



DOCUMENTARY AUSTRALIA

FOUNDATION

# Understanding documentary budgets

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# How to read a documentary budget

There are many elements and phases to consider when reading a production budget. Because budgets are layered and complex, Australian funding agencies, as well as independent producers, may consult a budget reader to assess feasibility. The documentation required by a third party to properly assess the budget, such as a budget consultant, should include: summary and detailed budget, script/treatment, director's vision, production schedule (a broad overview of the production timeline from signing investment agreements to marketing and distribution of the film), and other statements on how the film will be made as well as key principals involved in making the film.

Most Australian independent filmmakers and **production companies** use the **standard A-Z budget**. In general terms, the production company is a company that is associated with the making of a film/documentary. In many cases the production company is the rightful holder of the copyright in the film.

The A-Z budgets are considered the industry standard in Australia, and local funding agencies expect documentary filmmakers to use the Documentary Budget template when submitting for development or production funding.

**The A-Z 'Documentary Budget' is broken into several key areas:**

- Above the line
- Below the line
- Post-Production costs
- Indirect costs
- Overheads
- Completion Guarantee
- Contingency

An A-Z budget will contain: a cover page (an overview of production and financing details, schedules and locations as well as archival material); a summary page (an overview of budget categories); a detailed budget (the line by line detailed budget); and budget worksheets (expense calculation sheets revealing breakdown of formula in precise detail).

# Where to start

A documentary budget is informed by the script or treatment. The budget should reflect the sum parts of the written material required to realise and bring to fruition the content expressed in the story, and in accordance with the director's vision. Without a written document, the producer will not be able to generate a budget or a production schedule. The written material, in conjunction with a production schedule creates a production budget, and later a shooting schedule.

A budget includes the physical production elements, the crew, its subjects and cast elements required to realise the story and the vision. Other cost considerations would include locations, travel, accommodation, animals, vehicles, catering, rental of camera/sound and production and post-production facilities.

Documentary budgets can range from \$30,000 to \$1.5 million, depending on the film's duration, scope, and experience of creative team/crew. In some rare instances deferrals are essential to start filming or capture respective core elements of the story before the Production Company has received any funds. Deferred payments can include crew/cast fees, shooting and finishing formats, marketing and distribution to target audiences.

Funding agencies and broadcasters are normally the main investors in Australian documentaries. Australian funding agencies include: Australian Screen Authority (ASA), and the State funding bodies. The broadcasters are primarily ABC and SBS, the commercial networks and may include Pay TV. International broadcasters are also involved in financing Australian documentaries through international co-production agreements.

## **These materials are important for assessing the feasibility of a project:**

- Work and breakdown sheets: these include any budget line that needs to be broken down into smaller parts to attain overall costs, so that you can clearly understand how figures were collected and sub-totals calculated. Work sheets can include: travel, accommodation, per diems, location schedules, crew and or cast, catering, deliverables.
- A shooting schedule and an overall production schedule are required from the start.
- A script or treatment, synopsis, as well as director's vision, resumes/bios of key crew and principals, producer's statement providing an understanding of the vision, intended audience/markets, financing plan and marketing strategies.

If you feel passionate about the project and want to support it, it may be wise to get a budget consultant on board to evaluate the film budget proposal. Documentary Australia can recommend readers and budget analysts.

# Budget lines and what to look out for

## 1. ABOVE THE LINE

The above-the-line costs are the major expenses, which have either been spent or committed to before production begins. Above-the-line includes development costs for story rights, research, travel, relevant salaries for producer/s, director, writer, and perhaps even cast (if drama elements are to form part of the narrative).

**Note that budgets to do not contain GST amounts.**

**The following letters and numbers refer to line items and categories in the AFC A-Z budget. Fees and rates included in this document are indicative only.**

### **A1**

**Story rights acquisition fees:** the percentage should be low. For example no more than 3% of the budget, and where the budget is \$1.5 million, less than .5%. Due to the nature of low budgets in documentaries, it's common to have a nominal and exchange fee of \$1. Story rights acquisition fees vary depending on with whom the story originated ie is it based on an underlying work such as a non-fiction bestseller?

### **A2**

Refers to **development costs and buyout fees.**

There are two main sections: (a) These costs refer to government agencies who have loaned development monies to the production/producers; these are paid back, and usually include a 10% interest (or the percentage agreed to in the development investment agreement between agency and producer). And (b) Consultancy fees and expenses such as research, budgets, schedules, location surveys, legal, travel and accommodation etc.

### **B1**

**Producer/s lines** which includes all producer categories from Executive Producer to Line Producer. Perhaps consider the total percentage of budget that these lines represent?

### **B2**

This line refers to the **Directors fees** – what is the total percentage of the budget here?

## **2. BELOW THE LINE - PRODUCTION**

Below-the-line costs are all the physical costs not included in the above-the-line expenses. These include the salaries of the non-starring cast members and the technical crew as well as rental of facilities, sound and camera gear, transfer of rushes, location, gratuities, travel, accommodation, insurance, catering, music rights, marketing, publicity costs etc. In the film industry, the term **Production** refers to the phase of film-making during which principal photography occurs. Commonly, however, production also means the entire film/documentary project.

**Pre-Production** follows **Development**. During this phase of production, all the necessary arrangements are made which are required to start principal photography (the shooting of the film). This can include setting up the production office, opening up a bank account and establishing banking arrangements, installing and creating communication systems, scheduling the shoot, hiring of camera and sound gear, obtaining releases from documentary subjects, locking in all locations and obtaining the relevant permission from councils, arrange catering, travel and any accommodation, arrangement of post production facilities, processes and technical pathways etc

**Category C covers crew fees.**

**Wages and salaries must meet the Award minimums under the Motion Picture Production Agreement. Wages and salaries should be commensurate with the crew member's experience. Technical or location difficulties may also impact on crew fees.**

A PDF copy of the **Motion Picture Production Agreement Summary** can be obtained at: <https://www.meaa.org/download/mppa-summary-2018/>

The summary provides Award rates/conditions of work, and it should be noted that these rates protect the less-experienced film/TV professionals.

### **C1 - PRODUCTION DEPARTMENT**

You should juxtapose production crew size with the **scope** of documentary. Some questions to ask: Is the crew sufficient or too large? Does the production have an accountant on board? (The production accountant is an important member of the team.)

### **C4 - CAMERA**

Besides the director of photography (DOP) what other specialist camera crew is required, if any, and why? DOP fees can vary between \$1,600 per week to \$2,500 per week (refer to Award under the Motion Pictures Production Agreement).

### **C5, 6, 7 – SOUND, GRIPS & LIGHTING**

In many instances a sound recordist is required, to a lesser degree lighting and then to a lesser degree again, the grips. On average, the sound recordist's rate varies between \$300 to \$350 per day, and excludes sound recordist gear.

### **C8, 9, 10 – COSTUME, MAKEUP & HAIR**

This category is only required where the documentary contains a drama element.

### **C11-16 – ART DEPARTMENT, CONSTRUCTION & SPECIAL EFFECTS**

This category is required where the documentary contains a drama element or where a stylised production set is needed for interviews and or to support sub-text and themes explored in the narrative.

### **C17 – OHS & SAFETY**

OHS is mandatory on any production set. Please refer to the MEAA web page for more details (<https://www.meaa.org/>). However, on small independent, observational or verite style, documentaries with director, camera and sound as the main crew, an OHS or Safety officer is not mandatory. The production would have assessed any OH&S issue/s and addressed any concerns; safety issues are ironed out before principal photography commences.

**Principal Photography** is the filming/recording of major or significant components of a documentary and could involve interviews with key subjects etc.

### **C18 – TUITION & TECHNICAL ADVISERS**

This category covers specialist people, technical consultants and, where children are employed, the Children's Employment Unit (a licence is required).

### **C24 – OVERTIME & LOADINGS**

Does overtime apply and has the production generated worksheets to calculate rates?

### **D – FRINGES**

As a general rule, this section is split between Pty Ltd Company fees and individual taxed wages/salaries. The split is Pty Ltd contractors at 20% and 80% for taxed wages and salaries. Superannuation, workers compensation and, if applicable, holiday pay and payroll tax are calculated and included in this section of the budget. What fringes, if any, are required for the above-the-line? These may include producers, directors, and cast. (Holiday pay, superannuation, payroll tax, workers compensation.)

Note: Check the superannuation rates. Does payroll tax apply, and if so has it been calculated; and on what percentage of wages/salaries.

### **E9b) – CAST & CASTING**

This category covers provision for casting fees and expenses, if and when the production needs to employ actors for drama elements of the documentary. In this instance, has a cast worksheet been supplied? If not, please ask the project officer to request one from the producer.

Are there a drama scenes which require extras? If so, have these been included, and are the fees in accordance with the Award? (note there are different rates for city and country extras).

### **F1, 2 – COSTUMES, MAKEUP & HAIRDRESSING**

This category is primarily required where the documentary contains a drama element.

### **G – LOCATIONS and STAGE RENTALS**

How many locations – and will travel be involved for the crew? This category includes council fees, gratuities, permits, security, studio rental and related utility fees.

### **H1-7 – ART DEPARTMENT, CONSTRUCTION & SPECIAL EFFECTS**

This Category is mainly used for drama elements of a documentary. Expenses cover Sets and Properties, such as set construction, props and set dressing, action vehicles, livestock, special effects including armoury.

### **I – STOCK AND LABORATORY – SHOOTING**

This category deals with documentaries that intend to shoot on film stock rather than video stock; the process for each is different, film stock being more expensive. The latter pathway includes the film stock, developing the negative and telecine transfer to a video format. Telecine is a process where the film is transferred to video; the editor will cut the film in a video format. Sound has to be synced with picture. Has the production managed to obtain any discounts?

### **J – TAPE SHOOTING AND RUSHES**

What tape stock is the production shooting on? OR what is the “format” as commonly referred to, for example, Mini DV & DVCAM, Digital Betacam, HDV, HD, DVC PRO etc. In some instances a production may use various formats during principal photography (for stylistic, practical and or technical reasons). To a degree, the style of the documentary will determine format. The format/s will reflect the specific production processes and methodology pathway to shoot and complete the film. The shooting format may not always be the same as the delivery format given to the broadcaster or distributor.



How much stock is required? Has the production indicated what the **shooting ratio** will be, (how many minutes of shooting time per screen minute)?

Is the **aspect ratio** defined? This is the ratio between the width of the picture and the height of the picture. Aspect ratio can be 4:3 (1.33:1) – used for television, HDTV's aspect ratio is 16:9 (1.85:1) – also used for television (a variation is 14:9, which is an in between 4:3 and 16:9), and CinemaScope movies' aspect ratio is 2.35:1.

**The J budget category** also deals with transferring the daily camera originals. Dailies or **Rushes** are the recorded images shot during the course of production, which may be viewed at the end of each day by key creatives and crew. This is more likely to take place for a feature documentary/drama. Sound stock and transfer is included in this category.

#### **K1-6 – EQUIPMENT & STORES**

This category covers camera, lighting, grip, sound and unit equipment required to support and or realise the shooting of the film. Note the type of camera, what additional rentals are necessary and what expendables. Are there any discounts?

#### **L - RENTALS & STORAGE**

Office rent, storage and miscellaneous expenses.

#### **M & N – TRAVEL & TRANSPORT; ACCOMMODATION, LIVING & CATERING**

M and N lines cover all expenses relating to travel and accommodation for all the production phases (domestic and international), per diems, as well as couriers, freight, parking/tolls, petrol, location catering etc. Is there intrastate, interstate or international travel and accommodation?

Are there

worksheets for travel, accommodation, catering, and per diems? What elements and or scenes of the documentary are being shot and in which locations? (domestic and international). Have airport transfers, excess baggage fees and or carnet for international shoots been costed?

#### **O – INSURANCES**

Check what is being covered, for example generally public liability; workers' compensation; negative film risk; faulty stock/ camera and processing; multi-risk. Is Film Producer's Indemnity required? For some documentaries where principal photography can't go ahead without the director or one of its principals this insurance is necessary. Is there travel insurance for overseas shoots?

Is E&O insurance required (Errors & Omissions insurance)? If the documentary is to be broadcast or released in North American this insurance is a must. Is there provision for deductibles?

#### **P – OFFICE EXPENSES**

Costs include general office expenses, for example: setting up costs; office infrastructure and office furniture and equipment rental; equipment purchases; computer rental and software purchases. Costs also include: telephone; mobile; internet; postage; electricity; office supplies; printing; and stationery.

### **3. BELOW THE LINE (POST PRODUCTION)**

**Post Production** is the work performed on a documentary/film after the end of principal photography. It usually involves editing the film, post sound, music, obtaining licences for archival material, and any visual effects. See also, **Pre-Production** and **Production** (in the Below the Line section).

#### **R – POST-PRODUCTION CREW**

What crew are required for post? Consider the scope of project and its Post-Production elements (the production should have a detailed post-production schedule). Is there VFX or lots of graphics (eg maps and or any animated elements)? Is archival material to be included in the film? If so, then clearance of the archival material from the copyright owner will need to be obtained.

Most documentary productions will only require the following minimum: a Picture Editor, Sound Editor, Sound Mixer, Post/Production Manager for part of the post, and services would include transcriptions and or translations.

#### **S & T – POST-PROD, RENTALS & OFFICE EXPENSES; TRAVEL & ACCOMMODATION**

What provisions have been allowed and why? How long is the picture edit suite required? And does it correlate to the period the Editor requires? Are there quotes? The same applies for the Sound Editing room.

#### **U1 - LAB COSTS – EDITING**

What quotes are in place? This category covers all archival material and or stock footage and associated costs, for example: search and handling fees, viewing copies, masters and duplication. Is there a breakdown sheet to reflect archival sources and costs per second? What is the post production pathway and what provisions are in place to generate the finished film? Is the documentary being finished on film or on tape? The format will determine costs, film being the most expensive.

## **U2 – DIGITAL VISUAL EFFECTS/CGI**

Does this category apply and are there quotes?

## **V – POST-PRODUCTION SOUND**

Has the production supplied quotes? What allowances have been made for sound stock, track lay, narration recording, foley, FX and final sound mix? Has an Audio deliverables worksheet been supplied? If the documentary is to have a theatrical release, a Dolby licence may be required if a 5.1 Dolby Stereo or Surround mix is involved. The standard Dolby Stereo licence fee is around \$10,000 ex GST.

## **W – MUSIC**

Is the music commissioned? Or is there a split between commissioned and pre-existing music? What allowances are there for clearances? The terms and conditions in the clearances/licences will determine the rights, territories and duration for each licence. Has a Music breakdown work sheet been supplied?

## **X1 – PUBLICITY & STILLS**

Is there allowance for a Stills Photographer? If funding agencies are involved they may specify and require certain Publicity deliverables. Publicity stills are crucial in the marketing and distribution of the film. A good publicity still can feature in key international film festivals as well as other mainstream and non-mainstream print media, providing significant exposure (especially if you are part of the publicity).

## **X2 – DELIVERY REQUIREMENTS**

Deliverables can vary significantly from film to film, and will largely depend on the funding agency/ies, broadcasters and distributors on board. Deliverables can include: PAL/NTSC Digital Beta/SP Beta, DVD and VHS copies of the film; soundtrack files; M&E mix; music master, music cue sheet/s; Theatrical posters; Press kit; Photographic stills; post production scripts; all releases/agreements in relation to people and or actors who appear in the film, as well as clearances and licences for archival and audio material.

Be aware that this category can be grossly under-budgeted. The production should have a worksheet which breaks down all deliverables according to stock rates, conversion, transfer and duplication costs, and the quantity required for each organisation the Production Company has an agreement to supply deliverables to.

Note that Production Companies of feature documentaries may need to deliver other film materials such as: release print; interpositive; internegative: optical sound neg and textless version of the film. You may choose to visit Atlab Australia's website for more information about the film pathway and what each film delivery item entails: [www.atlab.com.au/](http://www.atlab.com.au/) And if you would like details on what deliverables each funding agency requires, you should visit their respective websites.

#### **4. INDIRECT COSTS**

These are costs not directly related to Above or Below the Line.

#### **Y – FINANCE, LEGAL & BUSINESS**

Is there allowance for an audit? Are bank and legal fees included? Legal fees will depend on the scope of the production and the amount of legal complexity and work involved. Does the production need to consider currency fluctuation? Is there a foreign co-production company involved and/or consideration of foreign pre-sales, money advanced from broadcasters to the production during pre-production, production and post-production and/or foreign distribution guarantee, an advance from a distributor?

The FFC in particular may require that the Production Company allows contingency for currency fluctuation.

#### **Z – COMPANY OVERHEADS**

Overheads include expenses during the marketing/distribution of the film to the marketplace and local/international film festivals. This will involve a minimum of five years and successful film producers may be working on it for over 10 years or more. Costs include format transfers, duplication, postage, international couriers, travel/accommodation, electronic press kits etc. Note the funding agencies require the Production Company to make allowance in this category.

#### **COMPLETION GUARANTEE**

Documentaries which are funded by a government agency will require a completion guarantor to ensure the production stays on budget and on schedule. The completion guarantor protects the investor's interests as well as helping the producer to resolve issues/concerns in relation to the production and post-production phases in particular.

#### **CONTINGENCY**

The standard for documentaries is 10% of Below the Line; and less is unlikely to be approved by most funding agencies.

#### **FINANCE COSTS**

These costs will vary according to the funding agency. Where applicable, the state agency legal/administration fees need to be included, and each state will be different.

#### **PRODUCTION LEVIES**

Do SPAA/IPI/ADG levies apply?

# Important budget notes

Most documentaries cover all phases of production: development, pre-production, production, post-production and delivery of all the relevant materials to an investor such as a funding agency and or broadcaster and distributor.

**Remember that when assessing the documentary budget, one needs to understand the scope of the documentary, its audiences, and all the elements required to produce it.**

**Above-the-line considerations:** What is the experience of the director and producer; what is the timeframe they have committed to; and what are they paying themselves. On documentaries of one hour, the director and or producer can get up to \$40,000-\$50,000 per documentary. These key players will be working on the film for anywhere from 6 months to a year. Their fees will depend on the size of the budget and scope of the film.

**Below-the-line considerations:** What is the experience and size of the production crew; what deals has the producer obtained for stock, gear, facilities and other rentals. Is the allowance for delivery materials realistic?