

The employment intensity of film and television production in Canada

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Prepared for

Writers Guild of Canada

ACTRA

Prepared by

Nordicity



Highlights

- Each dollar of **ten-point Canadian TV** production in the fiction genre generates **22% more jobs** than lower-point (6 to 8 points) production.
- Each dollar of **ten-point feature film** production generates **19% more jobs** than lower-point (6 to 8 points) production.
- Based on global budgets, **exclusively Canadian fiction production** (television and feature films) generates approximately **double the number of Canadian jobs** than the equivalent level of **treaty co-production**.
- For every dollar of Canadian production spend, **majority treaty co-productions** generate **more than double** the number of Canadian jobs as **minority treaty co-productions**.
- For every dollar of total production spend left in Canada, **Canadian fiction production (film + TV)** generates **17% more jobs** for Canadians than foreign location and service production.

Glossary

| | |
|---|---|
| Employment intensity | The number of full-time equivalent jobs (FTEs) generated for a given amount of production expenditure. |
| Foreign location or service production | Any film or television program produced in Canada that is not eligible for the Canadian Film or Television Production Tax Credit (CPTC), but is eligible for the Production Services Tax Credit (PSTC) and/or a provincial tax credit for service production. |
| FTE | Full-time equivalent job |
| Majority co-production | A treaty co-production where the Canadian expenditures account for more than 50% of the worldwide budget. |
| Minority co-production | A treaty co-production where the Canadian expenditures account for less than 50% of the worldwide budget. |
| Non-treaty production | A feature film or television program certified as Canadian content by the Canadian Audio-Visual Certification Office (CAVCO) or Canadian Radio-television and Telecommunications Commission (CRTC), but not a treaty co-production (see below). |
| Production spend | The total dollar amount spent by a Canadian or foreign producer to shoot a film or television program. |
| Treaty co-production | A feature film or television project produced in accordance with one of Canada's international co-production treaties. |

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1. Introduction

- The following report, commissioned by Writers Guild of Canada and ACTRA, provides calculations and comparisons of the employment intensities of different types of film and television production in Canada. Employment intensity is defined as the number of full-time equivalent jobs (FTEs) generated for each \$1 million of production expenditure (“production spend”).
- The report covers Canadian television and feature film production, treaty co-production (majority and minority Canadian), and foreign location and service (FLS) production.
- The report only covers the fiction genre, including fiction programming for adult and children’s and youth audiences.
- With respect to Canadian television and feature film production, the report also provides comparisons of employment intensities across Canadian content points levels.
- The calculations are based on production data for fiscal years, 2004/05 to 2007/08; however, it is reasonable to assume that the same rates of employment intensity would prevail in 2008/09 and later years.

2. Methodology

- The employment intensities for Canadian production are derived by calculating the share of production spend comprised of eligible Canadian labour (i.e., Canadian labour eligible for the Canadian Film or Video Production Tax Credit [CPTC]).
- The production spend and Canadian labour spend data are for the years 2004/05 to 2007/08. Prior to 2003, the CPTC was subject to a 50% labour cap; this cap was raised to 60% in 2003. Using data from the post-2003 period avoids any distortion due to the cap. A complete set of data for fiscal years after 2007/08 was not available for this analysis.
- Majority and minority treaty co-productions were identified by comparing the values of Canadian and foreign budgets reported in data supplied by CAVCO for CPTC applications.
- The calculations of employment intensity for treaty co-production were based on the global budget, which includes both the Canadian and foreign budgets.

2. Methodology (cont'd)

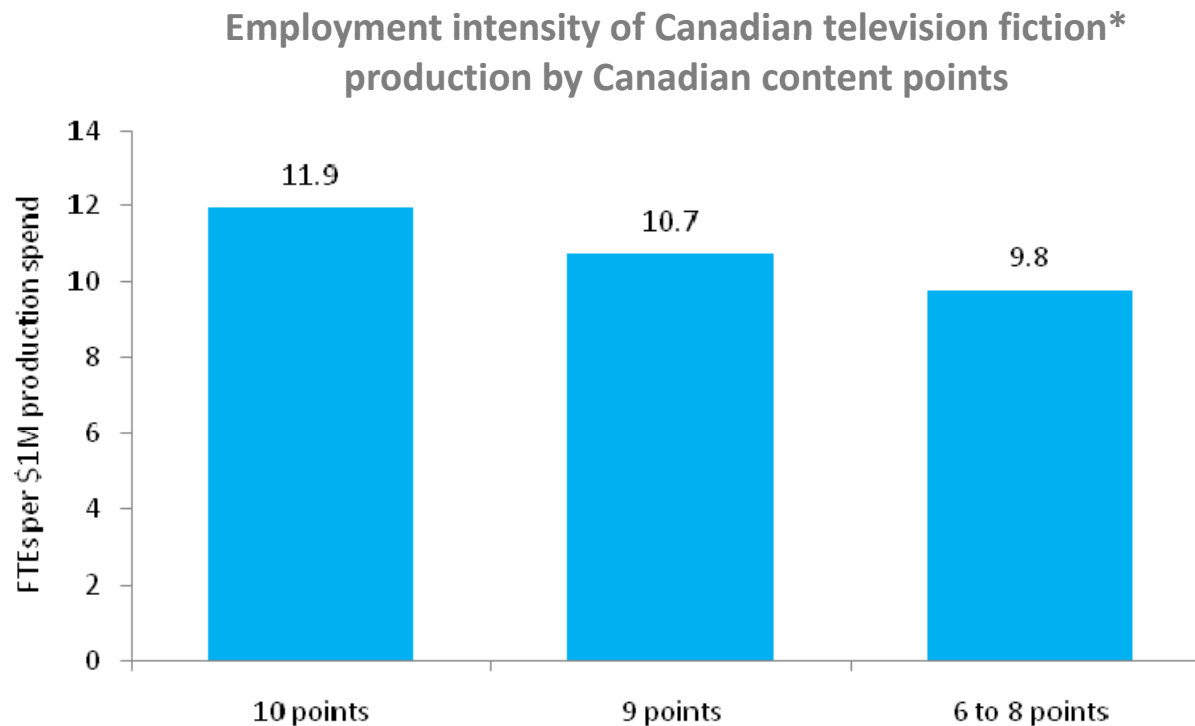
- For FLS production, direct data on the share of production spend in Canada comprised of Canadian labour were not available. Instead, we estimated the total amount of Canadian labour on FLS projects by examining the total value of service production tax credit payments in British Columbia – Canada's leading province for FLS production.
- Since the service production tax credit was based on Canadian labour and not foreign labour, we were able to derive an estimate of the total Canadian labour spend and compare this amount to the total FLS spend left in Canada to derive the Canadian labour share (see data and calculations in Appendix).
- In preparing this estimate of the Canadian labour spend share on FLS projects, we used the base rate for British Columbia's service production tax credit.
- Since British Columbia does offer various tax credit bonuses, the effective tax credit rate is probably higher. Using a higher tax credit rate in our estimation methodology would have yielded a lower Canadian labour share. In that regard, our methodology – using the base rate of the tax credit – understates the Canadian labour share to a degree, and therefore offers a conservative methodological approach.

2. Methodology (cont'd)

- For all types of film and television production, the calculation of the employment intensity was based on an annual average salary of \$48,518 . This average salary is not indicative of all types of production jobs or levels of seniority. Certain production roles offer annual salaries below and above this average.

3. Canadian television production by points

- Ten-point Canadian television fiction production generates 11.9 FTEs per \$1 million of Canadian production spend.
- Ten-point production generates 21% more jobs (11.9 FTEs vs. 9.8 FTEs) than lower-point (6 to 8 points) production.

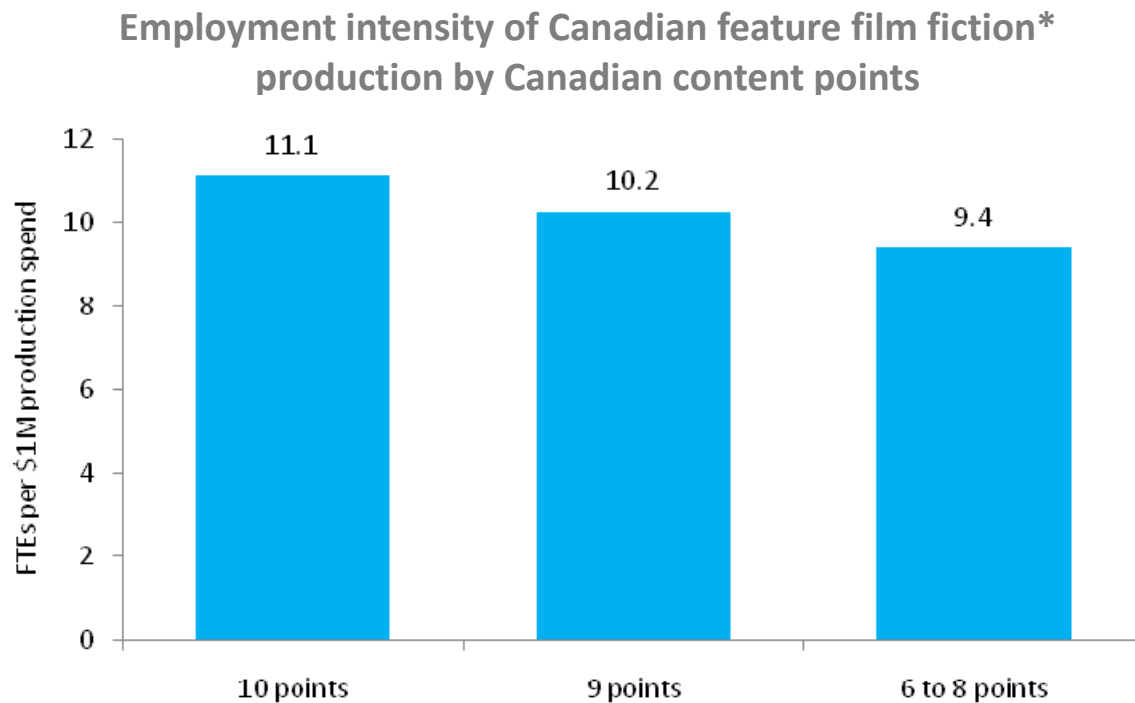


Source: Nordicity estimates based on data from CAVCO and Statistics Canada

* Includes drama, comedy, and children’s and youth production; excludes all treaty co-production (majority and minority Canadian).

3. Canadian feature film production by points

- Ten-point Canadian feature film production (fiction* genre) generates 11.1 FTEs per \$1 million of production spend.
- Ten-point feature film production generates 18% more jobs (11.1 FTEs vs. 9.4 FTEs) than lower-point (6 to 8 points) production.



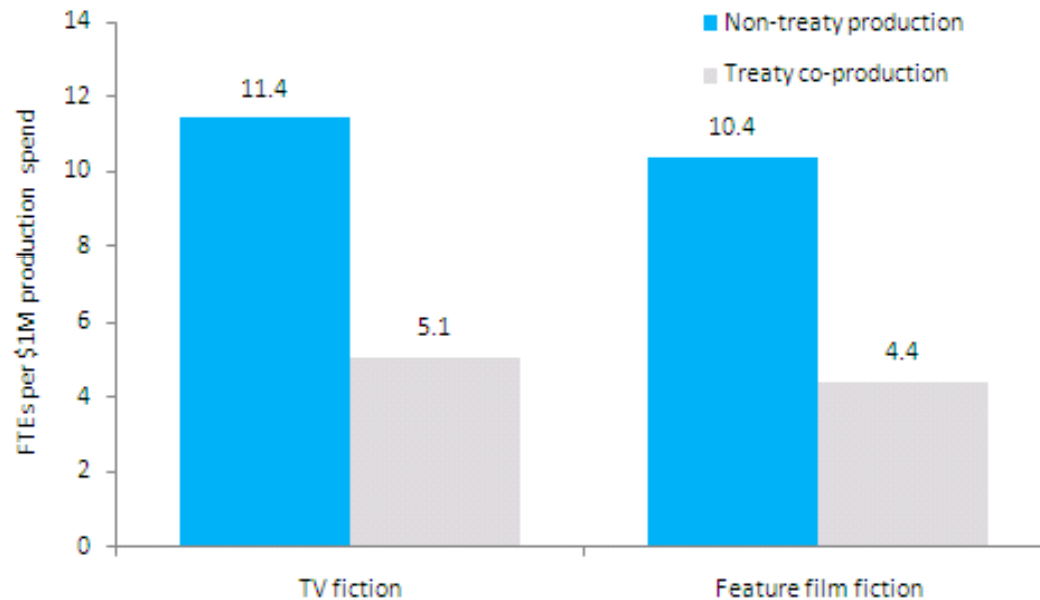
Source: Nordicity estimates based on data from CAVCO and Statistics Canada

* Includes drama, comedy, and children's and youth production; excludes all treaty co-production (majority and minority Canadian).

3. Treaty co-production

- When measured on the basis of global budgets, non-treaty production displays a far higher employment intensity than Canadian treaty co-production.
- In the television segment, the employment intensity of non-treaty production is more than double that of treaty co-production – 11.4 vs. 5.1 FTEs per \$1 million spend. The feature film segment displays a similar relationship – 10.4 FTEs vs. 4.4 FTEs.

Employment intensity of non-treaty production vs. treaty production**



Source: Nordicity estimates based on data from CAVCO and Statistics Canada

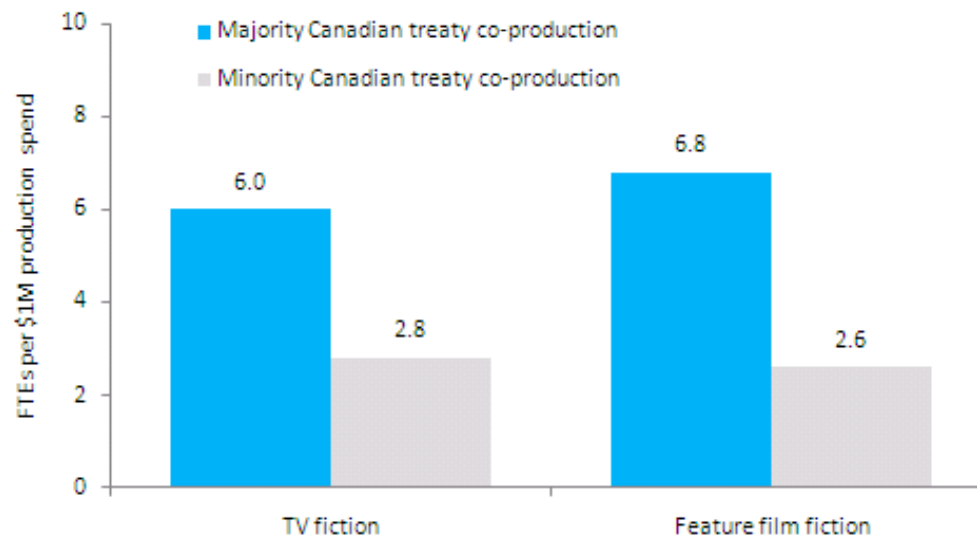
* Includes drama, comedy, and children’s and youth production.

** Calculations based on global budget – Canadian plus foreign budgets

3. Treaty co-production: majority vs. minority

- Based on global budgets, majority treaty co-production in the television segment generates double the level of Canadian employment (6.0 FTEs vs. 2.8 FTEs) for every dollar of production spend.
- In the feature film segment, the difference between the employment intensities of majority and minority co-production is even greater – 6.8 FTEs vs. 2.6 FTEs.

Employment intensity of majority Canadian vs. minority Canadian treaty production** (fiction* genre only)



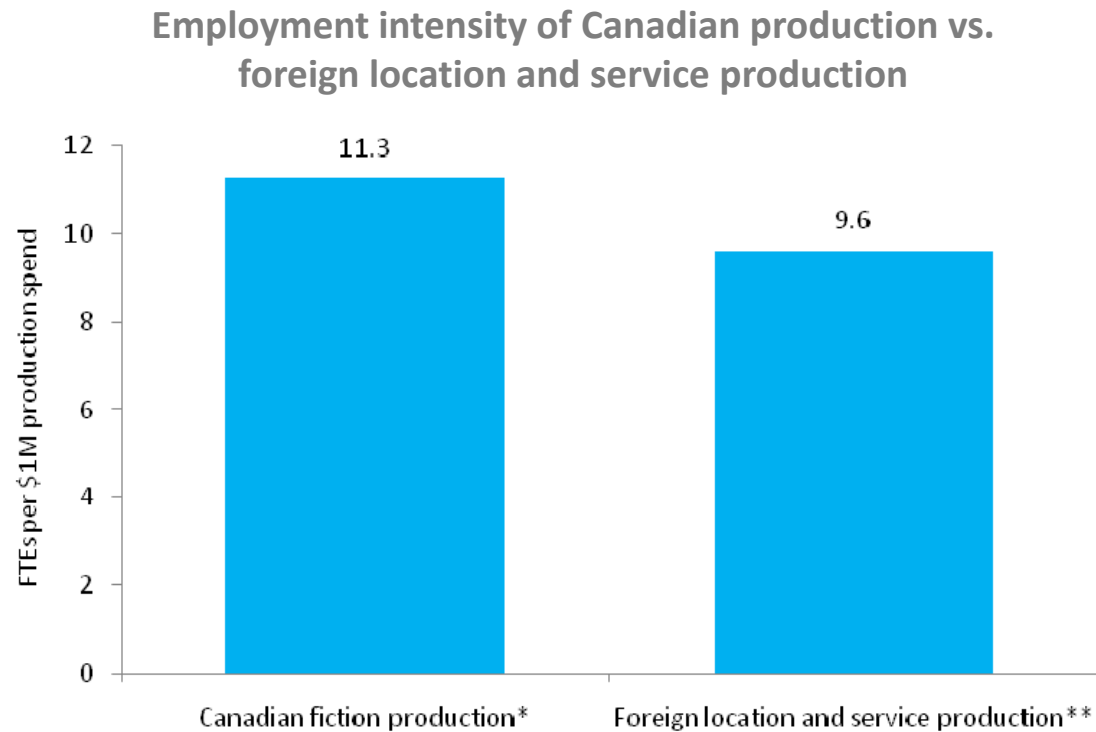
Source: Nordicity estimates based on data from CAVCO and Statistics Canada

* Includes drama, comedy, and children's and youth production.

** Calculations based on global budget – Canadian plus foreign budgets

3. Foreign location and service production

- For every dollar of production spend in Canada, Canadian fiction production generates 17% more employment (11.3 FTEs vs. 9.6 FTEs) for Canadians than FLS production.



Source: Nordicity estimates based on data from CAVCO, BC Film, and Statistics Canada

* Includes drama, comedy, and children’s and youth production; ; excludes all treaty co-production (majority and minority Canadian).

** Includes television and feature film production across all genres; the vast majority of production in in the fiction genre.

Appendix: Data tables

Calculation of employment intensity of Canadian production

| Category | Total volume (\$M) | Eligible Canadian labour (%) | Eligible Canadian labour (\$M) | Average FTE salary (\$) | Estimated number of FTEs | Employment intensity (FTEs per \$1M) |
|-------------------|--------------------|------------------------------|--------------------------------|-------------------------|--------------------------|--------------------------------------|
| TV fiction* | | | | | | |
| All points** | 4,183.0 | 55.5% | 2,321.6 | 48,518 | 47,800 | 11.4 |
| 10 points | 2,720.0 | 58.0% | 1,577.6 | 48,518 | 32,500 | 11.9 |
| 9 points | 326.0 | 52.3% | 170.5 | 48,518 | 3,500 | 10.7 |
| 6 to 8 points | 1,137.0 | 47.5% | 540.1 | 48,518 | 11,100 | 9.8 |
| Other TV genres | | | | | | |
| All points** | 2,684.0 | 54.7% | 1,468.1 | 48,518 | 30,300 | 11.3 |
| 10 points | 2,452.0 | 54.9% | 1,346.1 | 48,518 | 27,700 | 11.3 |
| 9 points | 147.0 | 51.5% | 75.7 | 48,518 | 1,600 | 10.9 |
| 6 to 8 points | 85.0 | 47.7% | 40.5 | 48,518 | 800 | 9.4 |
| Fiction* features | | | | | | |
| All points** | 679.0 | 50.5% | 342.9 | 48,518 | 7,100 | 10.5 |
| 10 points | 297.0 | 53.2% | 158.0 | 48,518 | 3,300 | 11.1 |
| 9 points | 254.0 | 48.9% | 124.2 | 48,518 | 2,600 | 10.2 |
| 6 to 8 points | 128.0 | 46.0% | 58.9 | 48,518 | 1,200 | 9.4 |

Source: Nordicity estimates based on data from CAVCO and Statistics Canada

* Includes drama, comedy, and children's and youth production.

** Excludes all treaty co-production

Appendix: Data tables

Calculation of employment intensity of treaty and non-treaty co-production**

| Category | Total volume (\$M) | Eligible Canadian labour (%) | Eligible Canadian labour (\$M) | Average FTE salary (\$) | Estimated number of FTEs | Employment intensity (FTEs per \$1M) |
|--------------------------------------|--------------------|------------------------------|--------------------------------|-------------------------|--------------------------|--------------------------------------|
| Canadian fiction* | | | | | | |
| Feature film | 1,049.0 | 50.5% | 529.7 | 48,518 | 10,900 | 10.4 |
| TV | 4,755.0 | 55.5% | 2,639.0 | 48,518 | 54,400 | 11.4 |
| Treaty co-pro** (fiction*) | | | | | | |
| Feature film | <i>n.a.</i> | 21.2% | <i>n.a.</i> | 48,518 | <i>n.a.</i> | 4.4 |
| TV | <i>n.a.</i> | 24.7% | <i>n.a.</i> | 48,518 | <i>n.a.</i> | 5.1 |
| Majority treaty co-pro** (fiction*) | | | | | | |
| Feature film | <i>n.a.</i> | 32.8% | <i>n.a.</i> | 48,518 | <i>n.a.</i> | 6.8 |
| TV | <i>n.a.</i> | 29.2% | <i>n.a.</i> | 48,518 | <i>n.a.</i> | 6.0 |
| Minority treaty co-pro ** (fiction*) | | | | | | |
| Feature film | <i>n.a.</i> | 12.6% | <i>n.a.</i> | 48,518 | <i>n.a.</i> | 2.6 |
| TV | <i>n.a.</i> | 13.5% | <i>n.a.</i> | 48,518 | <i>n.a.</i> | 2.8 |

Source: Nordicity estimates based on data from CAVCO and Statistics Canada

* Includes drama, comedy, and children's and youth production.

** Calculations based on global budget – Canadian plus foreign budgets

n.a. – data not available (data not required for calculation of employment intensity)

Appendix: Data tables

Calculation of Canadian labour share for foreign location and service production

| Year | Value of credit (\$) | Total project spend left in BC (\$) | Tax credit rate | Implied Canadian labour (%) | Canadian labour share |
|----------|----------------------|-------------------------------------|-----------------|-----------------------------|-----------------------|
| 2004/05* | 49,489,711 | 1,037,858,090 | 11.0%/18.0% | 449,906,464 | 43.3% |
| 2005/06 | 74,210,821 | 973,268,106 | 18.0% | 412,282,339 | 42.3% |
| 2006/07 | 82,675,179 | 982,320,991 | 18.0% | 459,306,550 | 46.8% |
| 2007/08* | 114,584,946 | 1,174,097,705 | 18.0%/25.0% | 636,583,033 | 54.2% |
| 2008/09 | 113,830,798 | 900,331,288 | 25.0% | 455,323,192 | 50.6% |
| 2009/10 | 129,021,754 | 1,092,404,202 | 25.0% | 516,087,016 | 47.2% |
| | | | | Average | 46.7% |

Source: BC Film

* Data excluded from calculations due to changes in tax credit rate.

Appendix: Data tables

Calculation of employment intensity of foreign location and service production

| Category | Total volume (\$M) | Eligible Canadian labour (%) | Eligible Canadian labour (\$M) | Average FTE salary (\$) | Estimated number of FTEs | Employment intensity (FTEs per \$1M) |
|-----------------------------|---------------------------|-------------------------------------|---------------------------------------|--------------------------------|---------------------------------|---|
| Canadian fiction production | 5,803.0 | 54.7% | 3,174.2 | 48,518 | 65,400 | 11.3 |
| FLS production | 6,335.0 | 46.7% | 2,958.4 | 48,518 | 61,000 | 9.6 |

Source: Nordicity estimates based on data from CAVCO, BC Film and Statistics Canada

* Includes drama, comedy, and children's and youth production.

Nordicity

Toronto

+1 416 657 2521

London, UK

+44 751 197 9022

Ottawa

+1 613 234 0120

Vancouver

+1 604 340 7997

nordicity.com