



Money and Contracts:

The Situation for Authors in the UK in 2014

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Introduction- Context

- The World Picture

Country	Year	Publishers' total net revenue (m€)	Total market value at consumer prices (m€)	New titles & re-editions per 1m inhabitants	2012 GDP per capita PPP in US\$ (Worldbank)	Population
World			114,000		12,189	7,046,368,813
USA	2012	20,750	29,643	1,080	49,965	313,914,040
China	2012		14,200	306	9,233 1	1,350,695,000
Germany	2012	5,407	9,520	1,115	40,901	81,889,839
Japan	2012		7,878	617	35,178	127,561,489
France	2012	2,771	4,534	1,321	36,104	65,696,689
UK	2012	3,736	3,975	2,459	36,901	63,227,526

Source: International Publishers Association


Introduction

- What is the Society of Authors?
- Our impressions. Earnings and Contract Terms
- Authors' Licensing and Collecting Society study 2013

Who took part?

Ages of participants

17% Age 44 or under


54% Age 45-64


29% Age 65 or over




44%



Women

A slightly lower number of women completed the questionnaire.

2500 Participants

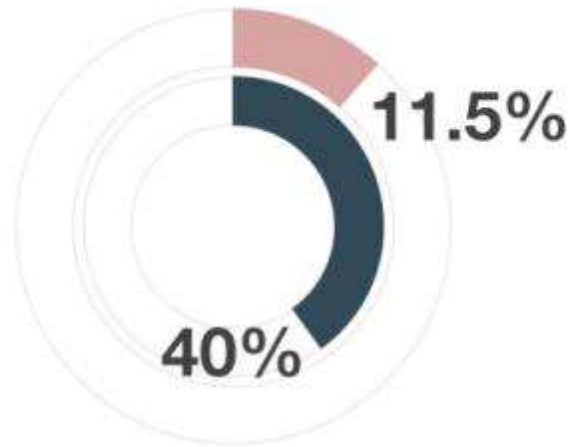
‘Professional authors’

People who dedicate the majority of their time to the craft

‘All writers’



Where this wider group of writers are referred to, the amount of time spent writing isn’t taken into account, so this group may include occasional and part time as well as full time writers.

The professional author



In 2005 **40%** of authors earned their income solely from writing; by 2013 this has dropped to just **11.5%**

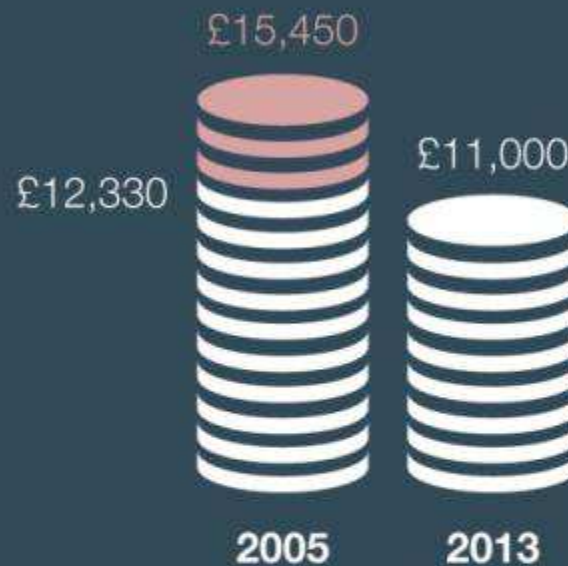
Earning a living solely from writing

-  **2005** - 40% of professional authors earned their income solely from writing
-  **2013** - 11.5% of professional authors earn their income solely from writing


The professional author

The typical (median) incomes of professional authors have dropped from **£12,300** per annum to **£11,000**.

This is a drop in real terms of **29%** since 2005



Median income of professional authors

-  Real terms earnings
-  Actual earnings

The professional author

Figures indicate that single people living in the UK need to earn at least £16,860 to achieve a Minimum Income Standard (MIS) of living

The typical professional author falls way below that standard



The bigger picture – all writers

The typical (median) income of 'all writers'



These graphs show the median earnings of all writers in 2000, 2005 and 2013

The figures show a drop in both absolute and *real terms* since 2000 to just £4000.

The typical incomes have dropped in *real terms* by **28%** since 2000 and **19%** since 2005.

The digital impact



Digital publishing is now the third biggest sector in terms of financial importance to writers.

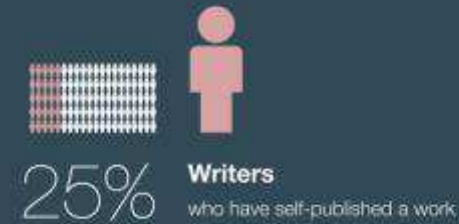
The e-reading market is still showing steady progression, with sales in 2013 rising by 20% to £357 million
Total physical and e-book sales fell in 2013 by 2% reaching £3.4bn

Do it yourself

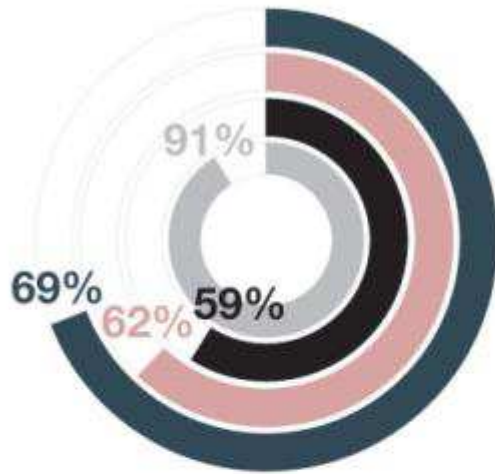
Just over **25%** of writers have self published a work

The typical return on investment is **40%**

86% of those who had self-published would do so again

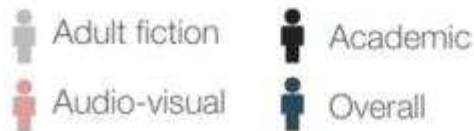


Contracts and rights



Writers retaining copyright

% of writers who retain copyright 'most of the time'



Retaining copyright puts authors in a much stronger position in terms of negotiating where and how their works can be used. The best contracts *clearly* set out which rights authors are retaining or transferring.

Unlike France, in the UK writers have no protection from unfair contract terms. The law assumes equality of bargaining power.

It pays to read the small print

57% of respondents had signed contracts that included a 'rights reversion clause'

Of these, **38%** had used or relied on the reversion clause and of whom **70%** went on to earn more money for that work

EU Study: Contractual arrangements applicable to creators: law and practice of selected Member States.

EU policy department 2014

- the UK is lacking the legal frameworks which protect creators in other EU countries.
- EU creators are often subject to onerous contracts and do not receive a fair share of the reward for their creativity.
- *"European authors are in a difficult position This patchwork of national provisions also prejudices exploiters of copyright works due to the uncertainties they face in an industry that is becoming more and more global.*
- *the legal provisions in most Member States pay very little attention to the remuneration of the author;*
- *the weaker position of the author in the enforcement of the protective legal provisions is largely ignored;*
- *once agreed upon, contracts govern a dynamic and evolving situation usually without any adaptive or corrective measures included;*
- *the obligation of an explicit determination of the scope of transfer of rights proves inefficient in preventing an all-encompassing, and time-unlimited, assignment."*

http://www.europarl.europa.eu/meetdocs/2009_2014/documents/juri/dv/contractualarrangements/_contractualarrangements_en.pdf

Adapt and survive

Writers need to receive fair compensation for their work

This means clear, fair contracts with equitable terms and a copyright regime that supports creators and their ability to earn a living from their creativity

The SoA recommends:

Legislation

Legislation to enforce fairer and clearer contracts including:

- written contracts which set out the exact scope of the rights granted,
- proper accounting clauses: *“Revenues and profit margins of digital content providers must be known to adequately share the value generated by those services along the value chain,”*
- fair remuneration for all exploitation,
- limited licences which can be changed as technologies develop,
- An obligation of exploitation for each mode of exploitation. Such “use it or lose it” clauses would allow authors to get their rights back if the publisher does not exploit the work and allow the author to either find another exploiter willing to make use of her work or self-publish,
- The transfer of rights for unknown forms of exploitation should only be included in a contract in exchange for fair remuneration of the author and with an option for the author to have her rights reverted for that exploitation and to renegotiate the contract and remuneration,
- Contracts should be subject to a revision clause in case of change of circumstances in the exploitation market or of commercial success of the work (bestseller clause),
- A general principle of reversion of transferred rights should be enacted in European law to enable authors to terminate for reasons including lack of exploitation, lack of payment and lack of regular reporting,
- General Unfair Contract Terms legislation.

Next steps

- Lobbying: at National, EU and WIPO level,
- Media and Public information and support,
- Education: ensuring authors understand the terms in their contracts,
- Negotiations with Publishers: individual and collective.

*“One principle remains unchanged:
authors must be paid fairly for their
work.*

*Any arrangement that doesn't
acknowledge that principle is a bad
one, and needs
to be changed. That is our whole
argument.”*

Philip Pullman,
President: the Society of Authors

Any questions?



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