



The Bottom Line

THE DEFINITIVE GUIDE TO THE FILM BUDGET

ONE FINE DAY ...

In my home office, between productions, I've just about caught up on the paperwork of daily life. Maybe I'll wash the dog. The phone rings. 'You don't know me, but I got your number from ...' well, let's say another producer, or one of the completion guarantors, or one of the funding agencies. 'I wonder if you could do a budget for a film?'

'Well, I'm available at the moment, and that's one of the things I do. Tell me a little about the project.' I want to know who the caller is, who wrote the script, who is to direct, where is it in the financing process, what level of budget is envisaged. 'That all sounds interesting. Can you send me the script? And by the way, do you already have a schedule?'

The script, the schedule, the budget—the bones of any production. It's essential to put the work into getting all three right.

The script arrives. The first read is for



pleasure (I hope) and to find out whether it's a good fit with the plans the producer has outlined on the phone. All being well, another phone call. We set a rate for the task and a time to meet and discuss the project in detail. I spend a day doing a rough breakdown (analysis) of the script, and running through preliminary questions for the producer. We meet, at an

office or a café, and go through the major points: how many locations, what level of cast, timeframe of production, the financing plan.

Finally, 'How much do you want this picture to cost?' A producer worth his or her salt will have already made the commercial decisions and enquiries necessary to tell me that they are looking in the vicinity of four million Australian, or five million US, and I need that information to prepare a detailed financial and management plan which can realize the intention of the script on screen, at a target close to the commercial parameters laid down by the producer.

The major points settled, we agree on a timeframe for delivery of the budget. This one will be two to three weeks—it's a moderate-budget feature film. The budgeting process for a big, complex film can take months. I head back to my office to start the familiar but exciting process. The producer, of course, pays for the coffee.

EARLY THE NEXT MORNING ...

I settle down in front of my trusty steam computer and open a new file.



The Schedule

If the project has not already been scheduled by a first assistant director, then the production manager will create a schedule. It's impossible to budget a film with any degree of accuracy unless it has been broken down and arranged into a shooting schedule. The first schedule tells us whether we have enough days for all the scripted locations; how many cast we have in total; how many days each of those cast work; how many extras are required on how many days. It tells us how often we will need expensive elements such as action vehicles and animals, or night lighting and cherry pickers. The schedule is the essential prerequisite for the budget. A budget without a schedule is guesswork. Once an initial shooting schedule is available, it is time to start the budget.



Software

The budget will be written in either a spreadsheet programme such as Excel, or an industry-specific software such as Movie Magic Budgeting. Most US producers will require Movie Magic, but a budget in Excel is equally acceptable to most Australian, UK and other international producers. The Australian funding bodies will accept budgets created in either software.

Movie Magic Budgeting is a powerful and useful tool, but it does not of itself create good budgets. The principles of budgeting can be learned and practiced perfectly well in a spreadsheet programme. Most production managers and line producers can budget in both software systems and will have a personal preference, though ultimately it is the client's decision.



Format

Different companies, studios and

broadcasters will have their own budget format, and a budget will be prepared in the format required by the producer or the financier. Any format can be prepared in either software, and Movie Magic Budgeting incorporates a choice of major international budget formats.

Most Australian projects are budgeted in the Australian Film Commission (AFC) format, which has been in use in the industry here for twenty years. Based on an Excel spreadsheet, it's familiar to a generation of Australian film-makers, and now the AFC has created ... a new improved budget format! It's expected to be launched in the first half of 2003. Look for it soon on a web site near you. Guided by Penny Carl, one of the authors of the original AFC format, and supported by extensive industry consultation, the new format builds on the old to reflect the technological and management changes of the last twenty years. It contains two important new elements—formulae are supplied for every item, and a valuable 'Notes' column is included. The AFC budget has always been a sturdy and practical tool, and its new incarnation is an intensely hands-on guide and checklist for film-makers at all levels.



Is it in the budget?

The task of the production manager (PM) or line producer who is creating a budget, is to indicate the amount of money required to complete the project, and this means:

- realizing the creative intentions of the script
- fulfilling the delivery requirements of the investors
- fulfilling the statutory requirements of the production company as an employer.

The PM will identify the people, equipment, resources and infrastructure necessary to make the film, and will work line by line, in enormous detail, to build an accurate costing for the project.

The budget is in effect a gigantic checklist with costings attached, and is vitally important in ensuring that every depart-

Background and Resources

The creation of a full feature budget can be a daunting task to the novice—nothing can replace the 'X factor'—experience—but there are many sources of help.

The very best source is *The Satchel*—the AFTRS/AFC publication available from the Australian Film, Television and Radio School. It is a section-by-section breakdown of the AFC budget, regularly updated, and a mine of information from industry specialists. It contains an excellent bibliography and guide to web sites. The AFTRS also conducts a two-week intensive production management course twice a year, always run by an experienced production manager (often this author).

There is an abundance of information on the web, with useful links on the terrific sites set up by the AFC (www.afc.gov.au), the state agencies and AFTRS. Essential information on cast and crew agreements can be found via the Screen Producers' Association of Australia (www.spaa.org.au) and the Media Entertainment Arts Alliance (www.alliance.org.au).

There is useful information on the web sites for the Australian Cinematographers' Society, the Australian Guild of Screen Composers, the Australian Screen Directors' Association and the Australian Screen Editors' Association. All the email addresses are in the Encore directory, or can be found via links or a search engine.

There are many excellent commercial sites, many of them very generous in providing rates and information—here are some personal favourites. The site for Moneypenny Services contains a ready reckoner with cast and crew rates, information and calculations, and up-to-date information on Fringes—www.moneypenny.com.au. The Atlab site has splendid information, and a great glossary—www.atlab.com.au—look up the entry for 'Post-production Supervisor'.

A Tip for Young Players

The truly worst thing a novice producer or production manager can do is to embark on a project with an inaccurate budget. There are many resources available, and industry professionals, specialists and suppliers will be generous with their advice and input if a producer or PM has done the initial hard yards. As we so often hear, film is a collaborative medium, and this applies to the management as well as to the creative areas. Ask advice, take it, and use it to contribute to the success of your project.

ment has the money it needs to carry out its task, and that there is an overall balance between the various areas that all need a slice of the pie.

The budget is the financial lodestar of the entire production. A full budget is always by the side of the producer, production manager, accountant, completion guarantor and insurer. Specific sections are crucial planning tools for the relevant department heads: location manager, costume designer, production designer and art director and the post-production supervisor. The director will be familiar with the outline of the budget, as will the first assistant director and often the director of photography. The budget is a crucial document for production planning.

The Document: Summary Budget

Most budget formats provide for the creation of a summary in one or two pages. As a full budget will usually be at least twenty pages long, the summary is a useful reference point.

Detailed Budget: Above-the-Lines

A curious term, with different meanings in different countries, that generally refers to the top-level creative costs of the project: the rights purchase costs if the film is based, say, on a play or novel; the script writer's fees and perhaps research costs; the producer and director's fees and expenses. The film may have had development support from private or government sources—these funds are detailed here, to be repaid once the film goes into production. Lead cast costs are in this section, along with expenses such as international or interstate travel for the cast member and possibly family; accommodation and per diems; and the cost of any assistant or driver the cast members may require.

Clearly, these are some of the highest areas of expenditure in the film, and it's not uncommon for Above-the-Lines to account for twenty-five per cent or more of the total budget.



Below-the-Lines: Unit Fees and Salaries

The first section of the AFC budget Below-the-Lines (BTL) is a full listing of crew, with the weeks they are employed broken down into pre-production, shoot and post-production. They are grouped into their various departments (Production, ADs, Camera, Sound, Lighting, Grips, Costume, Make-up, Art Department, Occupational Health and Safety, Technical Advisers, Second Unit and Offshore Unit). The relevant industrial agreements contain minimum rates for positions at every level, but the negotiated rate for an individual on a specific production is set by the market and is usually above minimum—well above in the case of experienced freelance crew in senior positions.

Crew in each department are listed line by line and individual rates are provided for each person. There are separate amounts in each department for casual labour; for example, for additional electricians or make-up artists, as this requirement will depend on the final shooting schedule. The specific crew budgeted will vary according to the script—a period film will need a bigger art department than a contemporary thriller; a shoot that moves locations may require a travel coordinator; children in the cast will dictate the need for tutors and possibly chaperones.

This section of the budget also provides an appropriate amount of money for overtime, which will inevitably be required. Even a very efficient shoot on a normal ten hour shooting day will have some crew working overtime, for

example in the make-up, costume and unit departments. In addition, there will probably be some shooting overtime caused by delays due to weather, outside noise, a fractious horse—a thousand and one reasons—and the budget will cover these costs.

A further section of the budget provides for Fringes (holiday pay, superannuation, payroll tax) and workers' compensation insurances. These can add up to a hefty figure—up to twenty-five per cent on cast and crew salaries, though they vary from state to state.



Cast and Casting

The lead cast are Above-the-Line, but the budget must also provide for supporting cast, extras and stunt performers. Minimum rates are set in the relevant agreements but cast will be negotiated according to the market (usually via their agents). In addition, the fees paid to cast will reflect the rights that the producer and investors need to acquire for the project, such as the right to show the performance on television throughout the world, and to release the DVD. Certain productions pay a further loading to every cast member if there is an overseas cast which is working on the film.

Before preparing a cast budget, the PM must know in detail what the delivery requirements are and whether there is an international cast. The various rights and loadings apply to all cast, including day players and stunt performers, so any inaccuracy here can have a big multiplying effect.

The schedule of the film is crucial in determining how many weeks or days are required for each actor, and for the extras. The cast areas of the budget also have a provision for overtime, and a further provision for postponement fees if the shoot is affected by weather.



Costume, Make-up and Hairdressing

Our cast are going to wear costumes, which are bought or manufactured or hired, and all these costs are reflected in the budget: a large amount for a period or fantasy film, less if we are portraying contemporary reality. The costumes will have to be laundered and dry-cleaned, and cast and extras will need shoes, hats, jewellery, watches. They may need items such as uniforms or sporting gear, and specialist items may have to be imported from international costume hire firms.

The dozens of cast are going to need moisturisers, cleansers and cosmetics, perhaps also beards, moustaches and wigs. The script may call for blood, a wound, a tattoo, deep suntan. Cast members may need to go blonde, go dark, have a hairpiece, have curls—and at the end of the show, go back to the way they normally look. Budget lines cover all these needs.



Art Department

The Art Department is a huge area in itself, and may require a separate budget prepared by an art director and included in the final production budget. The requirements are dictated by the script: a nineteenth century Paris nightclub, a seedy squat, a luxurious mansion, a country pub. The tasks are so varied that the Art Department is broken down into a number of sub-departments.

The construction budget covers the materials and equipment necessary to build studio sets, construct specific-purpose buildings at locations, and to modify existing locations. Set painting and scenic art are also in this area.

Props and set dressings involve the manufacture, purchase or hire of hundreds of items, from lavish curtaining for a grand mansion to tiny hand props such as a pen, a cigarette, a comb, all appropriate to the period, the style and the character. The budget also provides for the cost of transporting all these items to the set, and returning them or disposing

of them at the end of the shoot.

The action props and vehicles section contains costings for the cars, boats, trains and aircraft seen on screen, as required by the script and schedule, along with the costs of transporting them to the set and for running costs such as fuel (enormous if the film has jet skis or power boats). The livestock section covers animals with their harnesses and rigging, as well as their transportation, feed, stabling and veterinary services.

Special effects and armoury contains costings for explosions, fireworks and weather effects (rain, wind, dust-storms). Weapons will be hired or manufactured, and blank bullets will be purchased. In this area in particular there will be close cooperation with the creators of computer visual effects, and in a complex film there will be extensive deliberation before a budget is set in this area.

Once the film is in production, the art director and the art department coordinator manage the art department budget as a separate entity, reporting to the production manager and production accountant. On a complex film, the art department may have a team of accountants of its own. The art department usually accounts for more than ten per cent of a film's budget, so careful planning and management in this area is essential.



Stage Rental and Locations

The script and schedule will have determined what is shot on location, and what is in a studio. The studio will need to be rented, cleaned and supplied with electricity.

Moderate-budget films usually rely heavily on the use of locations. Like the art department, decisions here are creatively-driven and discretionary, and costs can be hard to forecast. Location costs vary widely, from no charge at all—for example, from regional areas keen to encourage the economic activity—to thousands of dollars a day for central city locations. The fee paid to the location owner is only one element: the locations budget will also need to provide for council fees,

parking, traffic control, police supervision and security.



Film and Laboratory

The film's delivery requirements will determine its shooting medium: 16mm, 35mm, digital. The nature of the script will determine the shooting ratio: the amount of raw stock required to achieve the finished length. A domestic drama will probably need a ratio of 15:1; an action film will need to be budgeted at a ratio of at least 25:1. Based on quotes from the suppliers, the budget will provide the appropriate amount for raw stock and processing.

The producer and director's choice will determine the amount of material printed for projected rushes. Almost all editing now is digital, and the exposed footage will be transferred in telecine to videotape for digitizing, with an appropriate daily allowance in the budget, again based on suppliers' quotes. From this point onwards, the laboratory costs are found in the post-production area of the budget.



Equipment

Choice of camera equipment will be determined by the nature of the script, the preferences of the director and DOP and the delivery requirements. The camera equipment budget will be based on suppliers' quotes for the basic weekly package with accessories, lenses and filters. The budget will also provide for a second camera on occasion, for example for an action sequence, and for specialized daily hires such as steadicam or underwater cameras.

The Australian practice is for the gaffer and the grip to hire fully-equipped trucks to the production for a weekly rental, negotiated at the time of hiring. These costs are reflected in the budget, along with expected costs for additional equipment such as lighting towers, towing and tracking vehicles, camera boats and aircraft. The schedule will indicate how often these will be required.

This section of the budget also provides for sound equipment (recorder and

playback), unit facilities such as caravans and tents, and safety equipment, such as safety boats and lead-and-follow vehicles.



Rent and Office Expenses

A production office will have to be rented and furnished, and phone, fax and Internet connections supplied. The production will need to purchase or rent computers, fax machines, photocopiers, refrigerators, dishwashers, washing machines and TV/VCR equipment. Separate facilities may be required for the art department, construction and the costume department and, if the film moves locations, all these facilities will be required in two or more places.

The telephone is an essential tool of film-making, and those hundreds of calls need to be covered by the budget, including mobile calls for agreed members of the crew.

The budget will need to provide stationery for the production's needs, and paper for the hundreds of copies of the script, schedules and call sheets required.



Travel, Accommodation and Catering

Every film needs on-set catering for cast, crew and extras, costed on a per head basis.

Even a city-based film will need a considerable provision for vehicles, either rental cars or vehicles hired from crew members.

If the production travels to a region, another state or internationally, the demand in this section grows immensely, and costs increase dramatically to reflect each individual's need for transport, accommodation and daily allowances (per diems).



Insurances

Every producer must have public liability

insurance, even a no-budget film. All funded films will have a further range of insurances, quoted by and placed with one of the specialist underwriters. The insurance will cover delays due to illness or injury to key personnel; loss or damage of sets, props and equipment; damage to the negative and a number of other specialist insurances. In addition, the production may need to take out vehicle insurance, marine insurance and travel insurance if the cast and crew are travelling internationally. Most investors will also require Errors and Omissions insurance, which protects them against claims of plagiarism or defamation once the film is in release.

In the current climate, the premiums required for these insurances are hefty, and form a substantial part of the budget.



Post-production

The delivery requirements are central to this area. Post-production is another area where producers and production managers are increasingly likely to seek the advice of a specialist post-production supervisor, especially if the delivery is at all complex.

This area of the budget covers the editors and sound editors; the whole field of sound post-production and the mix; the music; computer visual effects; the cost of the final laboratory work required for a release print and the cost of providing the physical and documentary items to fulfil delivery.

This is an enormous and complex area, and properly the concern of a separate article.



Legals, Completion Guarantee and Contingency

Since the production of a film is, in legal terms, the creation of a piece of intellectual property to be traded, there are a large number of contracts involved, both with the investors who supply the funds and with the cast, crew and other individuals and organizations who contribute to the creation of the final product. Specialist entertainment lawyers are required, and the

budget contains a provision for their fees.

Investors need to know they will have a product for their investment, and will usually require a completion bond. In Australia there are two specialist companies who will guarantee that investors have a product at the end of the day. They charge a premium for this undertaking, included in the production budget.

There are so many incalculable and unknowable elements involved in a film production that a contingency is absolutely required, usually at the level of ten per cent of the below-the-lines. Experienced producers and production managers know full well the possible impact of the unexpected, and will agree with their insurers and completion guarantors that a good contingency is required, and that it is expended very sparingly.

THE BOTTOM LINE

My budget is finished. My first run total came in close to the producer's target, so I don't have to do any lopping—take a week out of the schedule for example, or cut the amount of time in the country location.

I have to do a bit of pruning, shave a week off a crew member here or there, cut down a bit in some of the discretionary areas such as extras, art department, costume and music. But finally I have a bottom line that I know will be acceptable. I send the budget to the producer, along with a cover letter indicating the various assumptions I've made (location versus studio, ratio, level of casting) and suggest we meet in a few days to make further adjustments. I know that there will be one or two days' work as we resolve various issues, but we now have a budget that realistically sets out how this script can be brought to the screen.

Now I'll go and wash that dog.

Sandra Alexander has extensive production experience as Line Producer/Production Manager of feature films and television projects, including Return To Eden, The Last Frontier, Frauds, Fatal Past, Marlin Bay, Lift Off, Singapore Sling, House Gang, Soft Fruit, After The Rain, Cold Feet, Liquid Bridge and The Junction Boys. ■

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