Show me the money

Usually phrases like that bring to mind - amongst groups of writers or even writers talking to themselves in their loneliness - writers' pay or lack thereof. In this instance, I think it might be appropriate to look at an aspect of the money that is as relevant but over which writers think they have little or no control: the money for the film's production.

From time to time the government's tax regime for films changes. When it does, seismic shocks travel through the industry, sometimes with great rapidity, until the tremors finally reach and affect those often thought to be last in the food chain, writers.

The genesis of ideas is (thankfully) often mysterious and not subject to rational planning, but would rational planning be a worthwhile way of increasing the chances of an idea or a script being more likely to find an enthusiastic buyer?

Phil Parker in his article 'The script and the bottom line' (page 8) points out the importance of using genre properly and the difference it can make to different ways of telling (and selling) the same story, one clearly more effective than the other.

Far more arcane but nonetheless important is some understanding of the sources of film finance, a subject that seems very far removed from developing a screen idea. However, since the government's recent ruling affects what money is available for the financing of films, it behoves all film scriptwriters to use the changes in the tax laws to enhance their chances of making a sale and of getting their film financed.

So what are the basics? While the recent, excellent Arista seminar on film finance led by Alan Harris was largely from a producers' point of view (more details of which will be found in issue 33) it threw into the spotlight the problems facing writers who need to sell their ideas and scripts to producers.

Essentially producers have a range of sources of finance for the budget of the film that include, amongst others:

- Pre-sales: distribution agreements providing an advance or minimum guarantee against revenues from specific territory/ies.
- Incentives and subsidies from filming in a country or region or the EU. This money can be fairly onerous in terms of the documentation that needs to be provided.
- Co-productions: accessing subsidies in the UK and other countries under the European Convention or under bilateral UK agreements, such as with Australia, NZ, Canada. This could be because you have to shoot in a particular country - the UK has seven co-production treaties - including France, Iceland, Italy and Norway.
- UK tax driven finance: until April 2006 there were two major tax breaks that were effective, were somewhat abused and have ended, and now we have a new one, the tax credit system.
- Tax credit system: this offers tax relief to producers on production expenditure incurred in the UK only. This is a worse deal in some respects as previously, in a co-production, money spent on British cast and crew outside the UK could be counted. The lesson for writers here could be to set their stories in the UK, though it might not as easily then be a co-production. This new system also does not make development expenditure tax-beneficial, a grave error in this magazine's view and a serious setback.
- Deferrals by cast and crew - and writers - fall into the category of below-the-line investment because they reduce the cost of the production to the level for which finance can be found. Deferrals often affect writers in that they can have some but not all of their payment until the movie does well.... In may cases this will mean little or no money for the writer.

There are four inescapable conclusions from this list:

1. The more sources of finance, the more it costs the budget (because of all the middlemen) and the less money goes on the screen or into the writers' pockets. A really great script will be easier to finance.
2. Writers (and script editors and producers) suffer because development money is not being counted for tax relief and, also, writers suffer as a result of the increasing requests for deferrals. Development money remains 'risk averse', in other words, because it is risky, they don't want to spend it even though the films are then made with under-developed scripts. Does that make sense?
3. The loss of some co-production opportunities will also lessen the opportunities to get scripts picked up. In the previous tax regime, for example, co-productions with Germany gave the British access to filming in Commonwealth countries; this is now more difficult.
4. As well as the new film tax regime there are 'cultural points' needed to qualify as a European film for some of the subsidies: a film needs fifteen points out of nineteen to be counted as a European work. The director and writer count for three points each, the composer one, lead actor three, second lead two, camera one, and the rest of the key players as one each. At least the writer is up there with the director!

Faced with this plethora of new regulations, who would want to be a producer? However, if you are writing a script, bear in mind the confusing world your producer has to inhabit. (For details see the UK Film Council website - or the DCMS website - for the latest state of disarray:
www.ukfilmcouncil.org.uk/filmmaking/filmingUK/taxreliefbritfilms.)

For writers the message is clear: it has always been a buyers' market; now it is an even more confusing buyers' market than before. Some argue that it is simply easier to go to the USA where some States give better tax breaks and support to producers than the UK does. Does that make sense?

This is why it is so important for scripts to be outstanding - good enough is not good enough - if you want to transcend the barriers of film finance. In this world the better the script, the more leverage the writer has and that includes some influence on whom the script is sold to and on what terms.

Julian Friedmann