

Ontario's Film and Television Industry

By: Sarah Anson-Cartwright

In the midst of the continuing recession, there have been few bright spots on Ontario's horizon. The film and television industry has proven to be a ray of sunshine in an otherwise gloomy economic climate. Knowledge-based, high-tech and green industries, and film and TV production reached a record level of activity last year in Ontario and estimates suggest that 1993 will be almost as busy. The really good news though is that film and TV production is a labour-intensive industry which employs creative, technical and business professionals. In addition, audio-visual production requires goods and services from a range of other sectors, with the result that its activities and expenditures spill over into other areas of the economy.

Not surprisingly, Ontario is not alone in realizing the benefits of attracting and stimulating film and TV production. Throughout North America, jurisdictions vie for on-location productions originating from Hollywood. Jurisdictions try to lure productions to their city as they will leave thousands, sometimes millions of dollars in their wake.

In the past decade, Canada has been very successful in attracting film and TV production from the U.S., while the domestic industry has grown by leaps and bounds. Today, Toronto and Vancouver are the major film and television production centres. Location shooting can take place virtually anywhere though, and many smaller centres including Halifax and Winnipeg, as well as remote sites such as Iqaluit, N.W.T. have played host to film crews in Canada. Cities and regions across the country have established film commissions or designated economic development professionals to promote and assist film production in their localities.

To better understand the opportunities and the demands of the film and TV industry, it's worth briefly reviewing the development and current state of the industry,

particularly in the context of the existing economic climate. The role of the Ontario Film Development Corporation (OFDC) will also be discussed, especially as it relates to the growth of location shooting in the province.

The Global Picture

The business press is full of stories reflecting a new reality of the film and television industry: convergence of media, corporations and technologies. It seems that everything is coming together, crossing over and growing larger as distribution and delivery systems overlap, companies involved in one medium merge with others, and appetites for audio-visual information seem to increase as the means of dissemination broadens. Time Warner is just one multinational multimedia conglomerate which is seizing the opportunities of diversification. The benefits of vertical integration and cross-ownership have not gone unnoticed by some of Canada's largest players in the production and broadcast arena -- Astral Inc., Alliance Communications and Atlantis Media Group, to name a few.

Digitization is enabling telephone companies to join broadcasters and satellite services in carrying video programming. Developments in telecommunications may soon offer consumers interactive systems in their homes, where they will have the freedom to choose and tailor the programming they want with on-demand convenience.

Generally, Canadian television production companies have benefitted from the globalization of the industry and the fragmentation of broadcasting. Proximity to the U.S., the world's most successful TV producer, has put Canada in a unique position. Canadian producers have had to work at competing with Americans while endeavouring to distinguish their programs from their neighbours'. The fact that sev-



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eral companies have succeeded in selling programming to the U.S. while also finding production partners in Europe is a testimony to their skill and savvy and to the changing economics of TV production, particularly in the U.S. It has really been in the past 10 years -- since the creation in 1983 of the Broadcast Fund at Telefilm Canada, the national funding agency, followed by the establishment of the OFDC in 1986 -- that Canada's independent production sector has grown in size and sophistication.

Since the tax-shelter-driven production boom of the late 1970s and in the past decade in particular, Toronto has built up an impressive production infrastructure featuring hundreds of experienced technicians, a pool of talented and culturally diverse actors, a range of studio facilities, state-of-the-art post-production houses, specialized equipment suppliers and so on.

An Active Industry

Even in recessionary 1992, production activity was healthy across Canada. Total Ontario expenditures of film and television production assisted by the OFDC reached \$326.4 million, a substantial 29% increase over the previous year's level of \$252.9 million. In British Columbia, the second busiest province, film and TV production expenditures reached \$211.2 million, according to the B.C. Film Commission. Playback, the Canadian industry trade journal, reported that Montreal had \$178 million of activity, while between \$20 million and \$25 million worth of production took place in Alberta, \$16 million in Nova Scotia, \$9 million in Manitoba and \$6.9

million in Saskatchewan¹. In addition, approximately \$120 million worth of television commercial production was shot in Toronto, according to the Commercial Production Association of Toronto, another \$40-\$50 million of non-theatrical, commercial and corporate video production occurred in B.C. and \$1 million in commercial, industrial and documentary production took place in Nova Scotia. Based on these estimates, in excess of \$900 million was spent in Canada on productions which were shot last year.

It's worth noting that in Ontario, 78% of last year's production expenditures were on Canadian film and TV projects. The growth and continuing success of the domestic industry in the province is the result of several factors. First, the Canadian content rules of the Canadian Radio-television Telecommunications Commission (CRTC) have created a certain demand for Canadian-made television programming. By requiring broadcasters to air a minimum of 60% Canadian content in the prime viewing hours, as well as 50% Canadian programming over an entire day's schedule, broadcasters have been encouraged to license or produce their own Canadian-made drama programs. Second, public funding support from Telefilm Canada and provincial agencies such as the OFDC, B.C. Film, SOGIC in Quebec, and others across the country have stimulated the production of independently-made Canadian programs and feature films.

Third, production incentives and tax shelters have encouraged investment in Canadian productions. Certified Canadian productions totalled \$503.2 million in 1992, according to the Canadian Audio-visual Certification Office in Ottawa. In 1988, the federal government cut back on the income tax benefits to film and TV investors in certified Canadian productions by reducing the capital cost allowance from 100% to 30%. Today, tax shelters can help a producer raise on average about 8% of a budget. The certification is more important in terms of its ability to attract higher licence fees from Canadian broadcasters if a production is certified Canadian content (also known as Cancon).

In 1989, the OFDC launched the Ontario Film Investment Program (OFIP), a two-year program offering a total of \$15 million a year in rebates to film and TV investors. In late 1990, Quebec dismantled its

166 2/3% tax write-off for investors and offered in its place a refundable tax credit program in the amount of \$30 million a year. In 1991 and again this year, Ontario's OFIP was renewed for two-year periods at \$14 million annually. According to an evaluation of OFIP's first three years, 1989 to 1992, the program directly supported 2,978 full-time equivalent jobs; it stimulated production with budget expenditures in Ontario that reached \$335.8 million; and the program generated tax revenues in excess of its annual cost to the Ontario Government.

Last January, Premier Rae announced the Ontario Government's decision to renew OFIP for another two-year period. In a period of economic restraint, the \$28 million commitment seemed to be an endorsement of the program's achievements, particularly in terms of job creation. The success of OFIP in Ontario has prompted other provinces to investigate establishing their own rebate or tax credit programs.

Fourth, Canada's international co-production treaties with countries around the world have assisted our producers in securing foreign partners and financing for films and programs that are recognized as Cancon, with the benefits that status confers. After several years of successful partnership with Europeans, some companies find they are able to secure significant foreign participation in projects, without producing under the treaties. The TV series *Counterstrike* was originally produced as an official Canada-France co-production and then became a straightforward co-venture between the partners. The new series *Destiny Ridge* has a major foreign partner in ARD, a German broadcaster.

Competitive Environment

In the seven full years since the OFDC's creation in 1986, foreign productions in Ontario have spent \$485.74 million -- close to half a billion dollars. There is increased recognition of the relatively easy economic benefits to be derived from location shooting and as a result there are now over 235 film commissions around the world devoted to attracting projects to their jurisdictions. The Association of Film Commissioners International estimates that the film and TV production industries spend in excess of \$10 billion on location annually.

According to the AFCI, the first film commission was established in the late 1960s. A local government officer would coordinate the use of various government

services, including police, highway and fire departments, for location shooting purposes. Since 1985, the AFCI has organized Location Expo, the largest international trade show promoting film and TV location services in jurisdictions around the world and located in Los Angeles.

With the growth in the amount of location shooting and the number of film commissions aimed at attracting production, the services and incentives offered by the commissions have increased too. As a matter of course, most film offices offer location scouting, government and industry liaison, as well as any other red-tape-cutting services necessary to help a production choose and return to their jurisdiction. Tax rebates are offered in several U.S. states and Florida recently introduced a new investment incentive program to attract production there. Even California, home of the U.S. film industry, is rumoured to be contemplating a financial incentives to keep productions from locating in less costly jurisdictions.

Outside of the U.S., Canada has the greatest number of film commissions -- a total of 17 commissions representing provinces such as Ontario, British Columbia, Nova Scotia, Manitoba, Quebec, Yukon and Saskatchewan, as well as the cities of Toronto, Calgary, Quebec and Edmonton, among others.

Socio-Economic Impact Assessment

In 1990, the OFDC published the Socio-Economic Impact Assessment of the Ontario Film and Video Industry. It presents an impressive picture of the economic impact of the industry in Ontario. The total domestic output of the film and video industry in the province in 1988-89 amounted to \$2.7 billion. Production and post-production output was over \$1 billion, while the distribution, exhibition and retail sectors of the film and video industry totalled over \$1.7 billion in that year. Employment was estimated at 35,700 jobs with 16,300 in the production and post-production sector and the remainder in the distribution/exhibition/retail sector.

The study noted that "foreign location production is dependent upon the relative economic and overall attractiveness of Ontario vis-a-vis other U.S. states and other provinces." Among the deterrents to attracting U.S. production to the province cited were a rise in the Canadian dollar; increased production costs for crews, rentals and the general cost of living in Toronto; aggres-

¹Each jurisdiction estimates their production dollars by using a different methodology.

sive competition from other jurisdictions in Canada (B.C.) and in the U.S.; and irritants such as the GST and the withholding tax on income earned by non-Canadians while in Canada.

Fortunately, though, the demand and support for domestic production has been relatively stable over the past few years. So while the production infrastructure grew greatly during the foreign production boom of the mid-to-late 1980s in Ontario, a continuing level of domestic production has been instrumental in sustaining employment and activity.

Role of the OFDC

From 1981 until the creation of the Ontario Film Development Corporation in 1986, the Ontario Government, through the Ministry of Industry, Trade and Technology, supported location promotion to attract film producers to shoot their films and television programs in Ontario. The OFDC's activities in this area have two main thrusts: location promotion and location services. The promotional activities are targeted at U.S. producers, promoting the advantages of Ontario as a competitive shooting and production location. By participating in trade shows in Los Angeles and New York, organizing familiarization tours for leading U.S. producers and advertising to the target clientele, the OFDC keeps Ontario top-of-mind for many production studios.

Since July 1992, the OFDC and the City of Toronto have jointly funded the position of a marketing agent based in Los Angeles, whose job it is to promote Toronto and Ontario as shooting locations. With advance knowledge of projects in development in Hollywood, the marketing agent can ensure that the Toronto and Ontario film commissions have an early chance at scouting and attracting suitable projects. While the California film commission is aggressively working to keep production in the state with slogans that prey on Americans' patriotism, Ontario and Toronto have benefitted from having a representative in Hollywood.

The OFDC also offers a range of services, free of charge, and is designed to assist producers in locating production in Ontario. With a script, treatment or detailed production breakdown, the OFDC will hire a location manager to scout key locations. The agency also maintains an extensive photo library, featuring over 8,000 locations throughout the province, with a computer-

ized retrieval system. Whether a production is looking for a flood plain or a spiral staircase in a mansion, the library staff can tell if such sites are available for shooting.

By introducing visiting producers to key industry contacts, the OFDC serves as a liaison between potential clients and the people, facilities, services, unions and guilds they may work with in Ontario. The OFDC also works closely with other governments and industry groups to help obtain the necessary permissions and reduce any delays in shooting. It also is a member of the Film Liaison Industry Committee which includes representatives from City and Metro Councils and various sectors of the industry. Problem-solving is another critical service the OFDC provides to producers. On an on-going basis the agency is a source of information on services and rates.

What Economic Development Offices Need to Know

The economic benefits of on location film and television production are clearly attractive, particularly considering that production is a non-polluting, mobile activity that temporarily makes use of existing sites. The AFCL has estimated that for every day of local shooting in any municipality there is between \$20,000 and \$50,000 worth of on-set expenditures to service a production. Those expenditures vary but may include craft services (film lingo for meals and snacks), hiring of extras locally, equipment, technicians, performers, construction materials and services, props, signage, location fees for use of properties and a range of incidental expenses incurred by crew members.

The number one product a film commission or economic development office can offer a film production is the diversity and availability of locations. If your jurisdiction features some unusual or breathtaking natural sites or captures a bygone era with an old-fashioned picturesque neighbourhood, then you may consider promoting those attributes and making them available for shooting. By "available", we mean that the sites can accommodate film crews and the local government officials will work to ensure that the necessary arrangements are made to facilitate a shoot.

The second and related consideration is your jurisdiction's ability to allow production to take place in a timely manner. Proximity to a production centre such as

Toronto, for example, can be very advantageous in attracting a production. The closer a production can be to film labs, studios and equipment suppliers, the easier a shoot will be. That doesn't mean that they won't travel far for the right site, but it does mean that jurisdictions close to Toronto might have an easier time attracting shoots than others.

The third, and also an equally important factor, is the cost-effectiveness of shooting in the jurisdiction. In Canada, the prevailing favourable exchange between the U.S. & Canadian dollar has lately been one of the key advantages for cost-conscious American producers. In addition, our unions, labs, equipment houses etc., have kept competitive with other jurisdictions.

The role that a film commission plays is to make every effort to ensure that shooting incurs the least cost and the least inconvenience as possible to a film production. A realistic and pragmatic approach is recommended when attracting and overseeing film production in a jurisdiction. For example, if a film crew wants to shoot a dirt road but the one they like is paved, they may ask permission to lay dirt, shoot and then remove the dirt, all at their own expense. (In one jurisdiction, this service has been provided by the city free of charge to encourage a movie to shoot in their city.) However, charging for the use of a road is a deterrent to a film production, and it's likely the production would choose another less costly site to shoot.

When a jurisdiction decides to promote itself for location shooting, that decision is best complemented by a determination to make that jurisdiction as film-friendly as possible. If a city or town is asked about filming in its vicinity, they should do everything they can to facilitate filming. It's not enough to say that shooting can take place in your town or region - you have to make a commitment to allow location shooting in a manner that is the least disruptive for the community and the most efficient for the production crew. The ways in which a jurisdiction is prepared to assist film production companies who do in fact choose to shoot there. There's no point promoting a town as a location site if in fact a producer faces obstacles and unreasonable costs in actually shooting there. In other words, shooting on location has to be as hassle-free and efficient as possible. That's the role of a film commissioner, who works closely with colleagues at government offices, as well

as with the production's location manager.

The Toronto Film Liaison Office offers a very good model of a successful municipal film commission. The office was established in 1979 in response to the need to develop a location filming permit process. With a computerized permit system, the office can issue permits for over 2,500 locations throughout the city, at no charge to the production. In addition, the office coordinates police assistance and arrangements with other city services, equipment and property. When a public building is used for shooting, the production would only have to pay any direct costs involved such as building security, an electrician or janitor.

The office also plays an important role in facilitating co-operation between the production and the business or residential communities where they are shooting. Educating people on the benefits of film production is key to helping ease the occasional irritation they may feel by being inconvenienced by honeywagons and trailers in their area. Location managers on productions inform residents and business owners of their shooting schedules in advance and respond to any complaints, with the assistance of the film commission staff as necessary. With this approach the Toronto Film Liaison Office has been able to pull off some very exciting feats, including the landing of a helicopter in the heart of the city's financial district.

Working with the OFDC

The OFDC has an extensive library containing 8,000 files of locations throughout the province which are available for filming. The files are divided into approximately 120 categories from "Airports to Zoos" and are computerized for easy reference. Locations which are enthusiastic about filming, play an essential role in the health of Ontario's production industry.

The OFDC is committed to making Ontario a world class production centre. If you have any locations which you feel should be brought to our attention, please let us know. Working together should lead to more productive results for your area. □

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