

TORONTO STAFF REPORT

February 27, 2003

To: Economic Development and Parks Committee

From: Joe Halstead, Commissioner, Economic Development, Culture & Tourism

Subject: Film and Television Industry – 2002 Year End Review
All Wards

Purpose:

To provide a summary of the highlights of the 2002 Film and Television Sector's activities and performance.

Financial Implications and Impact Statement:

There are no financial implications resulting from the adoption of this report.

Recommendations:

It is recommended that City Council:

- (1) continue to show support for the film, television and commercial production industry by supporting policies and streamline processes that encourage this important economic sector and its ability to work successfully in the City;
- (2) recognize the assistance of City Departments, Agencies, Boards and Commissions (ABCs), the business and community at large for their contributions to the success of this industry and ask for their continued support and cooperation with the City's Film and Television Office to encourage film, television and commercial production activity in Toronto;
- (3) request that staff report back annually on revisions and changes as required to the amount of useable road allowance for the purpose of production vehicle parking; and
- (4) direct the appropriate City officials to be authorized and directed to take the necessary action to give effect thereto.

Background:

The Film and Television production industry is one of the key clusters that drive Toronto's economy by attracting investment and generating new sources of income for local businesses. It employs more than 28,000 workers and contributed \$1.16 billion directly into the economy in 2002 with a spin-off impact of approximately \$3 billion. In addition this industry cluster includes a broader cultural industry impact with synergies for the theatre and arts community. Finally, the glamour and publicity which naturally follows feature films such as My Big Fat Greek Wedding, Chicago and Bollywood Hollywood, enhances the city's image and provides additional promotion for the tourism industry. As a result, the City's Economic Development Strategy established that supporting the growth of the industry, facilitating production activity, and internationally promoting Toronto as a film production centre should be a key City priority. The following report summarizes the industry's performance in 2002 and the actions that were taken to implement this direction. New initiatives undertaken in 2002 also are briefly outlined.

Comments:

Industry Performance:

Toronto's film, television and commercial production industry had an anxious 2002 amidst rumours of what the effects of an uncertain global economy would have on it as well as increased competition globally and enhanced sensitivity to "run away" production. In the end, however, 2002 turned-out to be quite a good year.

Economic benefits for 2002 included a grand total of \$1.16 billion being spent by production companies in Toronto. Figures reported are down 5.92% from 2001 (\$1.233 billion). Of the total, major projects accounted for \$886.080 million dollars (see Attachment Nos. 1 - 8). This represents a 4.52% decrease in production spending levels over 2001 (\$928.042 million). Television commercial production activity accounted for an additional \$208.1 million (a 4.05% increase from the \$200 million reported in 2001) - \$1.655 million corresponding to on-location filming expenditures supplemented by \$41.6 million generated from in-studio television commercial production activity. Major projects filmed in Toronto in 2002 included 42-feature films, 49 movies made for television, 1 mini-series, 60 television series and 91 television specials.

Animation and post effects which includes CGI digital effects and physical effects accounted for \$50.9 million in production activity spending as reported by the Ontario Media Development Corporation. The music video industry contributed a further \$7.091 million dollars (an 19.5% increase from the \$5.935 million reported in 2001).

Marketing Toronto as a location destination faces more competition than ever. In response, Economic Development staff attendance at trade shows and meetings increased. Ad placement remained almost at par with 28 ads being placed in industry magazines and directories (29 were placed in 2001). Marketing missions were conducted to Los Angeles in April 2002 and New York City in October 2002. Business meetings attended include the Canadian Film and Television Production Association (CFTPA) conference in Ottawa in February 2002,

Cineposium in Australia in August 2002, and Banff in June 2002. The film, television and commercial production industry is a global industry. There are at least 250 Film Commissions world wide all vying for film production dollars. It is therefore necessary to continue to market Toronto to ensure that Toronto is considered when budgeting productions. The staff report dated October 15, 2002 entitled "Results: Film & Television Investment Attraction", provides a full description of these activities and their outcomes.

Of the \$886.080 million spent by production companies in Toronto during 2002, total foreign spending in Toronto accounted for \$563.158 million, a decrease of 2% over 2001 (\$574.726 million). \$560.248 million came from U.S. production sources, a 1.18% decrease (\$566.913) and \$2.910 million came from other foreign sources (Spain, India, Japan, U.K.) a 62.75% decrease from the previous year. As well and most troubling, domestic production fell nearly 9% - from \$353.316 million in 2001 to \$322.923 in 2002. According to the recently released Canadian Film and Television Production Association (CFTPA) Profile 2003 – an Economic Report on the Canadian Film and Television Industry, Canadian film and television production has plateaued. "Two key factors to blame are the contraction in the international market and a 1999 CRTC policy change which eliminated broadcaster expenditure requirements, that broadened the definition of priority programming and thereby lessened the incentive to produce fiction and children's programming." On the film side, Canadian English language theatrical features get made but they do not get seen. The decline in Canadian production impacts on location filming in Toronto and the culture sector.

Film and Television Office Service:

Staff of the Toronto Film and Television Office issued 5,077 permits for 1,513 projects comprising of 11,317 shooting days. Staff also collected a grand total of \$342,951.76 in parking revenues for production vehicle parking at parking meters. As reported in the staff report for 2001, the Toronto Film and Television Office issued 5,018 location filming permits for 1,365 projects involving 10,628 shooting days. Compared with 2002, these figures represent a 1.18% increase in location filming permits issued an 11% increase in projects, a 6.5% increase in shooting days generated. While permits, locations and shooting days have increased, major production spending in Toronto has fallen to levels 0.5% lower than that reported in 2000. This can be attributed to lower budget productions being produced here.

2001 marked the TFTO's first year of revenue collection and permit issuance for the amalgamated City of Toronto jurisdictional boundaries. More precise comparative measurables are therefore available this year for the first time. When Council adopted (October 2, 2000) the recommendation to implement the collection of on street parking fees equivalent to the potential loss of revenue to the Parking Authority of Toronto an estimate of \$180,000 was given as the expected revenue stream. Results have far exceeded these estimates for two consecutive years. In 2001, parking revenues were collected in the amount of \$332,877 and \$342,951 in 2002 or a 3% increase in parking revenue collected.

Three particularly difficult events had the staff and management exerting all of their skills and problem solving abilities. First, staff coordinated location filming through a major moratorium in the City's downtown core during the Papal visit. Next, for a period of many weeks, one union

was attempting to organize various categories including caterers, animal wranglers and security. Their action caused disruptions to film locations in the City that the TFTO managed through. Finally, management staff had to coordinate all location filming activity through the City of Toronto labour disruption in July 2002.

Film Liaison Industry Committee (FLIC):

The Film Liaison Industry Committee (FLIC) met 10 times during 2002. A mid-term election was held for Councillor Co-chair and Councillor Michael Feldman was returned to the position by a majority vote. Producer Manny Danelon is the Industry Co-chair.

Guest speakers are routinely invited to make presentations to the Film Liaison Industry Committee in efforts to link various services and business and community groups with the film and television industry. Presentations were made to the Committee in 2002 by the following:

- (i) Anmpix, a company that promotes IPIX interactive imaging;
- (ii) Community AIR;
- (iii) Greenshoots, a film crew industry initiative regarding their proposal for waste reduction and recycling for the entertainment industry in Toronto;
- (iv) The Special Event Division presented on behalf of Celebrate Toronto Street Festival;
- (v) The General Manager for the Yonge/Dundas Square, addressed the committee and invited the film industry to consider Yonge/Dundas Square for filming purposes;
- (vi) Jeff Steiner of the Toronto Economic Development Corporation (TEDCO) briefed members with respect to the status of lands in the port area that fall under its purview;
- (vii) Linda McGrath of the Ontario Association of Youth Employment Centres made a presentation on behalf of this group that supports all agencies across Ontario in assisting youth into the work force;
- (viii) Sylvia Sweeney of The National Film Board reacquainted members with the mandate of the NFB and announced the launch of their annual event on May 30, 31 and June 1, 2003 to showcase NFB productions.

Issues and Events Managed with FLIC:

FLIC worked cooperatively with the Toronto District School Board to ensure that school board facilities are available for filming. It worked with the TFTO and the local Councillor to re-open all Frat Houses in the Annex to filming. A presentation by the Wellington Place Neighbourhood Association was made to the Toronto East York Community Council in January, 2002 to discuss their plans to improve Victoria Memorial Square. The Toronto East York Community Council requested that FLIC work with the Wellington Place Neighbourhood Association to examine

possible sources of funds. The Committee felt it was inappropriate for the Film Liaison Industry Committee to act as a conduit to the film industry to raise money for individual causes, as this is not the role of FLIC. FLIC's role is to provide an interface between Council and the industry. The Manager of the Toronto Film and Television Office subsequently met with representatives in an effort to resolve their issues.

FLIC invited the Chair of the Ministry of Labour's Ontario Film and Television Section 21 Health and Safety Advisory Committee to attend the Committee as a guest in order to keep members abreast of health and safety issues as they relate to workplaces in the film and television industry. Councillor Michael Feldman, Co-chair of FLIC sponsored the Section 21 Health & Safety Committee Symposium which was held at the City of Toronto Council Chambers, February 1, 2002.

FLIC initiated a Unit Parking Sub-Committee in 2000 to make recommendations that would limit the amount of useable road allowance available to film companies for the purposes of production vehicle parking. It was recommended that effective January 1, 2001, production companies be limited to 1000 feet, or 305 metres of useable road allowance and that effective January 1st of each subsequent year, road occupation for production vehicle parking use should be reduced by an additional 100 feet or 30.5 metres to a minimum of 500 feet or 152.4 metres by the year 2006. In light of runaway production issues, the events of September 11, 2001 and the drop in production levels, it is recommended that the reduction of useable road allowance be left to the discretion of TFTO staff in consultation with WES staff and the Toronto Police Service and that staff report annually on revisions and changes as required to the amount of useable road allowance for the purposes of production vehicle parking.

Film Policies:

The Film Liaison Industry Committee continued to dialogue with various City Departments and Agencies, Boards and Commissions in order to formulate and/or revise film policies.

Exhibition Place presented its filming policy in January of 2002. The industry made some gains that are important to producers contemplating filming at Exhibition Place. One of the most significant changes was a major concession by IATSE Local 58 (which has exclusive jurisdiction at Exhibition Place) to allow IATSE Local 873 to shoot films on the grounds. However, there remain some salient points that the industry is less than enamoured with. FLIC advises that one major issue that will most assuredly affect the quantity of filming that can be done at Exhibition Place and also affects the promotion of this facility is that non-union and NABET shoots have difficulty working there due to the high labour costs. The current collective agreement was in effect until the end of 2002. Negotiations for the contract were purported to commence January 1, 2003. It is recommended that the Board's negotiator for collective agreements meet with representatives from FLIC as early in 2003 as possible to gain an understanding of the issues.

The T.T.C. presented its film policy to the Committee in March of 2002. FLIC unanimously recommended that the sub-committee it had formed to work with the T.T.C. reopen discussions. Short format productions such as commercial productions and episodic television series that are shot within very short time frames may be negatively affected by the new policy. As an example, within a five week period in the fall of 2002, two commercial productions valued at

more than \$1 million U.S., that had been considering Toronto, elected to shoot in other jurisdictions because they could not conform to the lead time stipulated in the T.T.C. film policy (10 days written notice for a track level survey + 20 days once the T.T.C. is in receipt of a detailed written work plan (production companies need to survey before they can provide the detail required in the written plan) for a total of 30 days. It is recommended that Council support the reconvening of a FLIC/T.T.C. work group to establish criteria for short format production activity.

During 2002 interior filming at Works and Emergency Services sites such as the R.C. Harris Filtration Plant continued to be suspended due to security issues surrounding the events of 9/11. Exterior filming was considered only on a case-by-case basis after a protocol was created. One of the most troubling conditions in the protocol is the need to get a criminal background check for all persons working at these facilities (exterior filming). In July, 2002 FLIC had the opportunity to review the draft film policy that was presented by WES and moved that a letter be sent from FLIC to the Water and Wastewater subcommittee advising that FLIC categorically rejected the new protocol as it was not practical for Toronto's film, television and commercial industry to work within. In October, 2002 FLIC moved that a letter be written to the Toronto Police Services Board requesting that they look at the issue of security clearances for film industry personnel at City of Toronto locations. Toronto Police Services responded that they do not have the staff to do the security clearances in a timely manner. A report was sent to both the Economic Development and Parks and Works Committee in December. It has been forwarded to FLIC for comment and deputation in March 2003.

FLIC is in preliminary stages of working with the Toronto Zoo to develop a film policy for this equally important film location.

Concerns remain about the impact these policies will have on future filming at Water/Wastewater facilities, Exhibition Place and T.T.C. properties and the impact on production levels. The film and television industry is mobile in nature. This information travels as production personnel take their experiences from job to job and to their home jurisdictions and share tales of their difficult experiences in Toronto. Promotion of Toronto as a location destination becomes quite difficult when film polices are purported to be too restrictive.

Competitive Challenges:

Competition from other international jurisdictions continues to escalate. In December 2002, the Los Angeles Times featured a story on Cape Town, South Africa, describing it as "Africa's most European City and one of the world's most popular television commercial filming locations. The article states that "South Africa's currency, is so depressed that even advertising firms from bargain-basement locations such as Canada, Spain and Australia are flying to this resort town on Africa's chin. Molson's Beer, Nestle, MasterCard, Microsoft and other companies film more than 1,000 television commercials a year in South Africa, pumping \$187 million annually into the local economy." South Africa is also considering the development of film studios.

A number of U.S. states are creating tax policies to keep production south of the border. It was recently announced at the Golden Globe award ceremonies that Governor Bill Richardson has named film star Shirley MacLaine to head a new state film advisory board. Ms. MacLaine will

help promote the film industry in New Mexico and combat runaway production to Canada, New Zealand and Australia. The board will give the new administration advice on film incentives and training programs.

The issue of “runaway production”, U.S. funded production made in Canada, continues to be a very visible and politicized issue – the very term “runaway production” has become synonymous with Canada, more so than any other jurisdiction, including Australia, Florida and Europe. While recent physical demonstrations in front of the convention centre where Locations Expo 2002 was held in Santa Monica were very thin, the press coverage in the trades, the Los Angeles Times and talk radio have been much more visible, vocal and well organized. The lobby efforts of FTAC and others has also resulted in the re-filing of the countervailing tariffs issue.

New Initiatives:

Marketing Material

Marketing staff are working to develop an update to the existing “Wrap It in Toronto” campaign. New features include a series of photographs of location filming sites and new packaging; the packages will be tailored to the needs, specific or general, of film, television and commercial production companies interested in filming in Toronto.

Updated Procedures Manual

The Toronto Film and Television Office procedures manual that has been used by location managers since 1989 as an instructional guide for filming protocol was redesigned. A more user friendly approach was incorporated into the design and improvements were made to provide hands-on assistance for the user. For example, letters of notification to communities that host filming have been redrafted for use in neighbourhoods affected. They will be more informative and variances to the guidelines will be clearly stated. A comprehensive “rate sheet” of City costs will also be included in the guidebook.

TFTO/ DGC Mentorship Program

Preliminary discussions have begun between the TFTO and the Director’s Guild of Canada to establish a mentorship program. Location manager’s (members of the Director’s Guild of Canada) are by and large the key client contacts as far as the permit issuing functions of the TFTO office are concerned. A TFTO staff initiative to establish a partnership program to encourage shared job knowledge and experience was proposed in 2002. The objective of the program is to provide staff of the TFTO and DGC members with an opportunity to understand the pressures and requirements faced by their respective job descriptions. The benefits of such a program are the seamless processing of location filming permit applications, improved departmental contact and community/neighbourhood relations.

Conclusions:

2002 marked the second year of the new service delivery model for the Toronto Film and Television Office. The Office continued to support the film, television and commercial production industry by providing a “one stop” harmonized film permitting service for all City facilities and streets across Toronto.

It is recommended that City Council continue to show support for the film, television and commercial production industry by supporting policies and streamline processes that encourage this important economic sector to work in the City.

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List of Attachments:

- Attachment No. 1 - Value to Total Production Spending in the City of Toronto - 2002
- Attachment No. 2 - Value of Major Production Spending in the City of Toronto – 1992 to 2002
- Attachment No. 3 - Value of U.S. Production Spending in Toronto 1992 to 2002
- Attachment No. 4 - Value of Canadian Production Spending in Toronto 1992-2002
- Attachment No. 5 - Number of Major Productions 1992 to 2002
- Attachment No. 6 - Number of Locations Used / Permits Issued 1992 to 2002
- Attachment No. 7 - Number of Location Filming Projects 1992 to 2002
- Attachment No. 8 - Number of Shooting Days 1992 to 2002
- Attachment No. 9 – Value of Permits Issued for Commercial Production Activity
– 1999 to 2002
- Attachment No. 10 – Value of Shooting Days for Commercial Production Activity
– 1999 to 2002