

Snapshot 2009

On Screen Manitoba

**Prepared by
Nordicity Group Ltd.**

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This study was prepared by Nordicity Group Ltd.

Nordicity Group Ltd. (nordicity.com) is one of Canada's leading strategy-consulting firms for clients in the creative, telecommunications and technology industries. Our consultants work with clients in both the private and public sectors to shape business strategy and develop implementation plans.

Manitoba Bureau of Statistics (MBS) prepared the estimates of the indirect and induced economic impacts of the film and television production industry on the Manitoba economy, which were included in the study. These estimates were based on economic data provided by Nordicity Group Ltd.

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Highlights and Key Economic Indicators

- ➔ Manitoba has Canada's **fastest growing** established provincial film and television production industry between 1998/99 and 2007/08
- ➔ **\$685 million** in total film and television production volume over five years between 2003/04 and 2007/08
 - **\$328 million** in **offshore** production volume or **48%** of Manitoba's total production volume
 - **\$157 million** in **co-production** volume
 - **\$110 million** in **indigenous production** volume
 - **\$89 million** in **broadcaster in-house** production volume
- ➔ **\$375 million** in **private investment** financing for Manitoba productions or **63%** of total financing
- ➔ **\$504 million** in **inward investment** (financing originating from outside Manitoba) over the last five years
- ➔ Total direct and spin-off **Gross Domestic Product (GDP)** of **\$365 million** for **Manitoba's economy** over five years
- ➔ Creation of an average **1,600** full time equivalent (FTE) jobs each year
- ➔ An estimated **50 production companies** driving the majority of film & television production employing some **200 Manitobans**
- ➔ Well-established industry with **83% of these companies** in operation for **more than five years**
- ➔ **78% recovery rate** for provincial-government investments and **137% recovery rate** for federal-government investments in Manitoba productions over the past five years
- ➔ Generated **\$331 million** dollars of the **Gross Domestic Product (GDP)** for the **City of Winnipeg** between 2003/04 and 2007/08
- ➔ Creation of **931 full time** equivalent (FTE) **jobs** and **563 spin off** FTEs on an annual basis for the **City of Winnipeg**

FOREWORD

Snapshot 2009 clearly demonstrates that the period between 1998/99 and 2007/08 was a time of tremendous growth for Manitoba's film and television production industry. However, in the year ending March 31, 2009 the industry contracted significantly due to a 'perfect storm' of economic and industry factors including the increase in value of the Canadian dollar, the world-wide recession, a crisis in Canadian broadcasting, a slew of new tax credits in American states and the expansion of incentives in Canada's major production centres (Ontario and Quebec). In 2008/09 production volumes reached \$77.8 million – a 45% decrease compared to \$142.5 million in production in 2007/08. Total full time jobs are estimated to have dropped by approximately 45%, as well.

To ensure our readers have this context from which to understand the film and television production industry's most recent situation we have included the 2008/09 production figures below.

\$77.8 million in **total film and television production** volume:

- **\$5.9 million** in **offshore** production
- **\$39.2 million** in **co-production** volume
- **\$19.5 million** in **indigenous** production
- **\$13.2 million** in broadcaster in-house production

Of the total production volume:

- **Film** made up **\$7.8 million**
- **Television** made up **\$70 million** (this includes made for television movies)

Genres included:

- **\$39.7 million** in **drama**
- **\$4.0 million** in **variety**
- **\$17.9 million** in **documentary**
- **\$3.0 million** in **children's**

(broadcaster in-house production not included above)

The industry remains vulnerable to international market and economic factors, however, ten years of development and capacity growth of the infrastructure, workforce, creative talent and production companies have produced the diversity and competitive advantages needed to re-build momentum. The following study demonstrates this.

Tara Walker, Executive Director
On Screen Manitoba

Executive Summary

Manitoba's film and television production industry has been an unparalleled success over the last decade. Between the 1997/98 and 2007/08 fiscal years, Manitoba had the fastest growing film and television production industry among Canada's established production centres. The province's total volume of production more than **quadrupled** from \$34.4 million to \$142.5 million over this ten-year time span.

It is important to mention that this remarkable growth happened in a community more than two thousand kilometers from most of Canada's film and television decision makers in Toronto and Montreal, and without any direct air links to Los Angeles or New York, the world's film and television capitals.

The creative and entrepreneurial capacity of Manitoba's film and television producers, skilled crews and creative talent combined with competitive industry-support programs from all levels of government, and a commitment to training and business development by both industry and government paved the way for the industry's success.

Snapshot 2009 presents the evidence for continued investment in Manitoba's film and television production industry from all stakeholders – municipal, provincial and federal governments, organized labour, Canadian broadcasters and distributors, suppliers, production companies, industry organizations and Manitoba's citizens. Manitoba has been very successful at attracting offshore production to the province – \$328 million worth over the last five years. At the same time, the industry expanded its rapidly increasing domestic production sector: the levels of co-production and indigenous production have increased by **120%** since 2003/04.

Anchoring the growth in Manitoba's industry is the Manitoba Film and Video Production Tax Credit. The provincial tax credit (\$68.0 million over five years¹) along with the Manitoba Film & Music's equity investments (\$7.4 million over five years) triggered more than \$520 million in *additional* production financing, largely from outside the province. All told, for each dollar invested by the Province in the financing of film and television production, an additional \$8.07 in production financing was leveraged from other sources. Manitoba's unique and innovative incentives have drawn 85 cents of every dollar spent on production in Manitoba from outside of the province, making the industry an excellent source of inward investment.

Over the last five years, each dollar spent on wages to Manitoban residents and goods and services provided by Manitoban businesses resulted in \$1.30 of GDP (Gross Domestic Product) for the province. In fact, film and

¹ The financing statistics presented in *Snapshot 2009*, including the estimates Manitoba tax credits, are based on projected financing structure data provided by MFM in June 2008. For some film and television projects, the final financing structure and actual amount of Manitoba tax credit are not known until up to two years following the year of production. For this reason, the financing statistics and amount of Manitoba tax credit payments reported by MFM may differ from those reported in *Snapshot 2009*. The figure of \$68.0 million is based on the projected amount of Manitoba tax credits associated with film and television projects produced between 2003/04 and 2007/08. According to MFM, the actual amount of Manitoba tax credits paid by the Province between 2003/04 and 2007/08 was \$54.3 million.

television production proved to be a very effective source of job creation within Manitoba. For every \$1-million spent on labour and supplies from Manitoba residents and businesses, 27.3 full-time equivalent jobs were created throughout the province's economy.

The Manitoba production industry's strong growth over the last decade and its steady and diversified performance over the last five years have vaulted the province into a position of leadership among Canada's emerging production centres. This has put Manitoba's film and television production industry in a family of select industries – transportation equipment manufacturing (aerospace and large transport vehicles), furniture and financial services – where Manitoba can boast a leadership position within Canada.

Snapshot 2009 estimates that the industry created 1,600 full time equivalent jobs (FTEs) directly and indirectly in 2007 from production activity². Fifty per cent of the film and television workforce is 35 years old or younger. The industry's workforce is also a very diverse one. Approximately 7% of production industry workers in 2006 identified themselves as Aboriginal Canadians. Persons born outside of Canada comprised 9% of the workforce; and workers who identified themselves as a visible minority comprised 8% of the workforce. As well, women play a prominent role throughout the province's film and television production industry. Many of the province's leading production companies are owned and led by women. The same is true for the industry's various support organizations.

Film and television production also creates employment for many other sectors of the Manitoba economy. From artists (all disciplines-visual, performing arts, literary arts), the trades (carpentry, catering, painters, electricians, hairstylists, transportation, stage technicians), technology professions (programmers, designers, special effects) and business skill sets (accounting, legal, logistics, and marketing). The film and television production industry intersects and drives opportunities for other industries, including interactive media and videogame development, hospitality, retail, construction goods, and vehicle and equipment rental businesses. As such, the film and television production industry plays a key role in making Manitoba a place where workers choose to work and live.

Film and television production not only provides opportunities for the province's labour force, but also for entrepreneurs. There are an estimated 50 production companies that drive the majority of film and television production in the province, employing some 200 Manitobans on an ongoing basis. During the production of any given film or television program, that number can rise by an additional 10 to 200 crewmembers for the duration of pre-production and active filming.

While the film and television production industry's accomplishments over the last five years are exceptional, it does face many challenges going forward, particularly from intense domestic and international competition.

² This figure does not include the approximately 35 full time employees (as of July 2009) that work for the industry's support organizations (On Screen Manitoba (6), Film Training Manitoba (6.5), NSI-Canada (10), Winnipeg Film Group (7), Manitoba Film & Music (9 corporate and

Historically, Manitoba held an advantage in being both a production-friendly and cost-competitive jurisdiction. However, in the future, its incentives, the quantity and quality of its production workforce, creative talent and infrastructure will likely play a larger role in its ability to attract production and further develop globally competitive indigenous production.

Key Recommendations

Snapshot 2009's review of the Manitoba production industry and its competitive positioning suggests that targeted action is required to ensure that the industry can continue to grow. The following six recommendations – directed to industry stakeholders, On Screen Manitoba and government – will help Manitoba's production industry maintain its position of leadership within Canada and North America.

1. Support Manitoba's independent production companies to be as internationally and domestically competitive as possible.

- ❖ Ensure financial support is available for Manitoba producers to participate in market development and expand Manitoba's place in the world's film, television and interactive digital media markets.
- ❖ Continue to invite broadcasters and other industry decision-makers to Manitoba.
- ❖ Support On Screen Manitoba in its ongoing market development and market-intelligence initiatives, in order to take a more active role in helping its members succeed in national and international markets.
- ❖ Increase the presence of distributors within Manitoba. On Screen Manitoba and other industry stakeholders should explore the options for assisting Manitoba producers to enter into a new distributor model in which there is a higher degree of coordination and partnership among producers, distributors, and broadcasters with respect to audience development and revenue sharing over multiple platforms.

2. Support Manitoban production companies' ability to build corporate capacity and access to capital.

- ❖ Support production companies to develop new strategic plans, explore new business models and markets, so that they can adapt to the changing needs of the industry and thereby encourage the sustainability of the whole production industry within the province.
- ❖ Investigate ways to improve Manitoba production companies' cash flow and reduce their cost of interim financing – for example, develop a Manitoba-based interim financing facility and initiate advances on the Manitoba tax credit.

film only), nor the estimated 5 full time staff of Manitoba's film festivals and many of the production company employees who work on corporate operation functions on a full or part-time basis.

- ❖ Encourage Manitoba producers to diversify their production financing sources and thereby reduce their reliance on public funding – for example, investigate the feasibility of public/private equity funds and advocate for tax incentives for private investors.
- ❖ Provide support for independent producers and filmmakers to explore new forms of production and digital content production, distribution and revenue models independently and in collaboration with interactive-media companies.

3. Develop the Manitoba industry’s capacity to further increase indigenous and co-productions.

- ❖ Investigate and propose a slate development program for Manitoba’s production companies, in order to boost indigenous productions and co-productions, and build corporate capacity within production companies.
- ❖ Prioritize *industry-building* types of production – dramatic television series, MOWs, feature films (including feature length documentaries), animation– to stimulate growth in these particular types of productions.
- ❖ Enhance the support for Manitoba’s creative talents.
- ❖ Create strategies to further develop the capacity of Aboriginal and Francophone production communities in Manitoba and build Manitoba into a recognized hub for Aboriginal production and Francophone production outside of Quebec.
- ❖ Support the industry to increase the participation of Aboriginal Canadians at all levels and in all roles within the film and television production community in Manitoba.
- ❖ Champion the creation of alternative financing mechanisms and incentives for private investors.

4. Support increased labour force development in Manitoba.

- ❖ Create an industry-driven labour force strategy to develop and retain a culturally diverse and internationally competitive creative and technical workforce in Manitoba.
- ❖ Support Film Training Manitoba (FTM) to lead the development of the industry’s most important asset – its human capital – to meet the needs of a global marketplace.

5. Pursue initiatives to build Manitoba’s competitive advantages, set the stage for future growth and close the gap with peer provinces.

- ❖ Maintain competitive incentives.

- ❖ Investigate the feasibility and the potential cost-benefit of expanding the amount of studio space within the province.
- ❖ Investigate the feasibility of creating an interactive, technology-driven educational provincial broadcaster.
- ❖ Develop an industry-driven plan for maximizing cost efficiencies related to filming in Manitoba.
- ❖ Continue to advocate, on behalf of the Manitoba film and television production industry for direct flights between Winnipeg and Los Angeles, and Winnipeg and New York City. This type of improved transportation link will facilitate a measurable growth in offshore and co-productions.

6. Pave the way for a highly integrated traditional and digital interactive media industry that puts Manitoba in a position of leadership in creative content creation.

- ❖ In collaboration with the interactive media community, develop a digital media strategy for Manitoba that aligns government industry strategies in Manitoba under one vision.
- ❖ Champion the creation of a creative cluster strategy for Winnipeg and Manitoba, and advocate for its adoption by the City of Winnipeg and the Province of Manitoba.
- ❖ Support screen-based media industries to take a leading role in establishing Manitoba as a cultural capital, which draws on the province's broad range of creative talent, social diversity, and unique demographic composition and heritage.

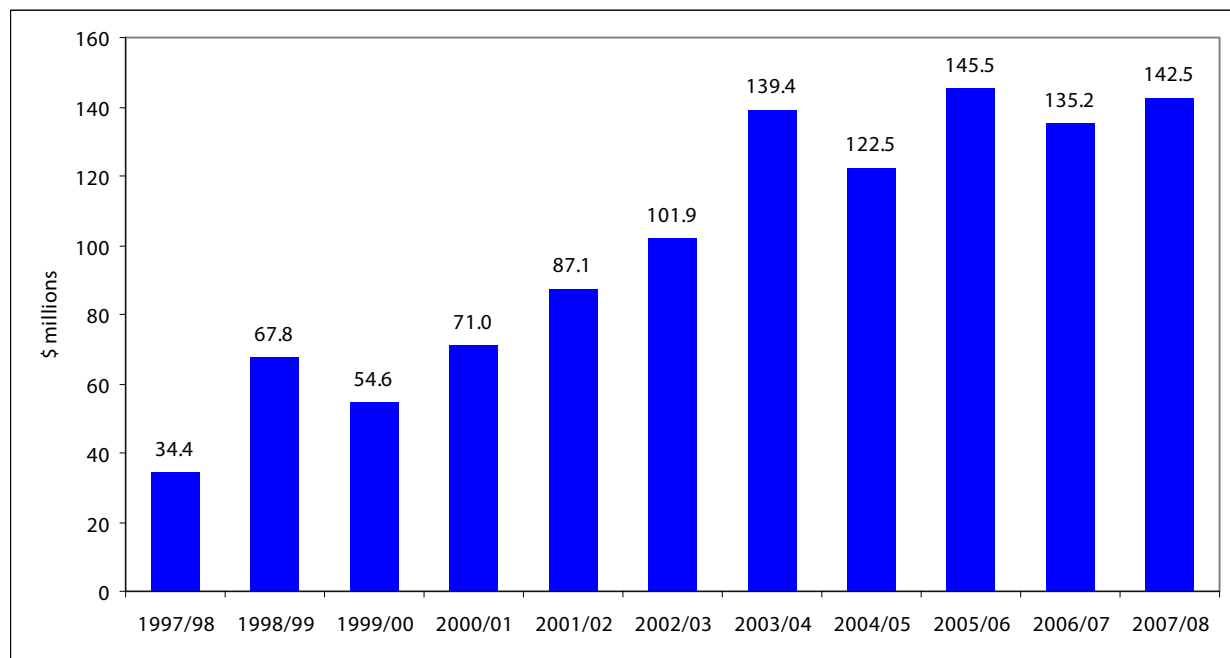
1 Introduction

1.1 Background

Manitoba: home to Canada's fastest-growing production centre over the last decade

Manitoba's film and television production industry has been an unparalleled success over the last decade. Between the 1997/98³ and 2007/08 fiscal years, Manitoba had the fastest-growing film and television production industry among Canada's established production centres: the total volume of film and television production in the province more than quadrupled from \$34.4 million to \$142.5 million. While the annual levels of production volume levelled-off over the last five years, the annual average growth across the last decade was 15.3%.

Table 1-1 Total volume of film and television production* in Manitoba, 1997/98 to 2007/08



Sources: Nordicity tabulations based on data from Manitoba Film & Music and CRTC
 *Includes estimates for broadcaster in-house production in Manitoba

During this decade of rapid growth, Manitoba was home to several long-running non-fiction series, including, *The Sharing Circle* (13 seasons), and *Recreating Eden* (5 seasons). Manitoba was also home to the comedy series *Less than Kind* and the prime time Canadian drama series *Falcon Beach* (two seasons and movie-of-the-week [MOW]). Manitoba's production community generated several notable Canadian feature films over the last

³ All of the statistical indicators in this report are presented on fiscal-year basis, running from April 1 to March 31. The 1998/99 fiscal year refers to the period April 1, 1998 to March 31, 1999.

decade, as well, including the adaptation of the Canadian literary classic, *The Stone Angel*, and Guy Maddin's award-winning documentary, *My Winnipeg*. Alongside its achievements in Canadian production, the province was a host location for numerous blockbuster films. They included *Capote*, which was a co-production with Manitoba's own Eagle Vision, *Shall We Dance* starring Richard Gere, Susan Sarandon and Jennifer Lopez, and *The Assassination of Jesse James by the Coward Robert Ford* starring Brad Pitt.

A strong partnership among all industry stakeholders paved the way for the tremendous growth of film and television in Manitoba

The tremendous growth of Manitoba's film and television production industry has been an extraordinary achievement. It was made possible through a combination of factors: the creative and entrepreneurial spirit of Manitoba's film and television producers, competitive industry-support programs from all levels of government, and a commitment to training and professional development by both industry and government. This success has been a product of strong partnerships among all industry stakeholders – producers, filmmakers, crews, government, organized labour, Manitoba Film & Music,⁴ industry associations and training organizations – to work towards the common goal of growing the industry in the province.

What is most remarkable is that Manitoba's production community achieved all this growth while being more than 2,000 kilometres from most of Canada's film and television decision makers in Toronto and Montreal, and without any direct air links to Los Angeles or New York. Despite these geographic challenges, Manitoba's producers created more than \$100 million (five-year total) worth of indigenous television programs and films for Canadian and international audiences between 2003/04 and 2007/08, forged more than \$150 million (five-year total) worth of co-production projects with producers located outside the province during this period, and attracted more than 50 offshore film and television projects which injected more than \$130 million (five-year total) worth of production expenditures into the province's economy.

Manitoba's unique approach to industry support has made it a very production-friendly market and a leader among other provinces

In large part, Manitoba's unique approach to industry support has made it an incredibly production-friendly market and a leader among other provinces in Canada. The support programs available to Manitoba producers have helped them to overcome many of the challenges they face in developing the production industry in the province. The Manitoba Film and Video Tax Credit is unique among Canada's provincial tax incentives for film and television production and offers one of the most competitive incentives for producers, particularly frequent filmmakers, who can benefit from a 10% bonus – the highest among Canadian provinces. The Manitoba Film & Music Equity Program provides additional financial support and attracts producers from other parts of Canada to

⁴ Formerly Manitoba Film & Sound

enter into co-productions with Manitoba producers. The Manitoba Film & Music Equity Program has also been very successful in turning many offshore projects into Manitoba co-productions. Another very successful support program has been On Screen Manitoba's Manitoba Music & Motion Pictures Development Project (M3P). It has given Manitoba producers access to the financial support they need to further their marketing, professional-development and corporate development goals. Complementing these Manitoba Film & Music and On Screen Manitoba programs has been Film Training Manitoba (FTM), which has played a key role in ensuring Manitoba's production workforce has remained competitive with other provinces and American states.

1.2 About Snapshot 2009

Snapshot 2009 provides a comprehensive review of Manitoba's production industry and its contribution to the province's economy, and social and cultural fabric over the last five fiscal years – 2003/04 to 2007/08. *Snapshot 2009* also provides readers with an analysis of the province's competitive positioning within the national production landscape and the increasingly globalized film and television production industry. It draws on information and data collected through key informant interviews, an online survey of Manitoba production companies, and a poll of producers outside of the province who have produced films or television programs in Manitoba. In addition to this primary research, *Snapshot 2009* sources production activity and financing data from Manitoba Film & Music, the Canadian Film and Television Production Association (CFTPA), the Association of Provincial Funding Agencies (APFA), the Canadian Radio-television and Telecommunications Commission (CRTC), the Canadian Television Fund (CTF), Telefilm Canada, the Canadian Audio-Visual Certification Office (CAVCO), and Statistics Canada.

1.3 A Case for Manitoba's Film and Television Production Industry

The rapid expansion of Manitoba's production industry over the past decade has generated significant economic and socio-cultural benefits for the province. However, a close examination of the industry's historical development and competitive positioning is now necessary to understand how it can continue to grow and provide the province with economic benefits such as job creation, inward investment, and gross domestic product (GDP).

Snapshot 2009 presents the evidence for continued support for and investment in the industry from all stakeholders – municipal, provincial and federal governments, organized labour, Canadian broadcasters and distributors, training institutions, along with the citizens of Manitoba themselves.

Snapshot 2009 begins with a five-year historical review of the performance of the Manitoba production industry and its economic, social, and cultural impacts. This review shows that the industry has been very successful at drawing offshore production to the province, and in recent years, has built a burgeoning domestic production

sector with increased levels of co-production and indigenous production. Manitoba's unique and innovative tax incentive and commitment to marketing has meant that two out of every three dollars spent on production in the province originated outside of the province, making the industry an excellent source of inward investment.

Over the last five years, each dollar of labour and supplies provided to film and television production by Manitoba residents and businesses resulted in \$1.30 of GDP for the province. In fact, film and television production proved to be a very effective source of job creation within Manitoba. For every \$1-million spent exclusively in Manitoba on labour and supplies from Manitoba residents and businesses over the past five years, 27.3 full-time equivalent jobs (FTEs)⁵ were created throughout the province's economy.

The Manitoba production industry's strong growth over the last decade and its steady and diversified performance over the last five years have vaulted the province into a position of leadership among Canada's emerging production centres. This has put Manitoba's film and television production industry in a family of select industries – transportation equipment manufacturing (aerospace and large transport vehicles) and financial services – where the Manitoba can boast a leadership position within Canada.

As a result of the industry's growth and development, an estimated 1,500 Manitobans work on either a full- or part-time basis in film and television production. The industry provides employment for a range of skill levels and professions. One-half of those working in Manitoba's film and television production industry are under the age of 35, and more than 70% do not have a university degree. Women own many of the province's leading production companies. In fact women occupy prominent roles throughout the province's production industry.

Film and television production not only provides opportunities for the province's labour force, but also for the province's entrepreneurs. There are some 50 production companies that drive the majority of film and television production in Manitoba. These companies earn an estimated \$10 million in annual revenue, and employ some 200 Manitobans' on an ongoing basis. This does not include the industry's support organizations that employ an additional 54 Manitobans, once again, with women in many of the leadership roles.

A review of Manitoba's competitive position in light of market and regulatory developments in Canada and around the world shows that on most measures it is very competitive with its peers. Manitoba's *fully bonused* tax credit is one of the highest in Canada (65%), matching that of Nova Scotia. Like many of its peer provinces (Nova Scotia, Saskatchewan and Ontario) Manitoba offers equity investment, development funding, and assistance for travel, marketing and corporate development. However, in comparison to its peers, Manitoba has much less purpose-built soundstage space, and lacks a provincial educational broadcaster. From an international perspective, Manitoba is considered a very receptive, professionally capable and cost-competitive location for visiting producers.

⁵ A full-time equivalent job or FTE refers to a single person employed on full-time basis throughout the calendar year, two persons employed on a half-time basis throughout the calendar, or, in general, *n* persons employed for 1/*n* of the calendar year.



The evidence in *Snapshot 2009* demonstrates that Manitoba's production industry has a solid foundation upon which to grow and compete. *Snapshot 2009* concludes with a set of recommendations designed to help the industry continue to be competitive and develop a sustainable screen-based production industry positioned to create and exploit its intellectual property across traditional and new media platforms worldwide.

2 A Five-Year Historical Review

2.1 Total Volume of Production

\$685 million in total production volume over the last five years

Between 2003/04 and 2007/08 the volume (sum of total budgets) of Manitoba’s film and television production –

Indigenous and co-productions such as “The Stone Angel” and “Walk All Over Me” have outpaced the province’s share of offshore productions

including offshore, co-production, indigenous, and broadcaster in-house production – totalled \$685 million. During this period, offshore production accounted for nearly one-half of Manitoba’s production volume. However, while the offshore segment was Manitoba’s largest over the last five years, Manitoba producers expanded the province’s volume of co-production and indigenous production. This was, in part, due to offshore production levels

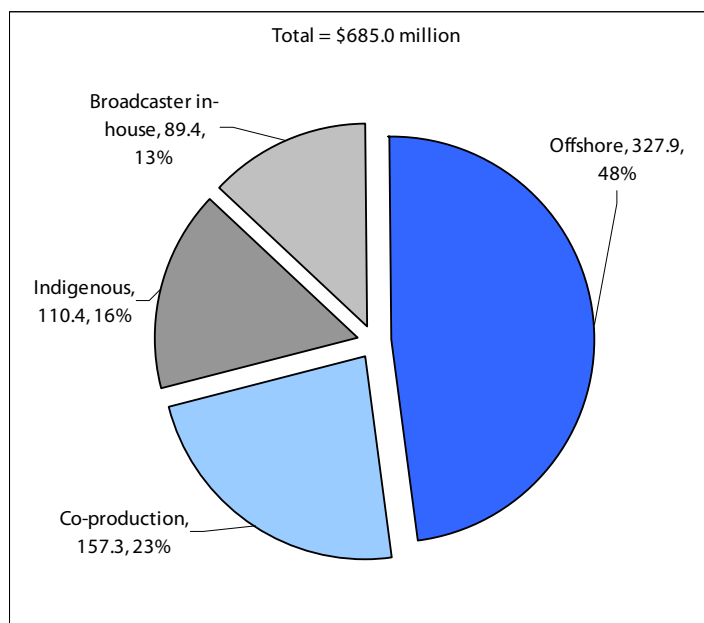
starting to decline in step with the stronger Canadian dollar.

Offshore production (for which the copyright is held by a producer outside of Manitoba) was the single largest segment of the Manitoba production industry between 2003/04 and 2007/08. It accounted for \$327.9 million in production volume, or 48% of the province’s total production during the five-year period.

Between 2003/04 and 2007/08, Manitoba producers increased their output of co-production (in which a Manitoba producer shares the copyright with a non-Manitoba producer) and indigenous production (production in which a Manitoba producer controls the copyright). Co-

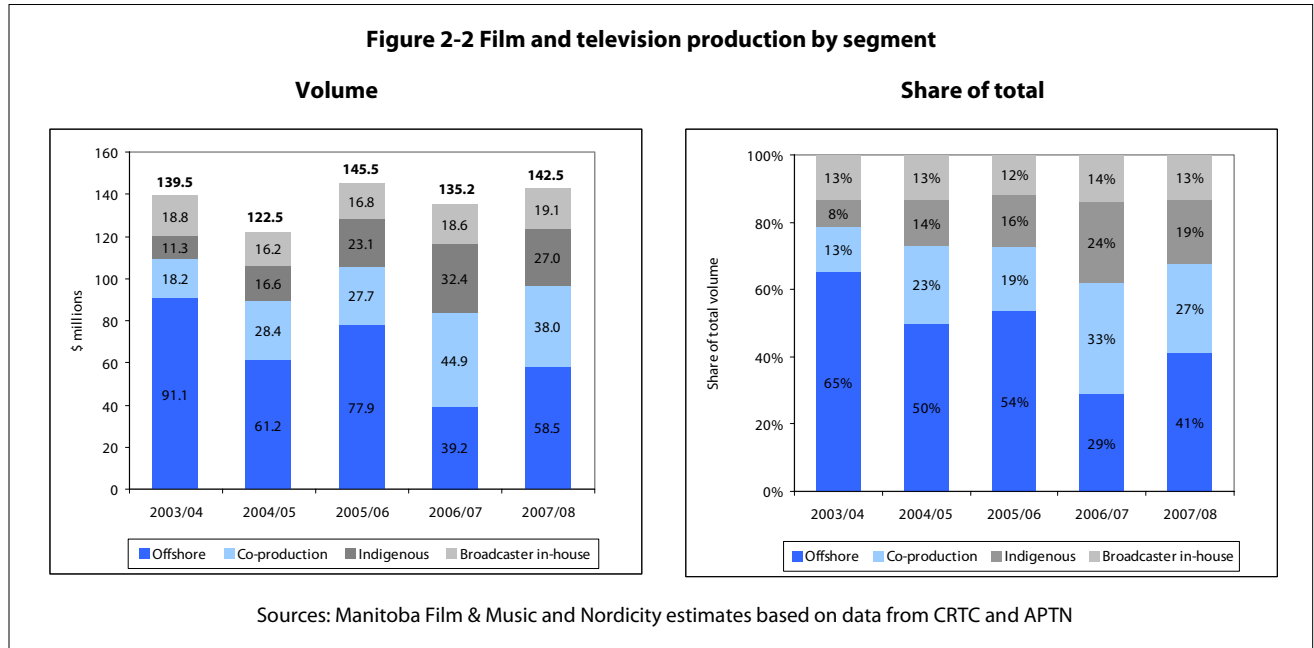
production volume more than doubled: increasing from \$18.2 million in 2003/04 to \$44.9 million in 2006/07, before slipping to \$38.0 million in 2007/08 (Figure 2-2). Indigenous production volume nearly tripled: in

Figure 2-1 Five-year share of total volume of production, by segment, 2003/04 to 2007/08 (\$ millions)

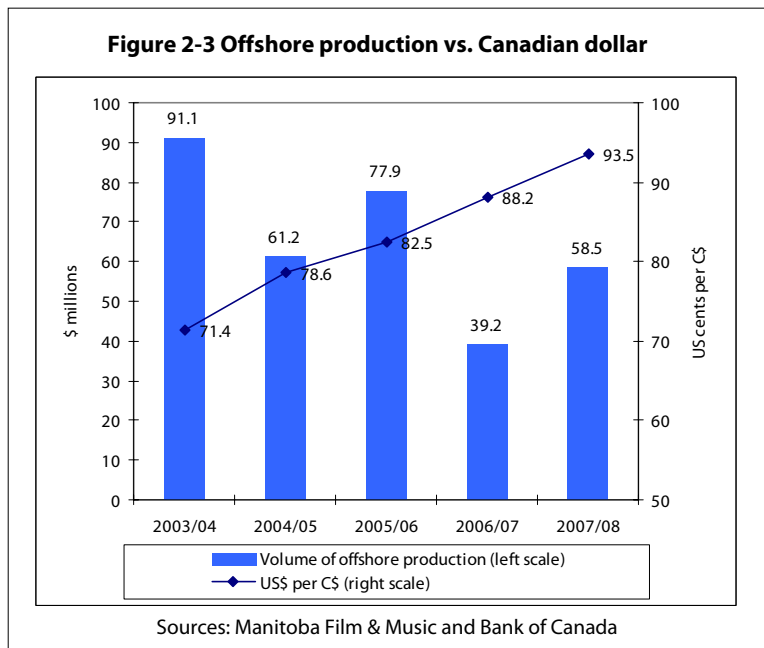


Sources: Manitoba Film & Music and Nordicity estimates based on data from CRTC and APTN

2003/04, it stood at \$11.3 million; by 2006/07 it rose to \$32.4 million, before slipping to \$27.0 million in 2007/08 (Figure 2-2).



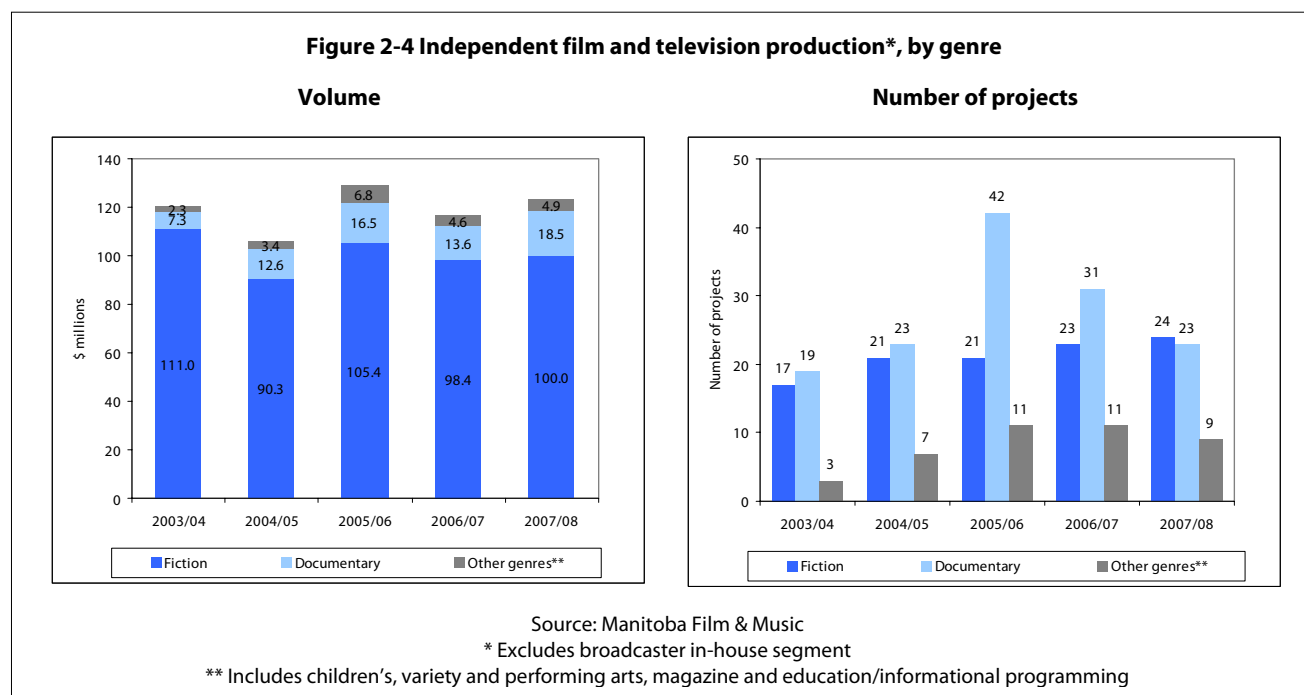
While the lower levels of offshore production reflect factors external to Manitoba, the fact that overall production activity did not drop in step with offshore production is evidence that Manitoba's production community effectively diversified into co-production and indigenous production. As the rising Canadian dollar made it more expensive for Hollywood producers to film on location in Manitoba, the province's producers went out and struck more and larger co-production deals with producers outside Manitoba. Manitoba producers also offset the drop in offshore production activity by increasing the indigenous production in the province.



2.2 Genre

Producers made more than \$500 million worth of fiction programming and films, and over 130 documentaries over the past five years in Manitoba

Production in both the fiction and documentary genres played a prominent role in Manitoba’s production industry between 2003/04 and 2007/08. Fiction production totalled \$505.1 million over the five-year period, accounting for 85% of the province’s total production volume. Manitoba’s production of film and television programs in the fiction genre was fairly consistent over the five-year period: annual levels of fiction production ranged from \$90 million to \$111 million.



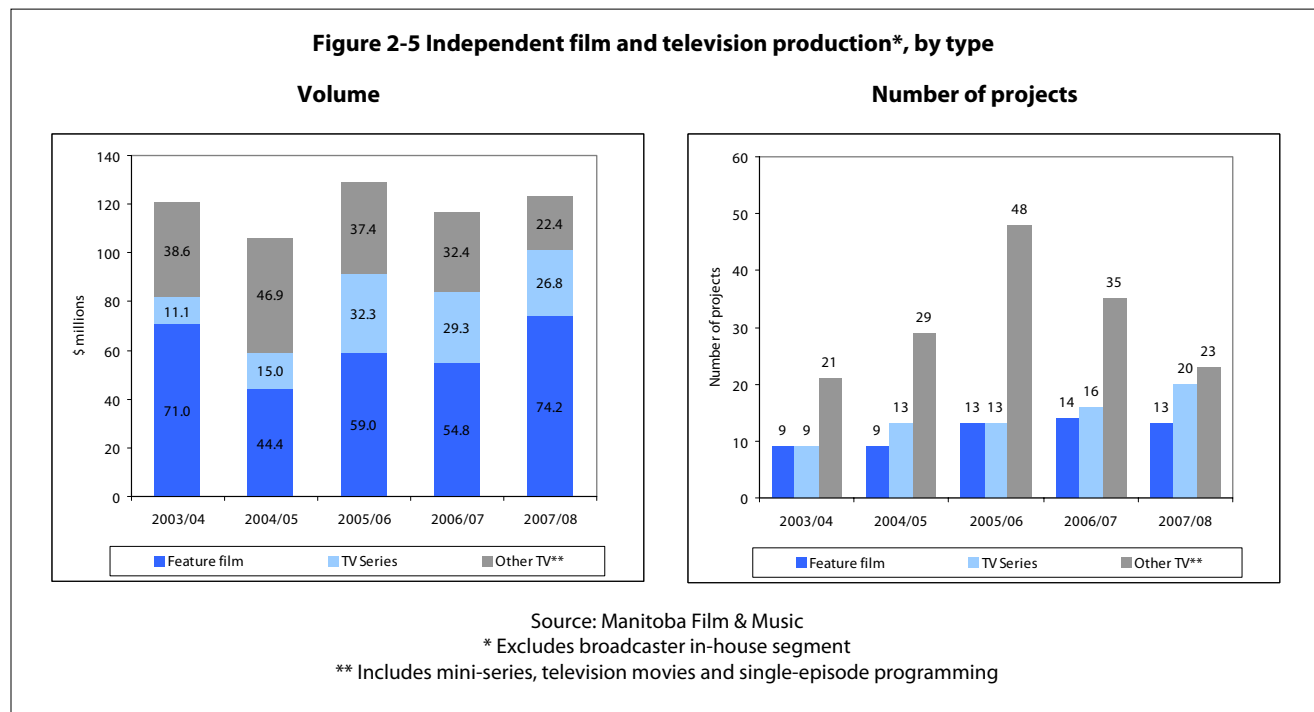
Fiction projects – feature films and television programs – typically have larger average budgets than any other genre. They also draw on a diverse set creative talents and skills: fiction projects require actors and extras, sets, technical labour, location shoots, and special effects, in some cases. One feature film can employ upwards of 200 or 300 people for several weeks. This diverse set of production inputs ensures that a wide swathe of Manitoba’s production workforce can gain valuable experience.

The documentary genre was the second-largest genre on a dollar-volume basis, and the largest when measured in terms of the total number of projects. Over the five-year period, the volume of documentary production totalled \$69 million; Manitoba producers made a total of 138 documentaries, including feature film documentaries, short films, one-off programs, and television series.

2.3 Types of Production

Manitoba has established itself as a location for all types of film and television production, particularly television series and feature films

Manitoba saw its production of television series grow steadily during the past five years. The province more than doubled its production of television series between 2003/04 and 2007/08. The province's annual output of television series increased from 9 in 2003/04 to 20 in 2007/08. The production of indigenous and co-production television series – such as *Less Than Kind*, *Falcon Beach* and *House Party*– rose from \$11.1 million in 2003/04 to \$26.8 million in 2007/08, driving most of the increase in television-series production. The industry should seek to create and/or attract even more dramatic television-series production to the province. This type of production provides a measure of stability in terms of employment. A single dramatic television series can employ in excess of 150 Manitobans. It also provides opportunities for Manitoban writers and directors to further their professional growth and development.



Fiction and documentary feature films – produced for theatrical release, television broadcast and direct-to-DVD distribution – have been the largest type of production in the province over the past five years in terms of production volume. Canadian and foreign producers made 58 feature films in Manitoba between 2003/04 and 2007/08. Annually, the number of feature films produced in the province rose from 9 to 13 over the five-year period, while the volume of feature film production reached a peak of \$74.2 million in 2007/08. The offshore segment accounted for the majority of the feature films produced in the province. The indigenous and co-production segments combined to account for 15 of the 27 feature films produced.

Table 2-1 Number of feature films by segment

	2003/04	2004/05	2005/06	2006/07	2007/08	5-Year Total
Indigenous and co-production	2	4	4	8	7	25
Offshore	7	5	9	6	6	33
Annualized net fiscal benefit	9	9	13	14	13	58

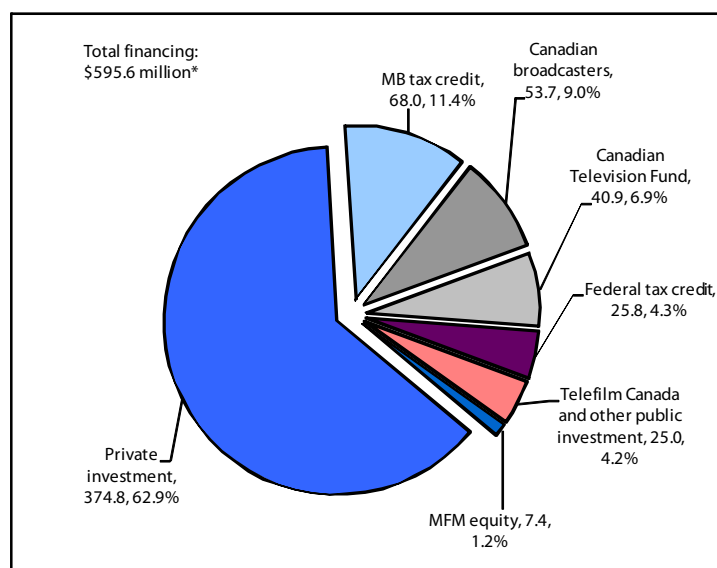
Sources: Nordicity calculations based on data from Manitoba Film & Music and Manitoba Bureau of Statistics (MBS)

2.4 Production Incentives and Financing

The Manitoba Film and Video Tax Credit triggered more than \$527 million in financing over the past five years, including \$375 million in private investment

The Province's innovative and unique incentives for film and television production offer excellent leverage of private investment. In fact, private investment – largely comprised of distribution advances and broadcasters pre-sales from outside of Canada – was the largest source of financing for Manitoba production. Films and television programs shot in the province and supported by the Manitoba Film and Video Tax Credit attracted \$374.8 million in private investment between 2003/04 and 2007/08.⁶ This private investment accounted for 62.9% of total financing for production in the province. The bulk of this private investment (\$291.3 million) was for offshore projects.

Figure 2-6 Sources of financing for film and television production in Manitoba, 2003/04 to 2007/08* (\$ millions)



Source: Manitoba Film & Music

*Excludes broadcaster in-house production

⁶ The financing statistics presented in *Snapshot 2009*, including the estimates Manitoba tax credits, are based on projected financing structure data provided by MFM in June 2008. For some film and television projects, the final financing structure and actual amount of Manitoba tax credit are not known until up to two years following the year of production. For this reason, the financing statistics and amount of Manitoba tax credit payments reported by MFM may differ from those reported in *Snapshot 2009*.

At the core of the Province's support for film and television production is the Manitoba Film and Video Tax Credit. Through the tax credit, the Province provided \$68.0 million⁷ in financing to film and television production between 2003/04 and 2007/08. Manitoba Film & Music also made equity investments totalling \$7.4 million over the five-year period. All told, the Province's financing contribution of \$75.5 million led to \$685 million of production volume (including broadcaster in-house production) in the province between 2003/04 and 2007/08. In other words, each dollar of the Province's contribution to the financing of film and television production attracted **an additional \$8.07** in financing from other sources – an excellent rate of financial leverage.

Table 2-2 Sources of financing for Manitoba film and television production*

	2003/04		2004/05		2005/06		2006/07		2007/08	
	\$M	%	\$M	%	\$M	%	\$M	%	\$M	%
Private investment	89.1	73.8%	72.8	68.5%	75.7	58.8%	58.7	51.3%	78.6	63.6%
MB tax credit	7.2	6.0%	9.5	8.9%	18.4	14.3%	17.3	14.7%	15.5	12.6%
Canadian broadcasters	9.7	8.1%	6.6	6.2%	12.4	9.6%	14.5	12.1%	10.4	8.4%
Canadian Television Fund	5.8	4.8%	7.4	7.0%	11.2	8.7%	8.7	7.3%	7.9	6.4%
Federal tax credit	3.6	3.0%	3.9	3.7%	6.0	4.7%	7.0	5.9%	5.3	4.3%
Telefilm Canada and other public investment	3.8	3.2%	4.6	4.3%	3.8	2.9%	8.6	7.2%	4.2	3.4%
Manitoba Film & Music equity	1.5	1.2%	1.5	1.4%	1.2	0.9%	1.8	1.5%	1.5	1.3%
Total	120.6	100.0%	106.3	100.0%	128.7	100.0%	116.6	100.0%	123.4	100.0%

Source: Manitoba Film & Music

*Excludes broadcaster in-house production

Table 2-3 Sources of financing, offshore production

	2003/04		2004/05		2005/06		2006/07		2007/08	
	\$M	%	\$M	%	\$M	%	\$M	%	\$M	%
Private investment	86.0	94.4%	55.3	90.2%	66.1	84.9%	34.3	87.6%	49.7	84.9%
MB tax credit	3.9	4.3%	3.8	6.2%	9.2	11.8%	4.1	10.5%	6.9	11.8%
Canadian broadcasters	0.0	0.0%	0.0	0.0%	0.4	0.6%	0.1	0.3%	0.0	0.0%
Canadian Television Fund	0.0	0.0%	0.3	0.5%	0.0	0.0%	0.1	0.2%	0.0	0.0%
Federal tax credit	1.2	1.3%	1.5	2.5%	2.0	2.5%	0.5	1.4%	1.7	2.9%
Telefilm Canada and other public investment	0.0	0.0%	0.4	0.6%	0.2	0.2%	0.0	0.1%	0.2	0.4%
Manitoba Film & Music equity	0.0	0.0%	0.0	0.0%	0.0	0.0%	0.0	0.0%	0.0	0.0%
Total	91.1	100.0%	61.2	100.0%	77.9	100.0%	39.2	100.0%	58.5	100.0%

Source: Manitoba Film & Music

⁷ The figure of \$68.0 million is based on the projected amount of Manitoba tax credits associated with film and television projects produced between 2003/04 and 2007/08. According to MFM, the actual amount of Manitoba tax credits paid by the Province between 2003/04 and 2007/08 was \$54.3 million. See footnote 6 for further explanation.

Table 2-4 Sources of financing, indigenous production

	2003/04		2004/05		2005/06		2006/07		2007/08	
	\$M	%	\$M	%	\$M	%	\$M	%	\$M	%
Private investment	1.0	8.8%	2.2	13.0%	2.4	10.3%	12.0	37.0%	10.2	37.7%
MB tax credit	1.7	14.7%	2.7	16.4%	4.9	21.4%	6.8	21.0%	4.5	16.6%
Canadian broadcasters	3.4	30.2%	5.1	30.4%	7.4	31.9%	6.3	19.3%	5.6	20.7%
Canadian Television Fund	1.9	16.9%	3.1	18.6%	4.1	17.8%	3.1	9.6%	2.5	9.3%
Federal tax credit	0.9	7.6%	1.1	6.9%	2.0	8.8%	3.3	10.1%	2.2	8.3%
Telefilm Canada and other public investment	1.9	16.6%	1.7	9.9%	1.7	7.2%	0.6	1.9%	1.6	6.0%
Manitoba Film & Music equity	0.6	5.0%	0.8	4.9%	0.6	2.7%	0.3	0.9%	0.4	1.4%
Total	11.3	100.0%	16.6	100.0%	23.1	100.0%	32.4	100.0%	27.0	100.0%

Source: Manitoba Film & Music

Table 2-5 Sources of financing, co-production

	2003/04		2004/05		2005/06		2006/07		2007/08	
	\$M	%	\$M	%	\$M	%	\$M	%	\$M	%
Private investment	2.1	11.4%	15.4	54.2%	7.2	26.0%	12.3	27.4%	18.7	49.3%
MB tax credit	1.6	8.8%	3.0	10.4%	4.3	15.4%	6.4	14.2%	4.1	10.9%
Canadian broadcasters	6.3	34.6%	1.6	5.5%	4.6	16.6%	8.1	18.1%	4.8	12.7%
Canadian Television Fund	3.9	21.2%	4.0	14.1%	7.1	25.6%	5.5	12.1%	5.4	14.1%
Federal tax credit	1.5	8.4%	1.3	4.5%	2.0	7.2%	3.2	7.1%	1.4	3.7%
Telefilm Canada and other public investment	1.9	10.7%	2.5	9.0%	2.0	7.1%	8.0	17.7%	2.3	6.2%
Manitoba Film & Music equity	0.9	4.8%	0.6	2.3%	0.6	2.0%	1.5	3.3%	1.2	3.1%
Total	18.2	100.0%	28.4	100.0%	27.7	100.0%	44.9	100.0%	38.0	100.0%

Source: Manitoba Film & Music

2.5 Inward Investment (Export Value)

Film and television attracted more than \$500 million of inward investment to the Manitoba economy over the last five years

The financing of – or investment in – films and television programs produced in Manitoba, in large part, comes from outside the province. When producers use this financing to purchase Manitoba labour and services it generates the equivalent of export earnings for the province, or *export value*. Between 2003/04 and 2007/08, more than \$504 million of

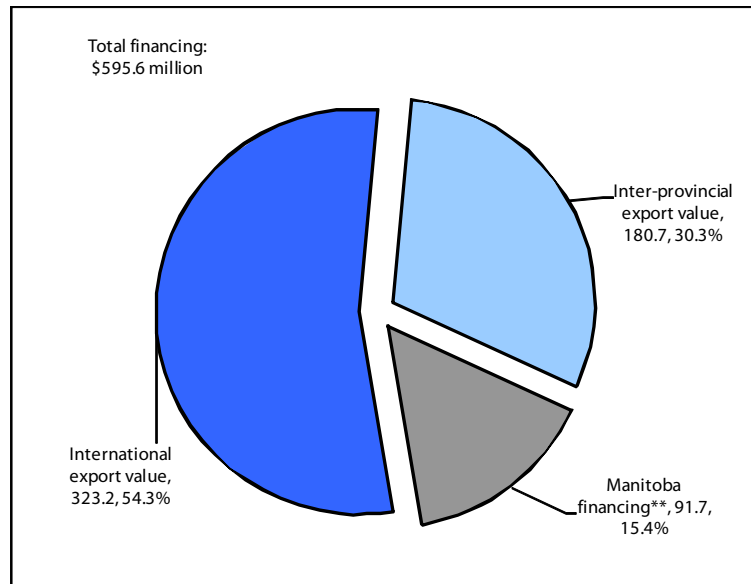
financing flowed into the province from outside Manitoba and Canada. Of this amount, Nordicity estimates that \$323 million of export value originated from outside of Canada. The remaining \$181 million originated from other provinces within Canada.⁸

Offshore production was, by far, the largest source of export value, bringing \$291 million of inward financing into the province over the past five years. Manitoba co-production and indigenous production accounted for \$212 million of export value.

Manitoba’s production companies also earn export earnings from the sale of rights from their distribution libraries. The Manitoba Film and Video Tax Credit, and the Manitoba Film & Music Equity Investment Program help Manitoba’s film and television producers retain more of the distribution rights in their projects, and thereby increase their potential to earn future revenues from their distribution libraries.

A survey of Manitoba production companies found they earned, altogether, more than \$1 million in export earnings in 2007/08 from the distribution of indigenous and co-production films and television programs.

Figure 2-7 Export value of Manitoba film and television production*



Sources: Manitoba Film & Music and Nordicity estimates based on data from CRTC

* Excludes broadcaster in-house production

** Includes a pro-rated allocation of Canadian broadcaster financing and federal tax credits, based on Manitoba’s share of national GDP

⁸ In calculating inter-provincial export value, Nordicity adjusted the amounts of financing from Canada’s national broadcasters and the federal tax credits for film and television production, in order to remove an amount attributable to the Manitoba economy’s contribution to the national broadcasting market and the federal government’s revenues. These adjustments were based on Manitoba’s share of national GDP to adjust the financing amounts from Canadian broadcasters and the federal tax credit.

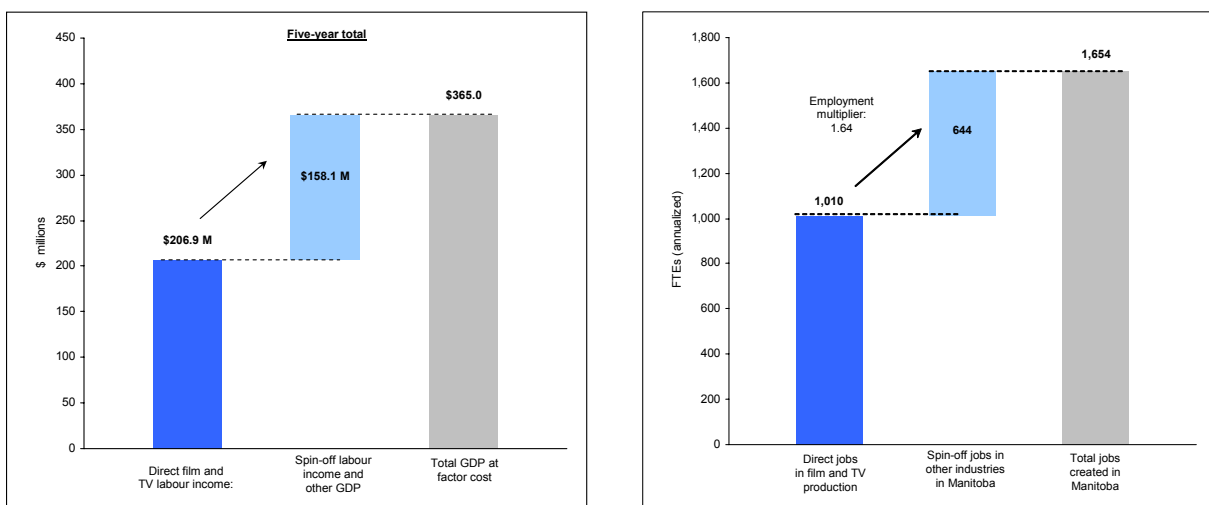
2.6 Total Economic Impact

Film and television production contributed \$365 million of GDP to the Manitoba economy over past five years and led to the creation of over 1,600 FTEs of employment on an annual basis

Estimates based on data collected by Nordicity and analyzed by the Manitoba Bureau of Statistics (MBS) indicate that film and television production in Manitoba generated \$365.0 million in five-year cumulative GDP for the Manitoba economy between 2003/04 and 2007/08. Film and television production also led to the creation of 1,010 direct full-time equivalent positions (FTEs) and 644 spin-off FTEs throughout the Manitoba economy on an annualized basis.

- **Domestic production** (indigenous, co-production, and broadcaster in-house) accounted for \$247.3 million in GDP, and led to the creation of 704 direct FTEs and 418 spin-off FTEs throughout the Manitoba economy on an annual basis.
- **Offshore production** accounted for \$117.7 million in GDP, and led to the creation of 306 direct FTEs and 226 spin-off FTEs throughout the Manitoba economy on an annual basis.
- Film and television production generated \$331 million of GDP for the **City of Winnipeg** between 2003/04 and 2007/08, and led to the creation of 931 direct FTEs and 563 spin-off FTEs on annual basis in the Winnipeg economy.

Figure 2-8 Total economic impact of film and television production in Manitoba



Source: MBS and Nordicity estimates

2.7 Cost-Benefit Analysis

The Province's investment in film and television production yielded over \$50 million of provincial government revenues over the past five years and provided the province with a range of social and cultural benefits

The Manitoba government invested \$68.0 million in labour tax credits and \$7.4 million in equity investments in film and television production between 2003/04 and 2007/08. The Province's total investment of \$75.4 million generated more than \$685 million in production budgets. It yielded provincial government revenues totalling \$53.4 million. As such, the provincial government recovered 71% of the total investment it made in the industry over the last five years. The net cost of the Manitoba Film and Video Tax Credit to the provincial government was, therefore, \$22.0 million over the five-year period, or \$4.4 million per year.⁹ At \$4.4 million, the net cost of the Manitoba Film and Video Tax Credit was only a fraction of the Government of Manitoba's annual fiscal expenditures of approximately \$12 billion.

Table 2-6 Cost-Benefit analysis of film and television production in Manitoba (\$ millions)

	2003/04	2004/05	2005/06	2006/07	2007/08	5-Year Total
Provincial government revenue*	--	--	--	--	--	53.4
Manitoba Film and Video Tax Credit	7.2	9.5	18.4	17.6	15.5	68.0
Manitoba Film & Music Equity	1.4	1.5	1.2	1.8	1.5	7.4
Total provincial government outlays	8.6	11.0	19.6	19.4	17.0	75.4
Net fiscal benefit to Province of Manitoba	--	--	--	--	--	(22.0)
Annualized net fiscal benefit						(4.4)

Sources: Nordicity calculations based on data from Manitoba Film & Music and MBS

Note: Some totals may not add due to rounding

* The estimate of the provincial government revenues are from the MBS Tax Revenue Impact Assessment Model. Provincial government revenue includes provincial income taxes (personal and corporate), other direct taxes and indirect taxes (e.g., provincial sales taxes).

There was, however, an imbalance in the benefits captured by both the provincial and federal governments. While the Government of Manitoba realized an average annual deficit of \$4.4 million on its industry support programs, the federal government earned an average annual fiscal surplus of \$3.8 million from film and television production in Manitoba.

While it would appear that on a strict cost-benefit basis the film and television production industry generates a small fiscal cost for the Province, it is important to keep in mind that this somewhat narrow cost-benefit analysis does not take into account the non-quantifiable economic impacts the industry has on the Manitoba economy.

⁹ The figure of \$68.0 million is based on the projected amount of Manitoba tax credits associated with film and television projects produced between 2003/04 and 2007/08. According to MFM, the actual amount of Manitoba tax credits paid by the Province between 2003/04 and 2007/08 was \$54.3 million (see footnote 6 for further explanation). This implies that the Province's total investment in the film and television

Film and television production has a significant spillover effect on other industries including the interactive-media industry, and other creative industries, such as visual arts and performing arts. The film and television production industry also impacts a host of local businesses that provide Manitoba with a business infrastructure that attracts other creative industries to the province. The film and television production industry contributes toward building a regional cultural base that helps to build social cohesion, attract skilled and creative workers, and retain young workers who may otherwise leave the province for creative opportunities in urban centres inside and outside Canada. The film and television production industry, therefore, plays a key role in making Manitoba a place where creative-industries and non-creative-industries workers may choose as a place to work and live.

Table 2-7 Cost-Benefit to federal government of film and television production in Manitoba (\$ millions)

	2003/04	2004/05	2005/06	2006/07	2007/08	5-Year Total
Federal tax credits	3.57	3.93	6.0	7.0	5.3	25.8
CTF (public money only) [1]	3.1	4.0	5.8	3.9	3.6	20.3
CBC (subsidy only) [2]	0.1	0.6	0.5	0.3	0.9	2.4
Other federal government support for film and television production	0.5	0.4	0.2	0.3	0.3	1.7
Total federal government outlays	7.3	9.0	12.6	11.6	10.2	50.3
Federal tax revenues	--	--	--	--	--	69.4
Net fiscal benefit	--	--	--	--	--	19.1
Annualized net fiscal benefit	--	--	--	--	--	3.8

Sources: Nordicity calculations based on data from Manitoba Film & Music, MBS, CTF, and CBC

[1] The CTF collects revenues from private and public sources. For each year, Nordicity has multiplied the total amount of CTF funding of Manitoba production by the annual share of total CTF revenues derived from public sources, to arrive at an estimate of the federal government subsidy received by Manitoba productions.

[2] These are estimates of the portion of CBC licence fees for Manitoba productions, which can be attributed back to its parliamentary appropriation. Public subsidy accounts for approximately 45% of the costs of English television operations at the CBC. So, Nordicity has multiplied the total annual licence fees paid by the CBC for Manitoba production by 45% to estimate the share of licence fees that can be attributed back to federal government subsidies.

production industry was \$61.7 million, and the Province net cost was \$8.3 million over the five-year period or \$1.7 million on an average annual basis.

2.8 Social and Cultural Impact

Film and television production plays a key role in maintaining the province's creative workforce and industries, permitting Manitobans to tell local stories to wide audiences, and promoting civic pride within the province

There is also a case for the non-quantifiable social and cultural impacts of film and television production. Beyond the direct and spin-off jobs, incomes, and government revenues stimulated by film and television production, the industry plays a key role in maintaining the province's creative workforce and industries, permitting Manitobans to tell local stories to wide audiences, and promoting civic pride within the province.

Creative Workforce and Industries

Given a choice, many creative Manitobans would prefer living in Manitoba. Respondents to the key informant interviews asserted that if there were enough production activity on a consistent basis in the province, a substantial number of above- and below-the-line personnel would stay in Manitoba and contribute to the growth of the provincial economy.

Film and television production is a clean, increasingly green, and growing industry that contributes to the diversification of the provincial economy.

The presence of a thriving film and television production industry attracts creative people to the province and to Winnipeg. Like other creative industries, the production industry is clean, increasingly green, and contributes to diversification of Manitoba's economy. The film and television production industry can be very complementary to the other creative industries: employment in film and television production can help supplement the incomes earned by artists also working in visual arts and performing arts. Artists, actors and craftspeople that earn income from production work also contribute to local theatre, dance and other art forms. Thus, the presence of a vibrant local film and television community enhances the general quality of life factors that help to attract and retain others looking at Manitoba as a place to live and work, whether they work in the creative industries or not.

Attracting and retaining creative workers is vital to Manitoba's long-term economic prospects. Canada and other western countries are in the midst of a transformation from manufacturing-based economies to knowledge-based economies, where the creativity of a country's population becomes its most important economic resource. The pre-eminent economic geographer, Richard Florida, has long espoused the importance of a creative workforce – cultural, scientific and otherwise – as the key to sustainable regional economic development in the ideas-driven economy. Manitoba must not let the creative potential of its workforce slip out of the province; otherwise, it will threaten the province's long-term economic prospects.

Telling Manitoba's Stories

Although offshore production has been an important factor in the industry's growth over the last decade, Manitoba producers almost unanimously express their desire to develop indigenous stories – not only as a hedge against cycles in offshore production, but also to inspire passion for the industry.

Manitoba's film and television production industry gives the province a voice on the national and international stage. One of the themes expressed in various ways by producers responding to key informant interviews was, "If you are not seen, you do not exist." Whether it is Manitoba's vibrant Francophone and Aboriginal and Métis culture, or the screen adaptations of classic literary works (*The Stone Angel*), or the challenging vision of Guy Maddin (*The Saddest Music in the World, My Winnipeg*). Manitoba has a significant contribution to make to both Canadian and global culture.

But Manitoba's stories are not only meant for Manitoba audiences. These stories resonate with audiences and artists outside the province. The critical acclaim garnered by Manitoban productions is evidence of this: Manitoba productions have been recognized for creative excellence with nominations and awards from film festivals and academies – from the Toronto International Film Festival, International Emmy Awards, Genie Awards and Gemini Awards.

Civic Pride

Manitobans believe strongly that the film and television industry has raised Manitoba's profile elsewhere in Canada and internationally.

Manitobans have a keen appreciation of the arts and take pride in the province's place in the Canadian cultural landscape. Winnipeg, in particular, benefits from a history of wealth and private philanthropy. There is a level of cultural literacy that has been nurtured and encouraged by both the private and

public sectors. The film and television production community makes an important contribution to the province's cultural fabric and the civic pride of its citizens.

Manitobans take great pride in seeing their communities reflected in popular culture. They support their artists and value cultural expression. A poll of 600 Winnipeg residents – commissioned by On Screen Manitoba and conducted by Probe Research in September 2008 – found that Winnipeg residents were well aware of film and television production activity in the city, and believed that it had been successful in raising Manitoba's profile elsewhere in Canada and internationally.¹⁰ Approximately 44% of Winnipeg residents agreed that the province's film and television production industry was either very successful or somewhat successful in raising

¹⁰ Probe Research Inc., *September 2008 Omnibus Survey*, public opinion research commissioned by On Screen Manitoba, September 2008.

Manitoba's profile outside the province.¹¹ Those polled also felt that that the film and television production industry contributed to the city's economy.

The social and cultural contribution arising from the presence of a thriving film and television production industry cannot be ignored alongside the purely economic impacts.

THE STORY OF EAGLE VISION

Founded in 2000, Eagle Vision is one of Canada's leading Aboriginal-owned production companies. Since its inception, Eagle Vision has grown from a staff of two in 2004, to employing 11 people in 2009. Eagle Vision currently has 15 projects in development and 120 hours of completed content as a company; a far cry from two projects in development and 20 hours of content in 2004.

Its documentary series, *The Sharing Circle*, aired for 16 seasons, making it one of Canada's longest-running television series. The series started with a regional broadcaster (Craig Broadcast System) and ended on a mainstream national network (CityTV). Its children's series, *Tipi Tales*, aired for three seasons and garnered considerable critical acclaim, including Parent's Choice Awards in 2003, 2005 and 2007. These productions have given emerging talents, many of them Aboriginal, their first break.

Alongside its indigenous work, Eagle Vision is also one of Canada's leading co-production companies. Of Eagle Vision's more than 100 hours of produced content, each of its three feature films has sold to major US distributors. In 2005, it co-produced *Capote* with Infinity Features, United Artists, and Sony Pictures. The film was nominated for five Oscars, with Philip Seymour Hoffman winning the Best Actor Oscar for his performance in the film. Its 2007 production of *Blue State* with Paquin Films starred Academy Award winner Anna Paquin, and sold to MGM. Eagle Vision's co-production *Walk All Over Me* had its world premiere at the Toronto International Film Festival in 2007 where it sold to the Weinstein Company.

Eagle Vision is an active M3P participant. Kyle Irving is the Vice-President of Development and Production for Eagle Vision. He credits the Access to Markets program for being able to travel and generate meetings resulting in co-productions, distribution deals, and exporting Canadian culture to new markets globally. Eagle Vision is also very active in the community through involvement with NSI-Canada, Manitoba Film & Music, and On Screen Manitoba.

"The Manitoba film industry has matured into one of the most stable and prolific in the world over the last five years. This can be directly attributed to the support of our provincial and civic governments and the citizens of Winnipeg and Manitoba, the quality of our talented crews, cast and creators, and the support of On Screen Manitoba and the M3P programs."

Kyle Irving, VP Development/Production, Eagle Vision.

¹¹ *Ibid.*

3 Current State of the Industry

3.1 Manitoba's Current Position

Manitoba is a leader among Canada's emerging production centres

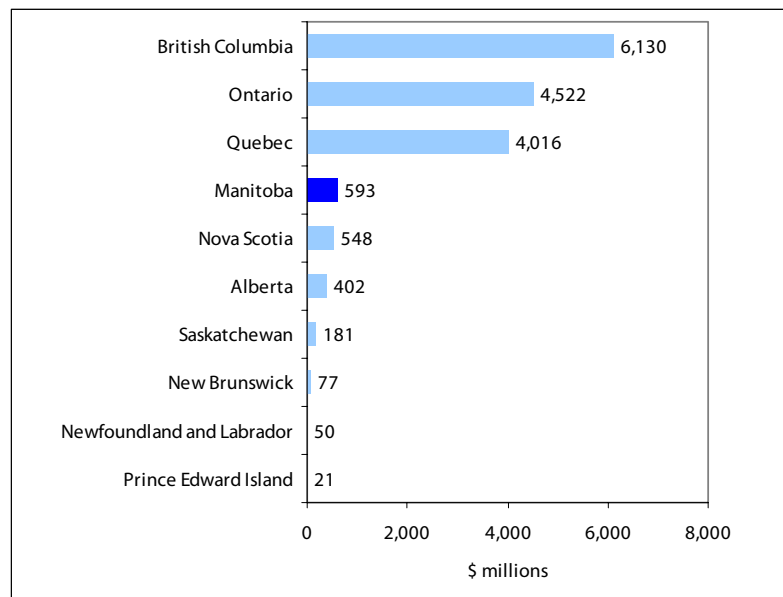
Following five years of steady production activity and increasing levels of indigenous production and co-production, Manitoba is now positioned as a leading production centre among Canada's provinces with emerging production centres.

With its volume of *independent* film and television production totalling more than \$593 million between 2003/04 and 2007/08 (this amount excludes the value of broadcaster in-house production in the province), Manitoba ranked fourth out of Canada's ten provinces. Manitoba was also fourth in Canada on a per-capita basis. Between 2003/04 and 2007/08 the total volume of independent film and television productions was equal to \$101 per inhabitant. Only British Columbia (\$288), Nova Scotia (\$117), and Quebec

(\$106) posted higher per capita amounts.

On the national scene, Manitoba is home to some of Canada's leading producers of television series and documentaries. They include Buffalo Gal Pictures, Frantic Films Inc., Eagle Vision, Original Pictures Inc., Merit Motion Pictures, and Les Productions Rivard. Some of the television series supplied to Canadian broadcasters include *Less Than Kind*, *House Party*, and *Cashing In*, *The Sharing Circle*, *Guinea Pig*, *Falcon Beach* and the *Movie of the Week (MOW)*, *Elijah*.

Figure 3-1 Total volume of independent film and television production*, 2003/04 to 2007/08



Sources: Manitoba Film & Music and Association of Provincial Funding Agencies
 * The total volume of independent film and television production refers to the value of the total budgets of films and television programs made in Manitoba

THE STORY OF BUFFALO GAL PICTURES

Founded in Winnipeg, Buffalo Gal Pictures has been producing feature films and television programs since 1994. Over the past 14 years, the company has produced 20 feature films, 10 television dramas, 8 documentaries, and more than 50 hours of television-series programming. The production office went from a staff of seven in 2004 to more than a dozen employees today. Five years ago Buffalo Gal went from no international co-productions to now having completed five with more in the works. This tremendous growth has made Buffalo Gal Pictures one of Canada's leading production companies with strong international links.

Buffalo Gal Pictures has participated in all of On Screen Manitoba's M3P programs. In addition to this involvement, Buffalo Gal Pictures also joined On Screen Manitoba-led trade missions to the U.K., New York City and Los Angeles. This maximized its resources in establishing an international exposure as well.

Phyllis Laing is the president of Buffalo Gal Pictures. She is also a producer. She has twice been honoured by the Women's Business Owners of Manitoba, receiving the Woman Entrepreneur of the Year award in 1994 and the Impact on Local Economy award in 2002.

"We have truly benefited from the programs that OSM has implemented during the continuing growth of our company. On Screen Manitoba has really thought through how to best support the community with limited resources and targeted specific markets. This forethought has allowed us to be strategic in our plans for growth and expansion in the world market. I believe that as an industry we are on the cusp of our next major growth spurt. We are precocious teenagers on the verge of becoming the innovative leaders of the future, in large part because of the wisdom, and governance that surrounds us in making the best choices along the way."

Buffalo Gal has won many awards, including three Genie Awards for their 2003 feature film, *The Saddest Music in the World*. The company's 2008 release, *My Winnipeg* – directed by Guy Maddin – won the Best Canadian Feature Film award at the 2007 Toronto International Film Festival. Buffalo Gal has also had three of its productions screen at the prestigious Sundance Film Festival and other international festivals.

The Manitoba company has also been one of the province's and Canada's leading co-production and services companies, with films such as *Seven Times Lucky* co-produced with Lucky Pictures and *The Stone Angel* starring Ellen Page, Ellen Burstyn and co-produced with Skogland Films. *New in Town* was a feature film in which Buffalo Gal was the service company. Produced by Gold Circle Films, this Hollywood movie featured Harry Connick Jr, and Renée Zellweger. Buffalo Gal was also the service company for *The Haunting in Connecticut* starring Virginia Madsen and produced by Gold Circle Films, Integrated Films & Management, Panic Ventures and Relevant Entertainment. This film grossed more than \$75 million at the world wide box office.

Their latest half-hour comedy series *Less Than Kind* is co-produced with Breakthrough Films and premiered on CityTV. The second season wrapped up shooting this past spring (2009). In November 2008, Buffalo Gal Pictures finished shooting the drama series, *Cashing In*, which premiered on the Aboriginal People's Television Network (APTN) in early 2009.

Manitoba's producers, creative talent, crews, government, and film commission have put the province on the map as both a source of television programming and a destination for location shooting. Manitoba producers have exported several television series to broadcasters outside of Canada. Among some of these international sales were Original Pictures' drama series, *Falcon Beach*, Frantic Films' lifestyle series, *Till Debt Do Us Part* (American Life TV Network) and *Kitchen Crimes* (HGTV [U.S.]). Over the past decade, Manitoba has transformed itself into one of North America's leading locales for location shooting. This is due to a competitive tax credit program, skilled crews, infrastructure and a variety of easily accessible and unique locations. The province has been a host to several Hollywood motion pictures; and through Frantic Films, it has also been a supplier of visual effects services to many motion pictures.

3.2 Production Industry Workforce

Film and television production provides employment for an estimated 1,500 Manitobans

The statistics in Section 2.6 clearly show that film and television production is a labour intensive activity. Based on data from Statistics Canada, Nordicity estimates that **1,500 Manitobans** make their living working in the province's film and television production industry (see Appendix A for description of estimation methodology). Production employs Manitobans from all walks of life and a broad array of the province's labour force --- everything from entry-level to highly skilled workers. Artists, writers, technical trades, caterers, graphics designers and accountants, to name just a few examples, can often find full- or part-time employment in the province's film and television production industry.

The vast majority of the 1,500 Manitobans working in the film and television production industry are self-employed. And while this makes Manitoba's production-industry workforce extremely flexible, it means that workers bear most of the risk. Production work can be physically challenging and sporadic throughout the year. Yet, during periods of principal photography, it's very intense. Policies that help Manitoba's production companies increase their slate production and production of dramatic television-series would go a long way to providing more continuous production throughout the year. This would then offer the industry's workforce a more regular rate of employment – putting these workers on a similar footing to Manitobans working in many other industries.

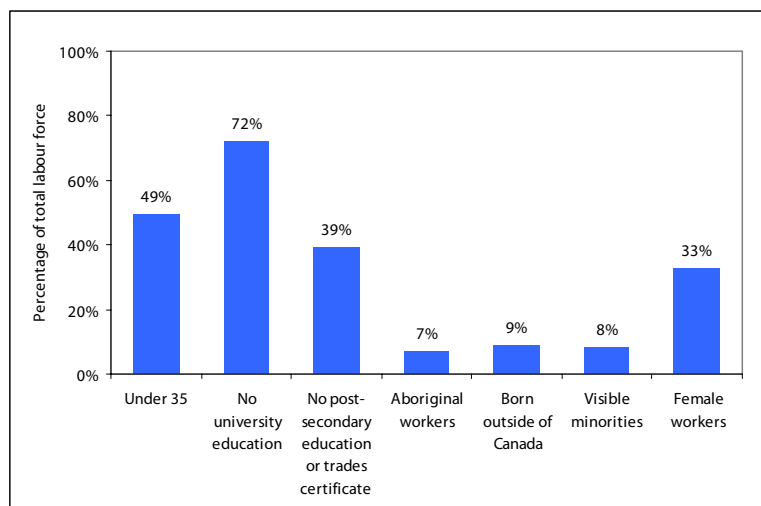
3.3 Workforce Demographics

Manitoba's production industry is a good source of employment for younger workers and those without post-secondary education

Statistics Canada's 2006 Census indicates that Manitoba's film and television production industry has been a very good source of employment for younger workers. Approximately 49% of the film and television production industry's labour force was under the age of 35 in 2006, compared to 37% across the overall Manitoba labour force. The film and television production industry is also an ideal industry for Manitobans seeking jobs in which they can develop a trade and build their skills through on-the-job training. With such a relatively young workforce in film and television production, training – both formal and on-the-job – is of paramount importance. Training in applied production skills, and soft skills (e.g., communications, leadership) are both crucial, so that young people working in Manitoba's production industry today will be able to succeed the province's leading producers in the years to come, and perpetuate the industry's growth and development for years to come.

Film and television production also provides substantial employment opportunities for Manitobans with little or no formal post-secondary education. Approximately 72% of the film and television production industry workforce has not completed a university education, and 39% of the production workforce possesses no post-secondary education (i.e., university or college diploma) or trades certification.

Figure 3-2 Demographic characteristics of production industry workforce, 2006



Source: Nordicity calculations based on data from Statistics Canada, *Census 2006*

Film and television production employs a diverse group of Manitobans: Aboriginal Canadians, persons born outside of Canada, and visible minorities can be found among many of the production-industry roles. Approximately 7% of production industry workers in 2006 identified themselves as Aboriginal Canadians; persons born outside of Canada comprised 9% of the production industry labour force; workers who identified themselves as a visible minority comprised 8% of the workforce.

THE STORY OF JOAO LUIZ HOLOWKA, GAFFER.

“I grabbed it with both my hands!”

That’s how João Luiz Holowka describes the learning opportunities provided to him by Film Training Manitoba. In 10 years he has worked his way up from regular electric, to best boy electric to now chief lighting technician (gaffer), and he says, he’s not the only one. “A lot of crew members have worked their way up to key positions. They’re in demand and they’re building careers.”

After completing college João started a successful career as a stills photographer for a large cosmetics company in Curitiba, Brazil. A vacation in Canada convinced him to one day return and so in the mid 1990s, he settled in Winnipeg. At first, he planned to learn English and do some volunteer work but a referral to Film Training Manitoba changed his direction. Originally he thought he would pursue accreditation as a camera assistant, but he discovered that working as a lighting technician would provide the same satisfaction more quickly.

João climbed through the ranks. He went from working for free to leading a team of eight in the lighting department. He went from projects with no budget to blockbusters shooting for \$45 to \$50 million. “When I talk to friends in B.C. and Toronto, people are always surprised that projects such as Capote have been shot in Winnipeg.”

João says the courses he took through Film Training Manitoba gave him a solid foundation and enabled him to get on set experience and build his skills. His key professional influences were gaffers like Steve Morrisson (now at William F White International) and Michael Drabot (now with PS Toronto).

Despite the challenges of working in a cyclical industry, João wants to stay and raise his family here. “When you travel to B.C. it is hard not to move but there is something about Winnipeg that you can’t find in B.C. or Toronto.” After 10 years, he knows everyone in his union and the production companies. He values the collegiality. João says the industry would have to take a severe downturn before he would move to another production centre.

Women are prominent in many of the leadership roles throughout Manitoba’s production industry

Female workers comprise one-third of the industry’s workforce. And while this rate was lower than the female share of Manitoba’s overall labour force (47%), women play a very prominent role in many of the key leadership positions in the industry. In fact, several of Manitoba’s leading production companies – Buffalo Gal Pictures, Merit Motion Pictures Inc., Eagle Vision, Original Pictures Inc., vonnie VON HELMOLT film, and Lank/Beach Productions – have female ownership. As well, the majority of the corporate employees working in development, finance and business affairs roles at many of these companies are women. Women can also be found in leadership roles at Manitoba Film & Music, On Screen Manitoba, Film Training Manitoba, Winnipeg Film Group, and The National Screen Institute.

Role of Organized Labour

Organized labour plays an important role in Manitoba’s production industry. Three of Canada’s largest film and television industry labour organizations – Alliance of Canadian Cinema, Television and Radio Artists (ACTRA), Directors Guild of Canada (DGC) and International Alliance of Theatrical Stage Employees (IATSE) – all operate local chapters in Manitoba. As of the summer 2008, their 676 union members accounted for just under 50% of the industry’s workforce in Manitoba. Organized labour comprises a higher percentage of persons working on larger films and television projects.

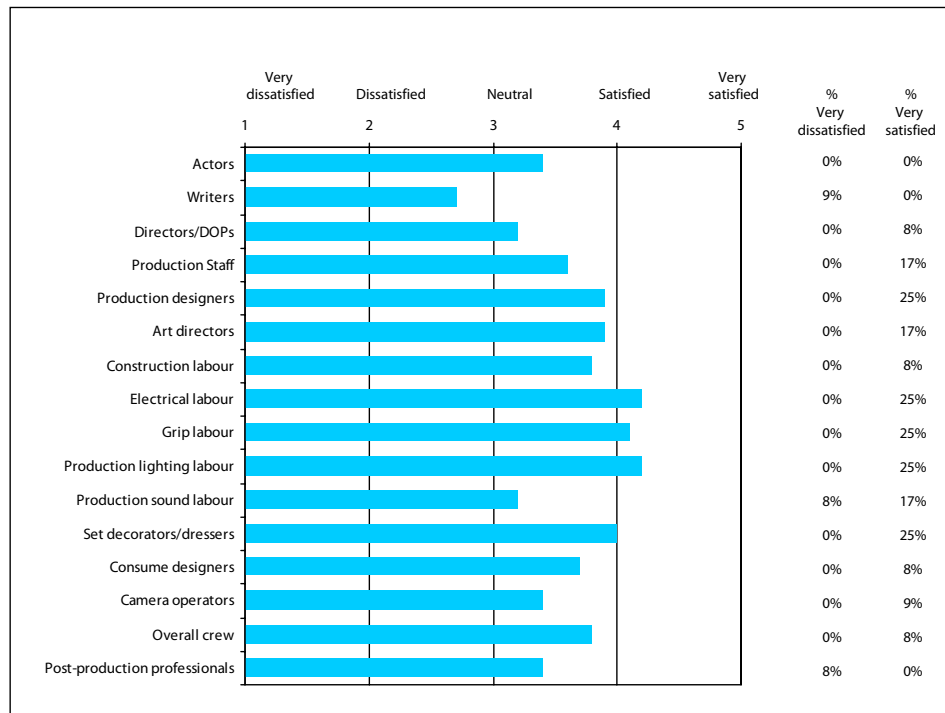
3.4 Skill Levels

A wide variety of talents and skills go into the development and production of films and television programs. The success of a film or television program is a reflection of the skills or abilities of the personnel who work on the project. While Manitoba offers its resident and visiting producers a competitive-cost environment to produce films, the long-term development and growth of province’s production industry ultimately depends on its ability to

develop, retain,
and attract
talented and
skilled production
industry workers.

A survey of
Manitoba
producers found
they were either
satisfied or *very
satisfied* with the
skill levels of
virtually all of the
roles and
professions in
Manitoba’s
production
industry workforce

Figure 3-3 Level of satisfaction with skill levels of Manitoba production workforce, dramatic programming



Source: Survey of Manitoba producers
N=14

– from actors to production staff to lighting and grip labour. Screenwriting and sound production were the only roles where Manitoba producers were less-than-satisfied with the skill levels of Manitoba’s production industry

workforce. These are two roles where increased support for training and professional development of Manitobans could contribute towards increasing skill levels in the province. The results of a second survey of out-of-province producers suggest that Manitoba is less competitive in terms of its ability to attract creative and technical talent, when compared to other sources of competitive advantage, such as overall cost, receptiveness, and access to locations. Without the ability to attract and retain creative and technical talent, it is understandable that the pool of skilled persons in certain production roles could become diminished without continuous replenishment and training.

3.5 Production Companies and Revenues

Number and Age of Production Companies

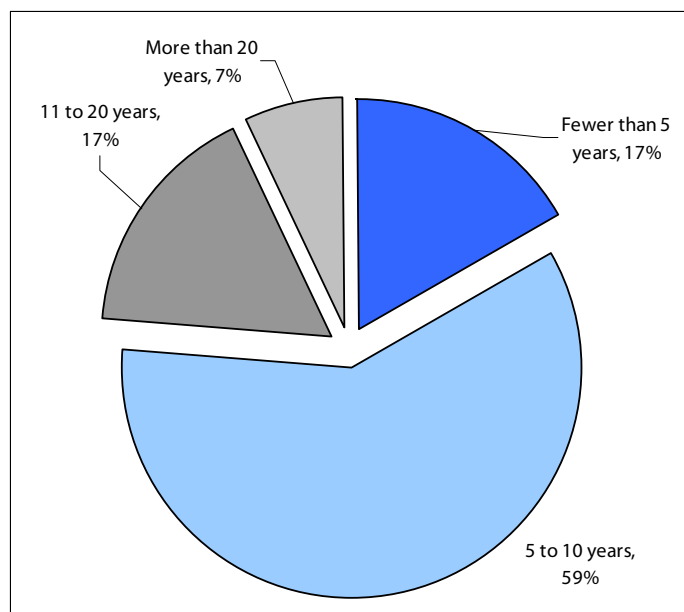
Manitoba has 50 production companies that drive the majority of film and television production

Film and television production in Manitoba is not only an engine of job creation, it also provides an opportunity for Manitoba entrepreneurs to stay in the province and create businesses that employ Manitobans. Nordicity’s research indicates there are **50** independent production companies that drive the majority of film and television production in Manitoba today. The vast majority of these companies have been in operation for five or more years, indicating the industry is well established. Most of these production companies focus on the core aspect

of the film and television process: the development and creation of audiovisual content. They also raise the financing to produce films and television programs; manage the principal-photography process; and often manage and market the distribution rights in the films and television programs they produce.

Several of Manitoba’s production companies have diversified beyond the project development and production process into the supply of production services and equipment. MidCanada Production Services Inc., Farpoint Films Inc., and Frantic Films are three examples of this corporate

Figure 3-4 Years in operation, percentage of the total number of Manitoba production companies



Source: Survey of Manitoba producers, *Manitoba Production Guide 2008*, phone poll
N=28

diversification. Alongside traditional development and production of films and television programs, these three companies have also built up post-production capabilities, which allow them to provide production services to other companies both inside and outside Manitoba. They have also added commercial production to their corporate output.

THE STORY OF daCAPO PRODUCTIONS

Based in Winnipeg, daCAPO Productions has been supplying professional audio production services to the film and television industry since 1999. daCAPO has grown significantly—from employing four employees in 2004, to having a staff of 12 professionals in 2009. daCAPO offers services like original music, music licensing editing, voice casting, recording, and direction. Since 2004, daCAPO has grown from providing music services for one mini-series, to supplying voices, music, sound effects and mixing for more than forty 22-minute episodes in 2008/09. As of January 2009, daCAPO was the only Canadian company doing service work on two international series made up of 13 episodes each. daCAPO has also diversified their services to include both project management and financing. Expanding operations in Winnipeg's Exchange District, daCAPO operates four studios complete with floating, soundproof recording and control rooms, a mixing theatre and three additional audio editing suites.

The Manitoba company has worked with producers from across Canada on projects like the TV series' *Supa Strikas* (Seasons 1 and 2) with Strika Entertainment, *Noonbory* with CookieJar Entertainment, and *Guinea Pig* and *Till' Debt Do Us Part* with fellow-Manitoba company Frantic Films.

Clinton Skibitzky is the president of daCAPO Productions. He thinks back to how he started daCAPO and laughs, "I borrowed \$300,000 and opened a music studio because it was something I always wanted to do. I realize now that there are probably better ways to start a business and that's why industry support mechanisms are so important."

daCAPO has participated in both M3P's flagship program Access to Markets and Canadian Heritage's Trade Routes programs for attendance at key conferences. Noting that in this industry "networking is everything", Clint attributes one sale in particular to M3P. "Last October we signed off on a \$100,000 TV contract at an event we would not have attended without M3P funding." daCAPO also makes strategic use of Manitoba Film & Music's provincial tax credit. The Manitoba company has attracted more than \$1 million in television work to the province in the last two years.

daCAPO's gross revenue skyrocketed from approximately \$200,000 in 2004 to \$1.1million in 2008. It has also received numerous awards for audio in advertising campaigns including a national multi-media campaign for Unilever in the U.S. and a Juno Award for a Fred Penner album that was recorded at daCAPO's studios.

Clint feels that without the opportunities provided by the Manitoba production industry, daCAPO would not exist as it is today, " *I would either be working for someone else in another field, or in a different province.*"

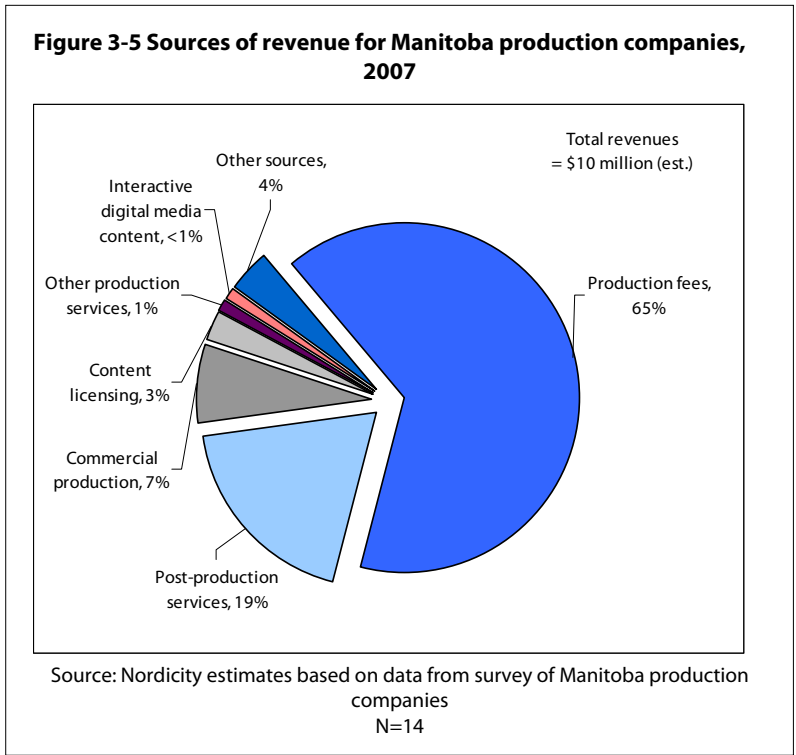
Manitoba's production companies earned an estimated \$10 million in revenues in 2007, largely from production fees, post-production services, commercial production and content licensing

Manitoba's 50 production companies earned an estimated \$10 million in revenues in 2007 and directly employed 200 Manitobans in their corporate operations on a full- or part-time basis. During principal photography, these companies provided employment for hundreds more Manitobans working on a self-employed/freelance basis.

While production companies in Manitoba earned the majority (65%) of their 2007 revenues from production fees¹² (i.e., fees earned by production companies to cover the labour and overhead costs associated

with the development, creation and production of films and television programs), the industry does offer a diversified source of revenues. Post-production services (19%), fees for commercial production (7%), content licensing from rights libraries (3%), other production services (1%), and interactive digital media content (<1%) also generated revenues for Manitoba production companies. That being said, the licensing of content to television broadcasters and theatrical/DVD distributors accounted for only 3% of Manitoba producers' revenues, possibly pointing to limited retention of exploitable rights or a lack of successful marketing efforts to exploit these rights.

With the rapid emergence of non-traditional distribution platforms for screen-based content, the retention and monetization of distribution rights will increasingly become an important source of revenue for production companies. With increased development of their corporate and financial capacity, Manitoba producers can put themselves in a position to retain more distribution rights to their works, and thereby maximize the revenue potential of their content libraries.



4 Manitoba's Competitive Position

4.1 Trends and Developments in the Screen-Based Sector

Global Trends and Developments

Online television is quickly taking hold and has the potential to deliver audiences, which are incremental to mass-media television and cinema distribution

The last few years have been marked by a period of significant uncertainty and flux for the global screen-based sector. The impact of convergence brought about by digital broadband technology has forced both producers and distributors to rethink their business models and interaction with audiences. First, digital technology transformed the production process. During the last few years, it has begun transforming the distribution side of the value chain for screen-based content. The result has been a gradual shift in viewers and advertising revenue away from conventional mass-audience television and towards specialty niche television services and online distribution, where advertising is presumably cheaper, better-targeted, and trackable.

Five years ago, video-sharing and social-networking web sites such as YouTube, MySpace, and Facebook did not even exist. Today, they, along with Apple, have become key players in distribution of both user-generated and professional screen-based content. Apple sells in excess of 50,000 movies per day through its *iTunes* Store.¹³

Not to be left behind, traditional television broadcasters and film distributors have also been quick to offer online users legal options for the downloading of screen-based content. Hulu.com – launched in March 2008 by NBC Universal and News Corp. as an online source of premium-video-quality film and television content – recorded 216 million viewings in December 2008.¹⁴ BBC's ad-free online programming viewing service, *iPlayer*, has been a resounding success to date. In the four months following its introduction in December 2007, it had already recorded 75 million program views and was averaging 700,000 views per day.¹⁵

¹² Production fees refer to the fees that producers earn from the projects they develop, raise financing for, and produce directly for broadcasters or distributors, or on behalf of other producers.

¹³ Screen Digest, "Online TV and video audience demand continues to grow but profit evades many players," November 11, 2008, downloaded at http://www.screendigest.com/press/releases/pr_11_11_2008/view.html on November 16, 2008.

¹⁴ The Economist, "Hulu who?," *The Economist*, February 5, 2009.

¹⁵ Ofcom, *Communications Market Report 2008*, p. 101.

THE STORY OF LES PRODUCTIONS RIVARD INC.

Founded in 1995, Les Productions Rivard is the largest francophone production company West of Ontario and a stable presence that invests strongly in the French community. Louis Paquin and Charles Lavack started the production company. They took the name from Father Leon Rivard, the first French filmmaker in Western Canada. Les Productions Rivard focuses on creating educational programming, which is featured on CBC/Radio Canada, APTN, provincial educational broadcasters, TVA, Canal 5, and the international French-language network, TV5.

Over the last five years the francophone company has nearly doubled its television production from 30 hours in 2003 to roughly 60 hours in 2008. This is thanks in part to the Federal Government's *French Outside Quebec (FOQ)* program, which has enhanced Les Productions Rivard's capacity to produce content reaching thousands of viewers in Western Canada. This growth resonates throughout the company, which now employs a staggering 30 full-time professionals, up from 15 in 2004. Not to mention the company's countless additional part-time and casual staff. To accommodate the company's growth, Les Productions Rivard has expanded its physical operations with the purchase of a building in the heart of St Boniface, Winnipeg.

With over 60 productions under its belt, Les Productions Rivard still finds time to contribute toward industry development initiatives, including those led by On Screen Manitoba. They have trained and supported many emerging talents who work on both francophone and English productions building our bilingual workforce – a competitive advantage for working with co-productions!

Louis Paquin, one of the founding producers of the company, says it's all about giving their employees artistic freedom, " At Rivard we try to allow creators to reach their creative objectives, provide our broadcast partners with original and high quality productions that provide added value to their viewers while working within our resources both logistically and financially. These parameters are both challenging and stimulating and are part of what makes our business so much fun."

Les Productions Rivard's television projects have won several Blizzard Awards, and received Gemini nominations. They have also expanded their reach nationally and collaborated on productions internationally. A distinctively versatile company, Rivard also produces new media projects and can deliver in both French and English.

Online television is more than just television over the Internet; it is a personalized form of television where consumers can create their own schedules and channel packages. The question is whether advertisers will pay a premium for this personalization, which will offset any loss in advertising revenue associated with mass-audience television. If the early success of Hulu.com is any indication, global brands do consider online television as a compelling path through which to reach audiences, particularly the ever-elusive younger demographics. Indeed, much of the early data on users of online television content suggest the audiences may, in fact, be incremental to over-the-air and multi-channel television platforms. In other words, online distribution can help grow the overall audience to screen-based content. The 16-to-34 demographic comprised 17% of the

BBC's broadcast audience in 2008, but 37% of its *iPlayer* audience.¹⁶ However, the real innovation offered by online television is its ability to offer audiences a more interactive experience. *Television 2.0* opens up a feedback loop between program creators and audiences: program creators are able to use viewer forums to test storyline ideas with audiences, for example. At the same time, audiences become more engaged in a television program because they have an outlet to potentially influence the creative process.

The ever-rising costs of global talent continue to force producers to seek out cost-competitive locales to film their projects

If online platforms are going to cannibalize any other screen-based platform, it is likely to be the packaged-DVD platform. The cinema-platform is unlikely to be significantly hurt by online distribution. However, the cinema has its own set of challenges: namely upward-spiralling costs for global performing talent and visual effects. These increasing costs, in part, led many Hollywood producers to seek cost savings elsewhere in their budgets by filming in Canada. Hollywood producers will continue to look for ways to trim their below-the-line costs, by shooting in Canada. However, they will also increasingly find themselves attracted by the tax incentives available in many American states and low-cost jurisdictions in Eastern Europe and elsewhere.

Manitoba's production community must be in a position to adapt and thrive in the quickly changing global screen-based landscape. While traditional distribution platforms – such as over-the-air television, cable/satellite television, and cinema exhibition – remain important, Manitoba producers must have access to the expertise and resources to develop audiovisual works outside of traditional platforms. In order to remain globally competitive, Manitoba producers will have to be able to operate successfully in the broadcaster pre-sale model as well as in alternative financing models – such as online sponsorship – where audiences often demand an interactive experience with their screen-based content. At the same time, the province and the industry must be diligent if it is to remain a cost-competitive locale for location shooting.

¹⁶ Ofcom, *Communications Market Report 2008*, p. 63.

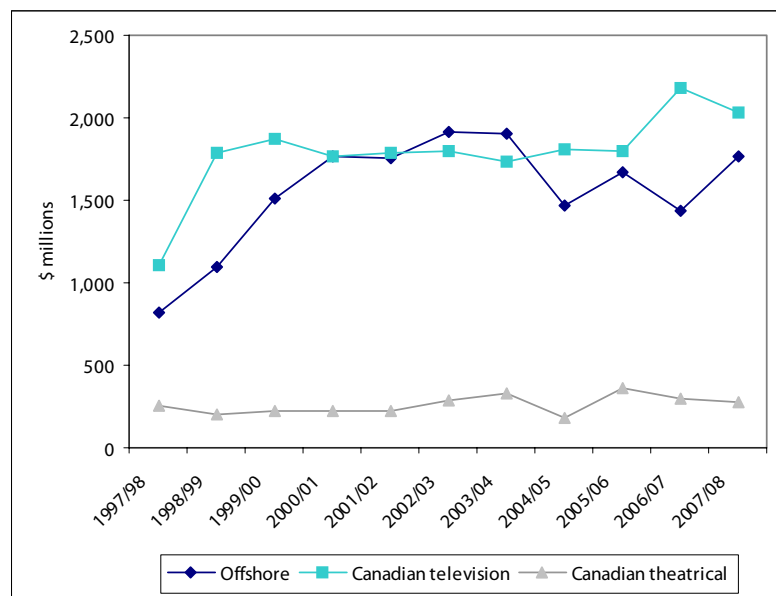
Canada's domestic television and film markets remain very static; while the offshore sector has weakened in recent years

With between \$1.8 billion and \$2.2 billion in annual production volume over the last five years, Canada's television production sector can best be characterized as static, with the prospect of significant weakening over the

next decade. Despite a recent spate of highly successful independently produced Canadian television programs, Canadian broadcasters appear reluctant to invest any more in Canadian programming than they are required to by industry regulation.

Canada's theatrical production market is significantly smaller and even more static than the television market: a large proportion of Canada's level of theatrical production remains fixed to a single source of financing, the Canada Feature Film Fund (CFFF) which is administered by Telefilm Canada. The only potential source of growth is through international treaty co-production; but Canada's activity with many of its traditional treaty co-production partners is not what it used to be.¹⁷ Much of the tax-shelter-seeking co-production activity that was endemic earlier in the decade has evaporated.¹⁸

Figure 4-1 Volume of film and television production in Canada, by sector



Sources: CAVCO, APFA and the Department of Canadian Heritage

¹⁷ Canadian Film and Television Production Association, *Profile 2009: An Economic Report on the Canadian Film and Television Production Industry*, February 2009, p. 31.

¹⁸ *Ibid.*

THE STORY OF FRANTIC FILMS

For five years running, *Profit Magazine* has selected Frantic Films as Manitoba's fastest-growing company. It has been one of Canada's most successful production companies with a long list of television projects. Frantic has also been a well diversified company having started as a visual effects firm and expanding into live action television production. They did it first with documentary series then expanded into Movies of the Week (MOWs) and features, lifestyle series, dramatic programming and most recently, variety programming. In the past three years alone, it has further capitalized its operations by raising millions of dollars in private equity funds, selling its visual effects division and purchasing Red Apple Entertainment, a Toronto-based production company, to further expand the company's ability to produce quality programming from its Manitoba head office.

In the last five years alone, Frantic has grown from 15.5 hours of production to more than 105 hours of completed production and an additional 19 hours currently in production today. The 2008 acquisition of Red Apple Entertainment more than doubled Frantic's library to 267.5 hours.

The Manitoba company is one of Canada's leaders in the production of lifestyle series' with the Gemini-award winning *Till Debt Do Us Part* which airs on Slice (Canada) and the American Life TV Network; and *Kitchen Crimes*, which airs on the Food Network (Canada) and HGTV (U.S.). Frantic Films' documentaries have achieved considerable audience success as well. *Pioneer Quest: A Year in the Real West* was the highest-rated documentary series ever broadcast on a Canadian specialty channel; *Quest for Bay* was the highest-rated series on History Television (Canada) in 2002 and the first Canadian-made living-history program to air in the U.S.

Frantic is a participant of M3P's Marketing Plan Program and the pilot Strategic Consulting Program. These programs not only enabled travel to reach new markets, but also made possible the development of strategic corporate planning. Frantic is also very active in the community, devoting time to the NSI-Canada and On Screen Manitoba.

Jamie Brown is the Executive Producer and CEO of Frantic Films. He says the past five years have been a tremendous time of growth and change for the company, *"We've worked hard to become a leading producer in Manitoba and in Canada, offering jobs for emerging and experienced talent alike. We have plans to increase our scripted and unscripted content filmed in Manitoba and remain as committed as ever to growing our company here."*

For a small market such as Canada, the development of a sustainable production industry will likely depend on the ability of Canadian producers to access international talent and financing, ideally through international treaty co-production. Manitoba producers have always been at the forefront of Canada's international treaty co-production. However, as in other provinces, Manitoba producers are finding it more and more difficult to do international treaty co-production projects. This is due to the fact that Canada's two largest traditional treaty co-production partners – the United Kingdom (U.K.) and France have, in recent years, restricted the eligibility of foreign expenditures for domestic tax incentives.¹⁹

¹⁹ Canadian Film and Television Production Association, p. 31.

In spite of the static nature of the markets for Canadian independent television and theatrical production, Canada's screen-based production industry enjoyed robust growth in the early part of the last decade, largely because of steady annual increases in offshore production. Manitoba played an important role in this growth. However, over the last five years, production levels in Canada's offshore segment have moved lower. A higher Canadian dollar has given American producers a reason to pause and recalculate the financial benefits of location production in Canada. Over the last few years, the market for location shooting has become much more competitive, as many state governments across the United States (U.S.) have implemented their own tax incentive programs for attracting Hollywood location shooting. While the competition from American states is not expected to abate any time soon, Canada's provinces should find relief in a somewhat lower Canadian dollar and the fact that the tax credit programs offered by Canadian governments are more transparent than many of those on offer by American state governments. Nevertheless, it remains vital that Canadian provinces, including Manitoba, keep their tax credits competitive, so that Canada remains a leading destination for location production.

Digital Convergence and Online Distribution in Canada

Canada's film and television production industry is by no means insulated from the digital convergence which is disrupting the value chain for screen-based content around the world. In fact, for Canada, the impact is, arguably, higher.

Online distribution of screen-based content presents a direct challenge to the effectiveness of content-quota regulations, which have been the centrepiece of CRTC's regulation formula for nearly four decades. While production studios and broadcasters around the world battle piracy and audience fragmentation, the CRTC has to look for ways to ensure that Canadians can continue to have access to Canadian voices in the decades to come. In the past, the regulator has offered holders of broadcasting licences a certain degree of market protection in return for some commitment to Canadian programming. The CRTC might have to find ways to extend some element of this basic regulatory model to the online- and mobile-distribution marketplaces.

For Canadian producers, online distribution is the source of tremendous friction with their biggest clients – Canadian broadcasters. Both producers and broadcasters are uncertain as to the commercial potential of online distribution. For producers, it is additive: online distribution allows broadcasters to reach new audiences or strengthen their relationship with existing audiences. For broadcasters, online revenues are seen as something that will eat into their existing advertising revenues. Although, a small number of Manitoba producers, including Frantic Films Commercial, have begun pursuing new online distribution models, there is currently very little direct support from the Manitoba government for producers who would to adapt or develop screen-based content for emerging digital distribution models

At this stage, what is crucial is some type of clarity about online distribution rights; otherwise there will be limited incentive for either party – producers or broadcasters – to innovate for digital platforms. The U.K.’s Terms of Trade Agreement provides producers and broadcasters with a clear framework for online rights; and producers and broadcasters have responded with

Without clarity about online distribution rights, there is limited incentive to innovate for digital platforms

innovation. Between 2005 and 2007, independent production companies in the U.K. saw their revenues from secondary television windows and digital rights increase by £43 million (\$86 million).²⁰ Without some clarity around online rights, Canada’s whole screen-based content industry – producers and broadcasters included – will find it extremely difficult to compete with the inflow of non-Canadian content.

4.2 Comparison to Peer Provinces

Manitoba offers a very competitive environment for film and television production; but there are some areas where it trails its peers, and therefore, can improve its competitive position

A comparison of Manitoba to its peer provinces – Nova Scotia, Saskatchewan, and Alberta – indicates that it offers a very competitive environment for Manitoba and visiting producers. However, there are a couple areas where the province needs to catch up in order to improve its competitiveness even further.

Manitoba’s tax credit is on par with that of Nova Scotia. The Manitoba Film and Video Tax Credit’s base rate (45%) is five percentage points lower than the rate in Nova Scotia (50%); however, including all bonus incentives, the Manitoba Film and Video Tax Credit’s maximum rate is 65%. This matches the maximum rate available in Nova Scotia.

Indeed, the Manitoba Film and Video Tax Credit is unique and quite innovative in relation to its peers’ offerings. Manitoba producers and out-of-province producers who enter into a co-production with a Manitoba producer receive a 5% bonus (Manitoba Producer Bonus). If one-half of a project’s shooting days are at least 35 kilometres from the Winnipeg city centre, there is a further 5% bonus (Rural and Northern Bonus). The frequent-filming bonus provides a 10% bonus for the third film shoot within a two-year period. Producers can combine all of these incentives for a total tax credit rate as high as 65%.

Table 4-1 Comparison of tax credits, other financial support programs, and infrastructure in peer provinces

²⁰ PACT, *Independent Production Census 2007/08* (data published in Ofcom, *Communications Market Report 2008*, p. 186).

	Manitoba	Nova Scotia	Saskatchewan	Alberta
Base rate for tax credit or production-rebate	45% of eligible labour	50% of eligible labour	45% of eligible labour	14% to 23% of eligible production costs (~25% to 42% of labour)*
Additional tax credit incentives	5% rural bonus 10% frequent filming bonus, 5% bonus for MB producer	10% rural bonus 5% frequent filming bonus	Rural bonus – 5% of total production cost (equivalent to 10% labour)	None
Maximum tax credit rate	65% of eligible labour	65% of eligible labour	~55% of eligible labour	~25% to 42% of labour*
Deeming of out-of-province labour	✓		✓	
Equity investment program	✓	✓	✓	
Development-loan program	✓	✓	✓	
Travel assistance	✓		✓	
Marketing support	✓		✓	
Film school / Training institute	✓	✓		
Specialty or pay television service headquarters	✓	✓		✓
Provincial educational broadcaster			✓	✓
Soundstage capacity	15,000 sq. ft.	33,125 sq. ft.	34,570 sq. ft.	50,000 sq. ft.

Source: Nordicity research based on information from *Playback* and film commission web sites.

Like some of its peer provinces, Manitoba also offers its producers equity investment, development funding, and travel and marketing assistance. Along with Saskatchewan, it also has provisions within the tax credit to deem out-of-province labour, when a Manitoban cannot fill a particular production role.

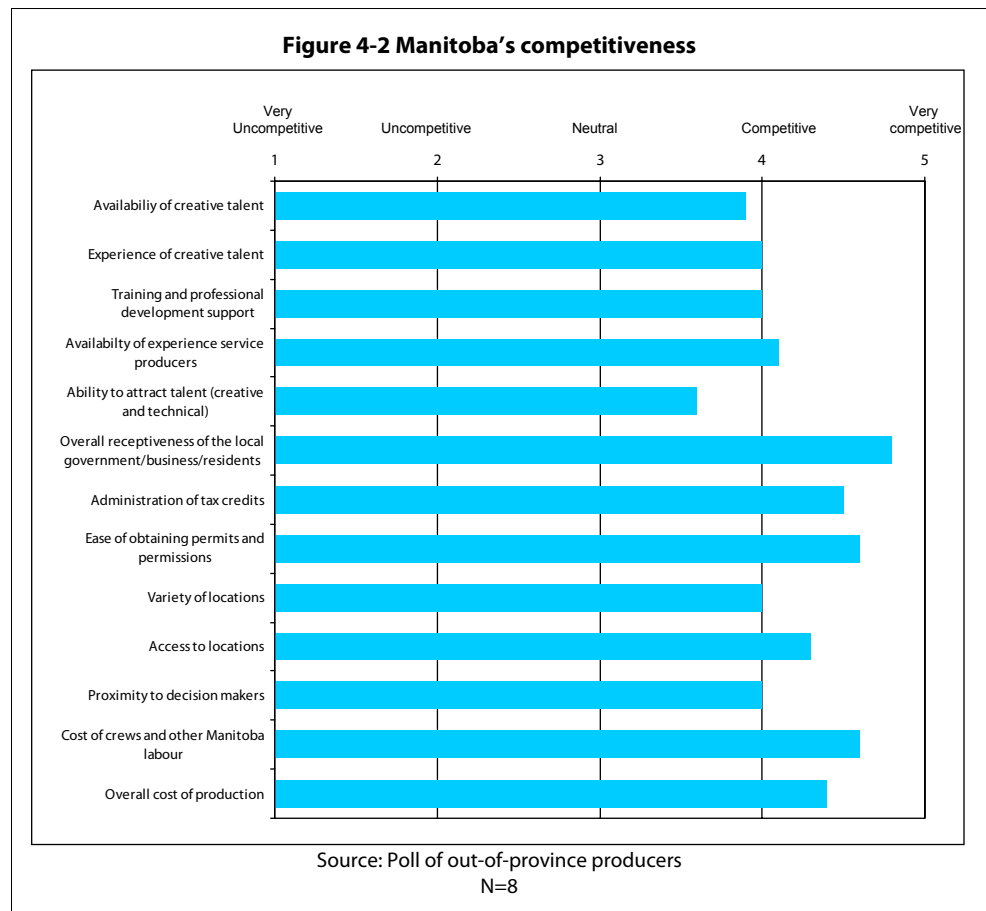
Manitoba currently trails its three peer provinces in terms of purpose-built soundstage capacity, however. At the present time, Manitoba has a 15,000 sq. ft. soundstage facility at the Manitoba Production Centre in Winnipeg. Manitoba's peer provinces each boast at least 30,000 sq. ft. of soundstage space.

Manitoba also lacks a provincial educational broadcaster – something that both Saskatchewan and Alberta have. A new *digital* educational broadcaster could utilize web, and digital cable and satellite platforms to deliver – in a very cost-effective manner – Manitoban programming that reflects the province's unique and increasingly diverse cultural composition. An educational broadcaster would play an important role in delivering educational programming to remote communities throughout Manitoba, and at the same time provide training opportunities for creative Manitobans seeking on-the-job experience in film, television and interactive-media production.

4.3 Sources of Competitiveness Advantage

Manitoba’s competitive advantage rests in its overall receptiveness to location production, the accessibility of its locations, and its cost-competitiveness

Manitoba has a reputation for being a very film friendly community. Out-of-province producers rated Manitoba as most competitive in the following areas: obtaining filming permits, the receptiveness of the Manitoba government, business, and residents to film and television production activity in the province. Access to locations was also an area of strength for the province.



The polling of out-of-province producers also confirmed that Manitoba’s competitive advantage has been tied very closely to its cost competitiveness. Producers rated Manitoba’s crew and labour costs, and the province’s overall cost of production as highly competitive. Manitoba Film & Music’s administration of the tax credit was also seen as a source of competitive advantage for the province. To remain as one of North America’s leading locales for location production the province must continue to be cost-competitive.

Out-of-province producers considered Manitoba less competitive – but still competitive – in areas that require local creative talent. They gave the province lower ratings when it came to the availability of creative talent and the ability to attract creative and technical talent from outside of the province. In light of this, the industry should look to improve its availability of qualified and experienced creative talent, and its ability to attract

creative and technical talent from outside of the province. For example, the industry must work to bring the province's above-the-line professionals to a point where they are qualified to work on offshore productions and international co-productions.

Taken together, the results of the poll suggest that Manitoba is more than just a low-cost option for out-of-province producers; it is also a hassle-free option. Manitoba will likely have to continue to offer a competitive tax credit to attract location production from Hollywood, New York, and elsewhere; but it may not have to raise its incentives above those offered by competing jurisdictions, if it can continue to ensure that producers can operate efficiently when they are shooting in Manitoba.

The province has experienced growth in its indigenous and co-production activity in recent years; however, the polling results indicate that Manitoba may face some significant challenges in attracting or retaining the writers, directors, performers, and directors of photography, which it will need to further grow the indigenous and co-production segments. Inter-jurisdictional competition which is reliant on a tax credit can become expensive and uneconomic, as rivalry becomes heightened among provinces and international jurisdictions. In the long-run, Manitoba must shift its competitive advantage to one which is based on the quality and continuous improvement in the skill levels of its production workforce. Without a global-calibre workforce, the tax credit would not matter. Such continuous skills development requires a commitment from all industry stakeholders to training and professional development.

4.4 Strength, Opportunities and Challenges

Manitoba’s tradition of creative excellence, government support, and tireless marketing are strengths that give the province’s film and television production industry a solid basis for future growth

Strengths

Manitoba’s dominant strengths stem from a tradition of creative excellence and community support. This support has made the industry cohesive and adaptable, able to easily accommodate offshore and co-productions. Industry support mechanisms such as M3P have facilitated the global reach of Manitobans by advancing the professionalism of the local industry and enabling companies to become export-ready and market their businesses internationally. Manitoba Film & Music is a champion of raising the international profile of the province through persistent marketing and competitive tax incentives.

Table 4-4 Summary of strengths, opportunities, and challenges in the Manitoba film and television production industry

Strengths	
<ul style="list-style-type: none"> • Creative excellence and community support • Strong industry support mechanisms • Extensively marketed • Competitive financial incentives 	<ul style="list-style-type: none"> • National organization headquarters (APTN, NSI) • Established arts and creative community • Diverse, accessible locations • Supportive government
Opportunities	
<ul style="list-style-type: none"> • Industry convergence and cross-pollination • New distribution methods • New business models 	<ul style="list-style-type: none"> • Leverage of existing strengths • Niche-market strategies: Aboriginal and Francophone outside of Quebec • Leverage of regulatory mandates
Challenges	
<ul style="list-style-type: none"> • Geographic isolation • Limited access to financing • Lack of international markets/festivals • Some labour-force gaps • Lack of infrastructure 	<ul style="list-style-type: none"> • Competing jurisdiction strategies and financial incentives • Volatile exchange rates • Reduced provincial and/or federal government support

The Aboriginal People’s Television Network’s (APTN) presence has helped establish the province as a centre for Aboriginal culture and media. With the National Screen Institute (NSI) located in Winnipeg, the province has galvanized its position as a hub and destination for culture in Western Canada. The province’s Francophone community has also been a tremendous source of creativity. In support of Manitoba’s positioning is a well-

established and large creative community, which provides a strong resource of talent for productions and collaborative projects.

Manitoba has a catalogue of diverse locations with close proximity to Winnipeg. Film commission services and locations' owners are also very helpful and accommodating.

Opportunities

The global phenomenon of digital convergence presents an opportunity for Manitoba's production industry and budding interactive media industry to reach even larger global audiences

Opportunities abound in screen-based content industries worldwide. While convergence is a global trend among these industries, its success demands strategic implementation and maximum leverage of key strengths. The budding interactive media industry in Manitoba provides a strong opportunity for industry convergence. Cross-pollination between content and delivery within niche markets presents new opportunities with reduced production and distribution costs. The ability to reach mass or targeted audiences is increasingly available. Furthermore, the capacity to leverage and monetize existing product catalogues is achievable through convergence.

Manitoba's social diversity and unique demographic composition positions it as a Canadian cultural capital. With a unique culture of Aboriginal peoples, Francophone Canadians and newer citizens of multicultural origins Manitoba can be distinctively marketed and positioned internationally. Leveraging Manitoba's emerging festivals and cultural institutions not only attracts investment to the province, but also builds breadth in its socio-economic prosperity. Furthermore, the province's production industry is eligible to seize opportunities from CRTC regulations and federal government policies promoting regional voices programming (for example the CRTC's Local Programming Improvement Fund decision) as new sources for increased project funding.

Challenges

Gaps in skilled production labour, production facilities, and financial capacity are challenges which industry stakeholders will have to address to keep the province competitive in the decades to come

A small population and resulting labour shortage during peak production times are attributed to both above- and below-the-line labour gaps, and results in difficulty retaining skilled workers. Despite the industry's dedication to the recruitment and training, there remains some challenge in addressing the expectations and work habits of the new generation. With limited access to financing, production companies face issues with cash-flow and under-capitalization. Attracting investment is difficult because of limited access to most decision makers and broadcasters. This intensified with the loss of the NSI Film Exchange in 2007. Of Manitoba's gaps in

infrastructure, the lack of a film lab is notable. Similarly, inadequate production soundstages and editing facilities pose further limitations on attracting investment and growth.

While Manitoba is developing a comprehensive industry strategy, the province is threatened by competing jurisdictions also pursuing innovative strategies. As a result, Manitoba is at risk of losing its competitive advantage. Financial incentives are easily reproduced by other jurisdictions, and are reliant upon continued government support. Manitoba must strive to build capacity for quality niche productions to keep its competitive advantage.

Volatile and unfavourable currency exchange rates can cause uncertainty in the marketplace and deter international co-productions and offshore productions. Furthermore, the industry's economic health is subject to continued cooperation along the film and television production supply chain. In an industry such as film and television, which can be susceptible to labour unrest, maintaining cooperation and dialogue amongst all stakeholders is critical. Establishing a cohesive and shared vision for the industry is essential in stabilizing the local supply of labour and services for film and television production.

5 Recommendations

The research and statistics in *Snapshot 2009* suggest that Manitoba's film and television production industry faces strong domestic and international competitive forces, which could potentially threaten its position as a cost-competitive and producer-friendly jurisdiction. For both the short- and long-term, industry stakeholders would be wise to pursue a strategy that will create an environment where Manitoba's producers, filmmakers and crews can develop a sustainable screen-based production industry positioned to create and exploit its intellectual property across traditional and new platforms. The following eight recommendations – directed at government, On Screen Manitoba, and other industry stakeholders – will help put Manitoba's production industry on a trajectory to achieve long-term growth and sustainability.

1. Support Manitoba's independent production companies to be as internationally and domestically competitive as possible.

- ❖ Ensure financial support is available for Manitoba producers to participate in market development and expand Manitoba's place in the world's film, television and interactive digital media markets.
- ❖ Continue to invite broadcasters and other industry decision-makers to Manitoba.
- ❖ Support On Screen Manitoba in its ongoing market development and market-intelligence initiatives, in order to take a more active role in helping its members succeed in national and international markets.
- ❖ Increase the presence of distributors within Manitoba. On Screen Manitoba and other industry stakeholders should explore the options for assisting Manitoba producers to enter into a new distributor model in which there is a higher degree of coordination and partnership among producers, distributors, and broadcasters with respect to audience development and revenue sharing over multiple platforms.

2. Support Manitoban production companies' ability to build corporate capacity and access to capital.

- ❖ Support production companies to develop new strategic plans, explore new business models and markets, so that they can adapt to the changing needs of the industry and thereby encourage the sustainability of the whole production industry within the province.
- ❖ Investigate ways to improve Manitoba production companies' cash flow and reduce their cost of interim financing – for example, develop a Manitoba-based interim financing facility and initiate advances on the Manitoba tax credit.

- ❖ Encourage Manitoba producers to diversify their production financing sources and thereby reduce their reliance on public funding – for example, investigate the feasibility of public/private equity funds and advocate for tax incentives for private investors.
- ❖ Provide support for independent producers and filmmakers to explore new forms of production and digital content production, distribution and revenue models independently and in collaboration with interactive-media companies.

3. Develop the Manitoba industry’s capacity to further increase indigenous and co-productions.

- ❖ Investigate and propose a slate development program for Manitoba’s production companies, in order to boost indigenous productions and co-productions, and build corporate capacity within production companies.
- ❖ Prioritize *industry-building* types of production – dramatic television series, MOWs, feature films (including feature length documentaries), animation– to stimulate growth in these particular types of productions.
- ❖ Enhance the support for Manitoba’s creative talents.
- ❖ Create strategies to further develop the capacity of Aboriginal and Francophone production communities in Manitoba and build Manitoba into a recognized hub for Aboriginal production and Francophone production outside of Quebec.
- ❖ Support the industry to increase the participation of Aboriginal Canadians at all levels and in all roles within the film and television production community in Manitoba.
- ❖ Champion the creation of alternative financing mechanisms and incentives for private investors.

4. Support increased labour force development in Manitoba.

- ❖ Create an industry-driven labour force strategy to develop and retain a culturally diverse and internationally competitive creative and technical workforce in Manitoba.
- ❖ Support FTM to lead the development of the industry’s most important asset – its human capital – to meet the needs of a global marketplace.

5. Pursue initiatives to build Manitoba's competitive advantages, set the stage for future growth and close the gap with peer provinces.

- ❖ Maintain competitive incentives.
- ❖ Investigate the feasibility and the potential cost-benefit of expanding the amount of studio space within the province.
- ❖ Investigate the feasibility of creating an interactive, technology-driven educational provincial broadcaster.
- ❖ Develop an industry-driven plan for maximizing cost efficiencies related to filming in Manitoba.
- ❖ Continue to advocate, on behalf of the Manitoba film and television production industry for direct flights between Winnipeg and Los Angeles, and Winnipeg and New York City. This type of improved transportation link will facilitate a measurable growth in offshore and co-productions.

6. Pave the way for a highly integrated traditional and digital interactive media industry that puts Manitoba in a position of leadership in creative content creation.

- ❖ In collaboration with the interactive media community, develop a digital media strategy for Manitoba that aligns government industry strategies in Manitoba under one vision.
- ❖ Champion the creation of a creative cluster strategy for Winnipeg and Manitoba, and advocate for its adoption by the City of Winnipeg and the Province of Manitoba.
- ❖ Support screen-based media industries to take a leading role in establishing Manitoba as a cultural capital, which draws on the province's broad range of creative talent, social diversity, and unique demographic composition and heritage.

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Appendix A – Methodology and Additional Statistical Indicators

Nordicity utilized a combination of primary and secondary research to collect the data and relevant information to develop *Snapshot 2009*. In certain cases, Nordicity developed estimates of key economic indicators; it describes these estimation methods at various points in the report, in this appendix, and in Appendix B.

Data Sources and Secondary Research

To prepare the quantitative indicators and analysis in *Snapshot 2009*, Nordicity collected data from a variety of secondary sources.

- Manitoba Film & Music was the primary source of statistics on production activity and financing in the province.
- The Canadian Film and Television Production Association (CFTPA), the Association of Provincial Funding Agencies (APFA), Canadian Audio-Visual Certification Office (CAVCO), Telefilm Canada, the Canadian Radio-television and Telecommunications Commission (CRTC) and the Canadian Television Fund (CTF) also provided certain production-industry statistics used throughout *Snapshot 2009*.
- Statistics Canada provided various employment and demographic data.

Key Informant Interviews

Nordicity conducted interviews with a total of 26 key informants from the Manitoba production industry. Through these key informant interviews, Nordicity collected information on many of the key issues, developments, challenges, and opportunities facing Manitoba's production industry. The key informant interviewees included independent producers, filmmakers, providers of production services, Manitoba-based broadcasters, representatives from the production-industry unions and guilds, industry training programs, and the province's new-media industry. Among the 26 interviewees were 24 key informants based in Manitoba, and 2 independent producers based outside of the province who often co-produce projects with Manitoba producers. A list of the key informant interviews can be found in Appendix C.

In order to gather additional insights on Manitoba's competitive positioning as a production centre in North America, Nordicity conducted a poll of eight producers located outside of the province who have either been involved in co-productions with Manitoba producers or have shot films or television programs on location in Manitoba. Nordicity asked these producers to rate the quality of Manitoba's production infrastructure and personnel. Nordicity has kept the names of these additional producers anonymous.

Online Survey

To collect certain economic indicators for *Snapshot 2009*, Nordicity conducted an online survey of Manitoba producers. Nordicity designed the online survey questionnaire in consultation with On Screen Manitoba and tested it with a small group of producers.

On Screen Manitoba invited over 40 production companies and independent producers to participate in the online survey. The online survey was open for approximately one month and generated a strong response among Manitoba's largest production companies. A total of 14 production companies, representing approximately 87% of the total volume of Manitoba film and television production in 2006/07 and 2007/08, completed the survey online. Thus, the survey provided a very good representation of the overall production industry within Manitoba, when weighted in terms of production activity.

For certain indicators, years in operation and number of production-company employees, Nordicity conducted a follow-up telephone and email poll. An additional 13 production companies participated in this follow-up poll, bringing the total number of responses to 27.

Economic Impact Analysis

A key component of *Snapshot 2009* is the economic impact analysis and the cost-benefit analysis associated with it. For the economic impact analysis, Nordicity collected various data which measured the direct economic impact of film and television production in Manitoba. Nordicity supplied these direct-economic-impact data to the Manitoba Bureau of Statistics (MBS), which then used its reputable input-output model of Manitoba's

economy to prepare estimates of the indirect and induced economic impacts of the film and television production industry on the Manitoba economy. On the basis of economic-impact estimates generated by MBS, Nordicity was able to construct estimates of the total economic impact of film and television production in the province which included the direct impact and spin-off impacts. The economic analysis yielded an overall spin-off employment multiplier of 1.64.

Nordicity also used the estimates of the total economic impact of film and television production activity in the province to prepare a cost-benefit analysis, which compared the fiscal benefits earned by the Government of Manitoba to the total financial outlays it made to support the industry between 2003/04 and 2007/08. A detailed description of the economic impact analysis methodology can be found in Appendix B.

Key Definitions

Industry Segments

Many of the statistical indicators and analysis in *Snapshot 2009* are based on the four key segments of Manitoba's film and television production industry. These four segments are: offshore, co-production, indigenous, and broadcaster in-house.

- The **offshore** segment includes films and television programs produced on-location in Manitoba, where the copyright is held entirely by a non-Manitoba producer.
- The **co-production** segment includes independently produced films and television programs where the copyright is shared by a Manitoba producer and a producer outside of Manitoba (Canadian or foreign).
- The **indigenous** production segment consists of television programs and films made by Manitoba producers working outside of broadcasters (commonly referred to as independent producers or production companies).
- The **broadcaster in-house** segment includes in-studio spending by CBC, CTV, CanWest, other private television stations, and the APTN. It includes broadcasters' spending on news, current affairs, and local sports programming.

Volume of Production

Throughout *Snapshot 2009*, Nordicity measures film and television production activity on the basis of the **total volume** of film and television production. Total volume refers to the sum of the dollar value of total budgets of film and television projects made in Manitoba, and includes amounts spent both on Manitoba and non-Manitoba labour and supplies. Nordicity also presents production activity statistics for the number of film and television projects made in the province.

Total Production vs. Independent Production

In most cases, Nordicity measures the total volume of production inclusive of all of four industry segments. In certain cases, however, Nordicity presents statistics for the total volume of *independent* film and television production. Independent production refers to films and television programs made by production companies which are not affiliated with Canadian broadcasters (i.e., in which a Canadian broadcaster has no more than a 30% ownership interest). In this report, Nordicity uses the term independent production to refer to the films and television programs produced outside of the studios of Canadian broadcasters. On that basis, independent production in this report includes all production in the offshore, co-production, and indigenous segments, regardless of a production company's affiliation with a Canadian broadcaster. Independent production in this report, therefore, excludes all broadcaster in-house production.

After-Market Export Revenues

Inward investment (export value) measures earnings on the basis of inward financial flows to production activity; however production companies can also realize export earnings from the licensing of their television programs or films to broadcasters or distributors in territories that were not part of a project's pre-sale financing. For

example, a producer may finance a television program by pre-selling only its Canadian broadcast rights. After the project is complete and has aired on Canadian television, if the telecast rights to territories outside of Canada have not yet been sold, the producer can attempt to complete sales with broadcasters outside of Canada. In this regard, producers are realizing export earnings from their rights library; these types of sales are often referred to as after-market or secondary-market export sales. The online survey asked production companies to report the percentage of their 2007 revenues, which they earned from such export sales.

Manitoba production companies reported their export-revenue percentage by selecting one of nine percentage ranges. Most of the responding production reported that zero per cent of their revenues during the 2007 fiscal could be attributed to after-market export sales. Of those companies that did have export revenues, most reported that it was between 0.1% and 4.9% of total revenues. Only a small minority of companies reported export-revenue percentages in the ranges higher than 5.0%.

On the basis of the revenue and export-revenue percentage data from the survey, Nordicity constructed three estimates of the total export revenues earned by Manitoba production companies.

- The **low estimate** was based on the median value for each export-revenue-percentage range and the low estimate of each production company's revenues. The low estimate was \$436,000.
- The **medium estimate** was based on the median value for each export-revenue-percentage range and the median value of the revenue range selected by each production company. The medium estimate was \$692,000.
- The **high estimate** was based on the median value for each export-revenue-percentage range and the high estimate of each production company's revenues. The high estimate was \$947,000.
- The **maximum estimate** was based on the maximum boundary value for each export-revenue-percentage range and the high estimate of each production company's revenues. The maximum estimate was \$1,117,000.

Overall, these estimates indicate that Manitoba production companies earned approximately \$1 million from after-market export sales, by licensing the rights they hold in television programs and theatrical films to television broadcasters and distributors outside of Canada.

Job Creation and Employment

The full-time equivalents (FTEs) measure provides a standardized measure of employment that allows one to compare the job creation potential of different industries where the relative composition of full-time and part-time employment differs. Nordicity arrived at annual estimates of the number of FTEs created by film and television production in Manitoba by dividing the annual expenditures on resident Manitoba labour by an estimate of the annual FTE salary for a production industry worker. Manitoba Film & Music provided the Manitoba labour expenditure data; Nordicity developed the average FTE salary by examining average FTE salary data reported in the Statistics Canada *2006 Census*. Additional detail on the estimation approach can be found in Appendix B.

Number of Manitobans Working in the Film and Television Production Industry

Estimates of the number of FTEs in the film and television production industry tend to understate the total *number of persons* actually employed in the industry. Film and television production is characterized by seasonal or intermittent periods of employment for those who work in the industry. What is more, many workers are either self-employed or employed on a part-time basis. With the high prevalence of intermittent work and part-time employment, a single FTE may actually represent the employment of two or more persons in the industry.

Because no direct data are available for the number of Manitobans working in the production industry, Nordicity developed a range estimate based on labour force statistics available from the Statistics Canada *2006 Census*. Nordicity developed estimates by applying both an occupation-classification approach and an industry-classification approach. The results of these two approaches are summarized in Table A - 1.

On the basis of the data from the *2006 Census*, Nordicity estimates that there are between 1,200 and 1,600 Manitobans working in the film and television production industry in the province, or approximately **1,500 Manitobans**.

The occupation-classification approach is based on *2006 Census* data for National Occupation Classification (NOC) codes for various occupations closely related to film and television production. Because many of these NOC codes include occupations in the performing arts sector, Nordicity used data for total employment in the North American Industry Classification System (NAICS) 7111 Performing Arts Companies to apply a downward adjustment to the NOC subtotal. The occupation-classification approach yielded a lower boundary estimate of 1,207 Manitobans working in the film and television production industry in 2006.²¹

Table A - 1 Calculation of number of Manitobans working in film and television production

Occupation Approach		Industry Approach	
Occupation category	Number of workers	Industry	Number of workers
F031 Producers, directors, choreographers and related occupations in motion pictures, broadcasting and the performing arts	430	NAICS 5121 Motion picture and video industries	1,535
F035 Actors and comedians	235	LESS: Movie-cinema employment	600
F122 Film and video camera operators	130	ADD: Broadcaster in-house production	300
F125 Audio and video recording technicians	270	ADD: NAICS 7111 Performing Arts Companies (50%)	<u>343</u>
F126 Other technical and co-ordinating occupations in motion pictures, broadcasting and the performing arts	240		
F127 Support occupations in motion pictures, broadcasting and performing arts	<u>245</u>		
Subtotal	1,550		
LESS: NAICS 7111 Performing Arts Companies (50%)	<u>343</u>		
Total	1,207	Total	1,578

Source: Statistics Canada, *Census 2006*; and Nordicity estimates based on data from CRTC

The industry-classification approach is based on the *2006 Census* data for the number of workers employed in NAICS 5121 Motion Picture and Video Industries. Nordicity applied three adjustments to make this amount better reflect film and television *production* employment, as opposed to broader employment in the NAICS 5121. First, Nordicity applied a downward adjustment to reflect employment in the movie-cinema industry, which is also part of NAICS 5121. Nordicity made an upward adjustment to reflect in-house production employment in the television broadcasting industry. And Nordicity also made an upward adjustment to account for film and television production workers that may have been captured within NAICS 7111 Performing Arts Companies at the time of the *2006 Census*. The industry-classification approach yielded an upper-bound estimate of 1,578 Manitobans working in the film and television production industry in 2006.

Production Company Employment

Through the online survey and a follow-up phone poll, Nordicity collected employment data from a total of 25 production companies. These 25 companies reported total employment of 164 persons, including 112 full-time employees, 40 part-time employees, and 12 unspecified employees. Thus, there were at least 164 persons employed at Manitoba production companies in 2007; however, the actual total employment was probably higher, given that there are 50 production companies in Manitoba, which drive the majority of production

²¹ This estimate of total employment is, in fact, only 5% higher than the FTE estimate for 2006/07, and only 20% higher than the average annual FTE estimate of 1,010 for the 2003/04-to-2007/08 period. The closeness of the two estimates suggests that perhaps many part-time production-industry workers may have identified themselves on the *2006 Census* under different industries or occupations in which they may have also been earning income.

activity in the province. Therefore, Nordicity estimates that there were approximately **200 persons** employed directly at production companies in Manitoba on an ongoing basis in 2007.

Average Salaries at Production Companies

Production companies reported that their employees earned a total of \$4.9 million in salaries and wages in 2007. This suggests that the total salaries and wages paid to production-company employees in 2007 was approximately \$5.6 million (\$4.9 million ÷ 87%²²). Based on the 110 persons employed at the companies reporting salaries and wages data, the average annual wage was approximately \$44,000.²³

Demographic Characteristics of Production Workforce

To prepare a demographic profile of the film and television production industry workforce, Nordicity sourced demographic data from the Statistics Canada *2006 Census* for the six NOCs identified as comprising film and television production industry workers. While these six NOCs also include workers in the performing arts sector, Nordicity believes that the differences between the performing arts sector and the film and television production industry do not distort the data in any substantial way.

Guild and Union Membership

Table A - 2 Guild and union membership in Manitoba

	Total members	Permittees / Apprentices	Total
IATSE-856	340	322	662
ACTRA	244	144	388
DGC	92	35	127
Total*	676	501	1,177

Source: IATSE Local 856, ACTRA, DGC Manitoba

* Certain production industry workers may be members of more than one union guild., so the calculated total may over-estimate the total number of production industry workers belonging to a labour organization.

Number of Production Companies

Direct data on the number of production companies operating in Manitoba was not available. Nordicity consulted three sources to prepare an estimate.

First, Nordicity reviewed the *Manitoba Production Guide 2008*. It lists 30 production companies, after removing the names of companies that were divisions of other production companies (see Table A – 3). Nordicity also reviewed the production company information for a list of over 200 films and television projects, which received the Manitoba Tax Credit between 2003/04 and 2007/08. From this review, Nordicity identified an additional six production companies currently in operation.

Based on our review of the *Manitoba Production 2008*, data from Manitoba Film & Music, and consultation with On Screen Manitoba, Nordicity estimates that there are an estimated **50 production companies** in operation in Manitoba today, which drive the majority of film and television production activity in the province.

²² A total of 14 production companies, representing approximately 87% of the total volume of Manitoba film and television production in 2006/07 and 2007/08, completed the survey online.

²³ Some respondents to the survey and follow-up phone poll only reported the number of employees and not their total salary and wages. To calculate the average salary, we have removed these observations where there was no salary and wages data. Dividing the estimate of total salary and wages (\$5.6 million) by the estimated total number of employees (200) would understate the average salary across responding companies.

Table A - 3 Selected Manitoba production companies

1. 40 Below Films Inc.	13. Impact Productions	25. Paquin Entertainment
2. Arc Image Media	14. Inferno Pictures	26. Rajotte Productions Inc.*
3. Big Focus Inc.	15. Julijette Inc.	27. Scorpio Productions Inc.
4. Blonde Indian Productions	16. Koshka Productions*	28. Scottfree Productions
5. Buffalo Gal Pictures	17. Lank/Beach Productions	29. Spectra Productions
6. CLG Communications	18. Les Productions Rivard	30. Strongfront A/V Productions Inc.
7. Dacapo Productions	19. Merit Motion Pictures Inc.	31. Sunburst Productions Ltd.
8. Eagle Vision Inc.	20. MidCanada Production Services Inc.	32. Tacita Interactive Communications Inc.
9. Edgeland Films Inc.*	21. Mighty Kraken Films*	33. Tag Creative Studios
10. Farpoint Films Inc.	22. Numan Films	34. Two Lagoons Productions Inc.
11. First Voice Multimedia Inc.*	23. Original Pictures Inc.	35. vonnie Von Helmolt film
12. Frantic Films	24. Oswald Productions Inc.	36. Willow Island Film Inc.

Source: *Manitoba Production Guide 2008* and Nordicity research

* Added to the list of production companies in the basis of Nordicity research

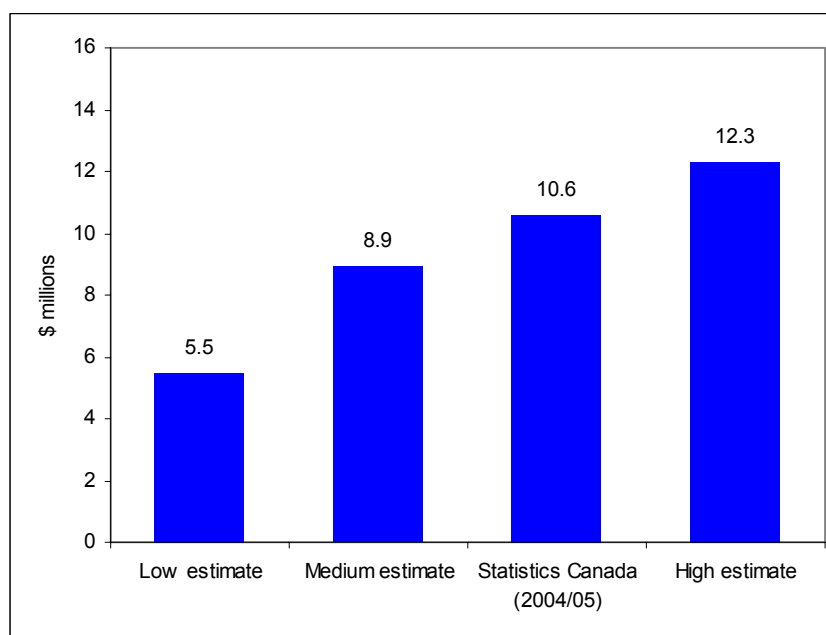
Age of Companies

Nordicity collected data from the online survey, the *Manitoba Production Guide 2008*, and a follow-up telephone poll of Manitoba production to create an age profile of Manitoba's production companies. In total Nordicity obtained data from 28 production companies in the province.

Size of Revenues in 2007

Direct data on the revenues of production companies in Manitoba was not available, so Nordicity prepared estimates of industry-wide revenues on the basis of the data collected through the survey of Manitoba production companies. Nordicity also reviewed historical data published by Statistics Canada for the revenues of producers based in Manitoba.

Figure A - 1 Estimated total revenues of Manitoba production companies, 2007



Sources: Statistics Canada and Nordicity estimates based on data from survey of Manitoba production companies



Thirteen of the leading production companies in Manitoba, accounting for 82% of production volume in 2007, reported their total revenues on the basis of nine revenue ranges. Nordicity used these data, to construct a low, medium, and high estimate of industry revenues. Nordicity arrived at the low estimate by summing the lower bound of the revenue ranges selected by responding companies. The medium estimate was based on the sum of the median of revenue range selected by each company. And the high estimate was based on the sum of the upper bound of the revenue range selected by each respondent.

Our low estimate of industry revenues was \$5.5 million; the medium estimate was \$8.9 million; and the high estimate was \$12.3 million. Statistics Canada reported that producers in Manitoba earned \$10.6 million in revenues in 2004/05. On the basis of these four data points, Nordicity believes it is reasonable to conclude that the total amount of revenues earned by Manitoba production companies in 2007 was approximately **\$10 million.**

Appendix B – Economic Impact Analysis

Introduction

In June 2008, On Screen Manitoba commissioned Nordicity and MBS to prepare an analysis of the total economic impact of film and television production in Manitoba between the fiscal years of 2003/04 and 2007/08. As part of this analysis, Nordicity collected the input data for the **direct** economic impact of film and television production in the province.

On the basis of this estimate of the direct economic impact of film and television production in the province, MBS used its input-output model of Manitoba's economy to prepare estimates of the **indirect** and **induced** economic impacts of the film and television production industry on the Manitoba economy.

Total Manitoba Expenditures

Total expenditures within Manitoba on film and television production totalled **\$374.5 million** between 2003/04 and 2007/08.

Table B - 1 Total expenditures on film and television production in Manitoba (\$ millions)

	2003/04	2004/05	2005/06	2006/07	2007/08	5-Year Total
Broadcaster in-house	18.8	16.2	16.8	18.6	19.1	89.4
Indigenous	9.4	12.8	17.3	24.2	16.8	80.4
Co-production	8.1	12.2	14.5	22.4	16.1	73.3
Offshore	32.4	18.4	32.8	24.5	23.3	131.4
Total	68.6	59.6	81.4	89.7	75.2	374.5

Sources: Manitoba Film & Music, CRTC, CBC, APTN, Statistics Canada, and Nordicity estimates

Independent Production²⁴

Expenditures on Manitoba Labour

Table B - 2 Total expenditures on Manitoba labour (\$)

	2003/04	2004/05	2005/06	2006/07	2007/08	5-Year Total
Indigenous	5,836,571	7,619,628	10,504,476	14,726,133	9,932,213	48,619,021
Co-production	4,892,115	7,229,762	8,854,946	13,304,022	8,200,023	42,480,868
Offshore	12,882,121	9,607,024	19,944,235	8,536,822	13,933,400	64,903,602
Total	23,610,807	24,456,414	39,303,657	36,566,977	32,065,636	156,003,491

Source: Manitoba Film & Music

Expenditures on Manitoba Goods and Services

Table B - 3 Total expenditures on Manitoba goods and services (\$)

	2003/04	2004/05	2005/06	2006/07	2007/08	5-Year Total
Indigenous	3,564,776	5,152,973	6,767,802	9,492,670	6,824,398	31,802,619
Co-production	3,158,028	4,965,062	5,665,215	9,145,545	7,865,216	30,799,066
Offshore	19,496,323	8,803,940	12,866,627	15,915,620	9,397,371	66,479,881
Total	26,219,127	18,921,975	25,299,644	34,553,835	24,086,985	129,081,566

Source: Manitoba Film & Music

²⁴ The tables in this sub-section exclude the contribution of the broadcaster in-house production; they are based solely on data supplied by MFM for indigenous, co-production, and offshore production. All amounts are presented in nominal dollars.

Table B - 4 Regional distribution of economic impact of film and television production (\$)

	2003/04	2004/05	2005/06	2006/07	2007/08	5-Year Total
<u>Winnipeg labour</u>						
Indigenous	5,662,241	7,463,635	10,153,556	14,572,840	9,807,632	47,659,904
Co-production	4,616,368	7,052,342	8,326,410	12,404,091	7,299,085	39,698,296
Offshore	10,708,953	9,146,817	17,902,328	7,315,922	10,566,762	55,640,782
Total	20,987,562	23,662,794	36,382,294	34,292,853	27,673,479	142,998,982
<u>Winnipeg goods/services</u>						
Indigenous	3,538,086	4,992,037	6,644,120	9,422,772	6,692,805	31,289,820
Co-production	3,030,035	4,691,499	5,108,247	8,194,003	6,823,318	27,847,102
Offshore	18,181,101	8,607,981	11,080,890	12,736,829	7,050,565	57,657,366
Total	24,749,222	18,291,517	22,833,257	30,353,604	20,566,688	116,794,288
Total Winnipeg	45,736,784	41,954,311	59,215,551	64,646,457	48,240,167	259,793,270
<u>Non- Winnipeg labour</u>						
Indigenous	174,330	155,993	350,920	153,293	124,581	959,117
Co-production	275,747	177,420	528,536	899,931	900,938	2,782,572
Offshore	2,173,168	460,207	2,041,907	1,220,900	3,366,638	9,262,820
Total	2,623,245	793,620	2,921,363	2,274,124	4,392,157	13,004,509
<u>Winnipeg goods/services</u>						
Indigenous	26,690	160,936	123,682	69,898	131,593	512,799
Co-production	127,993	273,563	556,968	951,542	1,041,898	2,951,964
Offshore	1,315,222	195,959	1,785,737	3,178,791	2,346,806	8,822,515
Total	1,469,905	630,458	2,466,387	4,200,231	3,520,297	12,287,278
Total Non-Winnipeg	4,093,150	1,424,078	5,387,750	6,474,355	7,912,454	25,291,787
Grand Total	49,829,934	43,378,389	64,603,301	71,120,812	56,152,621	285,085,057

Source: Manitoba Film & Music

Note: Some totals may not sum due to rounding

Broadcaster In-House Production

Table B - 5 Total expenditures on broadcaster in-house production in Manitoba (\$ millions)

	2003/04	2004/05	2005/06	2006/07	2007/08	5-Year Total
Labour	11.7	10.3	11.1	12.5	12.3	57.9
Goods and services	7.1	5.9	5.7	6.1	6.8	31.6
Total	18.8	16.2	16.8	18.6	19.1	89.4

Sources: Nordicity estimates based on data from CRTC, CBC, APTN, Statistics Canada, and Nordicity estimates

Allocation of Manitoba Expenditures

Below-the-Line Expenditures on Goods and Services

One of the key steps in the economic impact analysis is to determine the level of expenditures made by film and television producers on various commodities in the Manitoba economy during the production process. This breakdown of expenditures by commodity becomes a key input to the input-output model.

To estimate producers' pattern of expenditures on goods and services, Nordicity developed a commodity-allocation table (Table B - 6). The allocation table is based on information supplied to Nordicity by Manitoba Film & Music for a sample of confidential project budgets. Nordicity reviewed data for multiple projects from each of the three key industry segments – offshore, indigenous and co-production. For the indigenous segment, Nordicity reviewed data for both drama and documentary projects. Among the reviewed projects were television series, MOWs, feature films, and other types of single-episode programming.

In total, Nordicity reviewed sample budgets from nine projects. Nordicity organized these nine projects into the four categories found in Table B - 6 – offshore, indigenous drama, indigenous/co-production documentary, and co-production drama. The commodity allocation in Table B - 6 reflects the average distribution of below-the-line expenditures and excludes post-production expenditures. Nordicity dealt with post-production expenditures on a separate basis.

Table B - 6 Commodity-allocation table

Comm. No.	Commodity	Offshore	Indigenous Drama	Indigenous / Co-Production Documentary	Co-Production Drama
206	Other clothing & accessories	6.5%	1.8%	0.8%	6.8%
328	Builders' hardware	3.7%	3.9%	0.2%	4.7%
457	Motor gasoline	3.5%	1.7%	0.3%	3.0%
561	Musical instruments and artists' supplies	0.5%	1.3%	0.0%	0.6%
563	Art & decorative goods, misc. end products	5.5%	4.7%	1.0%	10.6%
572	Air transport, passenger	6.1%	0.7%	7.1%	2.4%
577	School bus & other transportation	0.0%	0.5%	0.3%	0.0%
601	Telephone & other telecommunications	2.5%	5.3%	2.3%	1.4%
617	Paid charges, banks & other dep. acc. Intermediaries	0.0%	8.9%	9.1%	6.2%
630	Non-life insurance	0.0%	4.0%	6.4%	0.0%
638	Non-residential rent	11.8%	3.0%	1.7%	0.0%
651	Motion picture, audio, & video prod. & distribution	6.5%	2.9%	0.0%	0.3%
657	Accounting & legal services	0.0%	5.2%	13.8%	6.0%
658	Advertising services	0.0%	0.9%	1.5%	0.9%
660	Hotel and motel accommodation services	8.1%	6.9%	7.9%	3.5%
662	Meals (outside home)	4.0%	8.1%	2.0%	5.9%
664	Barber & beauty services	0.5%	0.6%	0.3%	0.4%
669	Photographic services	0.0%	0.9%	1.5%	1.0%
670	Services to buildings & dwellings	4.7%	2.4%	6.4%	9.6%
680	Other administrative and support services	0.0%	10.0%	10.5%	9.1%
683	Rental of automobiles & trucks	11.2%	11.0%	3.2%	9.5%
688	Rental, other machinery & equipment incl. const.	23.9%	15.3%	22.8%	17.4%
690	Office supplies	1.0%	0.5%	1.3%	1.0%
	Total	100.0%	100.0%	100.0%	100.0%

Source: Nordicity research based on data from Manitoba Film & Music

Nordicity arrived at the commodity-allocation table (Table B - 6) by following the expenditure allocation approach mapped-out in Table B - 7. Nordicity assigned each category of budget line item found in the typical production budget to a commodity grouping. In some cases, budget categories included expenditures on more than one commodity. In these cases, Nordicity examined the budgeted expenditures in more detail, so that it could allocate the amounts across more than one commodity category.

Table B - 7 Budget category mapping to input-output commodity categories

Comm. No.	Commodity	Budget item category
206	Other clothing & accessories	Wardrobe supplies
328	Builders' hardware	Construction materials
457	Motor gasoline	Fuel
561	Musical instruments and artists' supplies	Art supplies
563	Art & decorative goods, misc. end products	Set dressing, props
572	Air transport, passenger	Air
577	School bus & other transportation	Other transport
601	Telephone & other telecommunications	Production office exp.
617	Paid charges, banks & other dep. acc. Intermediaries	Indirect costs (interim financing)
630	Non-life insurance	General expenses (insurance)
638	Non-residential rent	Production office exp., site expenses, studio back-lot exp.
651	Motion picture, audio, & video prod. & distribution	Special effects
657	Accounting & legal services	General expenses
658	Advertising services	Unit publicity
660	Hotel and motel accommodation services	Hotel
662	Meals (outside home)	Unit expenses
664	Barber & beauty services	Make-up / hair
669	Photographic services	Unit publicity
670	Services to buildings & dwellings	Site expenses
680	Other administrative and support services	General expenses
683	Rental of automobiles & trucks	Transportation
688	Rental, other machinery & equipment incl. const.	Electrical equipment, grip equipment
690	Office supplies	Production office expenses

Source: Nordicity research

Labour Expenditures

Nordicity developed a separate grid to allocate Manitoba labour expenditures. This grid was based on a review of information on collective bargaining fringe-benefit rates (“fringe rates”) found in the *2007 Rate Book: Manitoba* published by Entertainment Partners Canada and IATSE 669’s *Master Agreement*. A sample of these rates can be found in Table B - 8. Nordicity used these sample rates to calculate a weighted average for each fringe rate, which it could then apply across all Manitoba labour expenditures. The weights are intended to reflect the general distribution of labour expenditures on a film and television project, with IATSE 856 roles accounting for 45% of total wages, followed by DGC roles, ACRTA roles, and IATSE 669 roles.

Table B - 8 Calculation of average fringe rates

Item	ACTRA	DGC (Tier C)	IATSE 856 (Tier 3)	IATSE 669	Weighted Average
Union pension	7.00%	4.16%	4.16%	4.50%	4.8%
Health and welfare	5.00%	4.16%	4.16%	4.00%	4.3%
Union administration	4.50%	1.04%	4.16%	2.00%	3.2%
<i>Weighting</i>	20%	25%	45%	10%	--

Source: Nordicity research and calculations based on data from Entertainment Partners Canada and IATSE 669

Nordicity combined the average fringe rates with the statutory rates employer contributions to the Canada Pension Plan (CPP) (4.95%), Employment Insurance (EI) (2.52%), and Workers’ Compensation (WC) (0.40%), to arrive at an estimate of the portion of salary and wages attributed to supplementary labour income. In total, supplementary labour income accounted for 16.97% of total labour expenditures; union dues accounted for 3.20% (as per average fringe rates). After these deductions, salaries and wages accounted for 79.83% of total labour expenditures.

Table B - 9 Allocation table for labour expenditures

Comm. No.	Commodity	Budget item	Percentage of gross labour income
684	Trade union dues	Union administration	3.20%
725	Supplementary labour income	Union Pension	4.80%
		Health and welfare	4.30%
		CPP	4.95%
		Employment insurance	2.52%
		Workers’ compensation	0.40%
		Total	16.97%
724	Salaries and wages		79.83%
Total			100.00%

Source: Nordicity research and calculations based on data from Entertainment Partners Canada and IATSE 669

To simplify the allocation of labour expenditures, Nordicity set the portion of labour expenditures that went to salaries and wages to 80.0%. Nordicity held trade union dues at 3.2% of labour expenditures, and adjusted supplementary labour income to be equal to 16.8% of total labour expenditures.

Payroll Taxes

Nordicity also took into account Manitoba’s Health and Post-Secondary Education Tax Levy (the “Manitoba Payroll Tax”) in its calculations of the indirect taxes paid by production companies.

Manitoba employers (with a permanent establishment in Manitoba) with total employee remuneration under \$1.25 million are exempt from the Manitoba Payroll Tax. Manitoba employers with total remuneration between \$1.25 million and \$2.50 million pay a payroll tax rate of 4.3% on the amount above \$1.25 million. Employers with total remuneration above \$2.50 million pay a rate of 2.15% on their *total* employee remuneration (the first \$1.25 million is not excluded from the calculation).

A review of Manitoba labour expenditures on film and television projects indicates that the annual number of projects with Manitoba labour expenditures exceeding \$1.25 million comprises only a small share of the total annual number of projects produced in Manitoba. However, this small number of projects accounts for approximately 50% of the total annual amount of Manitoba labour expenditures. As such, there is a good basis to apply the Manitoba Payroll Tax to labour expenditures in Manitoba’s film and television production industry, even though most individual projects have payrolls that are well below the \$1.25 million threshold. What is more, the remuneration thresholds for the Manitoba Payroll Tax are calculated across *associated* companies; so the fact that producers use single-purpose companies to employ workers on various projects does not aid producers in avoiding the Manitoba Payroll Tax by being below the minimum threshold on individual projects.

In light of the industry structure and Manitoba Payroll Tax rates and thresholds, Nordicity used a rate of **2.35%** to estimate the amount Manitoba Payroll Tax paid by Manitoba production companies. Nordicity obtained this effective rate from the *2007 Rate Book: Manitoba* published by Entertainment Partners Canada. The effective rate is slightly higher than the statutory rate of 2.15% (for companies with total remuneration above \$2.50 million), but reflects the additional payroll tax paid on amounts between \$1.25 million and \$2.50 million.

Table B - 10 Estimates of Manitoba Payroll Tax paid by independent production companies

	Offshore	Indigenous Drama	Indigenous / Co-Production Documentary	Co-Production Drama	Total
Manitoba labour expenditures	64,903,602	16,816,380	32,665,061	41,618,448	156,003,491
Effective payroll tax rate	2.35%	2.35%	2.35%	2.35%	--
Estimate of Manitoba Payroll Tax	1,525,235	395,185	767,629	978,034	3,666,082

Sources: Nordicity calculations based on data from Manitoba Film & Music and Government of Manitoba

According to Manitoba Film & Music, producers are not permitted to include their payroll tax expenses in their reported labour expenditures. It is for this reason that Nordicity has not deducted our estimates of Manitoba Payroll Taxes from total Manitoba Labour Expenditures; instead, Nordicity has deducted them from Manitoba services expenditures and entered as indirect taxes in the commodity allocation table.

Post-Production Expenditures

Because post-production services for many of Manitoba’s offshore productions and co-productions often occur outside the province, Nordicity addressed post-production expenditures on a separate basis. Nordicity used post-production data from Manitoba Film & Music to arrive at an estimate of Manitoba expenditures on goods and services which was net of post-production expenditures (see Table B - 12).

Table B - 11 Post-production expenditures in Manitoba

	Offshore	Indigenous Drama	Indigenous / Co-Production Documentary	Co-Production Drama	Total
Manitoba post-production	2,510,454	2,261,668	9,119,725	915,864	14,807,711
Non-Manitoba post-production for Manitoba projects	17,778,051	538,270	2,683,098	12,526,432	33,525,851
Total post-production expenditures	20,288,505	2,799,938	11,802,823	13,442,296	48,333,562
Post-production expenditures as a percentage of budget	6.2%	7.8%	15.2%	8.7%	8.1%

Sources: Nordicity tabulations based on data from Manitoba Film & Music

Nordicity reviewed a sample project budgets to determine the portion of post-production expenditures that could be allocated to labour versus goods/services. Nordicity used a rate of 10% for offshore production, indigenous drama, and co-production drama; it used a rate of 25% for documentary production, where the post-production labour appeared to represent a larger portion of the overall post-production cost.

Nordicity deducted these estimates of post-production labour to arrive at an estimate of the value of Manitoba post-production services. Nordicity removed this latter amount from the total Manitoba good/services expenditures to arrive at an estimate of Manitoba services net of post-production services. Nordicity added back the *Manitoba* post-production services estimates to total Manitoba expenditures by allocating all of it to *Commodity 651 Motion picture, audio, & video prod. & distribution* in the input-output worksheet.

Table B - 12 Allocation of Manitoba post-production expenditures

	Offshore	Indigenous Drama	Indigenous / Co-Production Documentary	Co-Production Drama	Total
Estimate of Manitoba post labour	251,045	226,167	2,279,931	91,586	2,848,730
Estimate of Manitoba post services [A]	2,259,409	2,035,501	6,839,794	824,278	11,958,981
Total Manitoba services [B]	66,479,881	10,843,847	21,503,830	30,254,008	129,081,566
Manitoba Services net of post-production services [B-A]	64,220,472	8,808,346	14,664,036	29,429,730	117,122,585

Sources: Nordicity calculations based on data from Manitoba Film & Music

Commodity Allocation for Independent Production

After accounting for payroll taxes and allocating of post-production expenditures, Nordicity arrived at the following overall allocation of film and television production expenditures in Manitoba for the five-year period, 2003/04 to 2007/08.

Table B - 13 Commodity allocation, by type of production

Comm. No.	Commodity	Offshore	Indigenous Drama	Indigenous / Co-Production Documentary	Co-Production Drama	Total
206	Other clothing & accessories	4,075,190	151,513	107,697	1,934,715	6,269,116
328	Builders' hardware	2,319,724	324,069	27,793	1,323,004	3,994,589
457	Motor gasoline	2,194,333	138,887	34,741	853,551	3,221,512
561	Musical instruments and artists' supplies	313,476	105,217	0	156,484	575,178
563	Art & decorative goods, misc. end products	3,448,238	391,408	132,016	3,001,654	6,973,316
572	Air transport, passenger	3,824,410	54,713	990,119	682,841	5,552,082
577	School bus & other transportation	0	42,087	34,741	0	76,828
601	Telephone & other telecommunications	1,567,381	441,912	323,091	384,098	2,716,482
617	Paid charges, banks & other dep. acc. Intermediaries	0	744,937	1,261,099	1,764,005	3,770,041
630	Non-life insurance	0	332,486	885,896	0	1,218,382
638	Non-residential rent	7,398,038	252,521	232,765	0	7,883,324
651	Motion picture, audio, & video prod. & distribution	6,334,599	2,279,605	6,839,794	909,633	16,363,630
657	Accounting & legal services	0	433,495	1,910,756	1,692,876	4,037,127
658	Advertising services	0	71,548	201,498	256,065	529,111
660	Hotel and motel accommodation services	5,078,314	580,798	1,094,342	995,809	7,749,264
662	Meals (outside home)	2,507,810	681,807	277,928	1,678,650	5,146,195
664	Barber & beauty services	313,476	50,504	38,215	113,807	516,002
669	Photographic services	0	75,756	201,498	284,517	561,771
670	Services to buildings & dwellings	2,946,676	197,808	882,422	2,731,363	6,758,269
680	Other administrative and support services	0	841,737	1,459,123	2,589,104	4,889,964
683	Rental of automobiles & trucks	7,021,867	925,911	448,159	2,702,911	11,098,848
688	Rental, other machinery & equipment incl. const.	14,984,162	1,287,858	3,171,855	4,936,369	24,380,244
690	Office supplies	626,952	42,087	180,653	284,517	1,134,209
723	Indirect taxes	1,525,235	395,185	767,629	978,034	3,666,082
	Total	66,479,881	10,843,847	21,503,830	30,254,008	129,081,566
684	Trade unions dues	2,076,915	538,124	1,045,282	1,331,790	4,992,112
725	Supplementary labour income	10,903,805	2,825,152	5,487,730	6,991,899	26,208,586
724	Wages and salaries	51,922,882	13,453,104	26,132,049	33,294,758	124,802,793
	Total labour	64,903,602	16,816,380	32,665,061	41,618,448	156,003,491
	Total Manitoba expenditures	131,383,483	27,660,227	54,168,891	71,872,456	285,085,057

Source: Nordicity calculations based on data from Manitoba Film & Music

Broadcaster In-House Production

To allocate the Manitoba goods and services expenditures for broadcaster in-house production, Nordicity prepared the following commodity-allocation table to reflect expenditures by broadcasters on the production of news, sports and current affairs programming. Nordicity notes that, unlike the allocation tables for independent production, this allocation table is not based on any sample data.

Table B - 14 Allocation table for broadcaster in-house expenditures on goods and services

Comm. No.	Commodity	Broadcaster in-house
206	Other clothing & accessories	--
328	Builders' hardware	1.0%
457	Motor gasoline	10.0%
561	Musical instruments and artists' supplies	--
563	Art & decorative goods, misc. end products	--
572	Air transport, passenger	5.0%
577	School bus & other transportation	--
601	Telephone & other telecommunications	5.0%
617	Paid charges, banks & other dep. acc. Intermediaries	5.0%
630	Non-life insurance	5.0%
638	Non-residential rent	10.0%
651	Motion picture, audio, & video prod. & distribution	10.0%
657	Accounting & legal services	5.0%
658	Advertising services	--
660	Hotel and motel accommodation services	5.0%
662	Meals (outside home)	2.0%
664	Barber & beauty services	1.0%
669	Photographic services	1.0%
670	Services to buildings & dwellings	--
680	Other administrative and support services	5.0%
683	Rental of automobiles & trucks	20.0%
688	Rental, other machinery & equipment incl. const.	9.0%
690	Office supplies	1.0%
	Total	100.0%

Source: Nordicity research

On the basis of the allocation table for broadcaster in-house production, Nordicity derived the following allocation of broadcaster in-house expenditures for the 2003/04-to-2007/08 period. Nordicity allocated the labour expenditures using the same approach as for independent production.

Table B - 15 Allocation of expenditures on broadcaster in-house production in Manitoba, 2003 to 2007

Comm. No.	Commodity	Broadcaster in-house expenditures (\$)
206	Other clothing & accessories	0
328	Builders' hardware	303,415
457	Motor gasoline	3,034,153
561	Musical instruments and artists' supplies	0
563	Art & decorative goods, misc. end products	0
572	Air transport, passenger	1,517,077
577	School bus & other transportation	0
601	Telephone & other telecommunications	1,517,077
617	Paid charges, banks & other dep. acc. Intermediaries	1,517,077
630	Non-life insurance	1,517,077
638	Non-residential rent	3,034,153
651	Motion picture, audio, & video prod. & distribution	3,034,153
657	Accounting & legal services	1,517,077
658	Advertising services	0
660	Hotel and motel accommodation services	1,517,077
662	Meals (outside home)	606,831
664	Barber & beauty services	303,415
669	Photographic services	303,415
670	Services to buildings & dwellings	0
680	Other administrative and support services	1,517,077
683	Rental of automobiles & trucks	6,068,307
688	Rental, other machinery & equipment incl. const.	2,730,738
690	Office supplies	303,415
723	Indirect taxes	1,243,874
	Total	31,585,407
684	Trade unions dues	1,851,347
725	Supplementary labour income	9,719,572
724	Wages and salaries	46,283,674
	Total labour	57,854,593
	Total Manitoba expenditures	89,440,000

Source: Nordicity research based on data from CRTC, CBC, and APTN

Overall Allocation (Independent Production + In-house Production)

Summing the expenditure allocations for independent production and broadcaster in-house production yields the following overall allocation of film and television expenditures in Manitoba between 2003/04 and 2007/08 (Table B - 16).

Table B - 16 Allocation of overall film and television production in Manitoba, 2003/04 to 2007/08 (\$)

Comm. No.	Commodity	Independent production	Broadcaster in-house production	Total
206	Other clothing & accessories	6,269,116	0	6,269,116
328	Builders' hardware	3,994,589	303,415	4,298,005
457	Motor gasoline	3,221,512	3,034,153	6,255,665
561	Musical instruments and artists' supplies	575,178	0	575,178
563	Art & decorative goods, misc. end products	6,973,316	0	6,973,316
572	Air transport, passenger	5,552,082	1,517,077	7,069,159
577	School bus & other transportation	76,828	0	76,828
601	Telephone & other telecommunications	2,716,482	1,517,077	4,233,559
617	Paid charges, banks & other dep. acc. Intermediaries	3,770,041	1,517,077	5,287,118
630	Non-life insurance	1,218,382	1,517,077	2,735,459
638	Non-residential rent	7,883,324	3,034,153	10,917,477
651	Motion picture, audio, & video prod. & distribution	16,363,630	3,034,153	19,397,784
657	Accounting & legal services	4,037,127	1,517,077	5,554,203
658	Advertising services	529,111	0	529,111
660	Hotel and motel accommodation services	7,749,264	1,517,077	9,266,341
662	Meals (outside home)	5,146,195	606,831	5,753,025
664	Barber & beauty services	516,002	303,415	819,418
669	Photographic services	561,771	303,415	865,187
670	Services to buildings & dwellings	6,758,269	0	6,758,269
680	Other administrative and support services	4,889,964	1,517,077	6,407,041
683	Rental of automobiles & trucks	11,098,848	6,068,307	17,167,154
688	Rental, other machinery & equipment incl. const.	24,380,244	2,730,738	27,110,982
690	Office supplies	1,134,209	303,415	1,437,625
723	Indirect taxes	3,666,082	1,243,874	4,909,956
	Total	129,081,566	31,585,407	160,666,973
684	Trade unions dues	4,992,112	1,851,347	6,843,459
725	Supplementary labour income	26,208,586	9,719,572	35,928,158
724	Wages and salaries	124,802,793	46,283,674	171,086,467
	Total labour	156,003,491	57,854,593	213,858,084
	Total Manitoba expenditures	285,085,057	89,440,000	374,525,057

Source: Nordicity research and calculations based on data from Manitoba Film & Music, CRTC, CBC, and APTN

Allocation of Manitoba Expenditures (Offshore vs Domestic Production)

Finally, Nordicity reorganized the data into the two segments – offshore and domestic production – that would be subject to the input-output modelling, and included data for the non-Manitoba expenditures on supplies and labour.

Table B - 17 Allocation of film and television production, offshore vs. domestic production, 2003/04 to 2007/08 (\$)

Comm. No.	Commodity	Offshore production	Domestic production*	Total
206	Other clothing & accessories	4,083,628	2,200,697	6,284,325
328	Builders' hardware	2,324,527	1,983,577	4,308,104
457	Motor gasoline	2,198,877	4,064,548	6,263,424
561	Musical instruments and artists' supplies	314,125	262,580	576,705
563	Art & decorative goods, misc. end products	3,455,377	3,536,044	6,991,422
572	Air transport, passenger	3,832,328	3,251,621	7,083,948
577	School bus & other transportation	0	77,159	77,159
601	Telephone & other telecommunications	1,570,626	2,670,587	4,241,213
617	Paid charges, banks & other dep. acc. Intermediaries	0	5,301,185	5,301,185
630	Non-life insurance	0	2,740,953	2,740,953
638	Non-residential rent	7,413,355	3,521,543	10,934,898
651	Motion picture, audio, & video prod. & distribution	6,343,037	13,064,410	19,407,447
657	Accounting & legal services	0	5,569,872	5,569,872
658	Advertising services	0	531,093	531,093
660	Hotel and motel accommodation services	5,088,829	4,198,407	9,287,235
662	Meals (outside home)	2,513,002	3,254,159	5,767,161
664	Barber & beauty services	314,125	506,656	820,781
669	Photographic services	0	867,269	867,269
670	Services to buildings & dwellings	2,952,777	3,824,523	6,777,300
680	Other administrative and support services	0	6,424,840	6,424,840
683	Rental of automobiles & trucks	7,036,405	10,159,004	17,195,409
688	Rental, other machinery & equipment incl. const.	15,015,186	12,161,322	27,176,507
690	Office supplies	628,250	812,522	1,440,773
723	Indirect taxes	1,395,427	3,202,521	4,597,949
	Total	66,479,881	94,187,092	160,666,973
684	Trade unions dues	2,076,915	4,766,543	6,843,459
725	Supplementary labour income	10,903,805	25,024,353	35,928,158
724	Wages and salaries	51,922,882	119,163,585	171,086,467
	Total labour	64,903,602	148,954,482	213,858,084
	Total Manitoba expenditures	131,383,483	243,141,574	374,525,057
	Non-Manitoba supplies	98,122,280	54,419,155	152,541,435
	Non-Manitoba labour	98,442,202	59,536,046	157,978,248
	Total non-Manitoba expenditures	196,564,482	113,955,201	310,519,683
	Total budgets of Manitoba productions	327,947,965	357,096,775	685,044,740

Source: Nordicity research and calculations based on data from Manitoba Film & Music, CRTC, CBC, and APTN

* Domestic production includes indigenous, co-production and broadcaster in-house production

Average Full-Time Salary and FTEs

For the economic impact analysis, Nordicity also produced an estimate of the average full-time equivalent (FTE) annual salary for a film and television production worker in Manitoba and used this estimate to generate an estimate of the FTEs generated by film and television production in the province.

Average Full-Time Equivalent Salary

Nordicity started by collecting salary data from the Statistics Canada *2006 Census*. These data indicate that, on a national basis, the average full-time equivalent salaries in 2005 for film and television production occupations ranged from \$28,210 (*F035 Actors and comedians*) to \$53,509 (*F031 Producers, directors, choreographers and related occupations*). These salary data are based on amounts reported by workers who worked on a full-year basis.

The majority of film and television production occupations, however, can be found in *F122 Film and video camera operators*, *F125 Audio and video recording technicians*, *F126 Other technical occupations in motion pictures, broadcasting and performing arts*, and *F127 Support occupations in motion pictures, broadcasting and performing arts*. The average salaries for these occupations range from \$40,065 to \$49,495, with a simple average \$44,377. Nordicity believes this amount is a reasonable estimate of the average FTE salary for film and television production workers in Canada.

Table B - 18 Average annual full-time salary for film and television occupations, Canada

Occupation	Average annual salary of full-time worker, 2005 (\$)
F031 Producers, directors, choreographers and related occupations	53,509
F035 Actors	28,210
F122 Film and video camera operators	43,299
F125 Audio and video recording technicians	44,650
F126 Other technical occupations in motion pictures, broadcasting and performing Arts	49,495
F127 Support occupations in motion pictures, broadcasting and performing arts	40,065
Average (F031 to F127)	42,812
Average (F122, F125, F126, F127)	44,377

Source: Statistics Canada, *2006 Census*

Because this is a national average, Nordicity developed an adjustment to convert it to an average for Manitoba. This adjustment factor was based on the overall discount observed for Manitoba workers' hourly wages across all industries and the service-producing industries.

A comparison of hourly wages across Canada and in Manitoba during the 2003/04-to-2007/08 period indicates that wages in Manitoba were, on average 7.5% lower than the national average (see Table B - 19).

Table B - 19 Average hourly wages and Manitoba wage discount

Year	Canada		Manitoba		Manitoba wage discount	
	All industries	Service-producing industries	All industries	Service producing industries	All industries	Service producing industries
2003	23.87	23.26	21.5	21.22	9.9%	8.8%
2004	24.44	23.69	22.55	22.33	7.7%	5.7%
2005	25.25	24.51	23.22	22.96	8.0%	6.3%
2006	26.06	25.2	23.79	23.43	8.7%	7.0%
2007	27.07	26.25	25.22	24.76	6.8%	5.7%
Average, 2003 to 2007					8.2%	6.7%
Average of all industries and service producing industries					7.5%	

Source: Nordicity calculations based on data from Statistics Canada, Survey of Employment, Payroll and Hours,

Based on this observed wage differential, Nordicity discounted its estimate of the national average salary for film and television workers by 7.5% to arrive at an average for Manitoba of \$41,059 or approximately \$41,000. Thus, Nordicity used an average salary of \$41,000 to generate its estimate of the number of FTEs in film and television production in Manitoba.

Table B - 20 Calculation of average annual salary for film and TV production in Manitoba

Item	Amount
Estimated average annual salary of full-time worker in film and television production industry, Canada [A]	\$44,377
Manitoba wage discount	7.5%
Estimated average annual salary of full-time worker in film and television production industry, Manitoba [=A × (100.0%-7.5%)]	\$41,058

Source: Nordicity calculations based on data from Statistics Canada

The 2006 Census salary data are based workers' earnings in 2005. This year is basically the mid-point of the period of the economic analysis (2003 to 2007). As such, Nordicity did not make any adjustment to the single annual amount to take into account changes in the cost of living during the period of the analysis. Instead, it applied this mid-point amount to the overall five-year estimate of labour expenditures in film and television production to arrive at an estimate of FTEs created during the five-year period.

Number of Full-time Equivalent Employees

Based on an average full-time equivalent salary of \$41,000 for the five-year period, Nordicity estimates that film and television production in Manitoba generated a total of 5,050 FTEs for Manitoba residents over the five-year period. On average, film and television production in Manitoba generated 1,010 full-time equivalent jobs on an annual basis for Manitoba residents between 2003/04 and 2007/08.

Table B - 21 Calculation of FTEs generated by film and TV production in Manitoba, 2003/04 to 2007/08

Item	Amount
Total labour income (2003 to 2007)	\$207,014,625
Average labour cost (2005)	\$41,000
Number of FTEs generated over five years [A]	5,050
Average annual number of FTEs [= A ÷ 5]	1,010

Sources: Nordicity calculations based on data from Manitoba Film & Music

Direct Economic Impact

The direct economic impact of film and television production is a function of the expenditures on Manitoba labour and supplies generated by the total volume of production (i.e., total budgets of films and television programs made in Manitoba.) The direct economic impact refers to the change in provincial employment and output arising directly from these direct incremental expenditures on Manitoba labour and supplies. The annual level of Manitoba expenditures generated by film and television is, itself, a function of the annual volume of production and the way in which this total volume of production is distributed across the four key industry segments.

Between 2003/04 and 2007/08, Manitoba expenditures comprised approximately 50% of total production volume; however, the share was slightly higher at the end of the five-year period in relation to earlier years. This gradually increasing share may be indication of an expansion in Manitoba's production-industry capacity. As the industry develops and is able to train and expand its crews and performers, for example, producers have less need to import personnel for certain roles: thus, a greater share of labour expenditures are devoted to Manitoba workers. Manitoba expenditures' share of the total production volume was at its highest in 2006/07, when offshore production was at its lowest during the five-year period. This reflects the fact that Manitoba expenditures are typically higher on indigenous and co-production projects. So when these segments comprise a larger share of the total production volume, the share of Manitoba expenditures will also be higher.

Table B - 22 Share of total production volume comprised of Manitoba expenditures on labour and supplies, by production segment

	2003/04	2004/05	2005/06	2006/07	2007/08	Total
Broadcaster in-house	100%	100%	100%	100%	100%	100%
Indigenous	83%	77%	75%	75%	62%	73%
Co-production	44%	43%	52%	50%	42%	47%
Offshore	36%	30%	42%	62%	40%	40%
Total	49%	49%	56%	66%	53%	55%

Sources: Manitoba Film & Music, CRTC, CBC, APTN, Statistics Canada, and Nordicity estimates

Table B - 23 Total expenditures on film and television production in Manitoba (\$ millions)

	2003/04	2004/05	2005/06	2006/07	2007/08	Total
Broadcaster in-house	18.8	16.2	16.8	18.6	19.1	89.4
Indigenous	9.4	12.8	17.3	24.2	16.8	80.4
Co-production	8.1	12.2	14.5	22.4	16.1	73.3
Offshore	32.4	18.4	32.8	24.5	23.3	131.4
Total	68.6	59.6	81.4	89.7	75.2	374.5

Sources: Manitoba Film & Music, CRTC, CBC, APTN, Statistics Canada, and Nordicity estimates

To estimate the direct economic impact, Nordicity collected and tabulated data for the annual levels of expenditures on film and television production in the province. In developing its estimates of the direct economic impact, Nordicity included production expenditures in all four segments. In total, Nordicity found that producers and broadcasters made expenditures in Manitoba of \$374.5 million on the production of films and television programs between 2003/04 and 2007/08. The offshore segment was the largest single segment among the four key segments: it accounted for \$131.4 million, or 35% of total expenditures. The offshore segment was followed in size by the broadcaster in-house segment (\$89.4 million), the indigenous segment (\$80.4 million), and the co-production segment (\$73.3 million).

For the purpose of the economic analysis, Nordicity also separated these total expenditures into direct expenditures on labour and expenditures on the purchase of supplies (goods and services) from other businesses in the Manitoba economy. Across all four segments of the production industry, expenditures on direct labour – i.e., production-industry labour – was equal to \$206.9 million over the five-year period, or 55% of total direct expenditures; purchases of supplies from Manitoba businesses totalled \$167.7 million, or 45% of total direct expenditures.

Table B - 24 Expenditures on direct labour and supplies for film and television production in Manitoba (\$ millions)

	2003/04	2004/05	2005/06	2006/07	2007/08	5-Year Total
Broadcaster in-house						
Direct labour	11.3	10.0	10.7	12.1	11.9	56.0
Supplies	7.5	6.2	6.1	6.5	7.2	33.5
Total	18.8	16.2	16.8	18.6	19.1	89.4
Indigenous						
Direct labour	5.6	7.4	10.2	14.2	9.6	46.9
Supplies	3.8	5.4	7.1	10.0	7.1	33.5
Total	9.4	12.8	17.3	24.2	16.8	80.4
Co-production						
Direct labour	4.7	7.0	8.6	12.9	7.9	41.1
Supplies	3.4	5.2	6.0	9.5	8.2	32.3
Total	8.1	12.2	14.5	22.4	16.1	73.3
Offshore						
Direct labour	12.5	9.3	19.3	8.2	13.5	62.7
Supplies	19.9	9.1	13.5	16.2	9.8	68.6
Total	32.4	18.4	32.8	24.5	23.3	131.4
All segments						
Direct labour	34.2	33.6	48.8	47.4	42.9	206.9
Supplies	34.5	26.0	32.7	42.2	32.3	167.7
Total	68.6	59.6	81.4	89.7	75.2	374.5

Sources: Manitoba Film & Music, CRTC, CBC, APTN, Statistics Canada, and Nordicity estimates

Note: Some totals may not sum due to rounding

Total Economic Impact

Labour Income, Total Expenditures and GDP

Film and television production generated total expenditures of \$374.5 million on labour and supplies purchased in Manitoba between 2003/04 and 2007/08. These total expenditures included \$206.9 million in direct labour income for Manitobans working in the film and television production industry, and \$167.7 million in purchases by Manitoba producers of supplies from other industries.

MBS estimates that \$71.7 million (45% of expenditures on supplies) leaked from the Manitoba economy in the form of payments to businesses or inputs outside of the province. This leakage was a function of the types of commodities purchased in Manitoba by producers of film and television productions. As a result of these economic leakages, the estimated value of the Direct Manitoba Supply was \$302.8 million.

The re-spending of the \$302.7 million of Direct Manitoba Supply resulted in gross expenditures throughout the Manitoba economy of \$506.5 million. Only a portion of these total expenditures resulted in economic value added. According to MBS the gross expenditures arising from film and television production yielded GDP (at market prices) of \$393.3 million within the Manitoba economy. Removing the value of net indirect taxes (indirect taxes less subsidies), yielded an estimate of GDP (at factor prices) of \$365.0 million. In other words, every dollar of expenditures in Manitoba on film and television production yielded 97 cents of GDP (at factor prices) for the Manitoba economy. This GDP was comprised of \$206.9 million in direct labour income for film and television production industry workers, \$102.9 million in spin-off labour income for workers elsewhere in the Manitoba economy, and \$55.1 million in other economic surplus such as corporate profits and rents.

Table B - 25 Economic impact of film and television production in Manitoba

	Five-year total	Annualized amount
<u>Manitoba expenditures and GDP (\$ millions)</u>		
Total producer expenditures on labour and supplies	374.5	74.9
Direct Manitoba Supply	302.7	60.5
Gross expenditure	506.5	101.3
GDP (at market prices)	393.8	78.8
GDP (at factor prices)	365.0	73.0
Direct film and TV labour income	206.9	41.4
Spin-off labour income in other industries	102.9	20.6
Other economic surplus	55.1	11.0
<u>Employment (number of FTEs)</u>		
Direct jobs in film and TV production	5,050	1,010
Spin-off jobs	3,220	644
Total jobs	8,270	1,654
Employment multiplier (total jobs per direct job)	1.64	1.64

Sources: MBS and Nordicity estimates

Employment (FTEs) and Employment Multiplier

As noted above, film and television production generated net labour income of \$206.9 million for Manitoba residents employed in film and television production between 2003/04 and 2007/08. With an average annualized FTE compensation rate of \$41,000, Nordicity estimates that this labour income generated a total of 5,050 FTEs in Manitoba's film and television industry over the five-year period, 2003/04 to 2007/08.

The spin-off effects of total film and television production – including induced and indirect effects – generated an additional \$102.9 million in labour income for Manitoba workers in other industries. This additional labour income generated 3,220 spin-off FTEs in the Manitoba economy outside of the film and television production industry. In total, expenditures on film and television production in Manitoba led to the creation of a total of 8,270 FTEs over the five-year period, 2003/04 to 2007/08, or an average of 1,654 FTEs per year.

The results of the input-output analysis indicate that there was an overall employment multiplier of 1.64 for film and television production in Manitoba. For every FTE in the film and television production industry in Manitoba, a total of 1.64 FTEs were generated throughout the Manitoba economy (including the original film and television FTE). In other words, the creation of a single FTE in the film and television production industry generates an additional 0.64 FTE in other industries in the Manitoba economy.

Economic Impact of Domestic Production

Total Expenditures and GDP

Domestic production – including indigenous production, co-production and broadcaster in-house production – generated total expenditures of \$243.1 million on labour and supplies purchased in Manitoba between 2003/04 and 2007/08. In function of the types of commodities purchased in Manitoba by producers of domestic productions, MBS estimates that these expenditures generated \$200.3 million in Direct Manitoba Supply, \$337.2 million in gross expenditures, and GDP (at factor prices) of \$247.3 million. On an annualized basis, domestic film and television production generated GDP of \$49.5 million for the Manitoba economy.

Table B - 26 Economic impact of domestic production in Manitoba

	Five-year total	Annualized amount
<u>Manitoba expenditures and GDP (\$ millions)</u>		
Total producer expenditures on labour and supplies	243.1	48.6
Direct Manitoba Supply	200.3	40.1
Gross expenditure	337.2	67.4
GDP (at market prices)	265.0	53.0
GDP (at factor prices)	247.3	49.5
Direct film and TV labour income	144.2	28.8
Spin-off labour income in other industries	67.6	13.5
Other economic surplus	35.5	7.1
<u>Employment (number of FTEs)</u>		
Direct jobs in film and TV production	3,520	704
Spin-off jobs	2,090	418
Total jobs	5,610	1,122
Employment multiplier (total jobs per direct job)	1.59	1.59

Sources: MBS and Nordicity estimates

Employment (FTEs) and Employment Multiplier

The total GDP generated by domestic film and television production included direct labour income of \$144.2 million for Manitoba residents employed in film and television production, which, in turn, generated a total of 3,520 FTEs over the five-year period, or 704 FTEs on an annualized basis.

The spin-off effects of domestic production – including induced and indirect effects – generated an additional \$67.6 million in labour income for Manitoba workers in other industries, and 2,090 spin-off FTEs, or 418 on an annualized basis. In total, expenditures on domestic production in Manitoba led to the creation of a total of 5,610 FTEs over the five-year period, 2003/04 to 2007/08, or an average of 1,122 FTEs per year. The results of the input-output analysis indicate that there was an overall employment multiplier of 1.59 for domestic production in Manitoba.

Offshore Production

Total Expenditures and GDP

Offshore production generated total expenditures of \$131.4 million on labour and supplies purchased in Manitoba between 2003/04 and 2007/08. In function of the types of commodities purchased in Manitoba by producers of offshore productions, MBS estimates that these expenditures generated \$102.5 million in Direct Manitoba Supply, \$169.3 million in gross expenditures, and GDP (at factor prices) of \$117.7 million. On an annualized basis, offshore film and television production generated GDP of \$23.5 million for the Manitoba economy.

Table B - 27 Economic impact of offshore production in Manitoba

	Five-year total	Annualized amount
Manitoba expenditures and GDP (\$ millions)		
Total producer expenditures on labour and supplies	131.4	26.3
Direct Manitoba Supply	102.5	20.5
Gross expenditure	169.3	33.9
GDP (at market prices)	128.9	25.8
GDP (at factor prices)	117.7	23.5
Direct film and TV labour income	62.8	12.6
Spin-off labour income in other industries	35.3	7.1
Other economic surplus	19.6	3.9
Employment (number of FTEs)		
Direct jobs in film and TV production	1,530	306
Spin-off jobs	1,130	226
Total jobs	2,660	532
Employment multiplier (total jobs per direct job)	1.74	1.74

Sources: MBS and Nordicity estimates

Employment (FTEs) and Employment Multiplier

The total GDP generated by offshore film and television production included direct labour income of \$62.8 million for Manitoba residents employed in film and television production, which, in turn, generated a total of 1,530 FTEs over the five-year period, or 306 FTEs on an annualized basis.

The spin-off effects of offshore production – including induced and indirect effects – generated an additional \$35.3 million in labour income for Manitoba workers in other industries, and 1,130 spin-off FTEs, or 226 on an annualized basis. In total, expenditures on offshore production in Manitoba led to the creation of a total of 2,660 FTEs over the five-year period, 2003/04 to 2007/08, or an average of 532 FTEs per year. The employment multiplier was 1.74 for offshore production in Manitoba.

Total Economic Impact in Winnipeg

Nordicity and MBS also prepared estimates of the economic impact of domestic and offshore production on the Winnipeg economy. These estimates were based on the data from Manitoba Film & Music, which indicated the percentage of film and television production expenditures occurring inside Winnipeg.

In total, producers made expenditures of \$345.0 million on the purchase of labour and supplies for film and television production in Winnipeg between 2003/04 and 2007/08. These expenditures represented 92% of the total expenditures of \$374.5 million on film and television in the province during this period.

Table B - 28 Economic impact of domestic and offshore production in Winnipeg

	Domestic production	Offshore production	Five-year total	Annualized amount
Manitoba expenditures and GDP (\$ millions)				
Total producer expenditures on labour and supplies	231.7	113.3	345.0	69.0
GDP (at factor prices)	229.9	101.1	331.0	66.2
Direct film and TV labour income	137.1	53.8	190.9	38.2
Spin-off labour income in other industries	60.8	30.3	91.1	18.2
Other economic surplus	32.0	17.0	49.0	9.8
Employment (number of FTEs)				
Direct jobs in film and TV production	3,345	1,310	4,655	931
Spin-off jobs	1,855	960	2,815	563
Total jobs	5,200	2,270	7,470	1,494
Employment multiplier (total jobs per direct job)	1.55	1.73	1.60	1.60

Sources: MBS and Nordicity estimates

Film and television production generated GDP totalling \$331.0 million for the Winnipeg economy over the five-year period, or \$66.2 million on annualized basis. This GDP included \$190.9 million in direct labour income, which led to the creation of 4,655 direct FTEs among film and television production workers in Winnipeg, and an additional 2,815 FTEs in other industries in the Winnipeg economy. On an annualized basis, film and television production created 931 direct FTEs and 563 spin-off FTEs in the Winnipeg economy between 2003/04 and 2007/08. In other words, approximately 90% of the job creation associated with film and television production in the province was in the Winnipeg economy during the five-year period.

Appendix C – List of Key Informant Interviewees

Table C - 1 List of key informant interviewees

No.	Name	Organization	Industry Segment
1.	Brendon Sawatzky	Inferno Pictures Inc.	Independent producer
2.	Jeremy Torrie	High Definition Pictures Inc.	Independent producer
3.	Kim Todd and Nick Hirst	Original Pictures	Independent producer
4.	Kyle Bornais	Farpoint Films	Independent producer
5.	Kyle Irving	Eagle Vision	Independent producer
6.	Louis Paquin	Les Productions Rivard	Independent producer
7.	Lynne Skromeda	Frantic Films	Independent producer
8.	Merit Jensen Carr	Merit Motion Pictures	Independent producer
9.	Norma Bailey	Willow Island Film Inc.	Independent producer
10.	Phyllis Laing	Buffalo Gal Pictures	Independent producer
11.	Vonnie Von Helmut	--	Independent producer
12.	Blake Corbet	Anagram Pictures	Independent producer (outside Manitoba)
13.	Ira Levy	Breakthrough Films	Independent producer (outside Manitoba)
14.	Danishka Esterhazy	--	Filmmaker
15.	Deco Dawson	--	Filmmaker
16.	Noam Gonick	--	Filmmaker
17.	Sean Garrity	--	Filmmaker
18.	Michael Drabot	PS Production Services	Production services provider
19.	Wayne Sheldon	MidCanada Production Services	Production services provider
20.	Neila Benson	Film Training Manitoba	Training program administrator
21.	Kevin Hnatiuk	New Media BC	Industry association (new media)
22.	Joe Laurin	IATSE Local 856	Union/Guild
23.	Rob Macklin	ACTRA	Union/Guild
24.	Scott McLaren	DGC-Manitoba	Union/Guild
25.	Jean LaRose	APTN	Broadcaster
26.	Melissa Kajpust	Super Channel	Broadcaster