. Inconsistency of methodology renders comparisons inaccurate

Secondly, we would also question the way the surveys have been used to suggest a fall in authors' incomes over the past decade, particularly because each survey has been carried out using different methodologies and by different academics. Looking more in depth at previous claims about the decline in author pay in ALCS commissioned research raises further questions over the validity of these comparisons. ALCS's previous report, by academics from Queen Mary University, concluded that author pay was declining when compared with survey data collected in 2004-5 by Bournemouth academics. However, the figures were not like for like and should not have been compared in this way. While the figures used for this comparison from the 2012-13 survey were net income, defined as income after expenses, the data collected in the 2004-5 survey did not ask for writers to report income after expenses, instead only asking for total income writers earned directly from their self-employed writing.

Given this, if any comparisons are made between these figures, a more accurate comparison would be to compare the 2004-5 figures with the 2013 survey figures for gross income before expenses are deducted. If this comparison had been made then we can see that mean earnings in fact increased from £28,340 in 2005 to £45,526 in 2013, a £10,000 average real term rise. These figures are also in line with respondents' own assessments of the change in their earnings, 58% of whom said their pay had gone up or remained the same in the past five years.

3. Definition of "Professional Author" not appropriate for national average earning comparison

We are concerned about the way in which these figures have been used and compared with wider figures on national average income. It is important to note that the ALCS reports classify professional authors as those who spent more than 50% of their time writing. As the breakdown of data from the Queen Mary study shows, a large number (36%) of those classed as professional writers spend less than 75% of their time writing. Therefore, to compare these figures with the national average income of full time employees is highly misleading. Additionally, we would question why the income levels reported in these surveys are compared to full time employees rather than the self-employed as the reported income levels in the report are based on authors' self-employed writing activities.

Even if we accepted the survey ALCS conducts as being an accurate representation of author remuneration, a more considered look at the data in the previous studies demonstrates that publishers do in fact ensure authors receive proper returns from their work. The mean earnings for professional authors of £45,526 in 2013 were well above the national average earnings of £27,011. Even when expenses have been deducted, the £28,576 mean net earnings are still above this average.

Publishers and Redistribution

Publishers' business models already see monies earned from best sellers redistributed to enable the publication of books with less sales potential. Publishers work in this way because, like authors, they believe that it is in the interests of society for a wide range of books to be published and read. Maintaining that model whilst ensuring publishers can pay both their staff and their authors appropriately is increasingly difficult but still manageable.

Therefore, while for the reasons mentioned above publishers already go to great lengths to ensure that their authors are appropriately rewarded for their work and do continually invest in new talent, they are unable to move to a model that would see complete redistribution of money to all authors regardless of commercial success, as this would undermine the viability of the book ecosystem that exists today.

We would therefore urge the APWG to seriously consider the validity of the figures on author remuneration before drawing any firm conclusions. If the APWG makes recommendations based on the view that publishers are not paying all authors enough, there is a danger that this could not only fail to address the underlying issue but would also damage the redistribution that already takes place, not to mention the success of the publishing industry more generally which in the end would in fact harm the position of authors further and reduce the breadth of titles available for people in the UK to discover and read.

However, although we have questions about the validity of the reported figures on author remuneration, this is not to say that publishers are not committed to working to ensure that writing remains a well remunerated and successful career for as many authors as possible. Therefore, we would welcome the opportunity to work with both the Society of Authors and ALCS to agree common ways to support struggling authors and emerging talent.

Brexit

The UK is the largest exporter of physical books in the world, with a 17% share of world exports, more than the United States (16%), Germany (10%) and China (8%). The UK publishing industry also has a significantly more diverse export spread than the UK industry average, exporting to countries all around the world. Therefore, the publishing industry is in a strong position to benefit from the opportunities presented by Brexit, particularly if this leads to strengthened trade agreements with other parts of the world.

However, the opportunities for the industry depend on the final outcome of the deal that is agreed with the EU. In particular, the area which presents the biggest uncertainty for publishers and authors is the UK's future exhaustion framework after Brexit.

The UK's participation in the regional exhaustion framework of the EEA has been of great importance to British authors and publishers. It has supported our efforts to turn the English language into a great export story as it allows publishers to create books in the English language for developing markets and price them appropriately for each country around the world. At home it has allowed publishers to build a strong and vibrant domestic book market by preventing the import of unauthorised cheaper or lower quality editions from elsewhere in the world. That in turn has meant

British publishers can afford to invest in British authors and employ people in this country, confident that this investment can be recovered.

If on leaving the European Union the UK decides to adopt an ‘international exhaustion’ regime, which would risk publishers relocating to a country that provides them with either a more affordable cost base, or a more supportive IP exhaustion regime. Furthermore, publishers which remain in the UK will be less likely to engage in international markets, thereby undermining an important export sector. Therefore, as the UK leaves the European Union, the APWG should press the government to explore ways to keep Britain in the EU’s IP exhaustion framework. If this proves legally or politically impractical, the UK should instead adopt a national exhaustion framework.

Copyright

Copyright is the cornerstone of the publishing industry, creating a marketplace for ideas and creative works and providing protections and incentives that ensure authors can earn a living from their minds as well as their hands. The current UK approach provides certainty and fairness to content creators and users alike.

As new technologies and industries have emerged, both the UK and the EU has undergone a process of adapting and modernising this framework. However, as this digital debate has evolved, we have been concerned about calls to broaden copyright exceptions to enable wider access to material online, particularly in the education and academic space. If these calls were heeded, the copyright balance would be disrupted in a way that would threaten the ongoing investment in works, and would hamper authors’ ability to make a living off their work. Therefore, we would call on the APWG to recommend that the UK government preserves the current approach to copyright exceptions under UK law and seek to enshrine the UK copyright model more generally as the “gold-standard” for free trade agreements with other countries.

Conclusion

Publishers and authors have always shared a set of values and beliefs about the importance of stories, literacy and, more generally high-quality content. Ever since parliament created the world’s first copyright law in 1709, publishers and authors have also shared their rights, shared their revenues and shared the burden of creating and then developing the world’s best books. We work extremely well together on a whole range of areas from copyright policy, piracy, literacy, learning and research. We also have extremely good relationships between the representative groups for publishers, agents and authors that enable regular meetings and dialogues which we use to resolve issues that arise and improve our working practices.

The net result of this collaboration on a personal, company and industry level is that our combined efforts underpin large parts of the UK’s economy and society from the films we watch, to the high-quality education many people in this country enjoy and the professional services sector that generate jobs and a substantial portion of our national income.

There is no doubt that these are increasingly difficult times to be engaged in the process and business of creating and selling books. The book trade is not immune from the political, economic and technological revolution that is taking place both in the UK and right around the world. And it is clear that the rise of incredibly powerful global retailers has in some cases forced publishers to cut

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costs, reduce risks and focus more of their attention on the most successful authors. As this unfolds, there are many people, countries and organisations who do not share our commitment and belief in the value of creativity. Even if they do, modern norms and trends do not lend themselves to an appropriate appreciation of or patience with the complexity and difficulty of maintaining the ecosystem within which the value of books and the values that they represent can be maintained.

Our best chance of preserving all of this in the years ahead is by continuing to work closely together to reform and adapt the creative process for the times in which we live and work. Only then can we maintain and build further a creative ecosystem that ensures that books (in whatever future form they may take) and the authors and publishers that make them, can continue to contribute to UK society in the future as much as they have done in the past.

The Publishers Association

August 2018