

APPENDIX B2: LOW BUDGET PRODUCTION AGREEMENT

MEMORANDUM

From: AGS Martin Spence

To: RPD Committee, LPD Committee.

CONFERENCE PROPOSITION 20/05: LOW BUDGET PRODUCTION AGREEMENT

Proposition 20/05, which was put before annual conference in June 2005, reads:

That this annual conference instruct the NEC to investigate a strategy to cover low budget productions, so as to seek to introduce a union agreement tailored to this type of production which could be realistically used by the production companies. This agreement would ensure the provision of at least some safeguards and standards to freelance workers, many of whom will just be starting out in the industry and seeking a foothold on the ladder by means of gaining experience, and so are vulnerable to exploitation.

At the request of the NEC the proposition was remitted. The NEC felt that it addressed directly industrial issues that were best dealt with by the two Production divisions rather than the NEC itself.

Both Production divisions have now considered the proposition. LPD supported its aims and observed that exploitation is rife in this area. RPD sought clarification of what is meant by 'low budget production'.

At its meeting on 12 November the NEC asked me to take this forward by presenting a policy paper to LPD and RPD.

What is 'low budget' production?

The 'Relph Report' published in 2002 set out a number of proposals aimed at 'low budget British films' which it defined as those in the £2 million to £4 million range. There is a general consensus that since then costs have been driven down, so that the relevant range might now be £1 - £3 million rather than £2 - 4 million.

The Equity-PACT Low Budget Agreement defines 'low budget' as any film with a budget of £3 million or less.

Statistics from *Screen Finance* for 'British productions shot mainly or wholly in the UK' in 2004 and 2005 indicate that around 40% were made on budgets of £3 million or less. If the upper limit is raised to £5 million the proportion rises to nearly 60%.

All of this suggests that £3 million is a good benchmark for low-budget films.

Who makes and supports low-budget films?

The production companies that make these films usually have no continuing life. They are created for one project, and are wound up after it is complete. Any rights that have not already been surrendered are sold on.

However there are other industry players with an interest in these films that do have a continuing life. Within the *Screen Finance* sample of films with budgets of £3 million or less:

- UK Film Council backed 5.
- BBC Films backed 2.
- Channel 4/FilmFour backed 2.
- Screen Yorkshire backed 2 (both with UKFC).
- Screen West Midlands backed 1 (with BBC Films).
- Scottish Screen backed 1 (with UKFC).
- Glasgow Film Office backed 1.
- EM (East Midlands) Media backed 1 (with UKFC).
- Northern Ireland Film & TV Commission backed 1 (with UKFC).

There are therefore four key UK-wide organisations on which we should focus:-

- PACT as the relevant trade association; and
- UK Film Council,
- BBC Films and
- Channel 4 as key funders.

PACT

We already have an Agreement – the Freelance Production Agreement – that *ought* to apply in this area. In practice, as we know, non-compliance is a major problem. However PACT has proposed that the Freelance Production Agreement should be re-defined as primarily covering drama. We have agreed in principle, on the grounds that this would help to clarify its scope and encourage compliance.

UKFC, BBC Films, and Channel Four

The Relph Report Working Group convened by the UKFC has been meeting for over two years. All the relevant FEU unions have been involved. It has interviewed producers, financiers, lawyers, accountants, sales agents, distributors, broadcasters etc. etc. It has come up with a series of proposals aimed at reducing costs by attacking legal fees and deliverables.

It has also proposed the creation of a revenue corridor in the form of an equity stake (*not* a profit-based deferment) for senior members of cast and crew who agree to take a reduction in their usual personal rate. We have made clear that we will not agree to any arrangement which breaches the PACT/BECTU recommended minimums, and this is accepted by the other participants.

It is no accident that the RRWG has ended up by focusing on precisely the same three funders as emerged from the *Screen Finance* statistics above: UKFC, BBC Films, and Channel Four. The general consensus is that if these three organisations support the 'Relph Package', others (e.g. sales agents) will follow.

Conclusions

Proposition 20/05 seems to be calling for an entirely new agreement for low budget films. In practical terms, the only body with which such an Agreement could be negotiated would be PACT - and this seems perverse when we already have an Agreement in place which PACT themselves regard as appropriate to this area of production. The challenge with PACT therefore is not to negotiate a new Agreement, but to win compliance with the existing Agreement.

In addition, as part of the Relph process and if appropriate in concert with other FEU unions, we should approach the UKFC, BBC Films and Channel Four to seek undertakings that they will require productions to engage cast and crew in line with relevant union agreements as a condition of funding. They may make legal objections, but we should do it anyway.

I believe that this represents our best way forward in trying to improve pay and working conditions on low budget films.

Martin Spence
Assistant General Secretary
November 2005