COVID-19 Impact Analysis

Employment at Risk due to Shutdowns in the Screen-based Media Production Sector

April 8, 2020

1. Key Figures

Headline Data

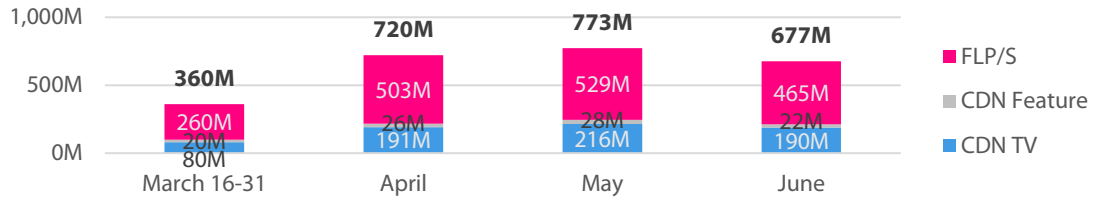
From March to June 2020:

- $2.5 billion in screen-based media production volume at risk of disruption or permanent loss
- Of that amount, $1.4 billion relates to spending on labour
- 73,000 to 81,000 cast and crew will be affected by work disruptions or work stoppages
- 155,000 to 172,000 workers across the Canadian economy will be affected by disruptions

Screen-based Media Production Spending

The following chart summarizes Nordicity's estimate of production spending in Canada that has been, or is at risk of being, disrupted by the COVID-19 shutdown in each month from March 16 to June 2020.

Estimated production spending ($) affected by COVID-19 disruptions from March 16 to June, 2020

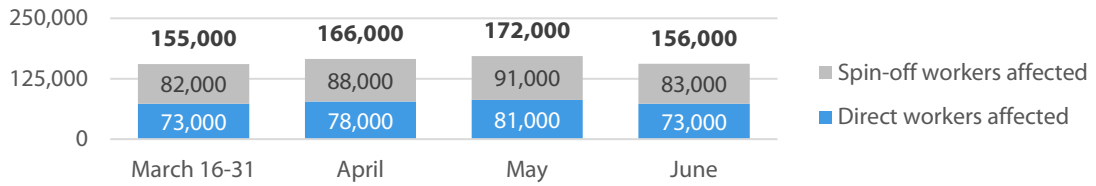


Sources: CAVCO, CMPA, AQPM, DGC, Nordicity research
Production spending includes foreign location and service (FLP/S), Canadian theatrical feature film (CDN Feature), and Canadian television production (CDN TV), as defined in the CMPA's annual Economic Profile of the Screen-based Media Production Industry in Canada. This estimate does not include broadcaster in-house production.

Direct and Spin-off Screen-based Media Workers Affected by Shutdown

The following chart summarizes Nordicity's estimate of the number of individual workers affected by the COVID-19 shutdown. In any given month, **between 155,000 and 172,000 people will be affected by work disruptions or work stoppages**.

Estimated number of individual workers affected by COVID-19 work disruptions or work stoppages

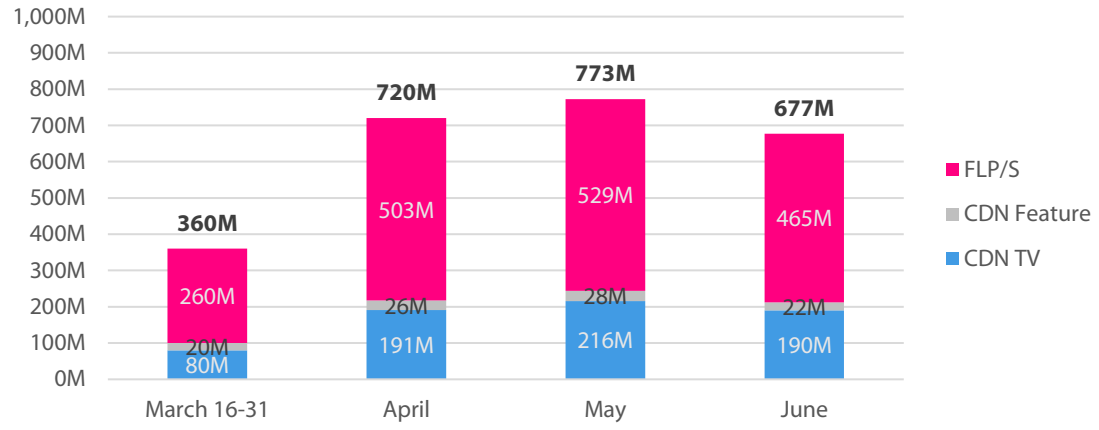


Sources: CAVCO, CMPA, AQPM, DGC, Nordicity research
Spin-off workers were estimated based on a ratio of 10.01 FTEs per million dollars of production spending.

2. Summary of Analysis

The following chart illustrates Nordicity's estimate of screen-based media production spending that was expected to occur from March 16 to June, based on monthly data provided by CAVCO and a list of projects currently in production from the CMPA, AQPM and DGC.

Figure 1: Estimated production spending ($) from March to June, 2020[1]



Sources: CAVCO, CMPA, AQPM, DGC, Nordicity research

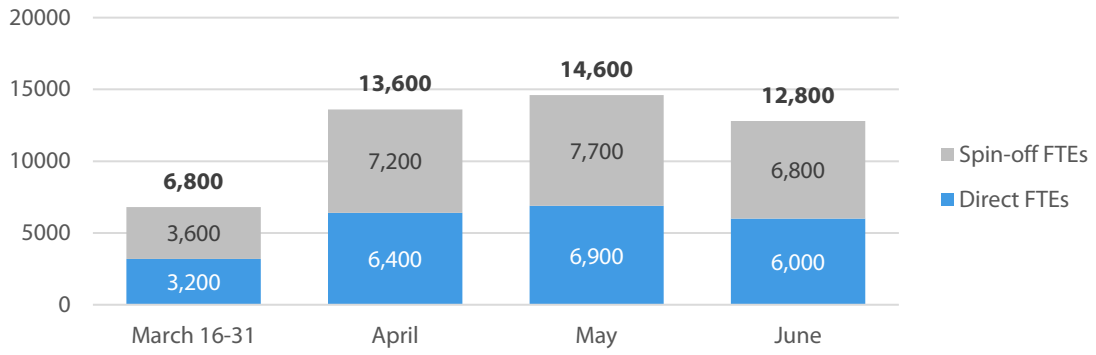
More precisely, the above chart is built from the following data sources:

- **Industry Data:** Production spending was first estimated based on a list of current and forthcoming productions from the CMPA, AQPM and DGC. All data drawn from this source represents production spending that was/is scheduled to occur on or after March 16
- **FLS Ratio:** A portion of the FLP/S production volume was assumed to be US-run foreign location shooting that wouldn't be captured in the CMPA, AQPM and DGC dataset. This assumption boosted FLS spending in March to be consistent with the level observed in the past two years of CAVCO production spending data.
- **Seasonal Trends:** Based on monthly CAVCO production spending data, Nordicity extrapolated from the total level of production spending estimated for March. This step of the analysis accounts for forthcoming productions that are not yet captured in the lists provided by the CMPA, AQPM and DGC, and aligns overall production spending in the period from March to June with seasonal trends observed over the past five years. Extrapolated production spending was allocated to each type of production based on annual averages.

[1] **Production spending** includes foreign location and service, Canadian theatrical feature film, and Canadian television production, as defined in the CMPA's annual Economic Profile of the Screen-based Media Production Industry in Canada. These estimates do not include (a) broadcaster in-house production, (b) administrative workers at production companies whose remuneration is supported by revenue other than producers' fees or (c) projects that were solely in the post-production phase during the time frame of this analysis but may face possible disruption as a result of COVID-19. Broken out figures may not sum exactly to totals due to rounding.

The following chart summarizes the employment impact (FTEs) of COVID-19 work disruptions or work stoppages based on the preceding estimate of production spending in each month.

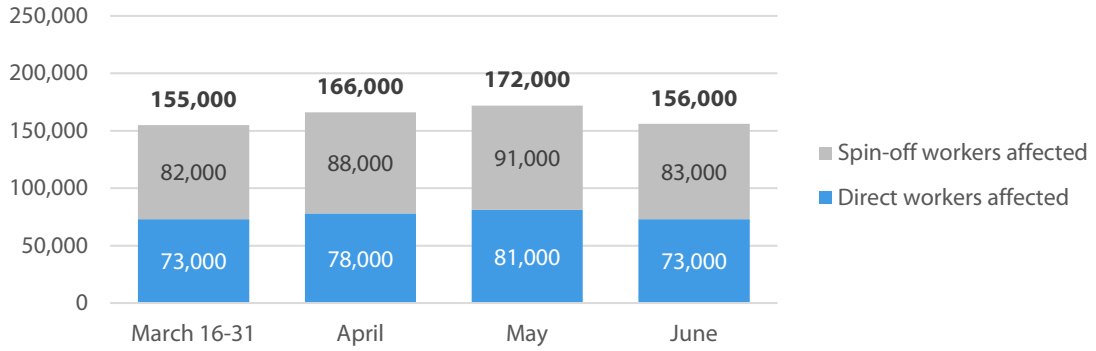
Figure 2: Estimated employment impact of COVID-19 disruptions by month (FTEs)



Sources: CAVCO, CMPA, AQPM, DGC, Nordicity research

The following chart summarizes Nordicity's estimate of the number of individual workers affected by the COVID-19 disruptions. This chart adjusts the preceding FTE estimates to assess the number of full-time jobs likely to be affected during each period of a prospective disruption.

Figure 3: Estimated workers affected by COVID-19 work disruption or work stoppage

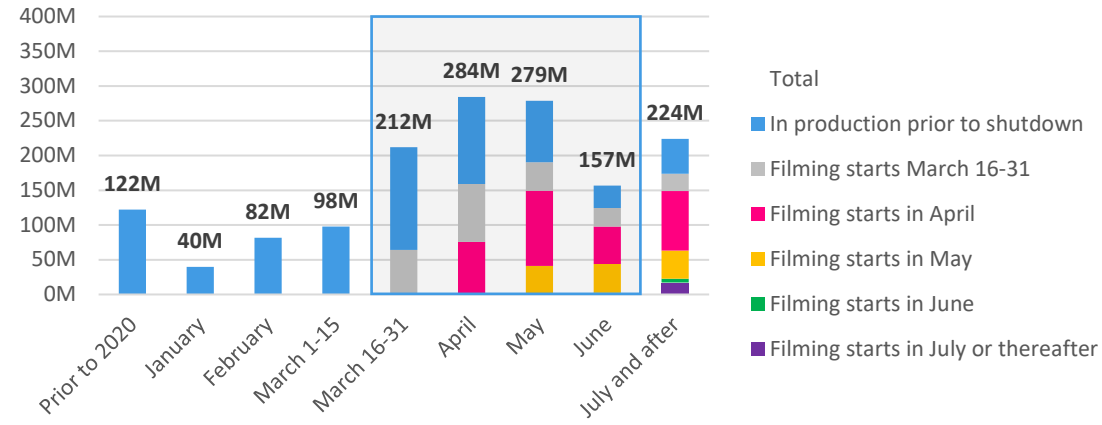


Sources: CAVCO, CMPA, AQPM, DGC, Nordicity research

Although these employment impacts are significant, the effect of a production shutdown will likely exceed the estimates articulated above, which are solely based on the value of spending expected to take place in a given month. At the outset of the COVID-19 shutdown, many projects in production were disrupted, and a continuing shutdown may lead to these (and future) projects being cancelled.

To illustrate this point, **Figure 4** summarizes the value of production spending over time, based on information about current and forthcoming screen-based media projects provided by the CMPA, AQPM and DGC. This diagram provides a more detailed view of the data which is summarized in the blue and grey segments in Figure 1. In **Figure 4**, each colour segment represents a 'cohort' of production projects that will be disrupted by, and **potentially cancelled** due to, the COVID-19 disruptions. For example, the blue bars represent production that was already in production on March 16, the grey bars represent productions that were scheduled to start between March 16 and March 31, and the fuchsia bars represent productions scheduled to start in April. Note that this data represents productions that are either currently in production or scheduled to start in the near-term, so the decline in subsequent months is not indicative of an overall decline in production spending – this is simply a known limitation of the data source.

Figure 4: Timeline of Affected Production Budgets and Estimated Production Spending Data ($)



Sources: CMPA, AQPM, DGC, Nordicity research