Canadian Heritage Patrimoine canadien

Effects of Foreign Location Shooting on the Canadian Film and Television Industry

Prepared by E&B DATA
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Note:

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The opinions expressed herein are those of the author and do not necessarily reflect those of the Department of Canadian Heritage.

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Acknowledgments

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Executive Summary

The goal of this study is to present and quantify the effects of foreign location shooting in Canada on the Canadian film and television industry. The study looks at both the economic impacts of spending on foreign location shooting as well as the externalities that are generated. Following in-depth interviews with industry representatives, a series of complementary research and analysis methods were used to quantify the impacts, from constructing an interindustrial model to fact-finding by means of surveys.

• • •
A combination of complementary methods to quantify impacts
• • •

Context of Foreign Location Shooting

The volume of foreign location production in Canada exceeds $1 billion a year. Because of their direct impact on employment and industry suppliers in Canada, FLS activities are deemed desirable by federal and provincial governments, which treat these activities beneficially by offering tax credits to production companies ("service companies") and, in the case of a number of provinces, to certain activities relating to technical services (e.g., animation and visual effects). The amounts awarded are substantial, so determination of the net impacts must be considered when designing public policy in the area of foreign location shooting, just as both positive and negative effects on the domestic production industry must be considered as well. The latter element, i.e., externalities, is at the heart of this study, as it has never been covered systematically in Canada until now.

Impact on the Economy

Using an intersectoral analysis drawn from the Statistics Canada Interprovincial Open Input-Output Model, estimation can be made of the impact of foreign location shooting on employment, labour expenditures and GDP. With annual spending totalling $1.6 billion (average for the last three years, from 2005-2006 to 2007-2008) in Canada, foreign location shooting generates added value totalling $1.3 billion and 31,650 jobs (direct and indirect) on a full-time equivalent basis. The number of induced jobs has not been calculated. Employment income for all of these jobs totals $1.15 billion, or an average employment income of $36,000 a year. It is important to note that this average includes the earnings of both leading actors and extras.

Impacts on Federal Government Finances

Each year (based on estimates for the last three years), foreign location production activities contribute a total of $227 million to federal government revenue, which, after the payment of tax credits, results in a net revenue of $137 million. These estimates are conservative, as they do not take corporate tax revenue into account. They are also conservative because the effects on the Canadian economy of consumer spending by workers out of their employment income are not reflected either (induced effects). For each dollar granted by the federal government, in combination with credits granted by the provinces, $14.50 finds its way into the Canadian economy (added value). Although the tax credit scheme (combined with that of the provinces) is not the sole decision-making factor in the case of foreign location shooting, the international experience of industrialized nations shows that it is one of the determining incentives for choosing shoot locations, all things otherwise being equal.

Externalities

A sample survey was conducted among employers and contract workers (also called freelancers or self-employed workers in this paper) to estimate the impact of foreign location shooting on the basis of their own personal experience in the area. Information was collected, for the most part, between November and December 2009. In all, 467 respondents took part in the survey, including 204 companies and 263 senior workers. To maximize participation by the key provinces in terms of foreign location shooting, the collaboration of several provincial agencies and union organizations was obtained.

- Acquisition of expertise. A strong majority (77% or more) of both employers and workers stated that they had acquired experience since 2005 from working on foreign location productions. This expertise was in a variety of areas, including technologies, management methods and even exposure and networking abroad.

- Transfer of expertise. A majority (80% or more) of both employers and contract workers stated they had been able to transfer the expertise they had acquired to Canadian productions. A majority also stated that transfers of this nature were applied frequently.

- Transfer of revenues. Frequent mention was made of cases where revenues were transferred. These transfers take various forms, ranging from a mere contribution to working capital (thereby ensuring the company's financial continuity until payment of tax credits) to contributions to the funding of Canadian productions. All in all, 68% or more of all employers stated that they had applied transfers of revenues.

- Impact on work force/labour market. Broadly criticized when foreign location shooting was at its peak in 2002-2003, the negative impact on the availability and cost of labour has diminished substantially. A majority (71%) of the employers surveyed stated that, since 2006, production has had no impact on labour costs.

- Impact on infrastructure (e.g., studios). The industry generally recognizes the positive impact that foreign location shooting has had on the quality of infrastructure. In this regard, 80% of technical services companies stated that foreign location shooting had enabled them to improve the quality of their infrastructure and services. In the view of some respondents, access may pose a problem, however, since Canadian productions—decidedly smaller on average than foreign productions—must relinquish priority to foreign productions with heftier budgets. Some infrastructure is priced beyond the reach of local producers.

Conclusion

The economic contribution of foreign location shooting is positive from the perspectives that were analyzed, that is, the impact that spending has on the economy and federal government finances and the externalities that are generated on the Canadian film and television industry. This analysis reflects both the results of an interindustrial modelling and contact with a cross-section of organizations and workers across Canada. Regardless of the region and the type of activity, a positive contribution is recognized by the majority of stakeholders, and the results that were collected are robust and consistent. That said, the respondents were not unanimous, and it is conceivable that special situations may exist where foreign location shooting may adversely affect local productions. The present study therefore confirms the presence of these externalities, generally positive, and clarifies their scope. In addition, the economic impacts of foreign location shooting extend beyond the aspects measured in this study. In this regard, it is conceivable that foreign location shooting may have played a role in the development of other sectors, spurred by digital convergence (e.g., between animation and video games). This new reality, which will shape the Canadian audiovisual industry of tomorrow, has not been examined in this study.

Introduction

Objective

The Department of Canadian Heritage commissioned E&B DATA to conduct a study on foreign location productions in Canada. The study evaluates the impact of foreign location productions shot in Canada on the Canadian economy and on the Canadian film and television industry.

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A study directed towards the measurement of externalities and impacts
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Issue

The impact of foreign location shooting may be direct and indirect, within the framework of economic transactions between production companies, their employees and their network of suppliers. The impact does not stop there, as it may take the form of externalities. An externality or spillover is the impact that an economic activity has on a third party not directly involved in the activity. The impact may be either positive or negative, monetary or non-monetary. The existence of such externalities is frequently cited in the film and television industry. In point of fact, the impact of foreign location shooting on Canadian film and television may take a number of forms and concern matters relating to physical infrastructure, the acquisition of expertise, cross-subsidization (transfer of revenues to local productions), competition for resources (labour mostly) and the impact on other sectors of economic activity.

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The impact of foreign location shooting on Canadian productions stems from externalities. They are difficult to measure because they do not result directly from a monetary transaction between the two activities.
• • •

Objective of Study

The focus of the study is on quantifying the economic effects that result from spending on foreign location shooting and on measuring the externalities generated by foreign location shooting on domestic production activities.

Approach

Whereas the methods for measuring the impact of spending related to economic activities have been clearly established (interindustrial modelling), the method for measuring externalities has been much less clearly defined. Externalities are an economic phenomenon that is difficult to measure, because they do not result directly from a business transaction and their impact can not necessarily be quantified in monetary terms. The approach used here has been to measure the statements made by the companies and workers concerned, as regards their *own experience in relation to foreign location shooting*. To validate the answers, similar questions were put to both those who benefit directly from foreign location shooting and those who do not. Likewise, both employers and independent workers were consulted. All in all, the results obtained by this method are significant.

In addition, a study on impact of foreign location shooting in terms of direct and indirect job creation and impact on the economy was conducted. Finally, interviews with key Canadian industry stakeholders, including associations and labour unions, as well as provincial or municipal film offices, provided insight into the study results. Their comments played into the reflection process by the study's authors.

Structure

The report is structured as follows:

- The first section presents how foreign location shooting has evolved in Canada's provinces;

- The second section presents the externalities of foreign location shooting on production companies, technical services companies and contract workers;

- The third section estimates the direct and indirect effect on the Canadian economy, particularly in terms of employment and spending in different sectors of the economy.

The various sources and methods of research and analysis used in the study are presented in each section under the heading "Notes on Methodology."

Methodology

This section presents the methodology used for measuring externalities in this study.

Identifying and Measuring Externalities in the Cultural Sector

Methods for quantifying the presence and scope of externalities in the cultural sector are still largely underdeveloped, at least as regards those related to the impact of spending. The existence of these externalities in the cultural sector is accepted by the economist community and more specifically in the case of foreign location shooting.[1] The focus of these studies—qualitative—has been more on the development of new industry clusters[2] than on their impact on existing industries, starting with national film and television production industries. There is, in fact, a need to determine whether foreign location productions generate positive or negative impacts among socio-economic groups that do not benefit from them directly (for example, production companies that work exclusively on Canadian content). Insight can be gained by evaluating the situation among groups that work partially on foreign location productions, to determine whether their activity in relation to the foreign location productions has a negative, neutral or positive impact on the portion of their activities unrelated to foreign location productions.

On these various aspects, no systematic measurement would seem to have been made in Canada, particularly as regards a cultural redistribution through direct transfers, that is, the use, in local productions, of revenues, know-how, techniques, technologies and infrastructure developed while working on foreign location productions.

Survey Objectives

To identify externalities associated with foreign location shooting on the film and television production industry in Canada, E&B DATA conducted a sample survey. In this regard, the focus was to be on activities in the areas of production and technical services delivery among both employers and contract workers in the film and television production sector.

The specific objectives of the survey were to find out and measure whether or not companies and contract workers in the film and television industry had, according to their own experience: (1) had the opportunity to transfer expertise or revenue from a foreign location production to a Canadian production; (2) observed impacts on the work force/labour market (recruitment of manpower, labour costs); (3) made it possible to upgrade and share infrastructure between

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1 Chase, Kerry A., “Theater of Conflict: Commerce, Culture, and Competition in the Global Entertainment Industry,” work in progress, Brandeis University, http://people.brandeis.edu/~chase/research/theater.pdf (2010)

2 Charles H. Davis, Ryerson University, Toronto, Tijs Creutzberg and David Arthurs, HAL Corporation, Ottawa, Ontario. March 2009 - "Applying an innovation cluster framework to a creative industry: the case of screen–based media in Ontario".

foreign production companies coming to shoot in Canada and local producers; and, generally, (4) contributed to the quality of Canadian productions.

Questionnaire Design

Three questionnaires were prepared to identify the presence of externalities and to make an initial estimate of their scope. In consideration of the specific character of each of the targeted respondent groups, three questionnaires were developed:

- Questionnaire for production companies;
- Questionnaire for technical services companies;
- Questionnaire for contract workers/freelancers.

In general, the questionnaires had between 30 and 35 questions, closed-ended for the most part. A few open-ended questions were added so that the answers being provided could be clarified. The questionnaires had to be completed by companies or individuals with experience since 2005 in the film industry in Canada.

The questionnaires were available in both official languages. Guides intended for each category of respondents were also developed, with clarification of items pertaining to whom was qualified to answer, survey logistics and relevant definitions.

Definition of Surveyed Population

The population targeted by the survey was to be comprised of business organizations whose primary activity was production or technical services related to film and television production in Canada. The respondents for production or technical services companies had to be high-ranking officers of those companies. Independent workers/freelancers were also targeted, provided that the major portion of their income was derived from film and television production projects.

Test Questionnaires

To optimize the questionnaires, a preliminary version of test questionnaires was produced for associations within the sector, as well as for companies and contract workers. In total, more than 20 tests outside E&B Data and the Department of Canadian Heritage were conducted in several provinces and completed in March 2009. A number of changes were then made to the questionnaires and Respondent's Guides.

Mailing Lists

So that the questionnaire could be sent out to a maximum number of potential respondents, E&B DATA used three different methods.

- Consolidation of public lists, publicly accessible on provincial agency Web sites. Upon completion of this process, a list containing more than 4,000 names of businesses and specialized workers was assembled, covering all Canadian provinces. The different lists were incorporated into a single clean, consolidated database (that is, duplicate names and entries that did not fall within the survey objectives were eliminated).

- Targeted, confidential mail-out from the Canadian Audio-Visual Certification Office (CAVCO) to organizations involved in certification applications for the Film or Video Production Services Tax Credit (PSTC) and the Canadian Film or Video Production Tax Credit (CPTC). The number of mail-outs exceeded 1,100.

- Targeted mail-out by several industry organizations to their membership. This included several regional associations and labour unions (e.g., Union of BC Performers, several regional chapters of International Alliance of Theatrical Stage Employees) and several national organizations (Alliance of Canadian Cinema, Television and Radio Artists, Directors Guild of Canada and Writers Guild of Canada (WGC)).

It is important to note that the methods may overlap and some of the respondents may have been approached through more than one source. This combination of methods contributed to a relatively large number of responses.

Mail-outs

The E&B DATA database, built in part from the public databases of provincial film commissions and film offices, was used to fax 3,195 invitations to complete the survey, of which 582 were in French and 2,613 in English, along with 955 invitations by e-mail (131 in French and 823 in English) for a total number of 4,150 mail-outs. The mail-outs by either fax or e-mail were sent between November 10 and 26, 2009.

Follow-up

In order to achieve a balanced sample of respondents, E&B DATA followed up on a regional and respondent category basis. Follow-up was by means of contacting the company or individual again via fax or e-mail. Consequently, 210 telephone calls were made to improve geographic representation or representation of sub-categories (producers, technical services companies, freelancers). All of the respondents who had started the questionnaire but had not completed it, as flagged by the computer system, were contacted and assistance was offered to complete the questionnaire.

E&B DATA also sought to obtain the participation of the largest employers by means of personalized follow-ups. It is often more difficult to get larger companies to participate than smaller ones (e.g., identification of respondents). Follow-up actions were responsible for ensuring that 24 major employers (more than 100 employees) completed the questionnaire.

Responses Obtained

Once all of the responses were integrated, a quality control and clarification as to certain answers made it necessary to contact more than 20 or so respondents. Nine questionnaires had to be excluded from the base by reason of inconsistent answers or because the respondents failed to qualify. In the end, once the nine respondents were excluded, the number of survey respondents totalled 467, including 135 production companies, 69 technical services companies and 263 contract workers.

The table below presents the distribution of responses obtained for the key provinces.

Figure 1: Breakdown of Respondents - Employers / Workers

	Employers	Workers
British Columbia	47	67
Ontario	62	116
Quebec	51	43
Other provinces and territories	44	37
Canada	204	263

Source: E&B DATA Survey

The number of respondents among technical services companies was smaller, however, than for production companies. In all, a total of 69 production companies participated in the survey, i.e., 21 in British Columbia, 25 in Ontario and 12 in Quebec.

E&B DATA wanted, in particular, to obtain a high response rate from employers and contract workers involved in foreign location shooting (FLS). After examining the responses that were obtained, production companies that had worked on foreign location productions represented 32% of our sample, as opposed to 77% for technical services companies and 90% for freelancers.

Limitations

Two limitations can be reported concerning the collection of data. The first is the potential for response bias, since a respondent may theoretically wish to skew his or her response. The results do not seem to support this hypothesis because, on the one hand, the numerous verbatim comments we received gave a concrete description of the specific positive externalities the respondents had been witness to. Also, the control group (respondents with no experience in foreign location productions) expressed opinions that were undoubtedly less marked than respondents with foreign location shooting experience, but clearly leaning in the same direction.

A second limitation may be associated with a respondent selection bias. In some respects, the random nature of the sample may have been affected by the numerous follow-ups that were made to balance the geographic representation of respondents, and increase the number of respondents in each of the three major categories (production companies, technical services companies and contract workers). More than 10 professional, regional or mixed organizations collaborated actively in distributing the questionnaire among their members. The random nature was maintained, however, within each group targeted that way, although theoretically it is possible that groups for which no follow-up was done may have had answers significantly different from those of the respondent groups.

Finally, the populations studied did not exactly match existing statistical categories used by Statistics Canada, so calculation of the statistical representativity of the sample was not possible.

1. Context of Foreign Location Shooting in Canada

This section presents the situation of foreign location shooting in Canadian provinces. A general description of the situation in Canada is provided first. The situation is then presented for each province, with a special focus on the evolution of foreign productions over a period of 10 years, and by situating foreign location productions in relation to Canadian productions in recent years (since 2002). The very coexistence of foreign productions and Canadian content productions is, in fact, the reason behind possible positive or negative impacts.

The provincial portraits are based on consultations with provincial organizations (film offices and commissions) and a review of the statistics on production activity in each province over the past 10 years for which information was available (that is, from 1998/1999 to 2007/2008) when this paper was prepared.

1.1 Notes on Methodology

It is important to note that the statistics serving as the basis for this section were compiled from data presented in the 2009 Profile.[3] They reflect data relating to production certification applications. They may differ from the reality in terms of volume and in terms of year.

- In terms of volume: Some producers do not have their production certified. It is reasonable to believe, however, that such cases are limited to very small productions for which the effort of preparing the application is disproportionate to the anticipated payment. In addition, some applications are denied with regard to certain expenditures.

- In terms of year: Some producers are slow in submitting their application, and the delay may reach two years and even more. Similarly, processing of the application may also be subject to delays, when certain expenditures are the subject of discussion. This phenomenon of delays would seem to be less prevalent in certain provinces (e.g., Ontario).

Despite these limitations, all of the organizations that were contacted consider the statistics to meet general consensus and to be useful overall for tracking the evolution of film and television production activities in Canada.

[3] CFPTA, APFTQ, PCH, "09 Profile - An Economic Report on the Canadian Film and Television Production Industry," http://www.cftpa.ca/newsroom/pdf/profile/profile2009-en.pdf

1.2 Canada: Evolution of Foreign Location Shooting

The situation of foreign location production is presented in "09 Profile – An Economic Report on the Canadian Film and Television Production Industry," a collaborative effort by the Canadian Film and Television Production Association (CFTPA), the Association des producteurs de films et de télévision du Québec (APFTQ) and the Department of Canadian Heritage. Production facts and figures were compiled by Nordicity Group Ltd. and are used in this section. In the 09 Profile report, the data on foreign location production are derived from provincial funding agencies. The figure below presents how the situation has progressed in terms of total volume of foreign location production and in terms of distribution across provinces.

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In the past 10 years, more than 90% of the value of all foreign location production was achieved in British Columbia, Ontario and Quebec.

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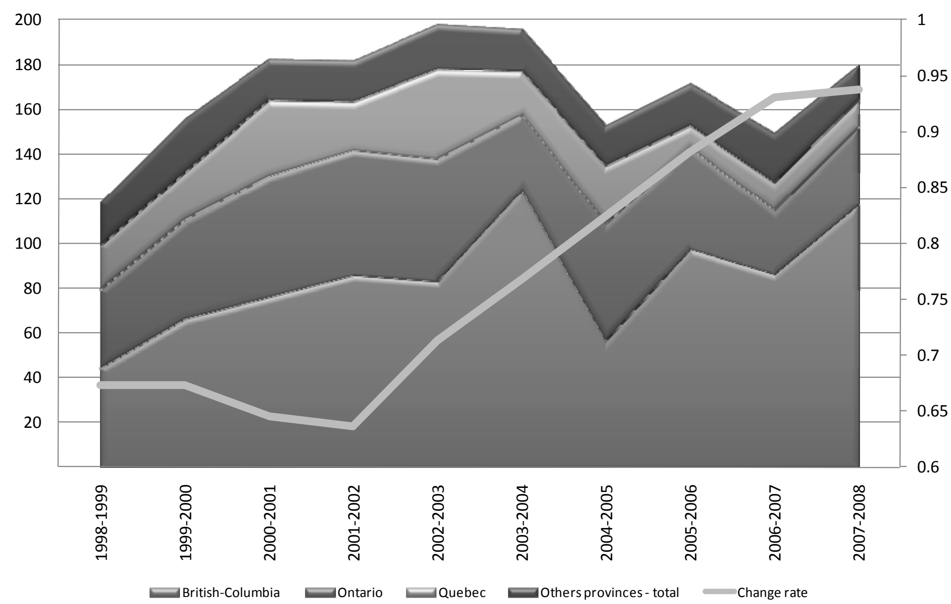
Figure 2: Change in Volume of Foreign Location Production in Canada by Fiscal Year, (in Current $Millions) and CAN$/US$ Exchange Rate



Source: "09 Profile – An Economic Report on the Canadian Film and Television Production Industry," Canadian Film & Television Production Association, Compiled by E&B DATA

As can be seen in the table above, the vast majority of the volume of foreign production projects (93% in 2007-2008) is concentrated in British Columbia, Ontario and Quebec. The figure below presents a summary of how the basic tax credit rates have evolved in these three provinces and at the federal level.

Figure 3: Percentage of Skilled Labour in Terms of Spending –

Basic Rates for Production Services Tax Credit

	2004	2005	2006	2007	2008	2009
British Columbia	11	18	18	18	25	25
Ontario	11	18	18	18	25	25*
Quebec	11	20	20	20	25	25*
Canada	16	16	16	16	16	16

Source: PricewaterhouseCoopers. Compiled by E&B DATA.
* Percentage of total admissible production costs ("all spend")

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Provincial tax credits have been revised upwards in recent years. Now, 25% of total production costs are eligible in Ontario and Quebec.

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The following can be seen from these two tables:

- The global volume of foreign location production increased, from $1.1 billion to $1.8 billion, over this period in Canada. Growth has been uneven, however, peaking at $1.9 billion in 2002. The sharp rise in the Canadian dollar against the U.S. dollar, which began in late 2001, has had a direct impact on foreign location production in Canada, as has the emergence of new international competitors with particularly alluring incentives and/or extremely low labour costs. Tax incentives were revised upwards in Canada, contributing to a stabilization in the volume of foreign location production in Canada at an average of around $1.7 billion since 2003, with an annual spread of more or less $250 million.

- In terms of distribution by province, British Columbia is the Canadian leader in foreign location production, with an increase in the global share of total volume in Canada, from 41% in 1998/1999 to 66% en 2007/2008. Ontario and Quebec saw their shares decrease from 32% and 18% respectively in 1998/1999 to 20% and 7% in 2007/2008.

- Provincial tax credits on foreign location production costs have increased since 2003 to support the industry. Although they initially applied to labour costs alone, these credits have increasingly applied, since 2009, to all costs ("all spend") within a province.

Below is a brief overview of how each province is organized, its fiscal policy (tax credits) and its success stories in the area of foreign location production. It describes the situation in each of the key provinces in greater detail.

1.3 Key Provinces

British Columbia

British Columbia has been active in foreign location shooting since the early 1990s. In the absence of major local production broadcasters, unlike Ontario or Quebec, British Columbia was the first province to target attracting foreign location shooting to Canada by means of a tax credit strategy (1998),[4] slowly followed by the other provinces. It is now the leading Canadian province for attracting foreign location shooting.

• • •
British Columbia attracts 66% of the value of all foreign location production in Canada (2007/8)
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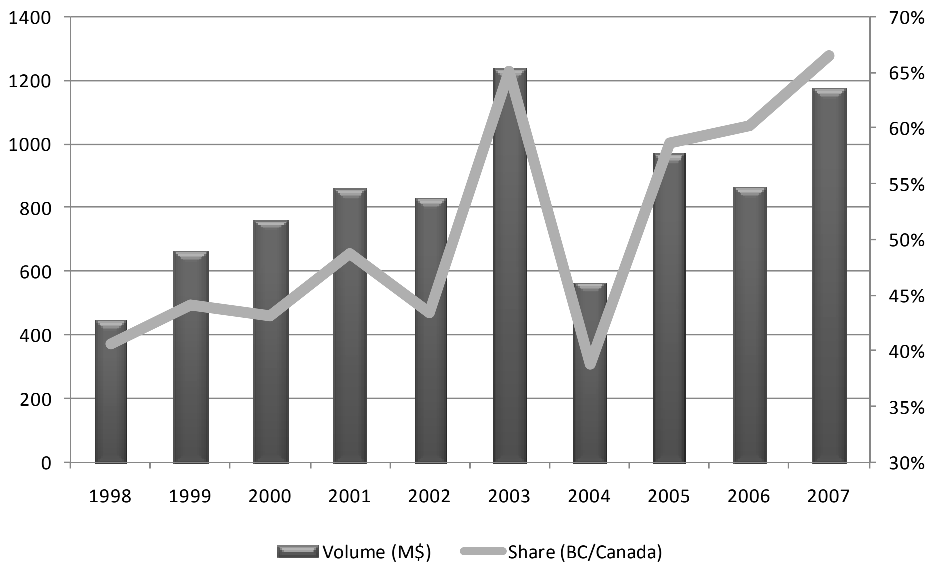
In the past 10 years, British Columbia has attracted the majority of foreign location production in Canada and has even seen its share increase. In fact, British Columbia's share in relation to Canada as a whole rose from 44% of total volume for the period of 1998-2002 to 58% for the period of 2003-2007. On average, the volume of foreign location production rose from $711 million for the period of 1998-2002 to $962 million for the period of 2003-2007. During that same period, the other key provinces in Canada recorded a drop in their share and volume of foreign location production, just like most of the other provinces. Manitoba was a notable exception.

Figure 4: Foreign Location Production in British Columbia - 1998-2007 (Fiscal Years)



Source: "09 Profile – An Economic Report on the Canadian Film and Television Production Industry," Canadian Film & Television Production Association, Compiled by E&B DATA
Note: Fiscal years commencing April 1st.

[4] British Columbia Income Tax Act - [RSBC 1996] Chapter 215 – Part 5 - Film and Television Tax Credit www.bclaws.ca/Recon/document/freeside/--%20I%20--/Income%20Tax%20Act%20%20RSBC%201996%20%20c.%20215/00_Act/96215_05.xml

British Columbia enjoys a close and ongoing relationship with Hollywood, thanks to a common time zone, a more temperate climate than production centres in eastern Canada and the widespread availability of technical teams, locations and studios. In fact, the largest Canadian studios were located in Vancouver until Pinewood Toronto opened in 2008. Stakeholders also spoke of relational factors (e.g., West Coast affinity) which have translated into consistent activity, year after year (e.g., local importance of television productions).

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Examples of box office hits shot in British Columbia: *X-Men 3, Juno and Supernatural.*
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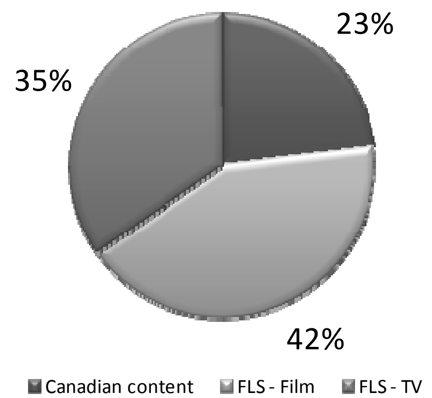
Figure 5: Volume of Foreign Location Production vs. Local Production in British Columbia – 2003-2006 (Fiscal Years)



Source: "*09* Profile – An Economic Report on the Canadian Film and Television Production Industry," Canadian Film & Television Production Association, Compiled by E&B DATA
Note: Fiscal years commencing April 1st.

At the moment, the British Columbia Film Commission and British Columbia Film are the main organizations involved in attracting foreign location production at the provincial level. The province offers the following tax incentives: British Columbia Production Services Tax Credit[5] and British Columbia Digital Animation or Visual Effects Tax Credit.[6]

The Vancouver Film Office is also active in the promotion of foreign location production. It is estimated that more than 90% of all foreign location production in the province is shot in the Vancouver area, which means the volume in Vancouver would even exceed $1 billion in foreign location production alone. Promoters state that Vancouver is the third most important city in North America in terms of U.S. production after Los Angeles and New York.

[5] Basic tax credit: 18% of BC labour expenditures (no maximum) (was increased from 11% to 18% on January 1, 2005) plus a regional tax credit: 6% of BC labour expenditures if more than 50% of principal photography is done outside the Vancouver area.
[6] 15% of qualified BC labour attributable to digitally created animation image production (production after March 31, 2003)

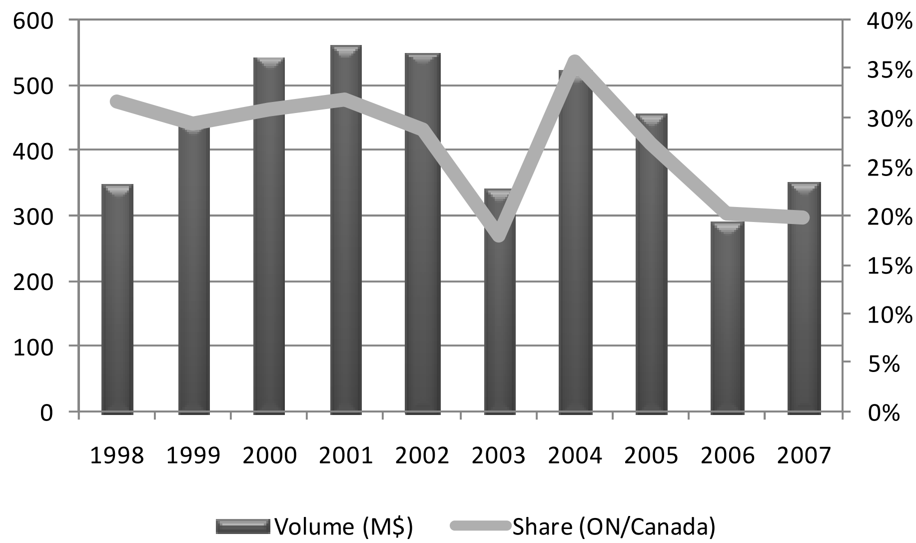
A number of box office hits and successful television series have been shot at least in part in British Columbia, for example, *X-Men 3, Juno, Elegy, Supernatural, Battlestar Galactica, Smallville, Stargate Continuum, Stargate Atlantis* and *The Guard*.

Ontario

Despite a declining share, Ontario remains the second centre for foreign location production in Canada, with a concentration in television series.

Although Ontario upped its tax incentive in 2005, it has seen its share of foreign location production in Canada drop, from an average of 30% for the 1998-2002 period to 24% for the 2003-2007 period. In terms of volume, the annual average shrank from $489 million to $391 million. Peaks were recorded in 2001 ($561 million) and 2004 ($521 million). The year 2003 was difficult owing to the SARS crisis, which saw a number of foreign location productions relocate to other Canada production centres (e.g., British Columbia, Manitoba).

Figure 6: Foreign Location Production in Ontario – 1998-2007 (Fiscal Years)

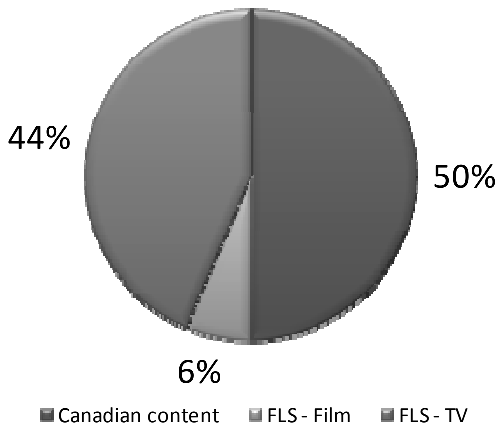


Source: "09 Profile – An Economic Report on the Canadian Film and Television Production Industry," Canadian Film & Television Production Association, Compiled by E&B DATA
Note: Fiscal years commencing April 1st.

Examples of box office hits shot in Ontario: *The Incredible Hulk* and *Chicago.*

Ontario reflects the most balanced situation out of all production centres in Canada, in terms of the ratio of Canadian content production to foreign location production. As far as foreign location production is concerned, television series have dominated the picture in recent years.

Figure 7: Volume of Foreign Location Production vs. Local Production in Ontario - 2003-2006 (Fiscal Years)



Source: "09 Profile – An Economic Report on the Canadian Film and Television Production Industry," Canadian Film & Television Production Association, Compiled by E&B DATA
Note: Fiscal years commencing April 1st.

The Ontario Media Development Corporation and FilmOntario are the main entities involved in attracting foreign location shooting. The following tax incentive programs are offered: Ontario Production Services Tax Credit[7] and Ontario Computer Animation and Special Effects Tax Credits.[8]

It is estimated that between 80% and 85% of the value of foreign location production in the province takes place in the Toronto area. Major investments have been made in infrastructure in recent years, particularly studios and film sets,[9] making Toronto the Canadian leader in that regard. Its facilities can accommodate 30 major productions at any time.

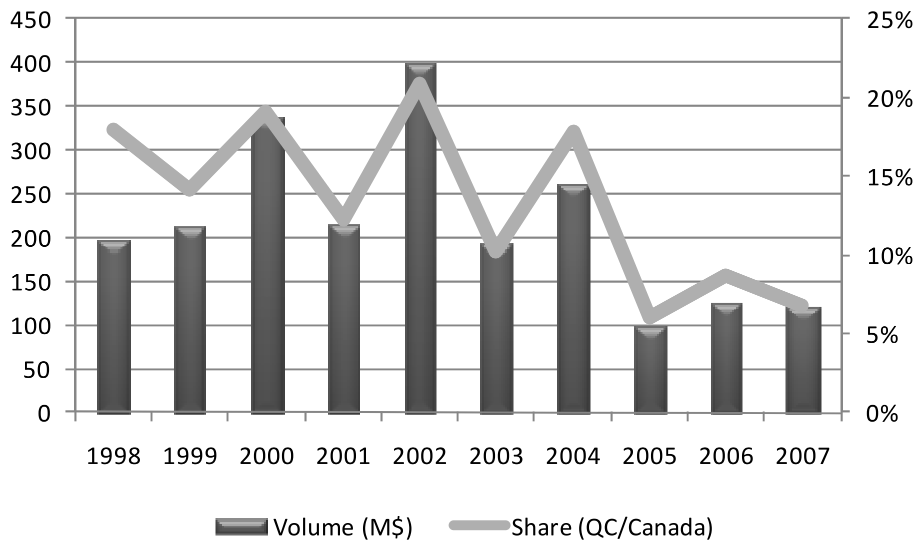
Despite the drop in the province's share in relation to Canada as a whole and the drop in total volume in the past 10 years, Ontario is now home to the largest studios in Canada. Major box office hits have been produced there, including *The Incredible Hulk* and *Chicago*.

[7] 18% of qualified Ontario labour (no cap). Increased from 11% to 18% effective January 1, 2005.
[8] 20% of qualified Ontario labour (capped at 9.6% of eligible costs for computer animation and special effects, in effect since May 11, 2005).
[9] Pinewood Studio was opened in September 2008, specifically targeting foreign location production.

Quebec

Quebec's share in Canada has dropped in terms of volume of foreign location production, from 17% (annual average of $272 million) for the 1998-2002 period to 10% for the 2003-2007 period ($160 million). The volume peaked in 2002 at $399 million.

Figure 8: Foreign Location Production in Quebec – 1998-2007 (Fiscal Years)



Source: "09 Profile – An Economic Report on the Canadian Film and Television Production Industry," Canadian Film & Television Production Association, Compiled by E&B DATA
Note: Fiscal years commencing April 1st.

• • •
Quebec: Third production centre in Canada.
A number of box office hits have been shot there, including *Mummy III, 300, The Aviator* and *The Day After Tomorrow*.
• • •

The Bureau du Cinéma et de la Télévision du Québec and the Québec Société de développement des entreprises culturelles (SODEC) are the provincial organizations responsible for the promotion and certification of foreign location productions respectively. The following tax incentives are available in Quebec: Quebec Tax Credit for Film and Television Production (CIPCTQ)[10] [11] and Quebec Computer Animation and Special Effects Tax Credit.[12]

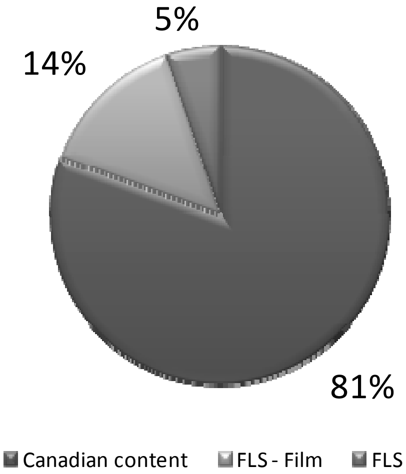
It is estimated that more than 85% of the value of foreign location production is shot in Montreal (with the support of the Montreal Film and Television Commission).

Recent statistics indicate that Quebec is active mostly in the area of feature films, rather than in the production of television series. Quebec is able to offer high-quality infrastructure for foreign location shooting as well as several technical teams simultaneously. Box office hits have been shot there, including *Mummy III, 300, The Aviator* and *The Day After Tomorrow*.

[10] 18% of qualified Quebec labour (no cap). Increased from 11% to 20% effective January 1, 2005.
[11] Refundable tax credit for film production services www.sodec.gouv.qc.ca/documents/ddp/Services_de_production_lignes_directrices_mai_2009.pdf
[12] 10.2% of qualified Quebec labour (maximum 5.1% of production costs) for applications under CIPCTQ, another 20% for qualified Quebec labour with regard to CIPCTQ

Moreover, Montreal enjoys a solid footing in both animation and video games, whose recent alliance (UbiSoft and Hybrid Technologies) suggests a new phase of convergence (screen-based production).

Figure 9: Volume of Foreign Location Production vs. Local Production in Quebec - 2003-2006 (Fiscal Years)



Source: "09 Profile – An Economic Report on the Canadian Film and Television Production Industry," Canadian Film & Television Production Association, Compiled by E&B DATA
Note: Fiscal years commencing April 1st.

In reaction to this drop in foreign location production in Quebec, the province recently enhanced its incentive scheme from 25% of total labour costs to 25% of qualified all-spend production costs (June 2009).[13]

[13] SODEC, Refundable Tax Credit for Film Production Services, http://www.sodec.gouv.qc.ca/documents/ddp/lignes_directrices_PSTC_anglais_juin_2009.pdf

1.4 Other Provinces and Territories

Alberta

The Alberta Film Commission is responsible for promoting and attracting film and television production, including both Canadian and foreign location projects. Through the Alberta Film Development Program, a grant for foreign location production is set at 20% of all eligible Alberta costs for both film and television productions (before April 1, 2009). Application of the grant is supervised by Alberta Culture and Community Spirit.

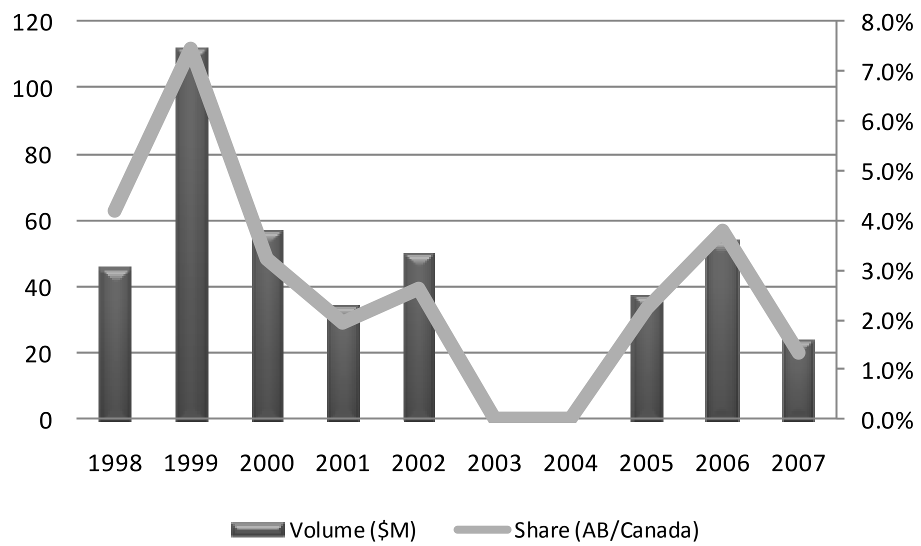
• • •

Alberta is also active in attracting foreign location shooting, having landed the production of *Brokeback Mountain.*

• • •

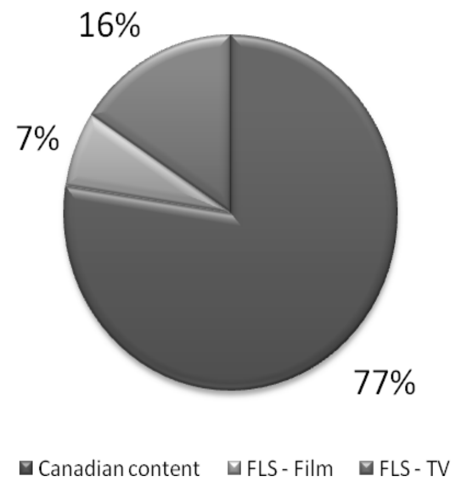
Most productions in Alberta have been Canadian content projects, averaging $63 million annually over the past 10 years, including a peak of $87 million in 2007. Foreign location production has maintained an annual average of $46 million in the past nine years, with a peak of $112 million in 1999. All in all, the volume of foreign location production accounted for 39% of total film and television production over the period from 1998 to 2007.

Figure 10: Foreign Location Production in Alberta – 1998-2007 (Fiscal Years)



Source: "09 Profile – An Economic Report on the Canadian Film and Television Production Industry," Canadian Film & Television Production Association, Compiled by E&B DATA
Note: Data for 2004/2005 not available.
Note: Fiscal years commencing April 1st.

Figure 11: Volume of Foreign Location Production vs. Local Production in Alberta - 2003-2006 (Fiscal Years)



Source: "09 Profile – An Economic Report on the Canadian Film and Television Production Industry," Canadian Film & Television Production Association, Compiled by E&B DATA
Note: Fiscal years commencing April 1st.

Alberta has succeeded in attracting foreign location projects, including as least one major box office hit (*Brokeback Mountain*).

Saskatchewan

Saskatchewan attracted the foreign location production *Sleepwalking*.

SaskFilm and Video Development Corporation is responsible for attracting and supporting the province in film and television projects, including both Canadian and foreign productions.

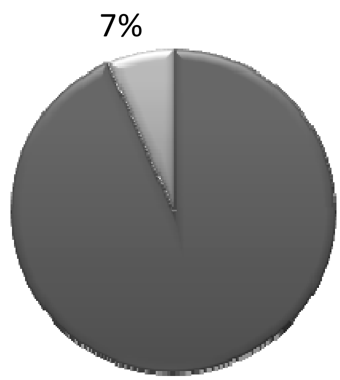
The Saskatchewan Film Employment Tax Credit[14] is the basic foundation for local production projects, international co-productions, and certain production services on behalf of the province.[15]

As regards tax credits for foreign location productions, the Saskatchewan government will extend the deeming provision of the film employment tax credit by three years, from February 2009 to December 31, 2011. The provision treats out-of-province workers as Saskatchewan residents if they train local film production employees while working in the province. For that reason, tax credits for foreign location productions are comprised of a basic Saskatchewan tax credit of 45%, plus a 5% rural Saskatchewan bonus and a 5% key position bonus.

[14] Source: Nordicity, Saskatchewan Film/TV Production Sector Plan (May 2009), http://www.dgcsask.com/assets/File/Sask%20FilmTV%20Production%20Sector%20Plan%20(May%207%20final).pdf
[15] Source: PricewaterhouseCoopers, Entertainment and Media Tax Clip: Saskatchewan Film Employment Tax Credit enhanced and refined (February 25, 2009), http://www.pwc.com/ca/en/entertainment-media/tax-clip/saskatchewan-enhanced-employment-credit.jhtml

Most productions have been Canadian content projects, averaging $7.4 million annually over the past 10 years, with a peak of $23 million in 2004. Overall, the volume of foreign location production accounted for 14% of total film and television series production during the period from 1998 to 2007.

Figure 12: Volume of Foreign Location Production vs. Local Production in Saskatchewan - 2003-2006 (Fiscal Years)



Source: "09 Profile – An Economic Report on the Canadian Film and Television Production Industry," Canadian Film & Television Production Association, Compiled by E&B DATA
Note: Fiscal years commencing April 1st.

Manitoba has witnessed a growth in the volume of foreign location production since 2005. It succeeded in attracting productions such as *Shall We Dance? The Assassination of Jesse James* and *New in Town*.

The film and television industry in Saskatchewan succeeded in obtaining significant results with the foreign location production *Sleepwalking*.

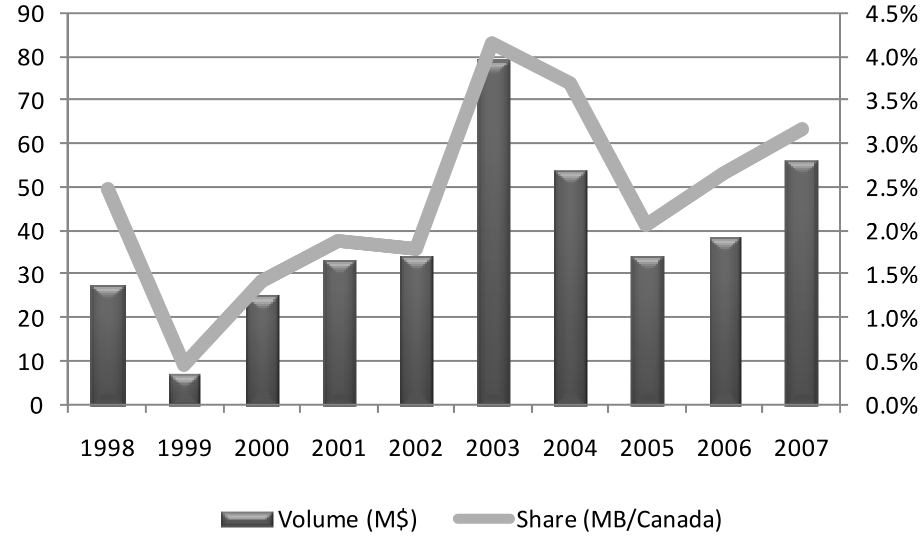
Manitoba

Manitoba Film and Music is responsible for providing the province with support to attract and promote film and television projects, with productions covering both Canadian and foreign content. The Manitoba Film and Video Production Tax Credit for foreign location production is 45% (since 2005) of eligible Manitoba labour costs for film and television (effective until March 1, 2011[16]). In Winnipeg, the Film & Cultural Affairs commission for the City of Winnipeg is responsible for promoting and supporting foreign location production.

The majority of productions have been foreign location projects averaging $39 million annually over the past 10 years, with a peak of $79 million in 2003. Canadian content production has averaged $30 million annually over the past 10 years, with a peak of $71 million in 2006. Overall, the volume of foreign location production accounted for 57% of the total volume of film and television production during the period from 1998 to 2007.

[16] Manitoba Finance, Corporate Tax Credit, http://www.gov.mb.ca/finance/ccredits.html#film

Figure 13: Foreign Location Production in Manitoba – 1998-2007 (Fiscal Years)



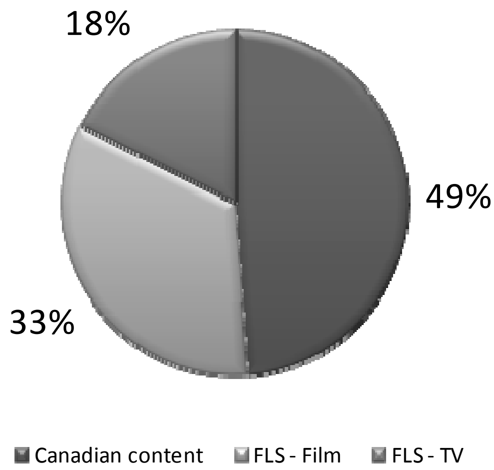
Source: "09 Profile – An Economic Report on the Canadian Film and Television Production Industry," Canadian Film & Television Production Association, Compiled by E&B DATA
Note: Fiscal years commencing April 1st.

• • •
Manitoba has successfully attracted such productions as *Shall We Dance?* To shoot it, the production team (more than 100 individuals) was completely relocated during the 2003 SARS crisis from Toronto to Winnipeg.
• • •

Manitoba has been able to attract major foreign location productions such as *Shall We Dance? The Assassination of Jesse James* and *New in Town*.

Overall, Manitoba strikes a balance between Canadian content productions and foreign location productions. In the latter category, feature films are more prevalent than television productions.

Figure 14: Volume of Foreign Location Production vs. Local Production in Manitoba – 2003-2006 (Fiscal Years)



Source: "09 Profile – An Economic Report on the Canadian Film and Television Production Industry," Canadian Film & Television Production Association, Compiled by E&B DATA
Note: Fiscal years commencing April 1st.

New Brunswick, Nova Scotia and Newfoundland also offer tax credits and successfully attract foreign location production.

New Brunswick[17]

New Brunswick Film is responsible for supporting and attracting film and television projects on behalf of the province, including both Canadian and foreign location productions. The New Brunswick Film Tax Credit for foreign location production equals 40% (since January 1, 2008) of all eligible New Brunswick labour costs for film and television (the program was launched in 2000).[18]

Most productions have been local content projects, averaging $12 million annually over the past 10 years, with a peak of $20 million in 2000. The annual average for foreign location productions has been $0.6 million over the past 10 years, with a peak of $23 million in 2000. Overall, the volume of foreign location production accounted for 5% of total film and television production for the period from 1998 to 2007.

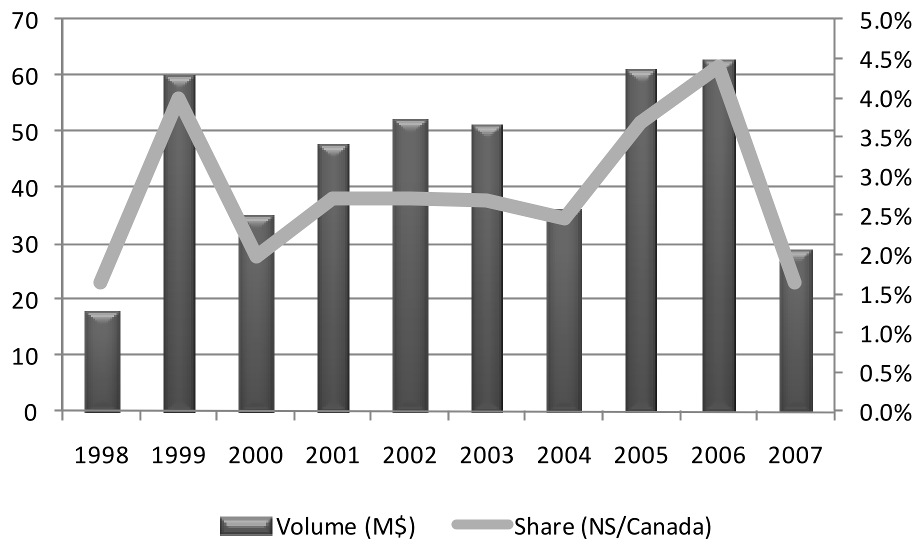
[17] For some provinces and territories, it was not possible to produce chronological data for confidentiality reasons.
[18] Government of New Brunswick, *New Brunswick Income Tax Act* (2001-80); http://www.gnb.ca/0062/regs/2001-12.htm

Nova Scotia

Nova Scotia Film is responsible for supporting and attracting film and television projects on behalf of the province, including both Canadian productions and foreign location productions. Since September 30, 2007, the Nova Scotia Film Industry Tax Credit for foreign location productions has been equal to the lesser of the tax credit calculated on the basis of 50% of labour costs or the tax credit calculated on the basis of 25% of production costs.[19]

Most productions have been local content projects, averaging $61 million annually over the past 10 years, with a peak of $88 million in 1998. Foreign location production has maintained an annual average of $45 million over the past 10 years, peaking at $63 million in 2006. All in all, the volume of foreign location production accounted for 43% of total film and television series production for the period from 1998 to 2007.

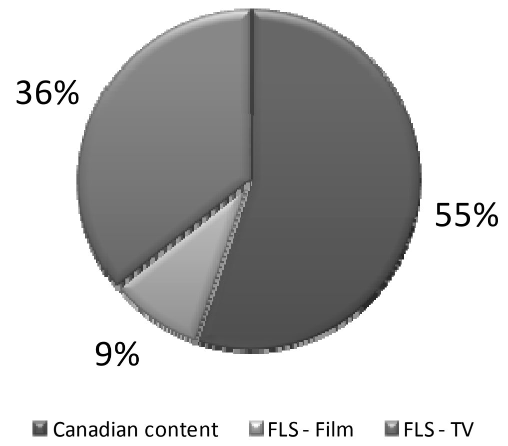
Figure 15: Foreign Location Production in Nova Scotia – 1998-2007 (Fiscal Years)



Source: "09 Profile – An Economic Report on the Canadian Film and Television Production Industry," Canadian Film & Television Production Association, Compiled by E&B DATA
Note: Fiscal years commencing April 1st.

[19] Government of Nova Scotia, Film Industry Tax Credit Regulations, http://www.gov.ns.ca/just/regulations/regs/incfilm.htm

Figure 16: Volume of Foreign Location Production vs. Local Production in Nova Scotia – 2003-2006 (Fiscal Years)



• • •
Yukon and Nunavut earmark some resources for foreign location production. The results are still limited. Prince Edward Island does not earmark resources for this activity anymore.
• • •

Source: "09 Profile – An Economic Report on the Canadian Film and Television Production Industry," Canadian Film & Television Production Association, Compiled by E&B DATA.
Note: Fiscal years commencing April 1st.

Nova Scotia has been able to attract foreign location productions to date, including box office hits such as *Amelia*, *Outlander*, *Snow Angels* and *Titanic*.

Prince Edward Island

Prince Edward Island no longer has a commission with official status as audiovisual commissioner and no longer earmarks resources for this activity. All production has been exclusively local content, averaging $4 million annually over the past 10 years and peaking at $9 million in 2002.

Newfoundland and Labrador

The Newfoundland & Labrador Film Development Corporation is responsible for supporting and attracting film and television projects on behalf of the province, including both Canadian and foreign location productions. Since 1999, a Newfoundland & Labrador Film and Video Industry Tax Credit,[20] which covers 40% of local labour costs, has been in place.[21]

Film and television production spending in Newfoundland and Labrador between 1997 and 2008 averaged $4.8 million annually, peaking at $14 million in 2005. One foreign location

[20] Maximum 25% of total production costs, maximum tax credit of $1 million per project and $2 million per associated corporate group.
[21] Legislative Assembly of Newfoundland and Labrador, http://www.assembly.nl.ca/legislation/sr/regulations/rc990003.htm

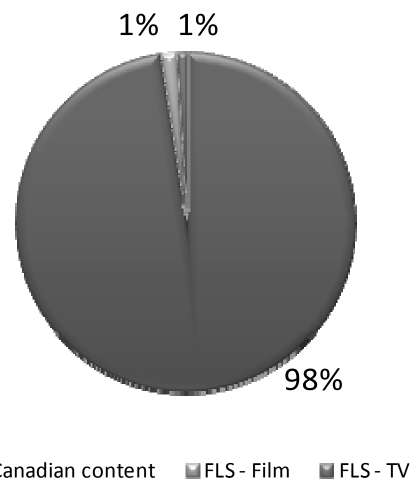
project was completed during that period, with a value of $8 million, namely, *Shipping News* (several nominations for prestigious film industry awards) in 2001.

Yukon

The Yukon Film and Sound Commission is responsible for supporting and attracting film and television projects on behalf of the province, for both Canadian and foreign location productions.

The Yukon Film Location Incentive promotes production through a rebate equal to 25% of total spending in Yukon on a production project (effective since April 21, 2009), and the Yukon government will be improving its support to film productions by way of recently announced changes.[22]

Figure 17: Volume of Foreign Location Production vs. Local Production in Yukon - 2003-2006 (Fiscal Years)



Source: "09 Profile – An Economic Report on the Canadian Film and Television Production Industry," Canadian Film & Television Production Association, Compiled by E&B DATA
Note: Fiscal years commencing April 1st.

Most productions have been local content projects, averaging $593,500 annually over the past five years, with a peak of $1.2 million in 2003-2004. Overall, the volume of foreign location production accounted for 2% of total film and television production in 2003-2007.

Yukon has not had the opportunity to attract any major foreign location productions thus far.

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[22] Source: Reuters, Yukon Government Improves Support to Film Productions, (April 2, 2009) http://www.reuters.com/article/pressRelease/idUS201433+02-Apr-2009+PRN20090402

Nunavut and Northwest Territories

The territory of Nunavut instituted a strategy for attracting foreign location shooting in 2005, that is, two years after the Nunavut Film Development Corporation was launched in 2003.

The strategy is embodied by an organization responsible for promoting and enabling foreign location production (with one permanent employee, two part-time employees and sub-contractors, when necessary). Nunavut is currently developing an incentive production service tax credit program, which should be rolled out in 2010, with its inspiration taken largely from the Alberta incentive program.[23]

Because of constraints such as the distance with Nunavut and funding, the territory has not been able to attract foreign location projects thus far. However, it did succeed in obtaining significant results with award-winning local productions such as *Before Tomorrow* and *The Fast Runner*.

The rest of Canada's northern territories fall under the jurisdiction of the Northwest Territories Film Commission. It does not have any resources and does not offer tax benefits. Two foreign television series have been filmed in the Northwest Territories: *Ice Road Truckers* for the History Television Channel, and *Buffalo Airways*, a television reality series.

[23] 14% to 23% of production costs in Nunavut, depending on Nunavut ownership and the position of key creative individuals

2. Externalities

This section presents the results of the survey on the effects of foreign location shooting on both employers and contract workers in the Canadian film and television industry, regardless of whether or not they have foreign location production experience. The survey focused on the specific experience of each employer and contract worker so that a generalization could subsequently be made of the results.

• • •

The survey focused on the specific experience of each employer and worker with regard to the effects of foreign location shooting.

• • •

Employers include production companies (service production and Canadian content production), as well as technical services companies (e.g., studios, post-production and special effects). Workers represent a variety of fields, including creators (e.g., actors, writers, directors, musicians, cameramen), technicians (e.g., sound technicians, lighting technicians) and even trades less exclusively related to film and television activities, such as carpenters, drivers and hairstylists. In the case of the latter, however, they had to have worked on film or television sets.

So that the results can be put into perspective, they are presented in such a way as to distinguish answers by respondents with relatively recent foreign location production experience (since 2005) from answers by respondents working solely on Canadian content productions. Overall, half (49%) of employer respondents have been involved in FLS since 2005. That proportion increases to 90% for contract workers who took part in the survey. The following elements were examined:

- Acquisition of expertise and potential transfer for development of Canadian content and official international co-productions,
- Transfer of revenues for development of Canadian content and official international co-productions,
- Effects on infrastructure (e.g., studios),
- Effects on labour costs/work force,
- Effects on Canadian film and television content.

The respondent sample encompasses all regions of Canada, although the number of responses for each region does not allow for a reliable statistical analysis for each category of respondents (production companies, technical services companies and contract workers). The quantitative results that are presented pertain only to Canada as a whole. In some cases, province-specific information or nuances could be reported on the basis of comments received from local organizations.

2.1 Production Companies

This section presents the survey results as they pertain to production companies. An initial sub-section describes the sample, while the second presents the actual results.

In total, 135 production companies took part in the survey.

2.1.1 The Sample

This section describes the characteristics of the sample of production companies that took part in the survey.

Provincial Distribution

The tables below present the provincial distribution of respondent production companies, in terms of number of companies and number of jobs.

Figure 18: Breakdown of Respondent Production Companies by Province and by Involvement

	Involved in FLS		Not involved in FLS		Total	
Province	#	%	#	%	#	%
British Columbia	11	8%	15	11%	26	19%
Ontario	9	7%	28	21%	37	27%
Quebec	11	8%	28	21%	39	29%
Other provinces and territories	12	9%	21	16%	33	24%
Total	43	32%	92	68%	135	100%

Source: E&B DATA Survey - n=135.

- 135 production companies answered the questionnaire. Most (68%) have not been involved in FLS projects, as compared to the remainder (32%) which have taken part in foreign location production since 2005.

Also evident is the strong weight of the three key provinces in terms of foreign location production, in terms of number of production companies, but mostly in terms of employment, as indicated in the table below, which presents the provincial distribution of jobs among company respondents based on whether or not they are involved in FLS:

Figure 19: Provincial Distribution of Jobs with Respondent Production Companies by Involvement in Foreign Location Production in 2008

	Involved in FLS		Not involved in FLS		Total	
Province	#	%	#	%	#	%
British Columbia	2022	25%	904	11%	2926	36%
Ontario	304	4%	1324	16%	1628	20%
Quebec	464	6%	2004	25%	2468	30%
Other provinces and territories	697	9%	433	5%	1130	14%
Total	3487	43%	4665	57%	8152	100%

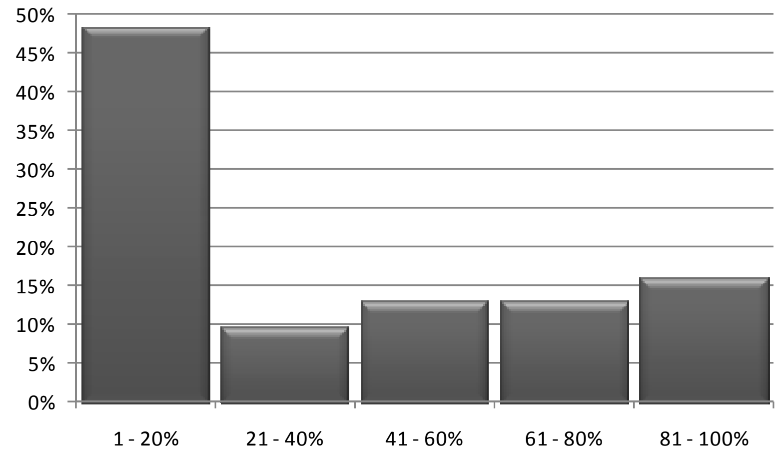
Source: E&B DATA Survey (2009) (Question: Complete the table below with the average number of employees in your company in 2008 in Canada) n=132.

• • •
Production companies answering the survey reported a total of more than 8,000 workers.
• • •

The respondent production companies reported a total of more than 8,000 workers, including 3,500 for foreign location production and 4,650 for Canadian content production.

The graph below presents the share of revenues generated from foreign location production for the respondent production companies.

Figure 20: Share of Revenues Generated from Foreign Location Production for Respondent Production Companies



Source: E&B DATA Survey (2009) (Question: What proportion of your company's revenues was generated from foreign sources (foreign location production shot in Canada) relative to total revenues in 2008?) n=31.

It is interesting to note that a mere 10% of service company respondents with experience in foreign location production worked exclusively in the area of foreign location shooting in 2008. At the other end of the spectrum, 25% of the same group (experience in foreign location shooting) reported a share of revenues totalling 10% or less (but more than 0) generated from foreign location production.

Type of Production

The respondent production companies reported that they worked primarily ("Main type of production you are involved in") in television projects, in a proportion of 59%, followed by film projects in a proportion of 23% for film projects and 18% for other types of projects (e.g., documentaries and advertising). This distribution more or less matches the distribution of the volume of total activity in Canada, according to CFTPA, with 60% of activities in terms of volume for television production, 30% for film production and 10% for documentary production.

• • •
The majority of respondent production companies are small-sized businesses. The largest corporations also took part in the survey.
• • •

Company Experience

On average, the experience[24] of respondent production companies generally dates back to the early 1990s (17 years of experience, with a median of 16 years). This level of experience is higher among respondent production companies that have taken part in foreign production projects (average of 21 years, with a median of 20 years), whereas experience among production companies working exclusively for Canadian productions is more in the order of 15 years (with a median of 15 years). All in all, it is safe to say that the statements made by company representatives are founded upon lengthy industry experience.

Language of Production

The table below presents the distribution of respondent production companies based on the language of the projects in which they were involved, with figures presented separately for Quebec and the other provinces and territories.

Figure 21: Language of Production Among Respondent Production Companies

	Canada-Outside Quebec		Quebec		Total	
Language	#	%	#	%	#	%
English (exclusively)	73	81%	8	21%	81	63%
French (exclusively)	3	3%	18	47%	21	16%
Bilingual (E/F)	12	13%	12	31%	24	19%
Other	2	2%	0		2	2%
Total	90	100%	38	100%	128	100%

Source: E&B DATA Survey (Question: Since 2005, what was the language of production for the productions shot in Canada that you were involved with?) n=128. In number of projects.

[24] Question asked: "Number of years of experience of your company/principals in the film and television industry."

- The language of projects is English, where 63% of the respondent production companies work in English exclusively.
- 19% of the respondent production companies have projects in both English and French; in Quebec, they represent a proportion of 13%.
- In Quebec, the proportion of production companies that work solely in French is 47%, whereas it is 3% for the same production companies in the other provinces and territories.

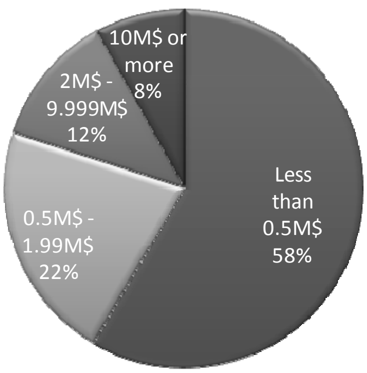
Labour Expenditures

In 2008, the respondent production companies employed 8,152 workers, including 17% full-time[25] (1,403 individuals) and 6,749 other types of workers, that is, part-time workers[26] or contract workers.[27] The latter may divide their time over the year between different projects, so they may have more than one contract. The number of workers who are not full-time must be treated with circumspection since the same contract worker may work for a number of client companies over the course of the same year.

● ● ●
The statements made by companies rest on experience dating back to the first half of the 1990s.
● ● ●

The chart below represents the distribution of respondent production companies by labour expenditures for 2008.

Figure 22: Distribution of Respondent Production Companies by Labour Expenditures



Source: E&B DATA Survey (Check the appropriate box for the labour expenditures of your company in 2008 in Canada) n=125.

- The respondent production companies have labour expenditures totalling less than $1 million in a proportion of 68%.
- A proportion of 24% of respondent production companies have labour expenditures between $1 and $10 million.
- Only a small group of 10 companies, representing 8% of the respondent technical services companies, have labour expenditures totalling $10 million or more.

[25] Full-time: 30 hours or more per week.
[26] Part-time: 29 hours or less per week.
[27] Contract workers: Workers for whom the employer must complete a Revenue Canada T4-A Supplementary slip. Employees working for sub-contracting companies are not considered contract workers.

Overall, average labour expenditures for the respondent production companies totalled $2.6 million. Taking the usual percentage of labour expenditures in relation to operating costs, which is 50% to 60% (see Section 3), it can be concluded that the average billings for the company respondents were in excess of $5 million.

2.1.2 Impacts of Foreign Location Shooting

The vast majority (83%) of production companies involved in foreign location production report they acquired particular expertise while working on foreign location productions.

This section presents the responses provided by the sample of company respondents on the various aspects where positive or negative impacts may be seen. The results for production companies with experience in the area of foreign location production are presented alongside those that work exclusively on Canadian content productions.

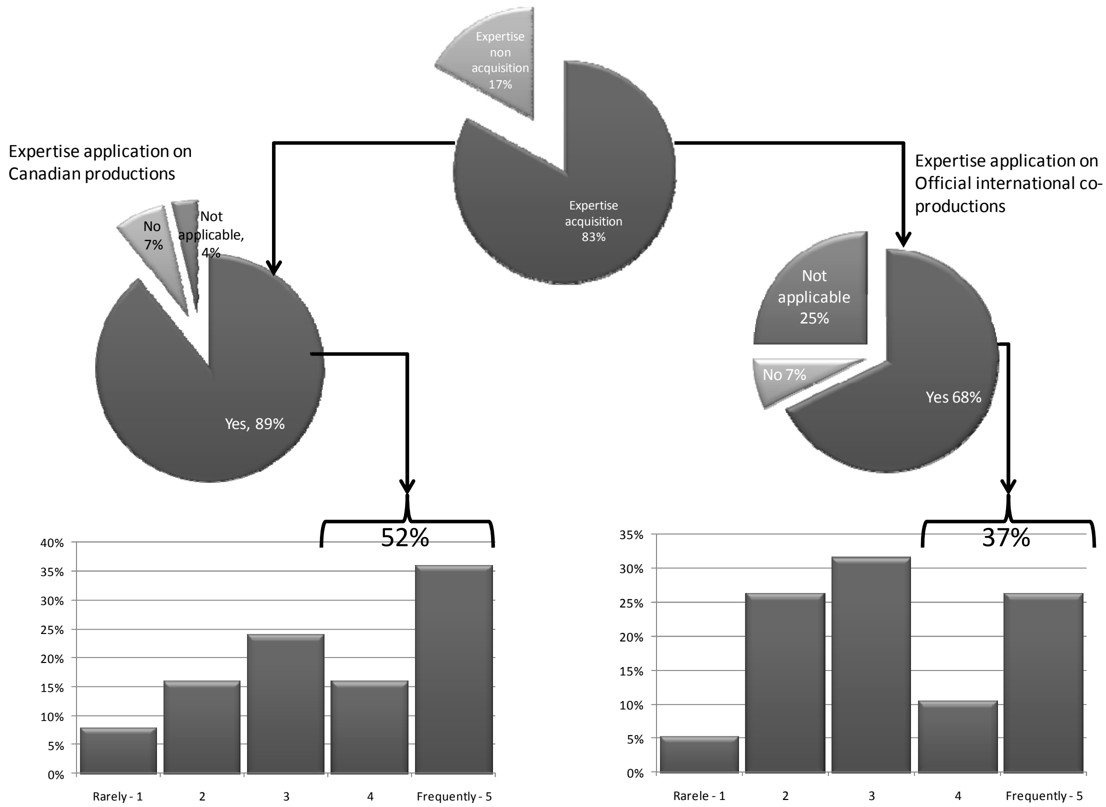
Acquisition of Experience

Overall, 83% of the production companies involved in FLS reported that they had acquired particular expertise while working on foreign location productions. That expertise was transferable, as the majority of the companies that acquired expertise while involved in FLS were able to transfer it to their Canadian productions (89%) and official international co-productions (68%). The frequency of such transfers varies, although it was described as high or relatively high in 52% of cases for Canadian productions and in 37% of cases for official international co-productions.

The expertise that is acquired is primarily financial (e.g., three-party funding arrangements), managerial (e.g., "I have learned to schedule, budget and administrate a US studio feature film") or commercial ("Contacts with international distributors and foreign producers, contacts with financiers and bankers for our own productions").

The graphs below present the dynamic of acquiring expertise while working on foreign location productions and transferring that expertise to Canadian productions or official international co-productions.

Figure 23: Flow of Expertise Acquired by Respondent Production Companies While Working on Foreign Production Projects



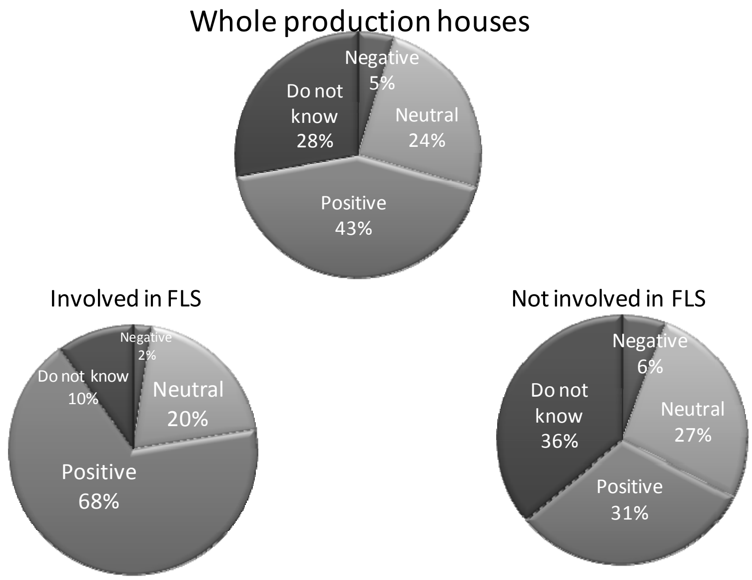
Source: E&B DATA Survey (Questions: Have you acquired any particular expertise while working on foreign location productions shot in Canada? (n=41), Were you able to apply this expertise to Canadian productions? (n=28), If yes, specify the frequency of applying this additional expertise to Canadian productions. (n=28), Were you able to apply this expertise to official international co-productions? (n=25), If yes, specify the frequency of usage of this additional expertise to official international co-productions (n=19)).

- A large percentage, or 83%, of respondent production companies acquired some form of expertise.
- This new knowledge was transferred to Canadian productions by 89% of those companies that acquired particular expertise, and "frequently" so (36% of respondents).
- In addition, respondents also had the opportunity to transfer their expertise while working on official international co-productions in a percentage of 68% of those respondents who acquired expertise on foreign location productions, and "frequently" so (46% of respondents).

Impact on Canadian Content Production

The charts below present the opinions expressed by production companies regarding the impact of foreign location shooting on Canadian content productions.

Figure 24: Opinion of Respondent Production Companies Concerning Impact of Foreign Location Shooting on Canadian Productions



Source: E&B DATA Survey (2009) (Question: According to your own experience, how do foreign location productions shot in Canada influence Canadian productions?) n=126, n (involved in FLS)=40, n (not involved in FLS)=86

- The respondent production companies consider the impact of foreign location shooting on the film and television content of Canadian productions to be positive in a proportion of 43%.

- There is a significant difference between respondent production companies that are involved in foreign location shooting and those that are not. The ones involved in foreign production projects consider the impact of foreign location shooting to be positive in a proportion of 68%, whereas the ones not involved in foreign location shooting consider the impact to be positive in a proportion of 31%.

- A proportion of 36% of respondent production companies not involved in foreign production projects have no opinion on this impact.

The impact of foreign location shooting is considered positive by 43% of respondents, negative by 5%. Production companies with no experience in foreign location production are more likely to be neutral or have no opinion (63%).

A number of respondent production companies provided concrete examples of the positive impacts—acquired expertise, for example—that foreign location shooting had on local productions, including:

- high-level equipment ("equipment enhancement"),

- exposure not only internationally, but among local producers as well ("they see our locations/talent with new eyes"),
- stability of technical teams ("crews find enough work to remain relatively stable and available for Canadian productions"),
- depth of specialization ("Foreign films, Los Angeles-based, spend a lot of money with suppliers that would not be able to exist only on Canadian production labs, grip/electric, prop/set etc.")

• • •
Producers spoke frequently of the positive impact on the general level of quality and standards. This observation is not unanimous, however.
• • •

Generally speaking, producers spoke frequently of the positive impact on the general level of quality and standards ("Forces production here to have higher standards," "pushes up the overall quality level").

They were not unanimous, however, and other comments referred to the negative effects in terms of the availability of resources, whether technical teams or studios: ("Loss of interest on the part of animation studios in Canadian projects, which are less well funded," "Lack of availability for equipment, staff during peak months"), but mostly in terms of costs ("Higher production costs," "Takes tax credits that could go towards Canadian production," "Creates high level of expense in local crews," "Increased labour costs and working conditions (unions)."

In the view of some respondents, foreign location productions would also have negative impacts of a more structural nature, that is, a generally higher cost structure, and a shift of the best talent towards foreign location productions.

Infrastructure

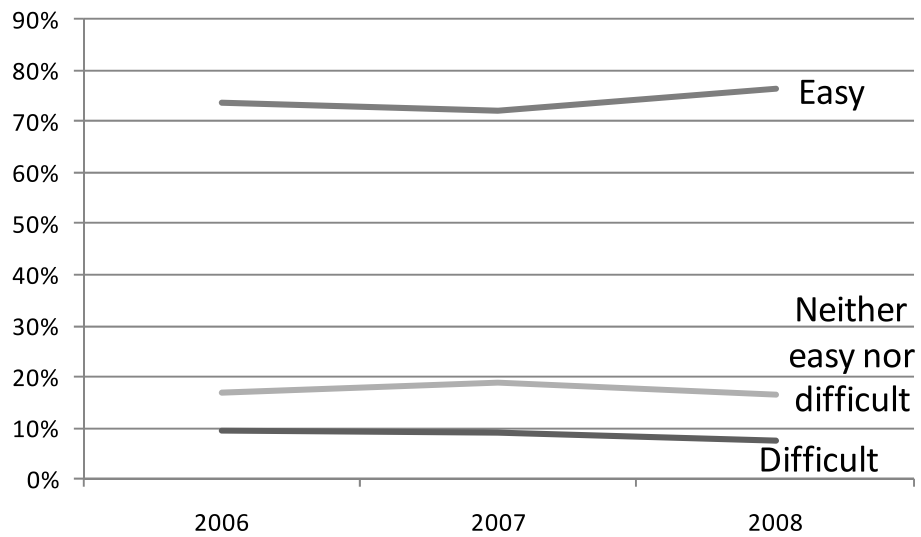
The respondent production companies feel that the Canadian production infrastructure basically meets the demand, in a proportion of 66%. A standard deviation separates the opinion of companies involved in foreign location shooting from those not involved in foreign location shooting. In this respect, 71% of the respondent production companies that have taken part in foreign location shooting feel that the infrastructure met the demand, as opposed to 63% of respondent production companies involved in Canadian content alone.

Labour Recruitment

The graph below presents the opinion of production companies as regards the ease of recruiting staff between 2006 and 2008.

Staff recruitment is not problematic for the majority of respondents.

Figure 25: Opinion of Production Companies Concerning Ease of Recruiting Staff



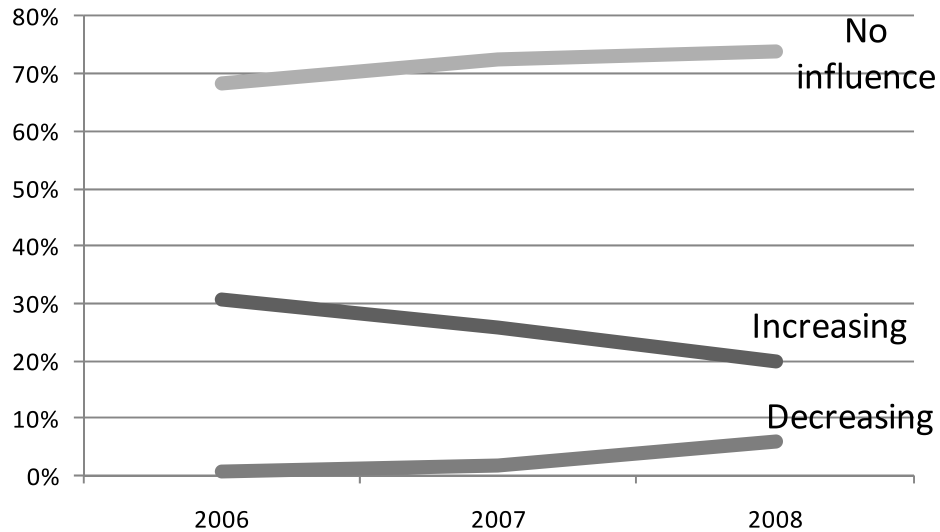
Source: E&B DATA Survey (2009) (Question: How would you qualify the ease of recruiting Canadian personnel for Canadian productions?) n (2006)=118, n (2007)=122, n (2008)=122

- Employee recruitment is considered easy by 76% of respondents. A minority (7%) considers recruitment to be difficult.
- Interestingly enough, there is not a significant difference between the responses of respondent production companies involved in foreign location shooting and those of companies involved solely in Canadian content projects.

Impact of Foreign Location Shooting on Labour Costs

The following graph provides an overview of how foreign location shooting is considered to impact on labour costs and how those costs have evolved in recent years in the view of all respondent production companies.

Figure 26: Influence of Foreign Location Productions on Labour Costs of Respondent Production Companies



● ● ●

The majority of respondent production companies are of the view that foreign location productions have no impact on labour costs. This perception has become more prevalent since 2006.

● ● ●

Source: E&B DATA Survey (2009) (Question: According to your own experience, what was the influence of foreign location productions shot in Canada on the cost of the Canadian work force?) n (2006)=114, n (2007)=116, n (2008)=115.

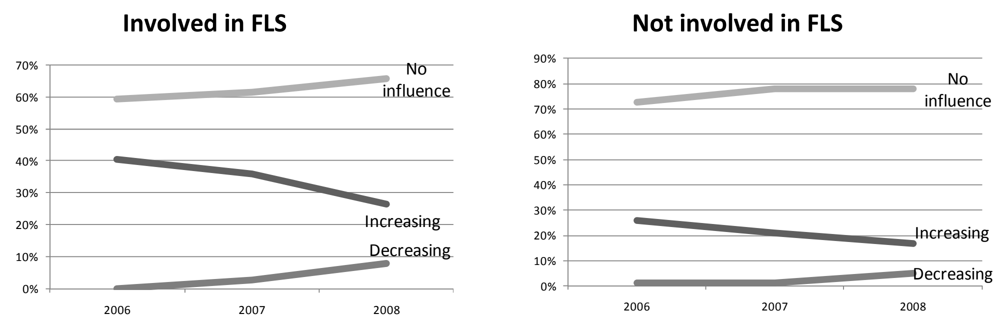
Generally speaking, declining pressures have been witnessed on the labour market since 2006, undoubtedly related to decreased activity in foreign location production since peaking in 2002-2003. Although not identical, the perception of service companies and other production companies converge.

- A majority of service companies and Canadian production companies consider there is no impact on labour costs. This proportion is even higher among service companies than among Canadian production companies.

- The proportion of production companies that see an upward impact on labour costs is not dominant and actually decreased between 2006 (31%) and 2008 (20%).

- A marginal proportion (less than 10%) in both categories of respondents considers there is a downward impact on labour costs.

Figure 27: Impact of Foreign Location Productions on Labour Costs of Respondent Production Companies



Source: E&B DATA Survey (2009) (Question: According to your own experience, what was the influence of foreign location productions shot in Canada on the cost of the Canadian work force?) Involved in FLS n(2006)=37, n(2007)=39, n(2008)=38. Not involved in FLS n(2006)=77, n(2007)=77, n(2008)=77

Many spoke of a downward trend in the disparities between the rates paid for foreign location productions and those paid for local productions. The comparison cannot be perfect, however, since the two activities are not always perceived in the same light. In the view of some respondents, local production would seem to allow greater creative leeway than foreign commercial productions, whose sizeable budgets (generally five times greater for foreign film productions than for Canadian film productions) go hand in hand with increased demands for financial performance.

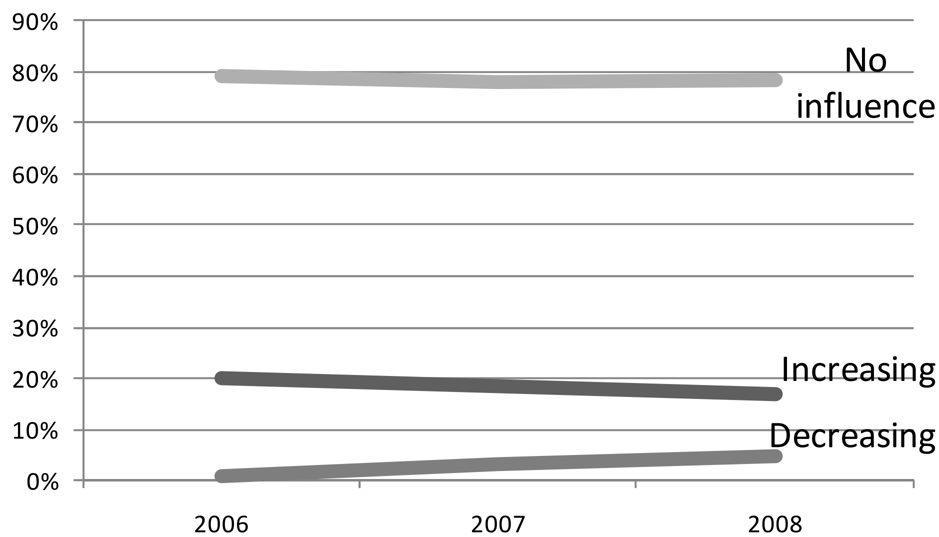
Finally, it should be noted that the seemingly divergent trends illustrated by the graphs above reflect effectively different situations encountered by the companies that were contacted.

Impact of Foreign Location Shooting on Production Costs (Other Than Labour)

The following graph depicts the impact of foreign location shooting on all costs other than labour (e.g., travel, equipment, studios, editing and visual effects):

The majority (78%) of respondent production companies feel that Canadian production costs have not been impacted by foreign location production in Canada.

Figure 28: Influence of Foreign Location Production on Production Costs of Respondent Production Companies

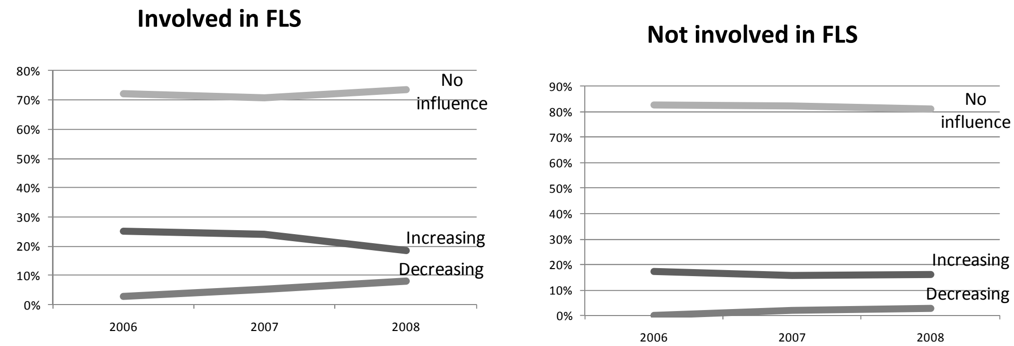


Source: E&B DATA Survey (2009) (Question: According to your own experience, what was the influence of foreign location productions shot in Canada on the other Canadian costs of production? (Above-the-line / Below-the-line)) n(2006)=106, n(2007)=108, n(2008)=109.

- The production companies that answered the survey feel, in a proportion of 78% (2008), that Canadian production costs have not been impacted by foreign location production in Canada. The difference in perception between the two types of production companies is relatively small (73% for production companies involved in foreign location shooting and 81% for those not involved in foreign location shooting).

- A proportion of 18% feels that foreign location production has caused production costs (other than those related to labour) to rise—a proportion that has decreased slightly since 2006 (20%). The situation in 2008 is perceived to be virtually identical among both service companies and Canadian production companies. In 2006, however, this perception of rising costs was less widespread among Canadian content production companies (15%) than among services companies (20%).

Figure 29: Influence of Foreign Location Production on Production Costs of Respondent Production Companies



Source: E&B DATA Survey (2009) (Question: According to your own experience, what was the influence of foreign location productions shot in Canada on the other Canadian costs of production? (Above-the-line / Below-the-line)) Involved in FLS n (2006)=36, n (2007)=38, n (2008)=38. Not involved in FLS n (2006)=70, n (2007)=70, n (2008)=71

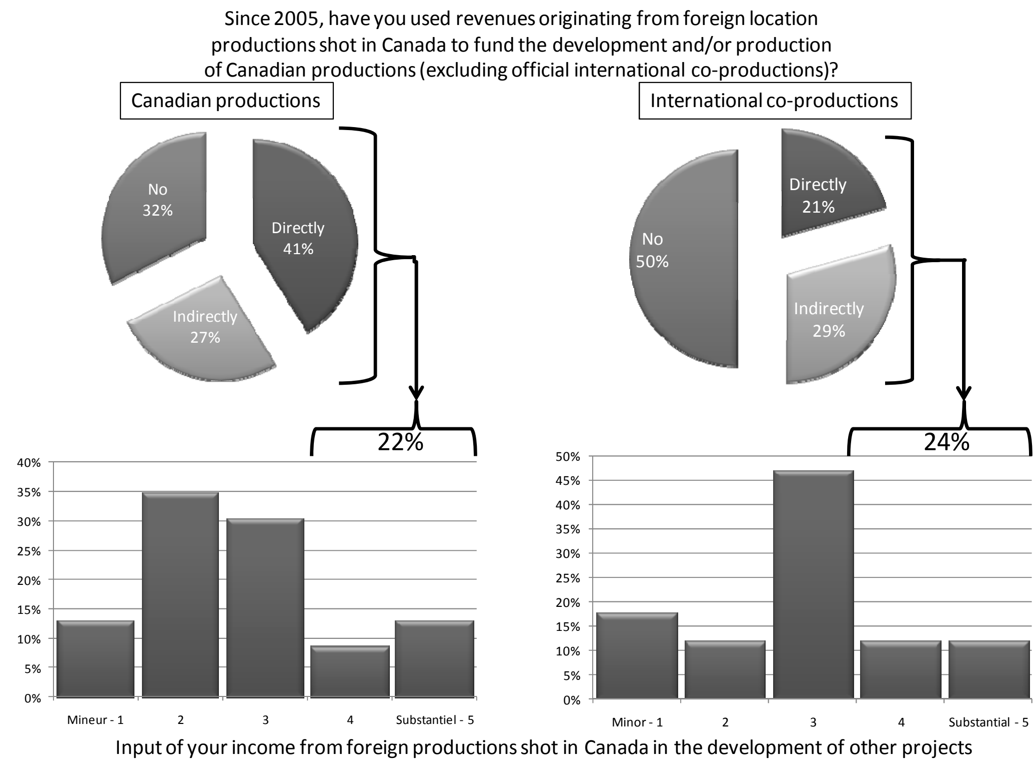
In the past, frequent mention was made of labour market distortions, mostly when FLS activity peaked in Canada from 2001 to 2003. Since then, labour union agreements have been reached, enabling a more orderly regulation of labour rates. All of the provinces (apart from Nunavut) now have technicians unions, and most provinces have labour unions dedicated to foreign location production[28] and for Canadian productions. The unions specializing in foreign location shooting are frequently involved in attracting foreign location production to Canada, with their objective being to promote the availability and quality of their teams so that foreign producers are not saddled with the high costs of moving their own teams. Their involvement also includes negotiating rates for local labour. The rates for foreign location production are higher than those for comparable categories among unions dedicated to local production, although these differences have shrunk since the volume of foreign location production declined after peaking in 2003.

[28] In particular, IATSE, or the International Alliance of Theatrical Stage Employees, Moving Picture Technicians, Artists and Allied Crafts of the United States and Canada.

Transfer of Revenues

The Canadian respondent production companies involved in foreign location shooting have the opportunity to use revenues generated from foreign location productions to fund the development and/or production of Canadian productions or official international co-productions. The following figure illustrates the transfer of these revenues to Canadian content production projects.

Figure 30: Flow of Revenues Originating from Foreign Production Projects by Respondent Production Companies



Source: E&B DATA Survey (Questions: Since 2005, have you used revenues originating from foreign location productions shot in Canada to fund the development and/or production of Canadian productions (excluding official international co-productions)? n=34; If yes, how would you qualify your revenue participation from foreign location productions shot in Canada in the development and production of Canadian production since 2005? n=23; Since 2005, have you used revenues originating from foreign location productions shot in Canada to fund the development and/or production of official international co-productions? n=34; If yes, how would you qualify your revenue participation from foreign location productions shot in Canada in the development and production of official international co-productions since 2005?) n=17.)

● ● ●

The majority (68%) of production companies active in foreign location shooting have transferred revenues to Canadian content production.

● ● ●

- Revenues are transferred directly and indirectly to Canadian productions more frequently by the respondent production companies when it is to Canadian productions (68%) rather than to official international co-productions (50%).

- Moreover, production companies transfer revenues directly to Canadian content productions in a proportion of 41%, whereas this situation occurs in a proportion of 21% for official international co-productions.

Transfers basically take the form of a contribution to cash flow, as well as credit line, thereby bolstering the work in capital, enabling funding for Canadian productions and providing greater flexibility with traditional funding institutions. Also, owing to a greater volume of total activity, more advantageous rates can be negotiated with suppliers.

2.1.3 Conclusion

Overall, production companies, whether or not they are involved in foreign location shooting, consider foreign location production to contribute positively in a number of areas, particularly in the transfer of expertise and revenues. Companies that are involved only in Canadian productions are less likely to describe the contribution of foreign location shooting as positive, but it is a difference of degree, not an opposite opinion.

A minority of respondents mentioned a negative impact, mostly in terms of costs, and labour costs in particular. This minority did indicate, however, that the negative impact had subsided gradually since 2006. The survey results are unequivocal generally speaking. It is nonetheless important to bear in mind regional and/or sectoral particularities, where the reality may actually be the contrary to survey results.

2.2 Technical Services Companies

69 technical services companies took part in the survey.

This section presents the survey results as they pertain to technical services companies. Technical service providers include, for example, companies involved in equipment rental or transportation equipment rental, studios and laboratories. The questionnaire was intended to be completed by the highest ranking officers in the company so that the answers obtained would be as precise as possible. An initial sub-section describes the sample, while the second presents the actual results.

2.2.1 The Sample

This section presents the characteristics of the sample of respondent technical services companies.

Provincial Distribution

Technical services companies offer services in the areas of post-production, special effects, rental and production sets.

The following table presents the provincial distribution of the respondent technical services companies. Once again, the results are presented separately for companies with FLS experience and those without FLS experience.

Figure 31: Breakdown of Technical Services Companies by Province and by Involvement

	Involved in FLS		Not involved in FLS		Total	
Province	#	%	#	%	#	%
British Columbia	18	26%	3	4%	21	30%
Ontario	18	26%	7	10%	25	36%
Quebec	9	13%	3	4%	12	17%
Other provinces and territories	8	12%	3	4%	11	16%
Total	53	77%	16	23%	69	100%

Source: E&B DATA Survey (Question: Please complete the following information - Province of company) n=69.

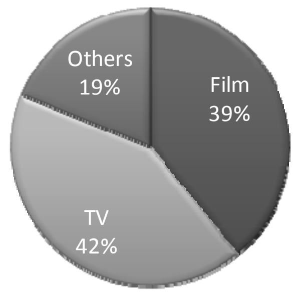
- 69 technical services companies answered the questionnaire. Most (77%) are involved in foreign production projects as compared to the remainder (23%), which are involved solely in Canadian production projects.

Type of Production

The respondent technical services companies are divided almost equally between film production and television project production, that is, 39% on film projects and 42% on television projects. The remainder (19%) of the respondent technical services companies are involved in other projects such as commercials and documentaries.

The chart below presents the distribution of respondent technical services companies on the basis of the main type of projects they are involved in.

Figure 32: Distribution of Technical Services Companies by Main Type of Project they are Involved in



Source: E&B DATA Survey (2009) (Question: Main type of production you are involved in (one answer only)), n=69

Type of Activity

This table presents a breakdown of the respondent technical services companies by speciality. For the purposes of this study, the following categories of activity have been grouped together into a single general category, namely, "technical services companies."

Figure 33: Distribution of Respondent Technical Services Companies by Specialization

Specialization	#	%
Post-production	21	30%
Special effects	19	28%
Equipment rental	19	28%
Specialized services	5	7%
Studios	5	7%
Total	69	100%

Source: E&B DATA Survey (Question: Your main type of activity (e.g., studio, post-production, etc.) n=69.

- The technical services companies that offer post-production services are active in both audio and video post-production.
- Specialized services are defined as placement agencies, drivers, and management and pay professionals.

Company Experience

The mean experience of respondent technical services companies is 23 years, with a median of 20 years. The average experience of technical services companies that have taken part in foreign production projects is 24 years (median of 20 years), whereas for respondent technical services companies that have not been involved in foreign production projects, the average experience is 19 years (median of 17 years). Quite clearly, these companies have experience in the field.

Language of Projects

The table below presents the distribution of respondent technical services companies on the basis of the language of projects in which they have been involved, with data presented separately for Quebec and the other provinces.

Figure 34: Language of Projects for Respondent Technical Services Companies

	Other provinces and territories		Quebec		Total	
Language	#	%	#	%	#	%
English (exclusively)	45	83%	3	25%	48	72%
French (exclusively)	0		0		0	
Bilingual (E/F)	9	17%	9	75%	18	27%
Other	0		0		0	
Total	54	100%	12	100%	66	100%

Source: E&B DATA Survey (Question: Since 2005, what was the language of production for the productions shot in Canada that you were involved with?) n=69. In number of projects.

- The language of projects is English, where 72% of the respondent technical services companies work on all of their projects in English. This proportion is 25% in Quebec and 83% in the other provinces and territories.
- 27% of the respondent technical services companies have projects in both English and in French, and this proportion is 75% of respondent technical services companies in Quebec as opposed to 17% in the other provinces and territories.

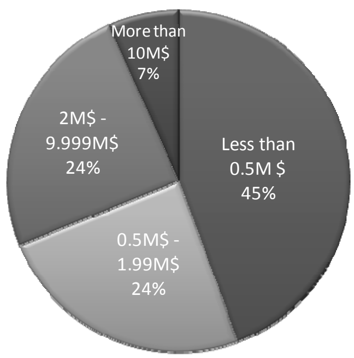
Labour Expenditures

The respondent technical services companies account for more than 3,000 jobs, including 77% full-time workers (2,345 workers) and 719 part-time or contract workers. Once again, the latter may split their time over the year on projects with different client companies.

● ● ●
The respondent technical services companies account for more than 3,000 jobs.
● ● ●

The chart below represents the distribution of respondent technical services companies on the basis of their labour expenditures.

Figure 35: Distribution of Respondent Technical Services Companies Based on Labour Expenditures



Source: E&B DATA Survey (Check the appropriate box for the labour expenditures of your company in 2008 in Canada) n=57.

- The respondent technical services companies had labour expenditures totalling less than $1 million in a proportion of 61%.
- In total, 33% of the respondent technical services companies had labour expenditures totalling between $1 and $10 million.
- Only a small group comprised of three companies, representing 5% of the respondent technical services companies, had labour expenditures totalling $10 million or more.
- In fact, average labour expenditures for the respondent technical services companies totalled $2.5 million, with a median falling below the $0.5 million level.

The technical services companies that answered the survey are Canadian companies in a proportion of 94%; the others (four companies out of 69 respondents) are subsidiaries of foreign companies resident in Canada.

2.2.2 Impacts of Foreign Location Shooting

This section presents the responses provided by the sample of company respondents on the various aspects where positive or negative impacts may be seen. The results for technical services companies with experience in the area of foreign location production are presented alongside those that work exclusively on Canadian content productions.

Acquisition of Experience

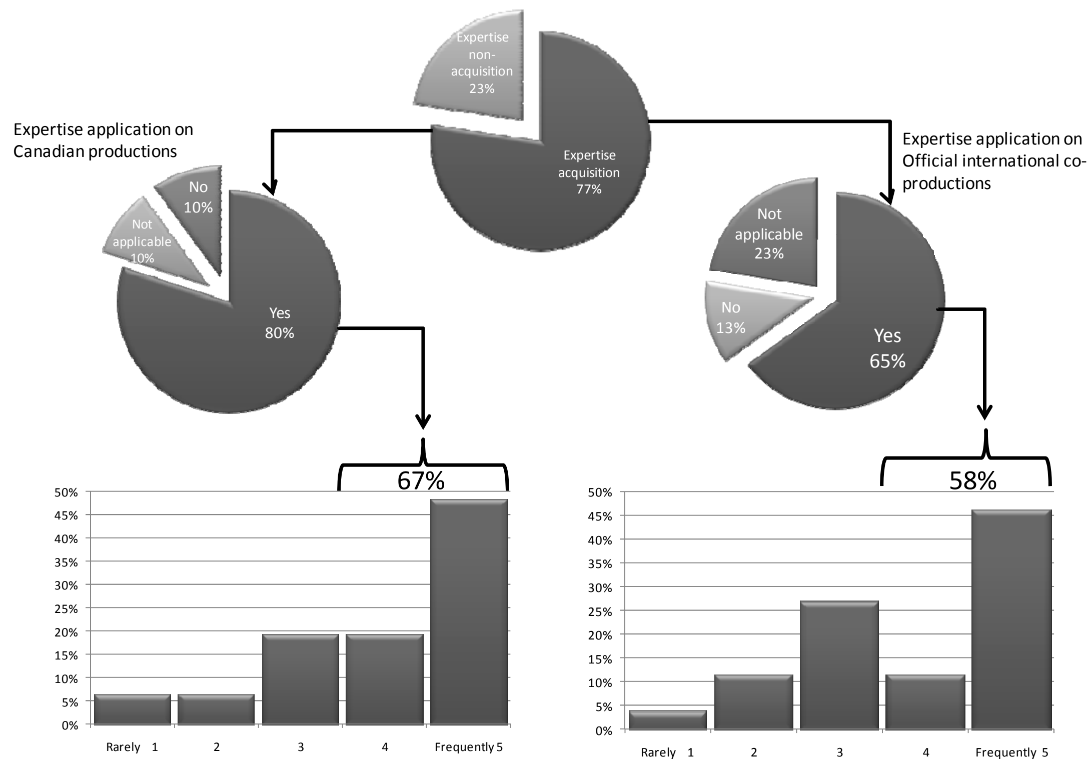
As mentioned above, a proportion of 77% of the respondent technical services companies work on foreign production projects. They benefit from foreign location shooting to acquire know-how and high-level techniques while working on foreign production projects. Moreover, out of the 77% of respondent technical services companies involved in foreign location shooting, 80% of them have the opportunity to transfer their new-found knowledge to Canadian content productions. Even more interestingly, close to 50% of them say they transfer that knowledge frequently.

Examples of the expertise that is transferred are numerous and include shooting technologies (red camera, digital cinema and green screen shooting) and computer technologies (e.g., transfer of electronic files to Los Angeles, dialogue post-synchronization, 3D post-model, stereoscopic technologies and 3D post-production).

The graphs below present the dynamic of acquiring expertise while working on foreign location productions and transferring that expertise to Canadian productions or official international co-productions.

• • •
The majority (77%) of technical services companies acquired experience in foreign location production, and 80% of those applied that experience to Canadian productions.
• • •

Figure 36: Flow of Expertise Acquired by Respondent Technical Services Companies While Working on Foreign Production Projects



Source: E&B DATA Survey (Questions: Have you acquired any particular expertise while working on foreign location productions shot in Canada? (n=53), Were you able to apply this expertise to Canadian productions? (n=40), If yes, specify the frequency of applying this additional expertise in Canadian productions. (n=40), Were you able to apply this expertise to official international co-productions? (n=31), If yes, specify the frequency of usage of this additional expertise to official international co-productions (n=26)).

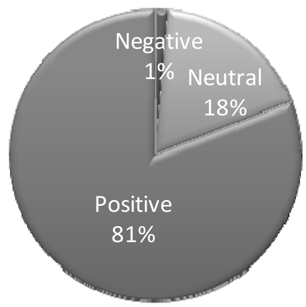
- In all, 80% of companies that acquired expertise transferred their new-found knowledge to Canadian productions "frequently" or almost (67% of respondents).[29]
- In addition, respondents also have the opportunity to transfer their expertise when working on official international co-productions in a proportion of 65%, and they do so "frequently" or almost (58% of respondents).

[29] That is, the proportion of respondents who gave a score of 4 or 5 on the proposed scale.

Impact on Canadian Content Production

The chart below presents the distribution of the respondent technical services companies as regards their opinion on the question: “How do foreign location productions shot in Canada influence Canadian productions?”

Figure 37: Opinion of Respondent Technical Services Companies Concerning the Impact of Foreign Location Shooting on Canadian Productions



Source: E&B DATA Survey (2009) (Question: According to your own experience, how do foreign location productions shot in Canada influence Canadian productions?) n=68.

- The vast majority of respondent technical services companies (81%) feel that foreign location productions have a positive influence, not to say “very positive” in the view of 63% of all technical services companies.

According to many of the comments we received, companies that take part in foreign location productions are able to acquire experience on large-budget projects, develop expertise and gain ownership of work processes through their contact with foreign directors and producers and with senior technical teams.

Others spoke as well of the financial benefits, for example, by providing them with “financial freedom” whereby they are then able to develop their own projects.

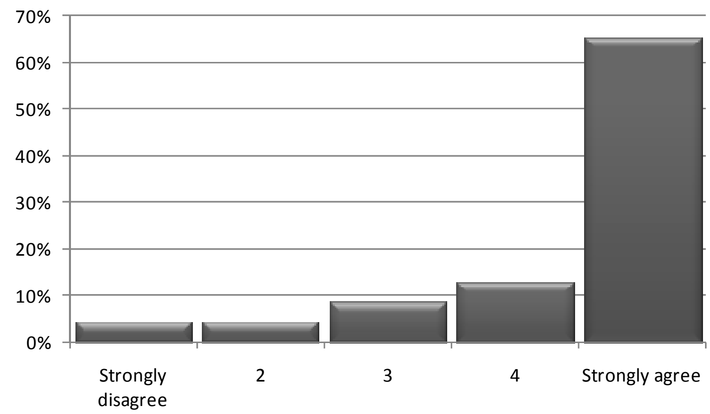
As in the case of production companies, however, the technical services companies were not unanimous, and a few companies have more mixed opinions because of what they refer to as “disloyal competition” and “outperformance of our technical teams.”

Infrastructure

In the next figure, the respondent technical services companies evaluate the contribution of foreign location shooting to the improvement of local infrastructure by answering the following question: "According to your own experience, do foreign location productions shot in Canada contribute to the improvement of local infrastructure (studios, post-production laboratories, etc.)?"

• • •
80% of technical service providers strongly agree with the statement that foreign location shooting contributes to the improvement of local infrastructure.
• • •

Figure 38: Estimated Contribution of Foreign Location Shooting to Improvement of Local Infrastructure According to Respondent Technical Services Companies



Source: E&B DATA Survey (2009): Question: According to your own experience, do foreign location productions shot in Canada contribute to the improvement of local infrastructure (studios, post-production laboratories, etc.)? n=69

- Of the 69 technical services companies that answered the survey, 55 companies strongly agree with the statement that foreign location productions contribute to the improvement of local infrastructure, or a proportion of 80%.

- One respondent felt that foreign location productions do not improve Canadian infrastructure; on the contrary, they contribute to its degradation.

The respondent technical services companies strongly agree (80%) with the statement to the effect that foreign production projects improve Canadian infrastructure. In addition, the respondent technical services companies agree with the statement to the effect that Canadian infrastructure meets demand in a proportion of 78%.

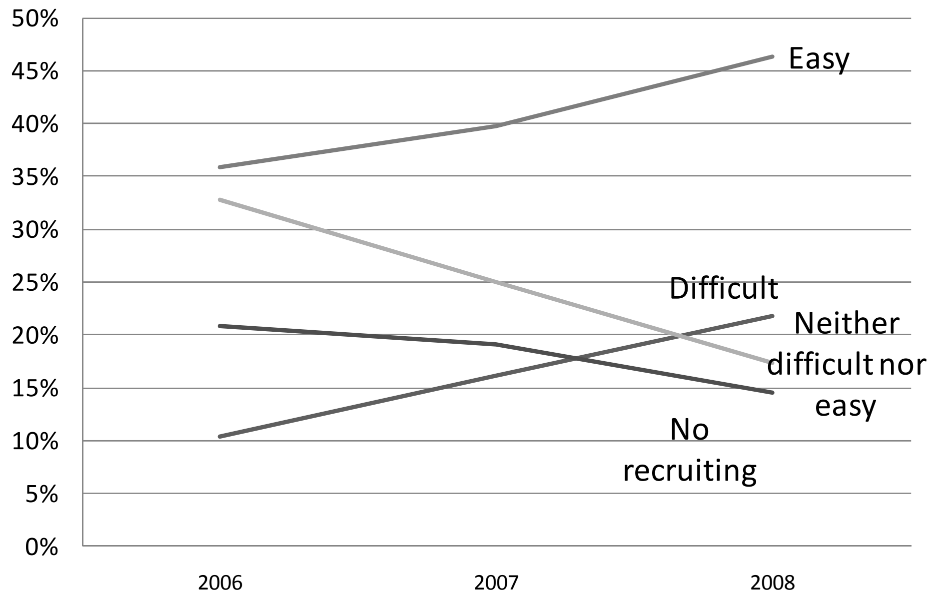
The respondent technical services companies use a significant portion of their capacities for foreign location shooting, in a proportion of 57% (in terms of volume). The same infrastructure is used the rest of the time (43%) for Canadian content projects. Moreover, in the view of those same respondent technical services companies, a proportion of 70% states that they agree or strongly agree with the statement to the effect that infrastructure meets the demand of foreign location productions.

Labour Recruitment

The graph below represents the opinion expressed by respondent technical services companies regarding the ease of recruiting labour from 2006 to 2008.

• • •
70% of technical services companies say they agree or strongly agree with the statement that infrastructure meets the demand of foreign location productions.
• • •

Figure 39: Ease of Recruiting Labour According to Respondent Technical Services Companies



Source E&B DATA Survey November 2009 (Question: How would you qualify the ease of recruiting Canadian personnel for your company?) n (2006)=67, n (2007)=68, n (2008)=69

- A decline in the number of projects, reported several times by industry players, has had a twofold effect, that is, fewer companies engaged in the recruitment process and more companies that describe recruiting labour as easy.

- Another paradoxical impact, although characteristic of a contracting employment market, workers who were unemployed for some time have left the film services industry for other activities unrelated to film or television production. Amongst animation companies, growing activity is making recruitment more difficult for associated trades (e.g., programmers).

Impact of Foreign Location Shooting on Labour Costs

The respondent technical services companies feel that foreign location production does not impact on labour costs in a proportion of 65%—a proportion that remained stable from 2006 to 2008. The proportion of technical services companies that consider foreign location production to cause labour costs to rise has remained stable, at around 15%, and the proportion of those same respondents who feel that foreign location production causes labour costs to decrease has held steady at around 20%.

Impact of Foreign Location Shooting on Production Costs (Other Than Labour)

The majority (69%) of the respondent technical services companies feel that foreign location production has no impact on production costs (other than those related to labour). The proportion of respondent technical services companies that consider foreign location production to cause costs to increase stands at 15%—a proportion that has remained relatively unchanged since 2006. The proportion of companies that feel production costs decrease under the influence of foreign location production has increased somewhat, from 14% to 20% of respondents.

2.2.3 Conclusion

Most industry development organizations recognize that the superior quality of infrastructure would not have been possible without production activity in Canada and that it constitutes their primary market. That is the case of the major film sets located in Toronto (e.g., Pinewood Toronto Studio*,* formerly FilmPort), Vancouver (e.g., Vancouver Film Studios) or Montreal (Mel's Cité du Cinéma), which explicitly target foreign location productions. For that reason, in terms of pricing and availability, studios are not always accessible to Canadian producers:

- Some studios providing state-of-the art services are out of reach for most Canadian producers. Other studios, however, offer price points that are accessible to Canadian producers.

- Canadian producers relinquish priority in favour of foreign location productions in terms of scheduling for studio shoots, because of their lower budgets. Large-scale productions can, in fact, impose their schedule for many weeks in a row. Local producers are forced to wait to schedule the few days they need for studio shoots.

Nonetheless, and although this could not be confirmed with the studios themselves, preferred rates are sometimes made available to local producers, whether for space or equipment rental. These rates are more common during slowdowns in foreign production activity.

The impact on costs may also be felt outside dedicated studios. For example, the daily rates for renting houses in Vancouver reflect standard pricing levels for major foreign productions, and Canadian producers are forced to operate in this environment. As for equipment rental, possible reductions in pricing are available to local producers when foreign location production slows down in a given market.

2.3 Contract Workers

This section presents the survey results for contract workers. The first sub-section describes the sample, while the second presents the actual results.

263 contract workers took part in the study.

2.3.1 The Sample

Although certain categories of workers can be clearly associated with official statistical categories involved exclusively in film or television work (e.g., cameraman), the same cannot be said for other categories (e.g., actors, who may work in theatre productions). Consequently, it is impossible to identify a total population of workers that can be used for comparison purposes against our survey sample owing to the lack of specific official statistical data covering all sectors of employment in the film and television industry. It is important to point out that the survey focused on self-employed workers rather than salaried employees because of their dual perspective as workers and entrepreneurs, and their work experience with several clients. This section presents the characteristics of the sample of contract workers who took part in the survey.

Provincial Distribution

The following table presents the provincial distribution of contract worker respondents:

Figure 40: Breakdown of Contract Workers by Province and by Involvement

	Involved in FLS		Not involved in FLS		Total	
Province	#	%	#	%	#	%
British Columbia	61	23%	6	2%	67	25%
Ontario	105	40%	11	4%	116	44%
Quebec	40	15%	3	1%	43	16%
Other provinces and territories	30	11%	7	3%	37	14%
Total	236	90%	27	10%	263	100%

Source: E&B DATA Survey (Question: Please complete the following information - Province) n=263.

- All told, 263 self-employed workers took part in the survey. The vast majority (90%) had been involved in foreign production projects as compared to the remainder (10%), who were involved solely in Canadian production projects.

Type of Production

The following table presents the distribution of contract workers by the main type of project they are involved in, and according to whether or not they are involved in foreign production projects.

• • •
The main activity of contract workers is film (51%) followed by television (38%) and other productions (11%).
• • •

Figure 41: Breakdown of Contract Workers by Main Type of Project and by Involvement in Foreign Location Shooting

	Involved in FLS		Not involved in FLS		Total	
Type of project	#	%	#	%	#	%
Film	125	53%	8	30%	133	51%
Television	81	35%	17	63%	98	38%
Other	28	12%	2	7%	30	11%
Total	234	100%	27	100%	261	100%

Source: E&B DATA Survey (Question: Main type of production you are involved in (one answer only)) n=261.

Overall, the contract worker respondents reported that their main activity was film production projects in a proportion of 51%, followed by television productions (38%) and other types of production (11%). However, contract workers who do not work on foreign production projects are more likely, in a proportion of 63%, to work on television projects.

The next table depicts the substantial differences that exist in the distribution of contract workers by project between the three key provinces and the other provinces and territories.

• • •
The contract workers who took part in the study have, on average, 20 years of experience.
• • •

• • •
Contract worker respondents can be found at all levels.
• • •

Figure 42: Provincial Distribution of Contract Workers by Main Type of Project

	British Columbia		Ontario		Quebec		Other provinces/ territories		Total	
Type of project	#	%	#	%	#	%	#	%	#	%
Film	32	46%	59	49%	32	70%	10	40%	133	51%
Television	29	41%	47	39%	9	11%	13	52%	98	38%
Other	9	13%	10	10%	5	20%	2	8%	30	11%
Total	70	100%	120	100%	46	100%	25	100%	261	100%

Source: E&B DATA Survey (Question: Main type of production you are involved in (one answer only)) n=261.

- One fundamental difference can be seen between the contract worker respondents from Quebec and those from the other provinces, namely, that Quebec contract workers work primarily on film projects in a proportion of 70% in Quebec as opposed to 46% in British Columbia and 49% in Ontario.

Contract Worker Experience

Overall, the mean experience of self-employed worker respondents is 20 years (median of 18 years).

The next table presents the distribution of contract workers by their respective trade, redefined on the basis of definitions from the National Occupational Classification.

Figure 43: Contract Workers – Characteristics of Respondent Sample – Distribution of Occupations According to National Occupational Classification (NOC)

NOC categories		NOC Code	Definition of code	#	%
Management Occupations		A131	Sales, Marketing and Advertising Managers	8	3%
Business, Finance and Administrative Occupations		A342	Managers – Publishing, Motion Pictures, Broadcasting and Performing Arts	15	6%
		B011	Financial Auditors and Accountants		
		B315	Purchasing Agents and Officers		
Occupations in Art, Culture, Recreation and Sport	Above-the-line	F021	Authors and Writers	67	25%
		F024	Professional Occupations in Public Relations and Communications		
		F031	Producers, Directors, Choreographers and Related Occupations		
	Below-the-line	F121	Photographers	138	52%
		F122	Film and Video Camera Operators		
		F125	Audio and Video Recording Technicians		
		F126	Other Technical and Co-ordinating Occupations in Motion Pictures, Broadcasting and the Performing Arts		
		F127	Support Occupations in Motion Pictures, Broadcasting and the Performing Arts		
		F132	Other Performers		
		F143	Theatre, Fashion, Exhibit and Other Creative Designers		
Sales and Service Occupations		G911	Hairstylists and Barbers	3	1%
Trades, Transport and Equipment Operators and Related Occupations		H121	Carpenters	12	5%
		H713	Taxi and Limousine Drivers and Chauffeurs		
No response				20	8%
Total				263	100%

Source: Note on methodology: Answers by freelancers to the E&B DATA Survey, by their trade/occupation, classified on the basis of definitions from the National Occupational Classification (http://stds.statcan.gc.ca/soc-cnp/2001/ts-rt-eng.asp?cretaria=b)

- The vast majority of the contract worker respondents work in fields directly related to film production, that is "Above-the-line" and "Below-the-line," in a proportion of 78%.

Language of Projects

The table below presents the distribution of contract worker respondents by the language of the projects they are involved in, with data presented separately for Quebec and the other provinces and territories.

Figure 44: Language of Projects for Contract Worker Respondents

	Other provinces and territories		Quebec		Total	
Language	#	%	#	%	#	%
English	168	80%	12	27%	180	71%
French	0		0		0	
Bilingual	40	19%	31	70%	71	28%
Other	2	1%	1	2%	3	1%
Total	210	100%	44	17%	254	100%

Source: E&B DATA Survey (Question: Since 2005, what was the language of production for the productions shot in Canada that you were involved with?) n=252.

- The language of projects is English, where 71% of the contract worker respondents work exclusively in English. That proportion is 27% in Quebec and 80% in the other provinces and territories. Note that no group works exclusively in French.
- In Quebec, 70% of workers work in both languages, whereas that proportion is 19% in the other provinces and territories.

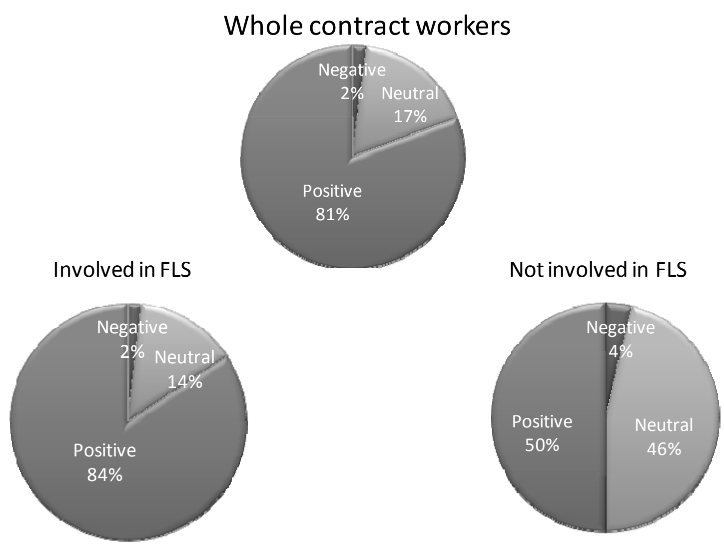
2.3.2 Impacts of Foreign Location Shooting

This section highlights the opinions expressed by freelancers concerning the influence that foreign location production has on Canadian content production. They draw on their personal experience with regard to the different types of productions they have been involved in and they provide their points of view on the subject.

Influence on Canadian Content Production

The figure below presents the opinion of the worker respondents on the influence of foreign location production based on their personal experience.

Figure 45: Opinion of Contract Worker Respondents on Influence of Foreign Location Production on Canadian Productions



Source: E&B DATA Survey (2009) (Question: According to your own experience, how do foreign location productions shot in Canada influence Canadian productions?) n=249, n (involved in FLS)=223, n (not involved in FLS)=26

- The contract worker respondents consider foreign location productions to have a very positive influence on Canadian content productions in a proportion of 59%, whereas 17% feel that the influence is neither negative nor positive.
- Five contract worker respondents (statistically insignificant) consider foreign location productions to have a relatively negative influence on local content productions.
- The proportion of contract worker respondents who consider foreign location productions to have at least a positive influence is 81%.

- Contract worker respondents who have been involved in foreign production projects feel that the impact of foreign location production on Canadian content projects is positive or very positive in a proportion of 84%, whereas contract worker respondents who have worked only on Canadian content projects feel that the impact of foreign location production on Canadian productions is positive or very positive in a proportion of 50%.

Contract worker respondents feel, in a proportion of 63%, that foreign location production has a very positive influence on Canadian content productions.

● ● ●

Contract workers respondents feel, in a proportion of 63%, that foreign location production has a very positive influence on Canadian content production.

● ● ●

A large number of comments were obtained, almost exclusively positive, and covering all stages from pre-production to post-production. The “formative leverage effect” is generalized and the networks that are built are maintained and subsequently used in other contexts (local productions and co-productions). Foreign methods are not necessarily suited to the local context, but a familiarity with them and the ability to discuss them with specialists is recognized as beneficial in and of itself.

One stakeholder said that transfers of expertise used to be very real, although they are a thing of the past, now that the expertise has been acquired. Many other comments said the opposite, that is was through becoming familiar with emerging technologies (e.g., VFX) and new equipment.

It is important to point out once again that the two activities are not identical. Domestic productions require production expertise more in line with the Canadian context, something that foreign location productions obviously do not have and that they cannot replace.

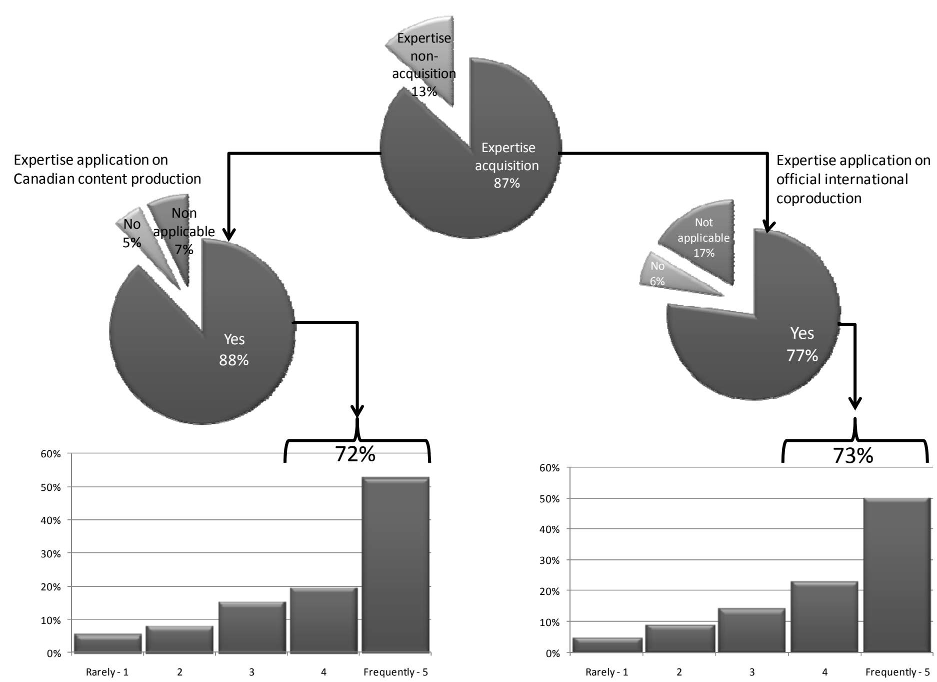
Overall, the conclusion is generally positive insofar as the influence of foreign location production is concerned.

Acquisition of Experience

The graphs below present the dynamic of acquiring expertise while working on foreign location productions and transferring that expertise to Canadian productions or official international co-productions.

The vast majority (87%) of contract workers acquired expertise while working on foreign location productions.

Figure 46: Flow of Expertise Acquired by Contract Worker Respondents While Working on Foreign Production Projects



Source: E&B DATA Survey (Questions: Have you acquired any particular expertise while working on foreign location productions shot in Canada? (n=236), Were you able to apply this expertise to Canadian productions? (n=206), If yes, specify the frequency of applying this additional expertise to Canadian productions. (n=205), Were you able to apply this expertise to official international co-productions? (n=179), If yes, specify the frequency of usage of this additional expertise to official international co-productions (n=158)).

As can be seen from the above, the vast majority (87%) of contract workers acquired expertise while working on foreign location productions, in a wide variety of applications.

In this regard, many mentioned expertise in relation to cameras (e.g., Steadicam, Multiple camera shoot or Ultimate Arm, a camera on a travelling vehicle). The acquisition of 3D or green screen expertise is mentioned frequently as well. Others spoke of specific expertise (e.g., costume technology). Expertise may be acquired on the job or in a structured manner, through specific training (e.g., working at heights on lifts, Workplace Hazardous Materials Information System or WHIMS, and formal certification (e.g., Full Entertainment Electrical Certification)).

In many cases, expertise is acquired in the area of management, be it legal aspects (e.g., international production contracts, negotiations), procurement abroad (e.g., international standards, special materials, animals), human resources (e.g., work methods), accounting (e.g., budgeting and controls) and production itself (e.g., artistic direction, shoot location management).

Expertise is often acquired on major productions and cannot necessarily be transferred to productions with a lower budget, which is the case for most Canadian productions. In these cases, the possibility of transfer seems more limited for occupations such as production managers, props crew leaders, master electricians, chief lighting technicians, art directors and production assistants. That said, 88% of respondents who have acquired expertise while working on foreign location productions have had the opportunity to transfer that knowledge to Canadian productions. Moreover, 72% of those who transfer their new-found knowledge to Canadian productions say they do so “frequently” or almost,[30] whereas as a mere 5% say they do so “rarely.”

Among the respondents who have worked on foreign location productions, 77% have had the opportunity to transfer their knowledge to international co-productions and, of those respondents, 73% say they do so “frequently” or almost, whereas just 4% say they do so rarely.

Most often, examples were given of local teams who have acquired experience while working on foreign location productions. These cases are frequently cited in large urban centres, although examples can be found elsewhere as well. For example, in Nova Scotia, an American television series producer decided to use the local team after shooting for two years in that province. Working with world-class teams and state-of-the-art equipment is cited recurrently as an important opportunity to acquire valuable experience for other local productions.

Several categories of independent workers are involved, be they production managers, first production assistants, script supervisors, script assistants, writers, production designers, or trades people. In the latter case, the fact was mentioned that the equipment purchased for foreign location productions (e.g., sets but also tools) is subsequently left at no charge to local contractors.

[30] That is, the proportion of respondents who gave a score of 4 or 5 on the proposed scale.

2.3.3 Conclusion

Most freelancers maintain a high level of activity in their fields thanks to the presence of foreign production projects. Foreign production activity allows them to develop specialties that can be transferred to Canadian content production projects, without that expertise having to be acquired while working on Canadian production projects.

3. Impact on the Canadian Economy

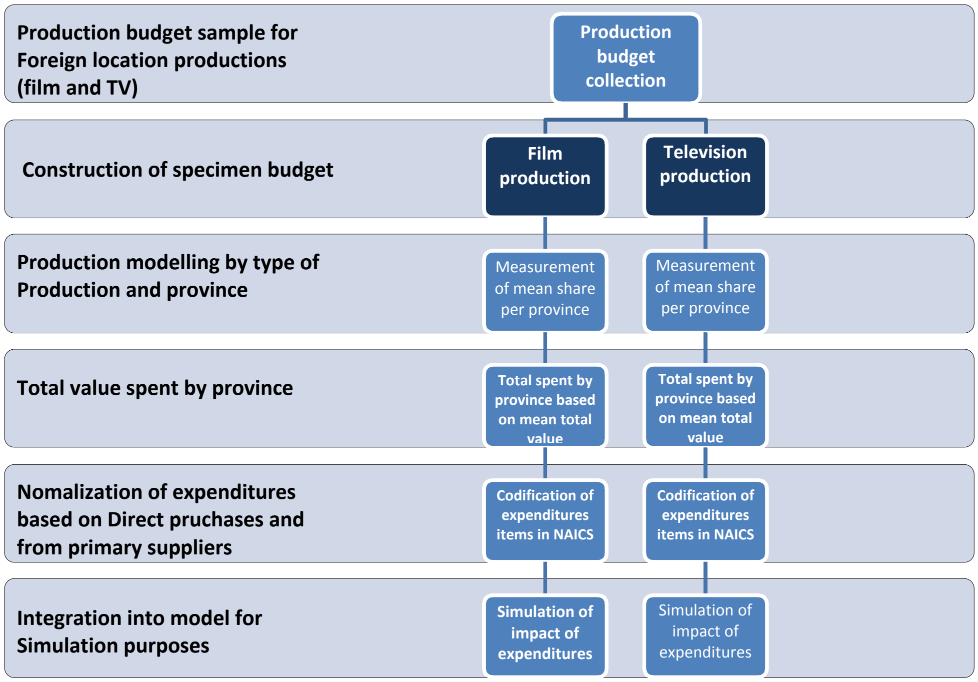
Spending in Canada on foreign location productions generates economic benefits in terms of employment and employment income, value added (contribution to GDP) and government revenues. Input-output analysis techniques can be used to estimate these economic effects, both direct and indirect, that is, for the network of Canadian suppliers, after factoring in imports (leaks). Taking into account the tax credits that are actually granted, net fiscal benefits can then be calculated.

3.1 Notes on Methodology

In order to determine the economic impact of foreign location production on federal government revenues, employment and other sectors of the Canadian economy, an economic simulation was needed. This was done using the Statistics Canada Interprovincial Open Input-Output Model, which is constructed and updated with the help of several detailed accounts relating to national accounting and can be used to estimate the indirect effects of a shock in an economy. This type of model is routinely used by public authorities, and it serves to simulate how a shock originating from a single expenditure ripples through the economy. This ripple effect is associated, for example, with an investment project, or with operating expenses, including expenditures made in Canada on foreign location production. Whereas the direct effect includes the workload generated among workers hired by the service company, the indirect effect includes the workload generated in Canada across the network of service company providers (e.g., workers in the lodging industries).

In order to stick as closely as possible to the reality of foreign location production in Canada in terms of actual spending in Canada, E&B DATA used 10 cost structures of foreign productions actually shot in Canada since 2007. These cost structures were obtained from the Canadian Motion Picture Distribution Association and four service companies. Two typical cost structures were formulated, one for film productions and the other for television series productions, as described in the figure below.

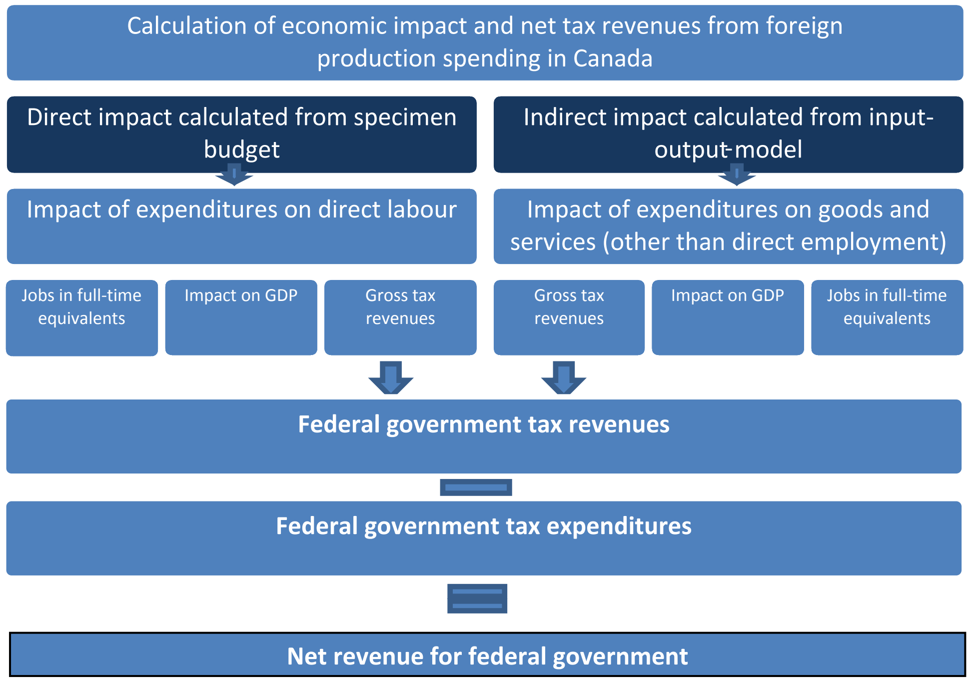
Figure 47: Construction and Preparation of Specimen Budgets for Simulation



Source: E&B DATA

The Statistics Canada input-output model could therefore be populated by realistic cost structures corresponding to effective spending in Canada. The model thus enabled the impact of foreign location production to be calculated in terms of employment for foreign location productions, value added (contribution to GDP) and gross federal government revenues through the estimated income tax paid by workers and other taxes, including value added tax and other goods and services taxes (e.g., fuel). Taking into account the tax credits paid by the federal government, the net revenue for federal government finances could thus be calculated. A diagram of the process is provided in the figure below.

Figure 48: Steps for Calculating and Measuring Impact



Source: E&B DATA

It should be pointed out that the results that follow are approximations, not exact or absolute values. There is a wide degree of variation in cost structures that cannot be captured by a "typical cost structure." For example, productions may differ greatly by level of employment (e.g., whether a large number of extras is hired or not) or by the amount of post-production work. The subsequent modelling is based on the application of mean rates (e.g., personal income tax) and attempts to calculate the impact on an "average" year rather than one given year in particular.

3.2 Key Results

The section presents the economic impact in Canada resulting from annual FLS spending on film and television productions.

Labour and Contribution to GDP

Out of $1.6 billion in total spending, which is the annual average for the three most recent years for which data are available, the total impacts are as follows:

- Contribution to GDP (at market prices) totalling $1.3 billion.
- Interprovincial trade. Of this total, $130.7 million in goods and services were bought and sold between the provinces (interprovincial exports).

- $439 million went to imports and inventory adjustments.

Figure 49: Impact on GDP

($ millions)	British Columbia	Ontario	Quebec	Other provinces / territories	Total
Final domestic spending on goods and services	1,003	365	115	132	1,614
Interprovincial exports	5	52	35	31	131
Imports, inventory and other leaks in goods and services	-253	-99	-41	-43	-439
GDP at market prices	754	317	109	119	1,305

Source: Simulation results from the Statistics Canada Interprovincial Open Input-Output Model, compiled by E&B DATA, from spending in each province between fiscal years 2005 and 2007 on foreign location production.

- Employment: 31,650 salaried employees and other workers (mostly self-employed workers), measured in full-time equivalents, including 26,148 direct jobs and 5,502 indirect jobs. Note that induced employment has not been calculated.

- Employment income: Direct workers receive $895 million in employment income. The value of salaries and wages paid to workers before taxes totals $1.15 billion, in consideration of both direct and indirect effects.

Figure 50: Economic Benefits in Terms of Employment and Employment Income (Direct and Indirect)

	British Columbia	Ontario	Quebec	Other provinces / territories	Total
Total employment income ($ millions)	688	272	93	102	1,155
Employment (FTE)	18,972	7,375	2,577	2,726	31,350

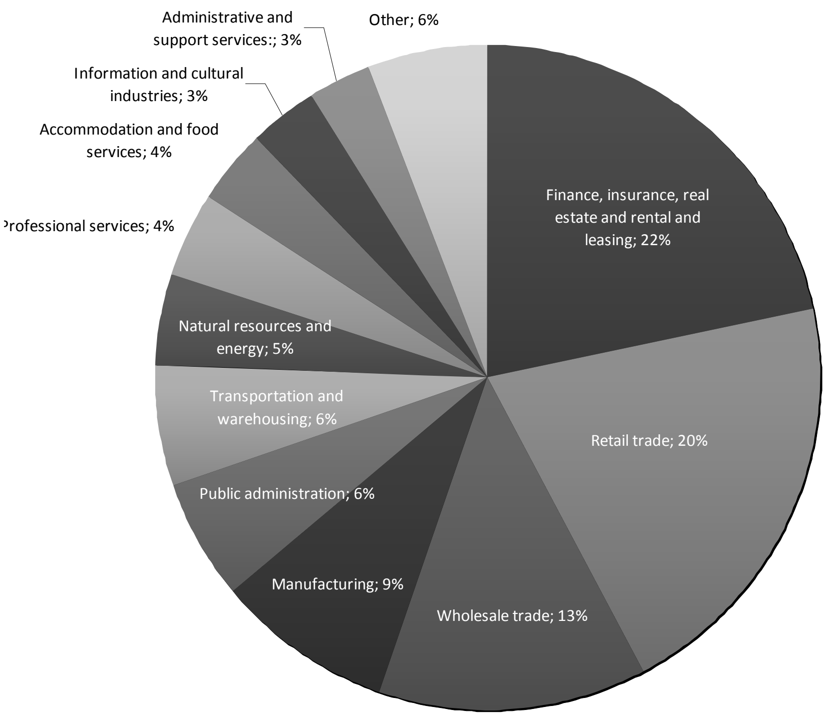
Source: Simulation results from the Statistics Canada Interprovincial Open Input-Output Model, compiled by E&B DATA, from spending in each province between fiscal years 2005 and 2007 on foreign location production.

Indirect Impact of Foreign Location Production on Sectors of the Canadian Economy

The indirect contribution to GDP by foreign location production on the Canadian economy is concentrated in the following key industrial sectors:

- Finance, insurance, real estate and rental and leasing: 22%
- Retail trade: 20%,
- Wholesale trade: 13%
- Manufacturing: 9%
- Public administration: 6%
- Transportation and warehousing: 6%
- Natural resources and energy: 5%
- Professional services: 4%
- Accommodation and food services: 4%
- Other categories: 12%

Figure 51: Indirect Contribution to GDP by Foreign Location Production on Canadian Economy



Source: Simulation results from the Statistics Canada Interprovincial Open Input-Output Model, compiled by E&B DATA.

3.3 Federal Government Revenues

This section presents federal government revenues derived from annual FLS spending on film and television productions.

- Personal income tax: $172.8 million
- Goods and services taxes: $54 million
- Total gross federal government revenue: $226.8 million
- Film or Video Production Services Tax Credit Program: $90 million[31]
- Total net federal government revenue: $136 million

Figure 52: Gross Federal Government Tax Revenues

($ millions)	British Columbia	Ontario	Quebec	Other provinces / territories	Total
Personal income tax	104	40	11	18	172
Goods and services taxes	35	12	3	4	54
Total federal government revenues	139	52	14	21	227

Source: Simulation results from the Statistics Canada Interprovincial Open Input-Output Model, compiled by E&B DATA, from spending in each province between fiscal years 2005 and 2007 on foreign location production.

For each dollar spent in support of foreign location production through tax credits – in combination with the credits granted by the provinces - the federal government generates $14.50 in terms of value added in the economy (contribution to GDP, which is the ratio between GDP at market price and the costs of the tax credit program).

[31] Department of Finance Canada, The Tax Expenditures (http://www.fin.gc.ca/taxexp-depfisc/2009/taxexp0901-eng.asp#taxexpend); data compiled by E&B DATA.

4. Conclusion

This quantitative study on the effects of foreign location shooting is the first to have been carried out in Canada and, more notably, the first to have gone beyond a simple estimate of the direct and indirect impacts to include a measurement of the effects of foreign location shooting on the Canadian film and television industry. A combination of methods was used to generate results that are both conservative and realistic.

Foreign location shooting activity, despite its intermittent character (project by project, absence of permanent facility), resembles a more conventional industry in many respects. Annual activity levels fluctuate, at times substantially so, but they are high nonetheless, topping $1 billion in Canada, for more than 10 years. FLS activity also ties in with the notion of foreign direct investment, not so much by the aspect of foreign ownership but by the aspect of foreign capital injection. This injection of capital takes the form of local spending and is characterized by jobs (labour for actual shoots, but also supplier activities), value added (contribution to GDP) and a contribution to public finances.

For that reason, attracting foreign location shooting is desirable in the view of public authorities (federal, provincial and local) in Canada as elsewhere, and since many governments throughout the world are interested in attracting foreign location shooting activity, they sometimes allow tax benefits to make it easier to decide where to actually shoot. To the extent that the net fiscal benefits exceed tax expenditures (in the form of tax credits) and that the benefits do not kick in until local spending has actually occurred, the benefit for governments seems self-evident.

Nonetheless, public policy cannot be evaluated solely on the basis of its contribution to public finances, if that policy caused distortions and other negative impacts on domestic industry. It is, in fact, conceivable that government financial assistance may adversely affect the allocation of resources. As regards film and television production, the possibility of labour market distortions comes to mind and some criticism has been voiced in that respect in recent years. To be thorough, an evaluation of these negative impacts must be accompanied by an evaluation of possible positive impacts, which manifest themselves beyond foreign location shooting per se. Such positive impacts may relate to the acquisition of expertise, the transfer of revenues, or an enhancement of infrastructure. A more exhaustive quantitative study on the impact of foreign location shooting must therefore extend beyond traditional measurements (e.g., employment) and take externalities into account.

Although a minority of respondents spoke of negative effects, particularly in terms of employment and occasional limited access to infrastructure, the study presents convergent results on the positive nature of the externalities associated with foreign location shooting in Canada in recent years. It can be concluded that, foreign location shooting generally has a positive impact on labour (workload and expertise), companies' financial situation (cash flow, worker training), company and worker exposure (both nationally and internationally), domestic content development (transfer of expertise and revenues), the network of direct and indirect suppliers and, finally, federal government finances (net of tax credits in support of foreign location shooting).

Appendices

Glossary

Above-the-line
This expression defines the spent or negotiated expenses before the film shooting. The expenses include the costs of story acquisition, screenplay rights, script development, writer, executive producer, producer, director and principal members of the cast.

Below-the-line
This expression defines film budget items related to the technical and labour expenses (other than above-the-line). It includes production and post production costs.

Canadian production
A Canadian production is a film or television production certified as Canadian content by Canadian Radio-television and Telecommunications Commission (CRTC), Canadian Audio-Visual Certification Office (CAVCO), Telefilm Canada or Canadian Television Fund. In order for a production to qualify as Canadian content for tax credit purposes through CAVCO, the production must meet specific criteria for key creative personnel (the production must be allotted a certain number of points according to a specific scale) and production costs.

Direct effects
Direct effects refer to the effects generated by film and television production expenditure related to labour (actors, extras, technical crews) in Canada.

Externality
An externality is the impact that an economic activity has on a third party not directly involved in the activity. The impact can be positive or negative, monetary or non-monetary.

Foreign location shooting
A production made in Canada whose copyright is owned by foreign interests.

Freelancer/Contract workers
This category includes all workers in which employers must fill the T-4A form from the Canada Revenue Agency. Employees working for outsourcing companies are not considered as freelancers.

Indirect effects
Indirect effects correspond to the effects generated by purchases made from the network of suppliers dedicated to film and television production. This network includes first-line

suppliers as well as support service suppliers to first-line suppliers (such as accommodations, transportation, etc.) in Canada.

Infrastructure
This includes physical infrastructure such as studios and post-production facilities.

Input-output accounts
The input-output accounts are made up of several parts : the input-output tables (consisting of input, output and final demand tables) for the national economy as well as provinces and territories, the interprovincial trade flow tables, the impact tables, and a number of supplementary tables for margins such as retail trade margins, wholesale trade margins, transport and tax margins.

Input-Output model
The Canadian input-out model provides a detailed breakdown of Canadian economic activity among business industries and a detailed breakdown of their inputs and outputs by commodity associated with some arbitrarily fixed exogenous demand. It also provides supply requirements from other sources such as imports and government production of goods and services. The input-output model is a structural model dealing primarily with resource allocation in the economy corresponding to an exogenously given demand.[32]

Labour expenditure
The total labour expenditure of your company including social benefits and overtime.

Labour Force
Corresponds to the workload generated by economic activity. The unit of measure used to determine activity is Full-Time Equivalents (FTEs), i.e. the number of hours normally worked by a person employed full-time in a given economic sector. This unit of measure normalizes a worker's annual employment and consequently, results can differ when compared to those achieved through an assessment of the number of workers employed.

Official international co-production
A coproduction is a film and/or television production that has been created by pooling creative, technical and financial resources of Canadian and foreign producers, according to the certification delivered by the Department of Canadian Heritage.

Production services
Film or television production service available to a foreign production.

Revenue
For a company, this is the total amount of money received by the company for goods sold or services provided during a certain time period.

[32] Extracted from the input-output accounts glossary of Statistics Canada: http://www.statcan.gc.ca/nea-cen/gloss/ioa-ces-eng.htm

Contacted organizations

Province	Organization Name	Names and Titles of Interviewed Individuals
British Columbia	British Columbia Film	Richard Brownsey - President & CEO
British Columbia	British Columbia Film Commission	Karen Lamare – Manager, BC Film Commission Mary Henricksen - A/Culture Policy Analyst, Ministry of Tourism Culture and Arts
Ontario	Ontario Media Development Corporation	Kristine Murphy - Director of Business Donna Zuchlinski - Manager
Ontario	Film Ontario	Sarah Ker-Hornell – Managing Director
Ontario	Toronto Film and Television Office	Rhonda Silverstone – Manager Peter Finestone - Film Commissioner
Quebec	Québec Film and Television Council	Hans Fraikin - Film Commissioner Christian Beauchesne - Economist
Quebec	Bureau du cinéma et de la télévision de Montréal	Daniel Bissonnette – Film Commissioner
Nova Scotia	Film Nova Scotia	Alex Stewart - Director of Marketing
Newfoundland and Labrador	Newfoundland and Labrador Film Development Corporation	Chris Bonnell - Executive Director Dorian Rowe - Manager of Programs
Northwest Territories	Northwest Territories Film Commission	Carla Wallis - Manager, Arts & Fine Crafts
Nunavut	Nunavut Film Development Corporation	Sarah Brown- Project manager

Film and television associations

Organisation Name	Names et Titles of Interviewed Individuals
ACFC west	Greg Chambers – Business Agent
ACTRA	Stephen Waddell - National Executive Director
CFTPA - Canadian Film and Television Production Association	Suzan Vaas – Vice-president, Business Affairs
CFTPA-BC	Liz Shorten – Managing Vice-president
CMPDA	Wendy Noss – Executive Director
Directors Guild of Canada	Brian Anthony - National Executive Director & CEO
Entertainment partner Canada	Cheryl Nex - President
IATSE 514	Michel Charron - Union Business Agent
IATSE 873	Mary Pederson – Membership Services Coordinator
MPAA	Julia Jenks Vans Stevenson
SARTEC	Yves Légaré – General Manager
UDA	Raymond Legault - President
Writers Guild of Canada	Kelly Lyn Ashton – Director of Policy

Questionnaire

Survey on the Effects of Foreign Location Shooting on the Film and Television Industry in Canada – Production Companies

INTRODUCTION

Check the appropriate box for the situation that is applicable to your situation
(For more explanation, refer to the Respondent's Guide.)

☐	**Canadian producers involved in foreign location productions** shot in Canada (e.g. service producers) since 2005: These producers may be involved in Canadian content productions as well **Please answer questions 1.1 to 8**
☐	**Canadian producers involved in Canadian content production only:** These producers have not done any work with foreign producers on foreign location productions shot in Canada since 2005. **Please answer questions 1.1 to 5.2**

1 GENERAL INFORMATION

1.1 Company status:

☐ Canadian company
☐ Resident company in Canada (headquarters outside Canada)

1.2 Situation of the company:

☐ Permanent firm
☐ Firm constituted for a single project

1.3 Number of years of experience of your company/principals in the film and television industry:

____

1.4 Main type of production you are involved in (one answer only):

☐ Feature films
☐ Television productions
☐ Other types of productions. Specify ______________

1.5 Company name:

____

1.6 Your name:

____

1.7 Your title:

____

1.8 Your e-mail:

____

1.9 Your telephone number:

____

1.10 Company address:

____

1.11 Postal code:

____

1.12 Province:

____

2 LANGUAGE OF PRODUCTION

2.1 Since 2005, what was the language of production for the productions shot in Canada that you were involved with?

- English : __________%
- French : __________%
- Other : __________% Specify__________

Note : in % of the number of productions

Please complete and send this questionnaire before November 20th at 5 :00 p.m.

CONFIDENTIAL Questions: Please refer to the Respondent's Guide

3 WORK FORCE/LABOUR MARKET

3.1 Complete the table below with the average number of employees in your company in 2008 in Canada.

To calculate the annual average number of employees: add up the number of employees for every month and divide by 12. If the number of employees is stable, declare the current number of employees in 2008.

	Full-time workers (30 h / week and over)	Part-time workers (29 h and less / week)	Freelancers/Contract workers
Number			

3.2 How would you qualify the ease of recruiting Canadian personnel for **Canadian productions?**

a) In 2008

Very difficult ☐ 1 ☐ 2 ☐ 3 ☐ 4 ☐ 5 Very easy

☐ I do not know

b) In 2007

Very difficult ☐ 1 ☐ 2 ☐ 3 ☐ 4 ☐ 5 Very easy

☐ I do not know

c) In 2006

Very difficult ☐ 1 ☐ 2 ☐ 3 ☐ 4 ☐ 5 Very easy

☐ I do not know

3.3 If you have answered 1 or 2 in question 3.2 (a, b or c), please provide additional details on the circumstances in the table below.

Production activity	Job categories	Problems encountered
Feature films		
Television productions		
Other types of productions		

3.4 Check the appropriate box for the labour expenditures of your company in 2008 in Canada. ($M corresponds to millions of Canadian dollars)

☐ <$0.5M ☐ $1M-$1,999M ☐ $5M-$9,999M ☐ $25M and + Specify ______$M

☐ $0.5M-$0.999M ☐ $2M-$4,999M ☐ $10M-$24,999M

☐ Fiscal year (Check if different from the calendar year)

3.5 **According to your own experience**, what was the influence of foreign location productions shot in Canada on the cost of the Canadian work force?

↑: Increasing costs →: no influence ↓: decreasing costs

	Please circle the trend for each year		
2008	↑	→	↓
2007	↑	→	↓
2006	↑	→	↓

3.6 **According to your own experience**, what was the influence of foreign location productions shot in Canada on the other Canadian costs of production?
Above-the-line / Below-the-line: Please refer to the Respondent's Guide.

	Please circle the trend for each year					
	Above-the-line			*Below-the-line*		
2008	↑	→	↓	↑	→	↓
2007	↑	→	↓	↑	→	↓
2006	↑	→	↓	↑	→	↓

4 INFRASTRUCTURE

4.1 Since 2005, would you say that the Canadian infrastructure (e.g. studios, post production laboratories) has met the demands **for your productions?**

Strongly disagree — 1 ☐ 2 ☐ 3 ☐ 4 ☐ 5 ☐ — Strongly agree

☐ I do not know

4.2 If you have answered 1 or 2 in the previous question, please provide additional details on the circumstances in the table below.

Production activity	Type of physical infrastructure (e.g. studios, post production laboratories)	Problems encountered
Feature films		
Television productions		
Other types of productions		

5 IMPACT ON CANADIAN FILM AND TELEVISION CONTENT

5.1 According to your own experience, how do foreign location productions shot in Canada influence **Canadian productions**?

Very negative — 1 ☐ 2 ☐ 3 ☐ 4 ☐ 5 ☐ — Very positive

☐ I do not know

5.2 Explain/describe.

____

____

____

____

If you have not been involved in foreign location productions shot in Canada since 2005, please skip to Section 8. Otherwise, please go on to Section 6.

Please complete and send this questionnaire before November 20th at 5 :00 p.m.

CONFIDENTIAL

Questions: Please refer to the Respondent's Guide

6 EXPERTISE

6.1 Have you acquired any particular expertise while working on foreign location productions shot in Canada?

For example: Projects' financial assembly, control of expenses related to project budgets.

☐ Yes → **Continue to question 6.2**
☐ No → **Continue to section 7**

6.2 Please describe this expertise.

____
____
____

6.3 Were you able to apply this expertise to Canadian productions?

☐ Yes → **Continue to question 6.4**
☐ No → **Continue to question 6.5**
☐ Not applicable → **Continue to question 6.5**

6.4 If yes, specify the frequency of applying this additional expertise to Canadian productions.

Rarely 1 ☐ 2 ☐ 3 ☐ 4 ☐ 5 ☐ → Frequently

6.5 Were you able to apply this expertise to official international co-productions?

☐ Yes → **Continue to question 6.6**
☐ No → **Continue to section 7**
☐ Not applicable → **Continue to section 7**

6.6 If yes, specify the frequency of usage of this additional expertise to official international co-productions.

Rarely 1 ☐ 2 ☐ 3 ☐ 4 ☐ 5 ☐ → Frequently

7 REVENUES

7.1 Since 2005, have you used revenues originating from foreign location productions shot in Canada to fund the development and/or production of Canadian productions (excluding official international co-productions)?

☐ Yes, directly → **Continue to question 7.2**
☐ Yes, indirectly → **Continue to question 7.2**
☐ No → **Continue to question 7.4**

Yes, directly: through a financial contribution (e.g. investment, cash flow)
Yes, indirectly: through a non-financial contribution (e.g. related to equipment)

7.2 If yes, how would you qualify your revenue participation from foreign location productions shot in Canada in the development and production of Canadian production since 2005?

Minor 1 ☐ 2 ☐ 3 ☐ 4 ☐ 5 ☐ → Substantial

7.3 Explain/describe.

____
____
____

7.4 Since 2005, have you used revenues originating from foreign location productions shot in Canada to fund the development and/or production of official international co-productions?

- ☐ Yes, directly → **Continue to question 7.5**
- ☐ Yes, indirectly → **Continue to question 7.5**
- ☐ No → **Continue to question 7.7**

7.5 If yes, how would you qualify your revenue participation from foreign location productions shot in Canada in the development and production of official international co-productions since 2005?

Minor ☐ 1 ☐ 2 ☐ 3 ☐ 4 ☐ 5 Substantial

7.6 Explain/describe.

____

____

____

7.7. What proportion of your company's revenues was generated from foreign sources (foreign location production shot in Canada) relative to total revenues in 2008?

☐ 1–10%	☐ 51–60%
☐ 11–20%	☐ 61–70%
☐ 21–30%	☐ 71–80%
☐ 31–40%	☐ 81–90%
☐ 41–50%	☐ 91–100%

7.8 Complete the table below for the level of production activity for foreign location production shot in Canada in 2008.

Production activity	Number of productions	Production volume in $ (total budget)	Production volume in $ (spent in Canada)
Feature films			
Television productions			
Other types of productions			

8. Thank you for your collaboration.
Please return the questionnaire by fax at 1-800-699-4136 or by e-mail at survey@ebdata.com before Friday, November 20th at 5:00 p.m.