

# *Strategy to Maximize Incoming Productions for the City of Selkirk*

Consultancy Report from  
Olsberg • SPI



4<sup>th</sup> March 2022

OLSBERG • SPI

## CONTENTS

|       |                                                                           |    |
|-------|---------------------------------------------------------------------------|----|
| 1.    | Executive Summary .....                                                   | 1  |
| 1.1.  | Content and Objectives of the Study.....                                  | 1  |
| 1.2.  | Key Findings .....                                                        | 1  |
| 1.3.  | Summary Recommendations .....                                             | 3  |
| 1.4.  | Remainder of the Report .....                                             | 3  |
| 2.    | Assessment of the Screen Sector in Canada and in Manitoba.....            | 4  |
| 2.1.  | Canada’s Performance .....                                                | 4  |
| 2.2.  | Manitoba’s Performance .....                                              | 6  |
| 2.3.  | Evaluation of Manitoba’s Tax Credit Systems .....                         | 7  |
| 3.    | Assessment of the City of Selkirk’s Industry .....                        | 9  |
| 3.1.  | Overview .....                                                            | 9  |
| 3.2.  | Strengths.....                                                            | 11 |
| 3.3.  | Weaknesses.....                                                           | 12 |
| 3.4.  | Opportunities .....                                                       | 12 |
| 3.5.  | Threats.....                                                              | 14 |
| 3.6.  | Comparable Markets and Best Practices – Case Study: Senoia, Georgia ..... | 14 |
| 4.    | Public Benefits of a Thriving Screen Production Sector .....              | 16 |
| 4.1.  | Generation of Economic Activity .....                                     | 16 |
| 4.2.  | Creation of Highly-Skilled, Productive Employment .....                   | 16 |
| 4.3.  | Creating Substantial Net Inward Investment and Investment Flow .....      | 17 |
| 4.4.  | Capital Investment in Supply Chain and Infrastructure.....                | 17 |
| 4.5.  | Creating Strong Screen Tourism Markets.....                               | 17 |
| 4.6.  | Extending Positive National Branding and ‘Soft Power’ .....               | 18 |
| 4.7.  | Driving Economic Activity in Other Creative Industries .....              | 18 |
| 4.8.  | Talent Development and Knowledge Transfer.....                            | 19 |
| 4.9.  | Enhancing Media Literacy .....                                            | 19 |
| 4.10. | Social Impacts.....                                                       | 19 |
| 5.    | Strategic Recommendations for the City of Selkirk .....                   | 21 |
| 5.1.  | Overview .....                                                            | 21 |
| 5.2.  | Locations.....                                                            | 21 |
| 5.3.  | Physical Infrastructure.....                                              | 21 |
| 5.4.  | Workforce .....                                                           | 22 |
| 5.5.  | Marketing and Communications.....                                         | 22 |
| 6.    | Appendix 1 – The Global Screen Production Market .....                    | 27 |
| 6.1.  | Overview .....                                                            | 27 |
| 6.2.  | Global Audiovisual Production Spend .....                                 | 27 |
| 6.3.  | Current Market Trends .....                                               | 28 |

|      |                                                                           |    |
|------|---------------------------------------------------------------------------|----|
| 7.   | Appendix 2 – Factors Determining the Production Location Decision .....   | 29 |
| 8.   | Appendix 3 – Understanding the Needs of Incoming Producers.....           | 31 |
| 8.1. | Speed of Response.....                                                    | 31 |
| 8.2. | Engagement and Clarity .....                                              | 31 |
| 8.3. | Introductions to Relevant Vendors and Suppliers.....                      | 31 |
| 9.   | Appendix 4 – Impact of COVID-19 Pandemic on Global Screen Production..... | 32 |
| 9.1. | Production Recovery .....                                                 | 32 |
| 9.2. | Increased Costs Related to COVID-19 .....                                 | 33 |
| 10.  | Appendix 5 – About Olsberg SPI .....                                      | 34 |

## **1. EXECUTIVE SUMMARY**

### **1.1. Content and Objectives of the Study**

The City of Selkirk's Sustainable Economic Development Department has commissioned a study to determine how they can best maximize the throughput of screen productions, and gain the greatest public benefits from hosting them. Olsberg•SPI's ("SPI")<sup>1</sup> study will focus on the following areas, and provide recommendations to improve its ability to host a successful and sustainable industry:

- A high-level SWOT analysis of the current Selkirk production eco-system offer in order to identify areas where focus might be needed to fill gaps in provision
- Identifying best practices that Selkirk could adopt in order to attract more incoming productions and ensure their experiences in Selkirk are positive, thereby encouraging repeat business
- Evaluate the effectiveness of the incentive system offered by the province of Manitoba, and identify the system's competitiveness when compared to other systems offered in Canada and the USA
- Identify and demonstrate the range of public benefits that screen production delivers in Selkirk, including economic, cultural and social impacts.

### **1.2. Key Findings**

By all accounts, the global deluge of film and television production will continue for some years to come. International studios and streamers are increasing their budgets and outputs to meet audience demands. In response, jurisdictions of all sizes are strategically investing in their sectors to be competitive and to attract the greatest sustainable volume of production.

This continuing scenario has created opportunities for new production hubs to establish themselves, and therefore benefit from the documented range of impacts this industry can have.

The province of Manitoba already has a strong position in this industry, allied to Canada's well-respected global positioning. Buoyed by a strong and reliable tax credit program, talented crew and a range of locations, the industry base in Winnipeg already had an excellent reputation for attracting runaway productions from the US for the last 15 years. Once the tax credit program is secure, Manitoba's leading position can be maintained, and all signs point to the provincial government having full confidence.

Notwithstanding this positive position, our research shows there remain challenges to maximizing growth potential, primary among which are the need to ensure workforce capacity and sound stages meet these anticipated increased demands.

Based on its close proximity to Winnipeg and having already defined its credentials as a charming and welcoming location, Selkirk has established a firm foundation for a thriving sector that is tied to the fortunes of the capital city.

There are a number of strengths and opportunities to explore, which are summarised below.

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<sup>1</sup> See information about Olsberg•SPI in Appendix 5.

**Table 1 – Summary of SWOT**

| Strengths                                                                                                     | Weaknesses                                                                                                  |
|---------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------|
| Manitoba's tax credit is one of the best in Canada – strong, stable, flexible                                 | Crew capacity in Manitoba is at its limit – primary hindrance to natural expansion                          |
| Selkirk within 'Golden Donut', 45 minutes from Winnipeg – 5% rural filming bonus                              | No studio in Selkirk – limits option for producers to shoot using controlled conditions                     |
| Easy access to oft-used, adapted locations – Rec Arena and Mental Health Centre                               | Unions have safety concerns for crew driving 1.5 hours return between Winnipeg and Selkirk                  |
| Selkirk is very film friendly                                                                                 | No direct flight between Winnipeg and LA                                                                    |
| Costs of living and doing business are lower in Manitoba than other provinces                                 | Occasionally difficult condition of roads between Winnipeg and Selkirk during winter                        |
| Locations are attractive to producers, especially Manitoba Avenue                                             | No high-end hotels, restaurants or range of entertainment for visiting talent and crew                      |
| No similar city competitors so close to Winnipeg with same film infrastructure                                | Parts of Selkirk not included in bonus (south part of city)                                                 |
| Selkirk has effective partnerships with City of Winnipeg and Manitoba Film and Music                          | Mental Health Centre not expandable to accommodate bigger productions                                       |
| Producers strongly support Selkirk industry – repeat visits; building facelifts etc.                          | Could be more recreation and entertainment options in Selkirk for visiting cast and crew                    |
| Film Liaison in City office is considered highly effective                                                    |                                                                                                             |
| Crew base is dedicated, talented, creative                                                                    |                                                                                                             |
| Opportunities                                                                                                 | Threats                                                                                                     |
| Incentivize investment in vacant or under-utilized land for film industry services                            | Alberta is main competitor to Winnipeg/ Selkirk; looks similar with strong tax credit and direct LA flights |
| City can Include permanent structures or improvements in negotiations with producers                          | US competition – Oregon and Utah look similar, though tax credits not as attractive                         |
| Use Selkirk Enterprise Zone Incentive Program for more incentives to producers                                | Major advances in studio provision in Winnipeg could have negative effect on Selkirk                        |
| Improve communication to local public to promote industry, attract local trainees, etc.                       | Rural bonus is mainly useful to big projects; smaller bottom-line impact to smaller projects                |
| Production fatigue of residents in Winnipeg could drive more productions to Selkirk                           |                                                                                                             |
| Political appetite for developing rural areas                                                                 |                                                                                                             |
| A new studio could significantly increase Selkirk's attractiveness – year-round use, cover for winter weather |                                                                                                             |
| Manitoba could add winter bonus to the tax credit to encourage year-round shooting                            |                                                                                                             |
| Selkirk work directly with MFM to ensure consistent presence in marketing campaigns                           |                                                                                                             |
| Rec Centre Arena could be re-purposed for film industry – convert to a sound stage                            |                                                                                                             |

### **1.3. Summary Recommendations**

Based on SPI's research, we recommend that the City of Selkirk build on its foundation and potential and aim to establish itself as a 2<sup>nd</sup> level production hub over the next five years, with Winnipeg remaining the 1<sup>st</sup> level production hub in the province. The goal would be to increase its ability to attract productions to base in Selkirk, independent of its proximity to Winnipeg. A stronger film industry in Selkirk is of significant benefit to Manitoba's overall growth and success as a preferred production location, so Selkirk should continue to nurture and expand its relationships with key provincial agencies.

Ideally, such a hub should provide all of the key services and amenities required by a production: purpose-built studio or sound stage space, especially one that provides virtual production options; production service companies that can provide transportation, lighting and other needs; high-end boutique hotels, restaurants and a range of entertainment options that can make cast and crew stays in the city more comfortable; and more.

Seeking public and private investment partners who have deep experience in the screen industry would be strategic and connecting such investment to the City's various development plans and incentives would ensure a comprehensive and sustainable overall growth path for Selkirk.

To address workforce capacity, which is a global challenge, Selkirk should work closely with its provincial partners to ensure that it is represented in plans to attract and train both persons with transferrable skills, and new persons at all levels.

Finally, the City should develop an annual multi-faceted marketing and communications plan to define its position as an attractive location to its international target markets, by strengthening its brand identity, expanding its website, creating useful production tools, defining its promotional calendar at festivals and markets, advertising in print and digital publications, and joining industry standard associations to increase its global network.

### **1.4. Remainder of the Report**

The remainder of the report provides an assessment of the current state of production, globally, in Canada and in Manitoba. It provides a review of the status of the industry in Selkirk through a SWOT, largely based on confidential consultations with a range of stakeholders.

The report also examines the impact of the COVID-19 pandemic on the global screen industry, discusses the many public benefits of a thriving screen sector, and provides some best practice information that Selkirk can apply to its plans going forward.

## 2. ASSESSMENT OF THE SCREEN SECTOR IN CANADA AND IN MANITOBA

### 2.1. Canada's Performance

Canada continues to actively strengthen its position as one of the leading screen production hubs in the world, providing an expert and attractive environment for film, television and interactive media productions. At the same time, the country has sustained a deliberate focus on the creation and distribution of Canadian film and television content through a network of public agencies and broadcasters that provide critical investment at relevant stages of the value chain.

Some of the key elements that position Canada as a global screen industries leader are:

- Robust and stackable **federal and provincial incentive programs** – Canada's film and television incentive programs are considered to be some of the best in the world, and have been key to luring productions North from Hollywood since the early 2000s
- A network of national agencies that finance, develop and protect **Canadian content, producers and workers**, including Telefilm Canada, the Canada Media Fund, the Canadian Media Producers Association, the Directors Guild of Canada, and the National Film Board of Canada
- Significant numbers of both **above-the-line and below-the-line professionals** across the country, especially in Ontario and British Columbia; as of 2019-2020, the overall industry has created 244,500 jobs<sup>2</sup>
- A well-developed offer of studios, equipment, services and other **mature infrastructure**, and an appetite to expand and **build more traditional and virtual production spaces** to meet global demand, especially in Toronto, Vancouver and Calgary
- Professional and long-standing **expertise in post-production, VFX and animation**, particularly in Vancouver, Montreal and Toronto
- **59 co-production treaties** with countries all over the world, the most of any nation
- Home of the 45-year-old **Toronto International Film Festival (TIFF)**, a globally recognized A-list film festival that programmes both Canadian and international films, and is the world's largest public film festival. Not only does TIFF provide a critical platform through which producers and distributors find global markets for their content, but it also contributes significantly to the economy of the city of Toronto, generating an annual economic impact of \$189 million<sup>3</sup>
- Physical and cultural **proximity to the United States**, presenting an attractive visual and financial alternative to the challenges of shooting there; Vancouver's industry has particularly benefited from being in the same time zone as Los Angeles.

Canada's increasing success as a global production hub is borne out by the latest figures around the industry's performance. For the period 1<sup>st</sup> April 2019 - 31<sup>st</sup> March 2020, the total volume of film and television production in Canada dipped by 1.1% to \$9.3 billion, from the previous record year of \$9.32 billion (the dip is attributed to the decrease in Canadian productions); from 2011-2020, the overall value of productions more than doubled over the 10-year period.

Over the past decade alone, foreign location and service production saw an increase of 180% in Canada, while Canadian content production volume has increased by only 20%. The growth of the Canadian film industry therefore continues to largely be driven by the foreign location and service production segment, which reached an all-time high volume in 2020 of \$5.25 billion.<sup>4</sup>

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<sup>2</sup> [CMPA releases economic report on Canadian film and TV production sector](#). CMPA website, 20<sup>th</sup> May 2021

<sup>3</sup> [2019 Toronto International Film Festival Fact Sheet](#). TIFF, 20<sup>th</sup> August 2019

<sup>4</sup> [CMPA releases economic report on Canadian film and TV production sector](#). CMPA website, 20<sup>th</sup> May 2021

All indicators point to continued growth and expansion in servicing incoming productions.<sup>5</sup> Even during the pandemic, the scale of screen activity meant that Canadian studios, sound stages and production talent remain in high demand, resulting in crew capacity challenges and waiting lists for space. Recent trade news indicate that Canada is at the forefront of the 'post-COVID' rise of virtual studio production<sup>6</sup>, with streamers and other investors setting up new spaces, boosted by the existing comfort with technology among the country's VFX professionals, as "Canadian artists already skilled at digital set construction and virtual art-department work are now being trained industry-wide to operate next-generation virtual production stages".<sup>7</sup>

In other examples of Canada's leadership position, Ontario Creates recently announced that studio capacity is expected to expand in the province by 2.1 million sq ft (or 60%) in the next three years to 5.3 million sq ft.<sup>8</sup>

Along with the effects of the pandemic, the local Canadian screen industry has been facing some larger questions around sustainability and the ability to successfully evolve to meet national and global industry changes. In 2021, an Act to Amend the Broadcasting Act (Bill C-10) in the Canadian Senate did not succeed; the intent was to "bring web giants in line with other Canadian broadcasters in their obligations toward Canadian content, both in terms of making it discoverable, and in providing for the ecosystem that creates it".<sup>9</sup> The Bill would have mandated that US streamers and online broadcasters pay for the production of Canadian content, as broadcasters and cable companies have been compelled to do through a share of revenues.<sup>10</sup> In February 2022, the new Heritage Minister reintroduced the bill with some updates (The Online Streaming Act – Bill C11), but discussions continue as to its efficacy as well as the future of the Canadian film and television industry.<sup>11</sup>

Canadian producers are also calling for change and evolution of the industry in terms of how local content is handled. In 2021, executives at the Canada Media Fund and the Department of Canadian Heritage hosted a series of consultations with a wide range of nearly 1,000 stakeholders across the country. Among many key takeaways, the resulting published report pointed to a "...need for extensive change in the CMF's funding model. There was support across the consultation for the CMF to move towards a more flexible, content-centric, platform-agnostic approach that will help our intellectual property (IP), creators and content succeed at home and in the global marketplace".<sup>12</sup>

Both of these examples demonstrate open communication, the recognition of the gaps and the intent to find collective solutions to the industry's challenges, which positively positions Canada to continue to grow its global industry market share in the coming years.

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<sup>5</sup> [Canada predicts film relocation surge amid Russia's Ukraine invasion](#). The Hollywood Reporter, 24<sup>th</sup> February 2022

<sup>6</sup> Virtual production offers the flexibility of seamlessly creating exotic locales – even imaginary ones – within the confines of a sound stage. The Disney series *The Mandalorian* was the first production to use this technology, developed and produced by Industrial Light and Magic (ILM) at its StageCraft facility near Vancouver.

<sup>7</sup> [Virtual production is driving a post-COVID boom in Canada](#). The Hollywood Reporter, 31<sup>st</sup> January 2022

<sup>8</sup> Ibid.

<sup>9</sup> [What fate ahead for Bill-C10?](#) Centre for International Governance Innovation, 23<sup>rd</sup> August 2021

<sup>10</sup> [Netflix to open Canadian office, hire local exec](#). The Hollywood Reporter, 11<sup>th</sup> February 2021

<sup>11</sup> [Online Streaming Act Bill C-11 repeats Bill C-10's mistakes](#). OpenMedia, 17<sup>th</sup> February 2022

<sup>12</sup> [Spark Courage: What We Heard; 2021 Consultations Summary Report](#). Canada Media Fund, 17<sup>th</sup> June 2021

## 2.2. Manitoba's Performance

### 2.2.1. Introduction

For the last 30 years, the province of Manitoba has been steadily growing its film and television industry to service both incoming and homegrown productions. Largely based in Winnipeg, with increasing spillover primarily to neighbouring Selkirk, the industry is considered by stakeholders to be mature, with some room for measured growth and expansion. Regular production has been taking place for about 30 years, with both the complexity and number of projects accelerating in the last few years, and producers regularly returning to leverage its advantages. A sector that attracted a reported \$7 million in production 24 years ago, is projected to attract \$330 million in 2022.

Up to 15 years ago, the industry was fragile enough where a pandemic of a scale that the globe is currently experiencing would have caused major setbacks; today, the industry has survived and indeed, has already ramped up to its pre-pandemic levels, due to its strength and reliability.

According to the latest Canadian Media Producers Association Profiles 2020 report, Manitoba has experienced a steady increase in film and television productions over the past five years, stymied only recently by the pandemic. The total volume of film and television production amounted to \$157 million in 2017-2018. It jumped to \$251 million in 2018-2019, with totals falling off slightly in 2019-2020 to \$242 million.<sup>13</sup>

Recent high-profile productions that have chosen to shoot in Winnipeg, Selkirk and other parts of the province include David Slade's *Dark Harvest* (2022), *Champion* featuring Woody Harrelson (2022), *Nobody* (2021) featuring Bob Odenkirk, Sean Penn's *Flag Day* (2021), *The Ice Road* (2021) starring Liam Neeson, and the four-season series *Burden of Truth* starring Kristin Kreuk.

Earlier global hit films that shot in the province and helped develop the industry include *The Italian Job* (2003) starring Mark Wahlberg, *X2: X-Men United* (2003), *Journey to the Centre of the Earth* (2008) with Brendan Fraser, and Lasse Hallström's *A Dog's Purpose* (2017).

A number of feature films are currently shooting in the province, maxing out its three-four crew capacity, with many critical roles in demand. According to ACTRA Manitoba, there are five feature films and one TV series shooting or commencing principal photography in the province between January and April 2022.<sup>14</sup>

Manitoba stands firmly in the face of its provincial and US competition for a few reasons. It has all the infrastructure and locations required for principal photography. As a relatively small but modern and vibrant city of 1.5 million inhabitants, the industry centre being based in Winnipeg is a strength, because it avoids splitting production resources, as is the case in Alberta with Calgary and Edmonton. There is a strong sense of community, a welcoming, film-friendly environment, an active and well-equipped film commission in Manitoba Film and Music, and a robust and reliable package of tax credits.

### 2.2.2. Challenges

During Manitoba's second pandemic-related production shutdown in late 2020-early 2021, the province lost crew members, who moved out for work. Combined with the production surge currently taking place, the three-four deep crew base is at maximum capacity.

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<sup>13</sup> [Profile 2020: Economic Report on the Screen-Based Media Production Industry in Canada](#). Canada Media Producers Association, May 2021

<sup>14</sup> [What's Shooting](#). ACTRA Manitoba

In addition, prior to the pandemic, there was a rise in series production (primarily from the US), which quickly pushed the province's infrastructure and resources to maximum capacity. This demonstrated a ramp-up in industry activity that it was not prepared to sustain. While the industry rose to the occasion, it highlighted a need for measured and sustainable expansion, fully supported by all the relevant film agencies and the provincial administration. This is especially important, due to the interest in ensuring that there is capacity to serve both provincial and incoming service productions.

As has been mentioned, there is no direct flight between Los Angeles and Manitoba, as the current volume does not justify this update for airlines. Most of the province's clients come from Los Angeles, and while this does not appear to be a significant challenge at this time, it is worth considering in the context of its competitors.

### 2.2.3. Studio Infrastructure

At this time, the province-owned Manitoba Production Centre, based in Winnipeg, is the only purpose-built studio available. We are told it is currently in the process of negotiating long-term leases with single source clients, which could have an adverse effect on the thriving industry by taking capacity off the table.

As Selkirk has made use of the Rec Centre Arena and the Mental Health Centre as adapted locations, SPI understands that producers tend to do the same in Winnipeg, leasing warehouses and unused buildings to establish sets. As the industry continues to mature and reach its current maximum potential, there is likely to be a tipping point where the lack of purpose-built studios becomes a larger hindrance, especially when other Canadian provinces like British Columbia and Ontario are actively and regularly welcoming new studio builds.

Recent reports indicate that, in line with the current global trend, at least two other studios are being planned for construction in Winnipeg: a three-sound stage facility in the R. M. of Headingley,<sup>15</sup> and a 137,000 sq ft facility by Big Sky Studios.<sup>16</sup> We are not able to define if and when these facilities would come onstream.

### 2.3. Evaluation of Manitoba's Tax Credit Systems

The Manitoba Film and Video Production Tax Credit is considered to be one of the strongest in Canada, and highly competitive globally. Below is a summary comparison of Manitoba's tax credits with its most direct comparable market, Alberta, and those of the top provincial production hubs, Ontario and British Columbia.

**Table 2 – Comparison of Levers of Tax Credit Programmes Among Regional Competitors<sup>17</sup>**

| Element                          | Alberta    | Manitoba                    | Ontario                             | British Columbia |
|----------------------------------|------------|-----------------------------|-------------------------------------|------------------|
| Labour and production tax credit | -          | 30% production<br>45% labor | 18% (animation and special effects) | 28% labor        |
| All-spend tax credit             | 22% or 30% | 38%                         | 21.5%                               | -                |
| Rebate                           | -          | -                           |                                     | -                |

<sup>15</sup> [Movie studio heading to Headingley](#). Free Press Community, 21<sup>st</sup> December 2021

<sup>16</sup> [Manitoba plans new 137,000-square-foot film studio](#). The Hollywood Reporter, 16<sup>th</sup> July 2021

<sup>17</sup> [Global Incentives Index 2021](#). World of Locations, November 2021

| Element                      | Alberta                                        | Manitoba                                                         | Ontario | British Columbia                                                                                    |
|------------------------------|------------------------------------------------|------------------------------------------------------------------|---------|-----------------------------------------------------------------------------------------------------|
| Per-project cap              | No cap (as of early 2021)                      | No cap                                                           | No cap  | No cap                                                                                              |
| Programme budget             | \$70 million (increased in 2022) <sup>18</sup> | No cap                                                           | No cap  | No cap                                                                                              |
| Deeming provision or similar | No                                             | Yes – 10-30% of eligible salaries                                | No      | No                                                                                                  |
| Uplifts                      | No                                             | 10% frequent filming<br>5% rural filming<br>5% Manitoba producer | No      | Regional tax credit 6%<br>Distant Location 6%<br>Digital animation, visual effects and post-pro 16% |
| Sunset date                  | None                                           | None                                                             | No      | None                                                                                                |
| Domestic funds               | 25% grant                                      | 40% tax credit                                                   | -       | -                                                                                                   |

Apart from the generous percentage figures, Manitoba exceeds its regional competitors by offering a deeming provision that creates opportunity for the transfer of skills and knowledge to in-province crew personnel, offers a range of tax credit options (production, labor and all-spend), and offers several uplifts (only rivalled by British Columbia), which has allowed Selkirk to be an attractive option for the rural bonus due to its distance from Winnipeg.

In addition, the straightforward and reliable processing of the tax credit in Manitoba makes it a top element of the attraction for shooting in the province.

<sup>18</sup> [Alberta's \\$70-million boost in film and TV tax credits welcomed by industry](#). Edmonton Journal, 27<sup>th</sup> February 2022

### **3. ASSESSMENT OF THE CITY OF SELKIRK'S INDUSTRY**

#### **3.1. Overview**

Our research strongly suggests that the City of Selkirk has the potential to improve its ability to attract productions, provided that some key investments be made, and critical growth factors be addressed. In the last 15 years, the City has hosted more than 100 films, television series and documentaries, largely sharing location duties with Winnipeg, where productions generally base due to access to a range of amenities.

It is clear that for the last several years, Selkirk has been proactive about the overall development of the city's infrastructure and living standards through the introduction of an overall strategic plan, as well as more detailed development plans for the West End and for Downtown. The current surge of City-led revitalization, combined with the presence of some key film industry infrastructure such as attractive rural-prairie-small town locations, access to some convertible covered buildings for makeshift sound stages, potential access to more than 3,200 private and public parking spaces, a film friendly environment and a dedicated Film Liaison, strongly position Selkirk to build on a solid foundation for the projected future growth of the film industry.

Selkirk was recently recognised alongside cities like London, Boston, Toronto and others for its adoption of global ISO data standards to drive and inform city planning and infrastructure project implementation.<sup>19</sup> In addition, the City's recent development and launch of a new brand identity speaks to a serious intent to clearly define itself and to effectively communicate its attributes as a unique and attractive location for a range of interests.<sup>20</sup>

In this section, we examine the Strengths, Weaknesses, Opportunities and Threats (SWOT) gathered from SPI's primary and secondary research. The table below summarises the SWOT results, followed by more detailed explanations.

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<sup>19</sup> [Selkirk goes platinum and joins elite list of global cities](#). City of Selkirk, 14<sup>th</sup> September 2020

<sup>20</sup> [City of Selkirk branding](#). ION Design

**Table 3 – Summary of SWOT**

| Strengths                                                                                                     | Weaknesses                                                                                                  |
|---------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------|
| Manitoba's tax credit is one of the best in Canada – strong, stable, flexible                                 | Crew capacity in Manitoba is at its limit – primary hindrance to natural expansion                          |
| Selkirk within 'golden donut', 45 minutes from Winnipeg – 5% rural filming bonus                              | No studio in Selkirk – limits option for producers to shoot using controlled conditions                     |
| Easy access to oft-used, adapted locations – Rec Arena and Mental Health Centre                               | Unions have safety concerns for crew driving 1.5 hours return between Winnipeg and Selkirk                  |
| Selkirk is very film friendly                                                                                 | No direct flight between Winnipeg and LA                                                                    |
| Costs of living and doing business are lower in Manitoba than other provinces                                 | Occasionally difficult condition of roads between Winnipeg and Selkirk during winter                        |
| Locations are attractive to producers, especially Manitoba Avenue                                             | No high-end hotels, restaurants or range of entertainment for visiting talent and crew                      |
| No similar city competitors so close to Winnipeg with same film infrastructure                                | Parts of Selkirk not included in bonus (south part of city)                                                 |
| Selkirk has effective partnerships with City of Winnipeg and Manitoba Film and Music                          | Mental Health Centre not expandable to accommodate bigger productions                                       |
| Producers strongly support Selkirk industry – repeat visits; building facelifts etc.                          | Could be more recreation and entertainment options in Selkirk for visiting cast and crew                    |
| Film Liaison in City office is considered highly effective                                                    |                                                                                                             |
| Crew base is dedicated, talented, creative                                                                    |                                                                                                             |
| Opportunities                                                                                                 | Threats                                                                                                     |
| Incentivize investment in vacant or under-utilized land for film industry services                            | Alberta is main competitor to Winnipeg/ Selkirk; looks similar with strong tax credit and direct LA flights |
| City can Include permanent structures or improvements in negotiations with producers                          | US competition – Oregon and Utah look similar, though tax credits not as attractive                         |
| Use Selkirk Enterprise Zone Incentive Program for more incentives to producers                                | Major advances in studio provision in Winnipeg could have negative effect on Selkirk                        |
| Improve communication to local public to promote industry, attract local trainees, etc.                       | Rural bonus is mainly useful to big projects; smaller bottom-line impact to smaller projects                |
| Production fatigue of residents in Winnipeg could drive more productions to Selkirk                           |                                                                                                             |
| Political appetite for developing rural areas                                                                 |                                                                                                             |
| A new studio could significantly increase Selkirk's attractiveness – year-round use, cover for winter weather |                                                                                                             |
| Manitoba could add winter bonus to the tax credit to encourage year-round shooting                            |                                                                                                             |
| Selkirk work directly with MFM to ensure consistent presence in marketing campaigns                           |                                                                                                             |
| Rec Centre Arena could be re-purposed for film industry – convert to a sound stage                            |                                                                                                             |

### 3.2. Strengths

There are some key factors that were consistently communicated by consultees as critical strengths of the film industry in Manitoba, Winnipeg and Selkirk.

The **Manitoba Film and Video Production Tax Credit** is considered to be one of the best in Canada, and highly competitive globally, due not only to its generous percentages, but also to its flexibility, with no restrictions, points or minimum spend, apart from hiring local crew. Combined with the low cost of living and doing business in Manitoba, the province continues to draw productions due to the significant positive impact on the bottom line; the recent removal of the program's sunset clause has only served to increase trust.<sup>21</sup>

The terms of the **deeming provision** that allow for key heads of department to be brought in once they are not available in-province are considered to be reasonable. Consultees shared that such is the strength of the tax credit program, that if it were to be removed, the industry would see significant decreases in activity.

While the **5% rural filming bonus** that productions receive for shooting in Selkirk is positive, some consultees expressed that it is not a dealbreaker; there are other compelling reasons for shooting there. The difference between 60% and 65% to the budget is mainly significant to larger productions. Further, Selkirk's proximity to Winnipeg positions it perfectly within the 'golden donut' that allows the 5% to be applied; it has no immediate competition from neighbouring cities, as there are no similar locations with some infrastructure, access to the bonus and a film friendly environment. Cities like Brandon and Gimli are too far away to fully benefit.

In the absence of purpose-built studio space, access to the Selkirk Mental Health Centre (managed by Strategic Policy Branch of Manitoba Sport, Culture and Heritage) and the Rec Centre Arena downtown (managed by the City of Selkirk) were considered to be acceptable **primary adapted locations**. Arrangements for accessing them seem to be straightforward, with little red tape. Availability of a range of parking lots also managed by the City are valuable as base camps.

The City of Selkirk is reported to be an extremely **film friendly city**, which is a critical strength. Citizens at all strata of the community have demonstrated active support for and interest in the film industry's success. From businesses and citizens accommodating production inconveniences, to City agencies supporting the Film Liaison in her ability to provide quality service to clients, to the Mayor and his office publicly speaking about the benefits of the industry to Selkirk, film friendliness is key to establishing a strong repeat client base who can provide positive recommendations to other producers considering shooting there.

Further, the foresight of the City to hire a **Film Liaison** has been widely praised. Centralizing requests and service activation through this role has improved logistics for producers; at the same time, working directly with producers who come to Selkirk allows for a high quality of data tracking, which can support the Film Liaison's reporting and measurably demonstrate the industry's growth. These positive qualities about the City's attitude to growing the industry have also resulted in producers expressing strong support through making donations to local charities, leaving permanent infrastructure or improved buildings after production, and making repeat business and tourism visits.

Selkirk's **specific locations** are also considered to be of great benefit. Producers have been keen to access the 'postcard' small-town look it provides, in such close proximity to the hub of provincial production in Winnipeg. The producers of the series *Burden of Truth* have made the river and the town characters in the story, and recent Hallmark films have taken advantage of

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<sup>21</sup> [Film tax credit doubles, sunset clause removed as Manitoba film industry booms](#). CTV News, 11<sup>th</sup> March 2019

the idyllic feel of a small North American town. Combined with the 25-45-minute drive from Winnipeg, the locations are an advantage that can be highlighted in future city and provincial marketing campaigns.

Finally, the City of Selkirk benefits from cultivating **healthy relationships with the City of Winnipeg** – which often recommends Selkirk to producers – and with Manitoba Film and Music, the provincial film commission. Selkirk's signalled intent to expand the number and value of productions that shoot there will only be strengthened by nurturing mutually beneficial relations with these key agencies.

### **3.3. Weaknesses**

There are a few gaps that have been noted with regard to shooting in Manitoba, and by extension, Winnipeg and Selkirk.

**Crew capacity** is at its limit in the province; the crew depth is three-four, and several producers expressed that if there are three productions shooting at the same time, producers are hard-pressed to hire a top quality fourth crew. Compared to other production hubs like Louisiana, which has crew depth of 10-11 that can be comfortably working at the same time, crew depth is clearly the province's primary hindrance to natural expansion. Of course, crew shortage is a global challenge, given the production deluge of the last few years, and ideally should be addressed at the provincial level to service the sustainable growth of the overall industry.

In terms of studio space, the Manitoba Production Centre in Winnipeg provides the only such purpose-built property in the province, and reportedly plans to enter long-lease arrangements over the next few years. As mentioned above, while producers have had good results with adapted locations, it was repeatedly expressed that the **lack of studio space** can limit options for shooting through controlled conditions, which is a genuine consideration for Manitoba, given the long and challenging winters.

While some shared that the **distance between Winnipeg and Selkirk** was relatively short, it was perceived as a challenge by others in terms of potential safety concerns, when crew based in Winnipeg must make go-minute return drives daily on top of long shooting days. Further, the highway that connects the cities can sometimes close during particularly bad times in winter, potentially affecting productions that have their bases in Winnipeg and are shooting a few days in Selkirk.

At this time, there is **no direct flight between Los Angeles and Winnipeg**, unlike other Canadian production hubs, Calgary and Vancouver. While currently, this is not a dealbreaker, travel between the cities takes longer with a stopover than going to other parts of Canada.

In Selkirk itself, the **absence of high-end hotels or restaurants** and a range of **entertainment** for visiting talent and crew does limit the ability to base productions there for longer than a few days and requires the additional logistics of commuting between the cities.

Finally, the **Mental Health Centre**, which is regularly used as an adapted location, is **not expandable** and therefore can only accommodate a certain size and budget of production. At the time of the consultation phase, the Centre was unavailable to productions as it was being used as an emergency overflow facility for the pandemic; SPI is advised that it is scheduled for demolition.

### **3.4. Opportunities**

SPI sees a number of key opportunities specifically for improving the film industry in Selkirk.

Based on the City's Downtown Renewal Strategy, there are some elements that can potentially be leveraged to grow the industry in tandem with plans to improve the quality of life and access

to a “vibrant, safe and attractive downtown area”.<sup>22</sup> According to the Strategy, Selkirk has vacant or under-utilized land. Tying in to one of the key objectives to increase economic activity in the City, officials can consider focusing attention on encouraging and **incentivizing investment specifically for the film industry** – creation and physical location on city land of service companies, transportation companies, dedicated parking lots for base camps with built-in power supplies, and other services required by productions; the creation and expansion of recreation and entertainment spaces like high-end boutique hotels, restaurants, bars etc.

Both above-the-line talent and below-the-line production crew would be able to use these services while shooting, creating an overall more comfortable experience, and reducing the need to commute from Winnipeg. This approach would not only service both the revitalization strategy and the film industry, but also boost the tourism industry by providing more options for leisure visitors and create employment for Selkirk’s citizens.

Also based on the Downtown Renewal Strategy, the “Selkirk Enterprise Zone Incentive Program will be designed to provide incentives for Business Creation & Expansion, Façade & Site Improvement, Housing, Brownfield Remediation, and Heritage”. There is an opportunity to **include permanent building of structures or improvement of spaces as part of negotiations with production companies**. Once aligned, productions can be included in the City’s plans by incentivizing their creating sets or buildings for their productions, and then leaving them as permanent additions to the city’s growth.

In addition, as Winnipeg appears set to reach its production capacity limits, and its residents experience some production fatigue, there is the potential for Selkirk to attract more productions, if there are some key elements that establish the city as a **small production hub**, and make it more feasible for a production to spend more time there.

The introduction of a **small studio or sound stage** in Selkirk would increase attractiveness for longer shoots, according to several consultees. Not only could it be used year-round, providing cover for shooting in the difficult winter months, but it could also increase spend in local service businesses, such as construction. This becomes an even more valuable consideration as the Manitoba Production Centre, the only purpose-built studio in the province, is aiming to secure long-term, multi-year leases for production space, effectively removing the only current option for such a facility in Manitoba. Financial and land access incentives could be offered to investors, tied into the Downtown Renewal Strategy.

In the short-to-medium-term, the **downtown Rec Centre Arena could be re-purposed** for the film industry and converted into a small sound stage. Currently used regularly by productions, it would be beneficial to the local sector to invest in improving its facilities to more specifically suit their requirements and be used year-round.

In terms of the existing provincial tax credit program, if there is a commitment to build a studio or sound stage in Selkirk, the City could work with Manitoba Film and Music to introduce a **small winter tax credit bonus** as an added incentive for productions to try out the studio once complete. This accommodation and encouragement of year-round shooting is not only positive for Selkirk, but for overall production spend in Manitoba.

A key opportunity ahead of the City of Selkirk is the improvement of its consistent **communication to the local public** about the benefits of the film industry. Current efforts can be ramped up to regularly build public awareness about the financial, social and brand value of the industry to the City, interest and recruit locals to train and work in the industry, thank residents and businesses for their ongoing support, and highlight the films and television shows that have shot there to create excitement and enhance pride in the City. Connected to this is the potential for Selkirk’s presence in the Manitoba Film and Music’s international

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<sup>22</sup> [Selkirk Downtown Renewal Strategy](#). City of Selkirk website

marketing campaigns to be expanded, highlighting all that Selkirk has to offer, especially with the addition of services and capacity described in this section.

Selkirk can also have a role in addressing the **wider crew capacity issues**, by working with the **high schools** to introduce students to film and television production. This can create career interest that can encourage some students to pursue this type of work once they leave school.

### 3.5. Threats

In terms of threats, there are a few points that Selkirk should consider as it plans for the film industry going forward.

**Alberta** has been identified as the **main provincial competition** to Manitoba, with some similar locations and a strong tax credit that was recently updated, as well as the \$10 million-per-project cap removed. While the province's oil and gas revenues have been affected by global trends, they are actively investing in expanding the industry, including earmarking \$70 million for the 22%/30% tax credit in 2022/2023<sup>23</sup>. Direct flights between Los Angeles and Calgary also provide a strong boost to location decisions. Due to the industry currently operating at maximum capacity, they are reportedly turning productions away.

In addition, Manitoba also faces **competition** from the US states of **Oregon and Utah**, which have similar locations; however, their tax credits are not as robust and attractive.

Specifically for Selkirk, the film industry's fortunes are currently tied to the province and to the city where the primary activity is based. **Selkirk largely depends on productions choosing to shoot in Winnipeg**, to then attract part of the production for a few days (with notable exceptions such as *Burden of Truth*, with most of the production shot in Selkirk). Major advances in studio provision in Winnipeg could have direct effects on Selkirk.

### 3.6. Comparable Markets and Best Practices – Case Study: Senoia, Georgia

As a comparably sized city in close proximity to a production hub, Senoia in the US state of Georgia provides a useful case study of the benefits of measured, structured and visionary industry investment.

A city of about 5,000 citizens located 35 minutes south of Atlanta, Senoia had already hosted well-known productions before its renaissance, including *The Fighting Temptations* (2003), *Pet Sematary II* (1992), *Fried Green Tomatoes* (1991), and *Driving Miss Daisy* (1989); the production base was Riverwood Studios, founded in 1989. While a solid crew base developed in Georgia during this time, the attractive packages offered by Canada in the early 2000's lured productions from the US, and the industry suffered.

Encouraged by the introduction of Georgia's 30% tax credit program in 2008, the owners of Riverwood Studios agreed in 2010 to investment and long-term management by the Los-Angeles firm Raleigh Studios, at the time the longest continually-operating studio in the US, with studios in five cities.<sup>24</sup> According to the investors: "The tax incentives offered by Georgia make a substantial difference in the financial considerations that were understandably linked to Raleigh's decision on RiverWood."<sup>25</sup>

Raleigh not only brought their deep studio management expertise and international production connections, but also a range of service companies to establish branches that provided transportation, VFX, props, lights, trussing, tax credit financing and more, effectively turning Riverwood Studios and Senoia into a one-stop production hub.

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<sup>23</sup> [Alberta's \\$70-million boost in film and TV tax credits welcomed by industry](#). Edmonton Journal, 27<sup>th</sup> February 2022

<sup>24</sup> [Hollywood moviemakers move into our neighborhood](#). The Citizen, 21<sup>st</sup> September 2010

<sup>25</sup> Ibid.

The head of Riverwood also made significant real estate investments in a dying town. Many of the Main Street buildings had stood empty, but the town had a quaint and historic feel as well as lots of open space that would prove valuable.

AMC's *The Walking Dead* (2010-2022) moved its production base from the second season onward to Senoia and Riverwood and has been largely responsible not just for the revival of the town, but for the explosion of employment, new business opportunities, residential development, and economic value for both Senoia and the state of Georgia. In a 2018 interview, the Deputy Commissioner of the Georgia Film, Music and Digital Office declared that before the incentive passed, in 2007 they were attracting \$217 million of economic impact, and that figure has risen to \$9.5 billion in 2018, largely attributable to *The Walking Dead*.<sup>26</sup>

Five retail storefronts in 1999 turned into 65 by 2018, domestic and international screen tourism has been booming, and the series has spawned equally successful spinoffs with committed fans that guarantee its relevance for some years to come.<sup>27</sup> As of 2018, Senoia itself is home to several producers, actors, set workers, and other film industry professionals. People who used to live out West and commute for shoots decided to move to Georgia – and Senoia specifically – full-time.

In 2017, AMC bought Riverwood Studios; while *The Walking Dead* will wrap series production in 2022, the impact of the strategic investment has left a lasting legacy for all involved, including for the Senoia City Council, now with valuable assets and a thriving city to manage.<sup>28</sup>

There are some key points here to note for Selkirk. Riverwood attracted a development partner that had significant experience as well deep connections in the industry, so they could rely on their expertise to expand the studio according to producer requirements. All parties involved – city officials, local and incoming investors, and citizens – were committed to preserving the elements of the city that made it unique, while enhancing and modernizing it to attract economic activity. Finally, Senoia leveraged the state's competitive tax credit package to set itself ahead of the Hollywood exodus trend and helped to establish Georgia as a leading global production hub, a position it still holds today.

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<sup>26</sup> [A \\$9.5 billion impact: How TV and 'The Walking Dead' are transforming Georgia](#). The Internet and Television Association (NCTA), 20<sup>th</sup> March 2018

<sup>27</sup> [How Senoia became the epicenter of the Georgia film boom](#). NPR, 30<sup>th</sup> November 2018

<sup>28</sup> [Road reopening, walls coming down after 'Walking Dead' leaves](#). The Newnan Times Herald, 2<sup>nd</sup> March 2022

#### 4. PUBLIC BENEFITS OF A THRIVING SCREEN PRODUCTION SECTOR

There are a standard range of benefits that production in the screen industries can generate, especially those that operate a successful incentive system. The first consideration is to ensure that all the public benefits of production are clearly explained to government and legislators, including economic and cultural components. In summary, these are:

1. Increase in **Gross Value Added (GVA) or Gross Domestic Product (GDP)**, which is a broad quantitative measure of a nation's total economic activity.
2. Most jobs created by productions require a **highly skilled and well-educated workforce**, including full-time employees and freelance workers. A mobile and flexible labour pool is created with skills and abilities that are **transferable** into other screen-based industries, at home and abroad.
3. **Inward investment**: independent films produced in a jurisdiction are likely to involve a variety of funding sources, including from outside, contributing to a positive trade balance.
4. A healthy and stable screen industry can attract **private sector capital investment** in facilities and infrastructure.
5. When international audiences see a nation's stories and locations through a positive, often shared entertainment experience, it can have a significant impact on visitor rates, a phenomenon known as **screen tourism**.
6. Film and television content, when seen by audiences locally and internationally, have become known as major contributors to **national brand building**. Similarly, independent films and television programmes can also deliver **soft power effects**.
7. Film and television productions deliver unique value to governments seeking to expand these sectors because they are known to **be important drivers of activity across a range of other creative industries**. Productions normally spend their budgets in sectors that include theatre, design, fashion, art, music, digital video, publishing, advertising, crafts and architecture.
8. Bringing international production projects into any jurisdiction has the potential to rapidly assist in developing production and post-production capabilities, through the **transfer of skills and expertise** from visiting professionals to locals, and through **talent development** from on-the-job exposure to industry standards.
9. **Media literacy** is the ability to create, analyse and evaluate messages across a wide variety of media modes, genres and formats. The skills developed by many film workers include these competencies, and are essential for any jurisdiction's ability to educate, inform and entertain.
10. The **social impacts** of a thriving screen sector can be a key contributor to the cultural soul of a community, through creating historical records, connecting with people, and promoting diversity.

##### 4.1. Generation of Economic Activity

There are proven methods of identifying the economic impact of the economic activity generated by screen production. This usually uses analysis involving Input-Output (I-O) tables, with the most common metrics including GVA or GDP, as well as full-time equivalent (FTE) job creation. Key metrics that are also important to measure include additionality – i.e., identifying the increased national economic activity attributable to a specific investment or initiative such as an incentive, and return on investment.

##### 4.2. Creation of Highly-Skilled, Productive Employment

An expansion of production activity normally creates substantial new employment. This will include full-time employees, although the majority are likely to be freelance workers, which is typical for the screen production industries worldwide.

In addition, the creative industries in general have emerged over the last decade as vitally important for the economic agenda of many governments around the world. The normal screen production process employs a wide range of creative activity, from initially writing the screenplay or teleplay through to production, to marketing and distribution of the final product. Most jobs created by Screen production require a highly-skilled and well-educated workforce, which can stimulate a mobile and flexible labour pool. Screen production requires innovative and creative individuals that are difficult to replace with robots or other forms of Artificial Intelligence. This is why many countries consider employment in this sector to be the 'jobs of the future'.

#### 4.3. Creating Substantial Net Inward Investment and Investment Flow

An advantage of most incentive systems is that they generate positive cash flows into a jurisdiction, and therefore are not a drain on central government finance budgets. This is because of the substantial inward investment amounts contributing to the production budget, and the fact that a rebate is only provided many months after the expenditure has been made. This means the system delivers a cash positive effect regarding any project that chooses to locate in the jurisdiction concerned.

#### 4.4. Capital Investment in Supply Chain and Infrastructure

Any incentive system regarded as being stable and permanent is likely to generate an increase in private sector infrastructure investment in production, post-production and other digital facilities and services. This will involve constant upgrading in a variety of areas, including equipment, facilities, services, camera, lighting, digital labs, audio and sound post-production, VFX and many other departments involved in servicing such productions. These investments can have the positive impact of increasing overall confidence in the industry for both local and international producers, as more and more production requirements become available.

#### 4.5. Creating Strong Screen Tourism Markets

Research conducted over the last 10 years has demonstrated a direct link between successful location-based film and television drama, and the rise of the phenomenon known as screen tourism. Increasingly, visitor decisions are driven by the stories, locations and experiences of their favourite content. There are many well-known examples:

- The Hobbiton set built in the town of Matamata-Piako in New Zealand 20 years ago for *The Lord of the Rings* has seen visitor numbers increase from 25,000 to 600,000 per year, with the majority being international guests.<sup>29</sup> The set is New Zealand's third largest tourist destination, contributing \$78 million annually to the economy.
- *Peaky Blinders* has transformed tourism in Birmingham and the wider West Midlands region, attracting a record 42.8 million tourists in 2018.<sup>30</sup> International visitor numbers rose in the UK's second largest city by 19% to 1.1 million between 2013 and 2018, with the number coming from the US – where *Peaky Blinders* has been a big hit – rising by 50%. Officials estimate that overseas visitors spent about £17 million last year on screen tourism-related trips. Notably, the series is not shot in Birmingham, but the series' real-life association with the city has had a direct positive impact on tourism.
- *Game of Thrones* was shot in locations all over the world over its eight-season run, but Northern Ireland is the location that has made itself synonymous with the series, and has seen tremendous screen tourism and branding benefits as a result. According to NI Screen, it is estimated to have brought in £251 million to the economy since production began in 2010.<sup>31</sup> Figures from Tourism NI suggest that 350,000 people come to

<sup>29</sup> [From rural town to film fame: how Matamata has changed since the boon of Hobbiton](#). Stuff, 22<sup>nd</sup> June 2019

<sup>30</sup> ['Peaky Blinders' mania put Birmingham on global 'screen tourism' map](#). The Guardian, 2<sup>nd</sup> September 2019

<sup>31</sup> [Game of Thrones is 'game changer' for NI tourism](#). BBC, 21<sup>st</sup> May 2019

Northern Ireland every year just for *Game of Thrones*-related locations and experiences, which is one in six leisure visitors.

#### 4.6. Extending Positive National Branding and 'Soft Power'

The same effects that are experienced by potential tourists about a destination can also be found in the international business and trade community. When such individuals enjoy a story that is set in a particular jurisdiction, the positive effects can influence their attitude towards future business visits along with tourism visits. This can assist in building export markets and inward investment, and strengthen a jurisdiction's position as a hub for investment flows.

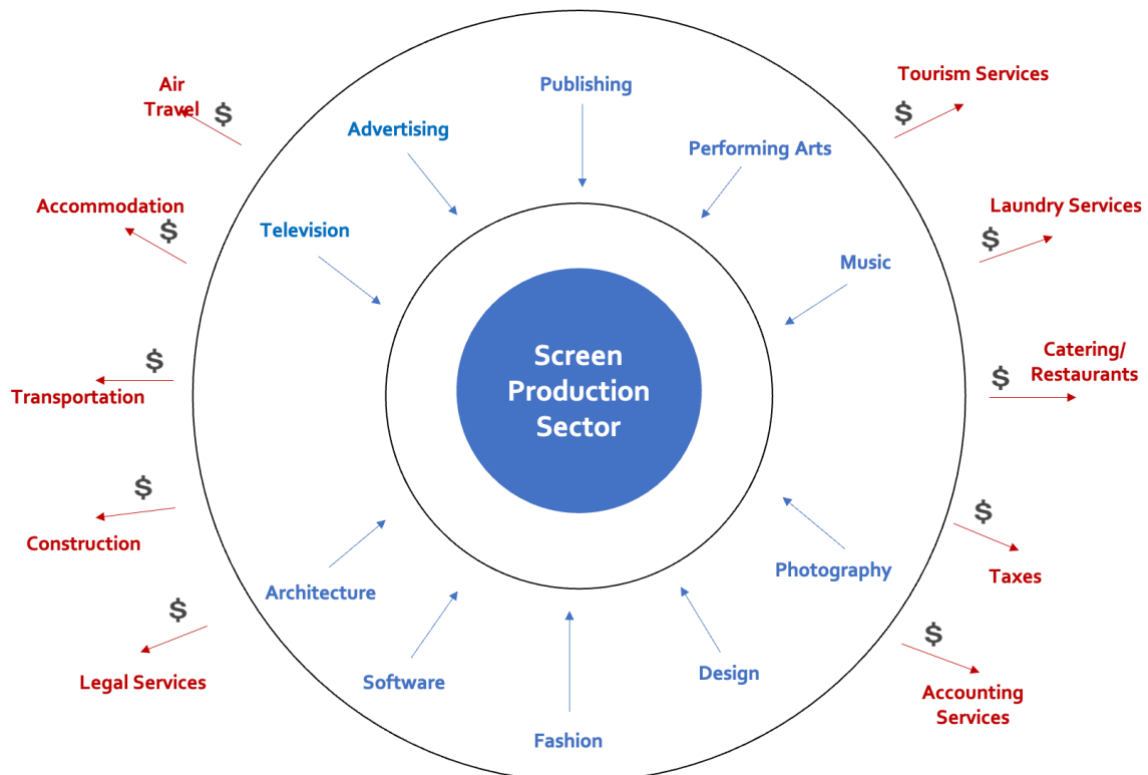
In an influential British Council report from 2014, it was noted that: "A country's power and influence is increasingly measured by its ability to inspire and attract citizens of other nations to take an interest in its national story, passions, and ultimately respect its values, ideas and aspirations." Film and television content has a unique ability to deliver such messages in a way that news or current affairs programmes cannot.

#### 4.7. Driving Economic Activity in Other Creative Industries

Many jurisdictions have come to realise the substantial economic and other benefits to be derived from the expansion of the fast-growing creative industries. They have become key contributors to economic growth and are the focus of a variety of initiatives of different types to stimulate the development of the creative economy.

In SPI's view, the screen production sector is the most powerful driver of activity across a range of other creative industries. This is because large-scale production normally uses the output of more creative industries than any other single creative industry. Consequently, screen production is more potent as an engine of growth than any other single creative industry. This is illustrated in Figure 2 below, considering the UK as a prime example.

**Figure 2 – Effect of the Screen Production Sector on Other Industries (UK example)**



Source: Olsberg SPI

This 'ripple effect' is demonstrated in a research study by SPI completed in 2017 that showed that between 38% and 47% of typical budgets were spent in other creative industries.<sup>32</sup>

#### **4.8. Talent Development and Knowledge Transfer**

A key attribute of any jurisdiction is its human capital; in terms of the screen production sector, this correlates to the talent of the individual practitioners and professionals working on productions, both above the line (producers, directors, writers, actors) and below the line (location manager, cinematographer, costume designer, production manager, etc.).

The talent pool for the screen industries has high-level, adaptable and modern skills, and this can be seen in many areas, with an increasing focus on technical talent development (VFX, animation, gaming, VR and AR technology) alongside traditional writing, directing, producing, performing and other vocational skills.

Attracting international film and television drama projects to a jurisdiction has the potential to rapidly assist in developing production and post-production capabilities, through the transfer of skills and expertise from visiting professionals to locals, and through talent development from on-the-job exposure to industry standards.

#### **4.9. Enhancing Media Literacy**

Screen production has become a vital tool for education, communication and entertainment, soon to possibly usurp the place held in education by the traditional written word. Many education systems around the world are having their schools adapt curricula to include developing the audiovisual capabilities of students alongside their capabilities with the written and spoken word. Media literacy is the ability to create, analyse and evaluate messages across a wide variety of media modes, genres and formats. The skills developed by many film workers include these competencies, and are essential for any jurisdiction's ability to educate, inform and entertain.

#### **4.10. Social Impacts**

There are multiple intangible social impacts of a thriving screen sector, including:

- ***Providing a Heritage/Historical Record of Stories and People:*** archived film material is a critical asset for any culture. Through digital innovations, the archive sector is reinventing itself and gradually moving from a culture of preservation (and often this means restricting access) to one of increasing openness and new forms of exploitation and exposure.
- ***Connecting with Citizens and Residents:*** any positive experience of watching screen content (discussed above in relation to tourism) has an emotional, long-lasting and latent effect of positivity towards the culture and locations on show. This produces a unique and personal connection between the audience member and what is shown on the screen. This positive effect also enhances the relationship with the jurisdiction and the culture as the subject of the Screen production. There is consequently a 'bonding' effect among citizens or residents to a jurisdiction, and the same effect also impacts on pride, loyalty and citizenship.
- ***Promoting Diversity and Understanding:*** screen production has become an effective conduit for building understanding across and between communities. Screen content audiences are often open to diverse viewpoints and interested in seeing different and new cultures, stories and places on screen. This is particularly the case at film festivals

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<sup>32</sup> Film and the Creative Economy: How Film and Television Drama Productions Grow the Creative Industries. Olsberg SPI, 2017

and on specialist television channels, which also have an important role to play and many public service broadcasters have programming specifically focused in this area.

## **5. STRATEGIC RECOMMENDATIONS FOR THE CITY OF SELKIRK**

### **5.1. Overview**

SPI's research and assessment of the screen industry in Selkirk strongly suggests that it has the potential to sustainably increase production levels and build upon a solid foundation. Not only is there genuine interest and commitment from City officials, strong partnerships and open communication with provincial partners such as the City of Winnipeg and Manitoba Film and Music, and satisfied high-profile producer clients, but there is also proven success from productions that have already shot there, and positive word of mouth in the screen community.

The successful adaptation of existing infrastructure in the Rec Arena and the Mental Health Centre speak to the creativity and ingenuity of the crew and provides development opportunities to dovetail existing plans to develop the City.

The next steps for the City would be to invest in, and to facilitate investment in, the development of a small production hub in Selkirk, over the next five years. We recommend that the City of Selkirk build on its foundation and potential and aim to establish itself as a 2<sup>nd</sup> level production hub over the next five years, with Winnipeg remaining the 1<sup>st</sup> level production hub in the province. Similar to Senoia, Georgia, the key to achieving a thriving and profitable industry lies in establishing branches of all the amenities and services that productions would require in Selkirk, making it more feasible for them to base there. Each of the following sub-sections covers one critical element of such a hub.

### **5.2. Locations**

Based on research, it is clear that Selkirk's filming locations are one of its main attractions. A study should be done to fully assess and document (through video and photography) all of the physical locations, buildings, heritage sites, real estate holdings, parking lots and other assets that could be of interest to producers, and that are available for production use. There is tremendous value in conducting this exercise with an experienced Selkirk producer or location manager who is equally invested in the City's interests, so the final result will be a marketable list of locations. This study would form the basis for creating one of the production tools recommended in Section 5.7 below, the locations database.

### **5.3. Physical Infrastructure**

The expansion of infrastructure in Selkirk would perhaps require the highest capital investment over a number of years. In terms of a purpose-built studio or sound stage space, Selkirk would be immediately more attractive to producers, who welcome the ability to have increased control over their environments, as a consequence of the pandemic, and also because of the difficult winter conditions. Given the current trend of the industry adopting use of virtual production studios for its range of benefits, this approach should be considered for a purpose built facility here.

Private and public investment in such a facility could be encouraged through the city's various revitalization plans, offering vacant or under-utilized land for the purpose, and dovetailing with complementary actions to improve the City.

Similarly, the City could facilitate investment in services and amenities that would complete the production hub concept, by encouraging businesses that would support and service screen production to establish branches in Selkirk. Production services, transportation, small boutique hotels, restaurants and other such businesses setting up shop in Selkirk would not only make the City more attractive for return clients to base there for longer periods of time, it also can be incorporated into the overall marketing messaging once these services become available.

For all of these physical infrastructure projects, it would be valuable to consider investors who already have experience and expertise in the film sector, so the City would benefit from that.

#### **5.4. Workforce**

Workforce capacity remains a global challenge, and there are many public and private sector programs emerging to meet the industry's need for more numbers of experienced crew.<sup>33</sup> The City should work with its provincial partners, including Film Training Manitoba, to ensure that they are included in efforts to attract new recruits. As part of the public awareness campaign discussed in Section 5.7, the City can target the high schools to introduce students to the benefits of working in the screen sector.

#### **5.5. Marketing and Communications**

With its current offer, while longer-term plans are considered, the City of Selkirk can raise the profile of its location value and signal its future plans to the industry by expanding its current marketing and communications efforts. The recent re-branding exercise can serve as an excellent foundation from which to create materials that are visually aligned, while other activities can provide practical tools to enhance both the producer experience, as well as the Film Liaison's efficiency. Ideally, a marketing and communications strategy would be planned annually, and updated as new additions to Selkirk's offer are activated.

The following tactics comprise a comprehensive marketing and communications strategy for the film office; they are intended to provide a range of options for the City to ramp up its promotional capacity. The overall goal of the marketing efforts is to increase the value of productions that shoot annually in Selkirk. The degree to which the City adopts these measures is based on budget, and on the pace at which other improvements to the industry are implemented.

In addition, where relevant, it is recommended that the City work with Manitoba Film and Music to increase its presence in its international marketing efforts, thereby leveraging all the strengths of the provincial industry to attract new clients.

##### **5.5.1. Define a Sub-Brand for the Film Production Services Office**

As has been mentioned, the City has recently established a streamlined and comprehensive brand identity. The branding has the flexibility to change the logo's colour scheme depending on its need; recent examples include blue and yellow in support of Ukraine, and red for a book drive.

For the Film Production Services office, it is recommended that a sub-brand of specific logo colours be defined, guided by the brand standards. This should be used consistently across all public marketing and branding efforts that are executed by the film office, creating a recognizable sub-brand, while remaining within the City's brand guidelines. In addition, ideally, the Film Production Services pages on [myselkirk.ca](https://myselkirk.ca) and [selkirknow.ca](https://selkirknow.ca) should be consistent.

##### **5.5.2. Expand Film Office Section on City Website – Production Tools**

As part of more clearly defining Selkirk's potential to be a small production hub, it is recommended that the current page on the City's website be expanded to a sub-site, hosting more detailed information about shooting in Selkirk, and providing producers with a wider range of information to aid their location decision. Not only does this increase the City's film friendliness, it also supports the Film Liaison for the website to be more detailed.

Broadly termed 'production tools', the following types of information should be included on the expanded website (joining the information already on the site for permit applications):

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<sup>33</sup> [Governor proposed media academy](#). Albuquerque Journal, 21<sup>st</sup> January 2022; [London Mayor Sadiq Khan launches creative hub for screen skills training](#). Screen Daily, 21<sup>st</sup> January 2022; [Connemara company leading development of film and TV hubs](#). Galway Daily, 4<sup>th</sup> February 2022

- ***Locations database and Lookbook*** – A searchable stock of carefully-curated images, highlighting potential production locations across the City. They are not just beauty shots; they provide critical information on a specific location or building, showing the main angles and views of the location, and any unique elements or architecture. Important to include would be photos showing surrounding land options for setting up base camps, car parks, access roads, etc. Include short videos as well for maximum impact.

A Lookbook featuring the top locations can also be designed, available both as a printed guide and as a digital download. There is bespoke software designed specifically for the film industry that can be used to manage the locations database.

- ***Production guide*** – An attractive, brand-compliant guide to shooting in Selkirk. It should include existing information on the film policy, film permit guidelines, shooting requirements, and information about the tax credit program. It can be available both as a printed guide and as a digital download.
- ***Production directory*** – A digital database of all crew, technicians, creative talent and other relevant industry contacts. Since most personnel are based in Winnipeg, this can be a joint execution with Manitoba Film and Music, available on both websites.
- ***Visa and work permit guidelines and applications*** – Although these entry guidelines would apply to Canada, it would be useful for Selkirk to include on the website for ease of reference.

#### ***5.5.3. Define Annual Festival and Market Strategy***

Based on its agreed target markets, Selkirk should define an annual festival and market strategy, with key personnel travelling to network, build relationships, conduct presentations and build awareness of Selkirk's offer. In the short-to-medium term, the value of these efforts would be maximized by working closely with Manitoba Film and Music to agree on a provincial strategy, within which Selkirk would have a defined stake and presence.

Based on Manitoba's current target markets, top events that allow connection with the widest range of industry personnel would be ideal, including the European Film Market (a certain element of the Berlin International Film Festival); the Cannes Film Market and Festival; Association of Film Commissioners International (AFCI) industry events; Producers Guild of American (PGA) events; Association of Independent Commercial Producers (AICP) annual conference and awards; and the FOCUS production market in London.

#### ***5.5.4. Develop and Launch Public Awareness Campaign for Selkirk***

It is clear that the citizens of Selkirk are part of the success experienced in building the industry thus far, welcoming visiting productions and accommodating an occasional inconvenience. However, in order to maintain and grow that sense of commitment and pride, SPI recommends developing a public awareness campaign that regularly addresses the citizens, to convey the following messages (the key messages can be expanded and adjusted as the industry matures):

- Why the film business is positive for the economic and brand success of Selkirk
- Announce film and television productions shooting in the City
- When possible, arrange premieres and screenings for films that have shot in Selkirk
- Discuss the benefits of working in the industry – attract interested citizens with transferrable skills and students to help build crew capacity long term
- Share news of Selkirk's international promotions
- Thank them for their welcoming nature.

This public education strategy can take the form of press releases, appearances of key City personnel on television or radio shows and ensuring that all relevant news are shared across the City's social media accounts. This strategy is dynamic and can allow for opportunities to be assessed and adopted as they arise, such as speaking about the film industry at high school career fairs or hosting a set tour.

#### 5.5.5. Develop Annual Advertising Plan

Developing an annual print and digital advertising plan is a sound strategy to raise visibility among the City's target markets. Focusing on industry trade publications and digital platforms, Selkirk could also consider coordinating this plan with Manitoba Film and Music, to maximize the value of both spend and reach.

The following table provides suggestions of the standard trade publications consumed by industry professionals:

**Table 4 – Print and Digital Advertising Platforms**

| Publication                                                      | Focus                                                                                                                                                                                                                                                       | Platforms        |
|------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------|
| <b>Screen International</b>                                      | International film business<br>Covers top festivals and markets<br>Special events partner.                                                                                                                                                                  | Print<br>Digital |
| <b>Variety</b>                                                   | Entertainment news, film reviews, awards, film festivals, box office, entertainment industry conferences<br>Covers top festivals/markets<br>Special events partner.                                                                                         | Print<br>Digital |
| <b>The Hollywood Reporter</b>                                    | Hollywood film, television, and entertainment industries<br>Covers top festivals/markets<br>Special events partner.                                                                                                                                         | Print<br>Digital |
| <b>World of Locations</b><br>(published by Screen International) | Resource for film, TV and commercial creatives and production companies who want inspiration about where to film their next project. Produced bi-annually. Includes details on 100 fiscal incentives for international productions.                         | Print<br>Digital |
| <b>Makers</b><br>(published by The Locations Guide)              | A global briefing for creatives – covering everything a production needs in its journey from the script to screen.                                                                                                                                          | Print<br>Digital |
| <b>KFTV</b><br>(published by Screen International)               | The essential resource for anyone involved in finding international crew or suppliers for producing films, TV programmes and commercials<br>Producers, directors, line producers, production managers and location managers all use KFTV to find suppliers. | Print            |

| Publication     | Focus                                                                                                                | Platforms |
|-----------------|----------------------------------------------------------------------------------------------------------------------|-----------|
| <b>Deadline</b> | Authoritative source for breaking news in the entertainment industry.                                                | Digital   |
| <b>The Wrap</b> | Digital-first news organisation covering the business of entertainment and media via digital, print and live events. | Digital   |

#### 5.5.6. Plan and Execute Annual Fam Tour

An established tool for the tourism industry, Familiarization (Fam) Tours are designed for location managers, producers or directors to experience the creative and logistical offers of a jurisdiction first-hand. They can be three, five or seven-day trips, designed to indicate how ready a location is to host a steady stream of productions. Highlights can include:

- Daily trips to unique locations – architecture, landscapes, historical sites, etc.
- Meet local filmmakers and production crew; include a masterclass or networking session
- Experience local culture and entertainment – perhaps fam tour could coincide with local festivals or celebrations
- Experience quality of flights, accommodation and local catering

For Selkirk, currently linked to Winnipeg and seeking to expand its attractiveness, it would be valuable to initially plan fam tours with Manitoba Film and Music; as the infrastructure and production hub offer expand, Selkirk may be able to conduct fam tours specific to the City.

#### 5.5.7. Join Industry Associations

Joining industry-standard membership associations is an effective way to network and find locations business; these associations connect members directly to studios, producers, and the most in-demand location managers. There are film commission member associations for Latin America, Europe, and Asia; but the global industry standard (to which they are all affiliated) is the Association of Film Commissioners International (AFCI), based in Los Angeles.

The AFCI is recognised by the industry as the gold standard for film commission professionals, offering training and development (including formal 'Certified Film Commissioner' status), and hosting industry events in Los Angeles as well as member conventions around the world. The AFCI also provides a production enquiry service, linking potential clients with all their Film Commission members.

The key criteria to be accepted as a member of the AFCI is that the film commission or office is a direct division of a government department or has a direct mandate and the sponsorship of a government department or Ministry. Also, the key personnel of the film commission or office must complete the AFCI Film Commission Fundamentals course, to ensure the applicant is compliant with the basic applicable standards and services as required by the AFCI. Membership in the AFCI would be extremely valuable to the Film Liaison as it would allow her to build expertise in the international standards applicable to film commissions or offices, identify relevant location opportunities for Selkirk, and network among like-minded professionals.

The Location Managers Guild International (LMGI), based in California, is a professional organisation of location managers, location scouts, assistant location managers, and affiliated business members, such as film commissions, location services, vendors, and filming venues. LMGI members have worked on some of the most memorable and important film, television and commercial productions of the last several decades. They offer affiliate membership to

film commissions or offices, allowing them to promote their locations directly to the membership. The LMGI can also be a key partner for planning Familiarisation Tours.

Membership in any of these associations can be valuable in raising the City's brand profile and awareness and would be an asset to the City of Selkirk.

## **6. APPENDIX 1 – THE GLOBAL SCREEN PRODUCTION MARKET**

### **6.1. Overview**

In recent years, there has been a deluge of film and television (“audiovisual”) production on a global scale. This is driven by insatiable demand for all types of content from consumer and investors alike – which include newer entrants (e.g., streamers), as well as established broadcasters and studios.

Governments and legislators in jurisdictions of all sizes have increasingly recognized and valued the considerable economic and other benefits delivered by this global growth sector, especially as they look to diversify their economies and recover from the effects of the COVID-19 pandemic. Public and private investments in production infrastructure, workforce skills and training, and film-friendly policies have been significant.

### **6.2. Global Audiovisual Production Spend**

Before the COVID-19 pandemic, the streaming service model had been driving an unprecedented deluge of film and television production in response to growing consumer demand. In 2019, a record US\$177 billion was spent on the production of feature-length films (US\$42.6 billion) and television series (television films, drama series and documentaries) (US\$134.4 billion).<sup>34</sup>

While the COVID-19-related disruption impacted audiovisual content production globally, the sector has already bounced back to higher levels than the recorded 2019 figures. SPI anticipates a continued industrial growth of at least 5-10% per annum over a five-year period as of 2022, forecasting audiovisual content investment to exceed \$230 billion in 2022, primarily driven by major studios and streamers’ ambitious investment strategies – both in the USA and in the global markets, which are increasingly key for growth. This continued growth will be largely stimulated by ambitious investment strategies and government recognition of the industry’s unique capacity to push economic recovery from the COVID-19 pandemic.

Additionally, while the COVID-19 pandemic paused production for a period in many locations, it simultaneously led to a surge in streaming subscribers that coincided with the launch of several streaming platforms in new markets.<sup>35</sup> To maintain these levels of subscriber growth, Hollywood studios and streaming companies compete by investing large sums into producing more big-budget content at a faster pace. Netflix, for example, is reported to have increased its content spend to over \$17 billion in the fiscal year 2021.<sup>36</sup>

The other new and well-capitalized players that have entered the market include Disney, which announced at its 2020 Investor Day that it expected its global direct-to-consumer content expense to be between \$14 billion and \$16 billion dollars across Disney+, Hulu and ESPN+ for the fiscal year 2024.<sup>37</sup>

Much of the recorded growth in the sector has been driven by television series, although the production of feature film has also been increasing. This is because television series fit well with the streaming service format, their goal being to attract more subscribers with original content; then, to keep these subscribers online and engaged with the platform for longer

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<sup>34</sup> [Global Screen Production – The Impact of Film and Television Production on Economic Recovery from COVID-19](#). Olsberg•SPI, 25<sup>th</sup> June 2021.

<sup>35</sup> [World-Wide Streaming Subscriptions Pass One Billion During Pandemic](#). The Wall Street Journal, 18<sup>th</sup> March 2021; [Major streaming service subscribers are up 50% since last year, proof of how the pandemic has boosted some industries and crushed others](#). Business Insider, 31<sup>st</sup> December 2020; [Post-pandemic Media Consumption: Online Streaming Accelerates A New Content Experience](#). Forbes, 28<sup>th</sup> June 2021.

<sup>36</sup> [Netflix Reveals \\$17 Billion in Content Spending in Fiscal 2021](#). Variety, 20<sup>th</sup> April 2021.

<sup>37</sup> [Walt Disney Company investor day Transcript](#), 10<sup>th</sup> December 2020.

periods of time. In this manner, they avoid 'subscriber churn', which occurs when a subscriber cancels their subscription after watching the content of their interest.<sup>38</sup>

Between 2011 and 2019, the number of original scripted series being produced in the US doubled, from 266 in 2011 to 532 in 2019. Despite the impact of the COVID-19 pandemic in 2020, there was only a drop of 7% recorded from 2019 to 2020. In 2021, a 13% increase in English-language scripted television series produced was recorded.<sup>39</sup>

### **6.3. Current Market Trends**

The global production deluge has created a number of production trends of direct relevance to jurisdictions aiming to attract such projects, including Selkirk.

A crowded marketplace means that producers are seeking innovative ways of differentiating their projects and finding audiences. At the top end of the market, budgets have risen as producers undertake larger-scale projects with higher production values in a bid to appeal to audiences.

To attain standout content, producers are also increasingly focusing on striking, unique or unused locations to give their projects visual distinction, and Selkirk has much to offer in this regard. The significant increase in the quantity of tentpole drama, action, adventure and superhero films has led to a high demand for arresting location interiors and exteriors, alongside unusual landscapes and historic locations.

Rising production costs have increased the sector's appetite for incorporating production incentives into their financing plans. Very often, a first consideration made by a producer is the availability of a production incentive in a jurisdiction to offset costs; most major projects will undertake comparisons of the costs and logistics of producing a project in a range of possible countries and locations/destinations to inform a final decision. At present, more than 100 countries, states and provinces across the globe operate an automatic incentive – i.e., a model triggered by eligible spending rather than selective considerations such as artistic value.

With Manitoba's tax credit consistently hailed as one of the best, this will continue to be one of the key selling points for shooting in Winnipeg and Selkirk.

The deluge of production means that many established production hubs are also experiencing capacity challenges regarding the availability of crew and infrastructure, such as studios. This creates opportunities for jurisdictions like Winnipeg and Selkirk to actively fill capacity gaps. Regarding physical infrastructure capacity, while studios are currently being built or expanded globally, alternative solutions to purpose-built stages have included the often-temporary conversion of existing large empty spaces; this is largely how productions shoot in Winnipeg and Selkirk, given the existence of one studio in the capital city. Investing in purpose-built studios in the short to medium terms is one of the ways in which Selkirk could drastically increase its attractiveness to incoming producers.

Meanwhile, the COVID-19 pandemic has underlined the need to produce in stable and safe environments.

Taken together, these trends mean that producers are increasingly considering less-established markets for production solutions — particularly those which are stable and offer incentives and locations. This is a key opportunity for Selkirk to consider in its strategy for sustainable growth.

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<sup>38</sup> [Streaming Giants' Next Worry: A Subscriber Churn Uptick](#). The Hollywood Reporter, 28<sup>th</sup> April 2021

<sup>39</sup> [Why Hollywood is Private Equity's New Money Machine](#). The Hollywood Reporter, 18<sup>th</sup> January 2022

## 7. APPENDIX 2 – FACTORS DETERMINING THE PRODUCTION LOCATION DECISION

To inform the development of the strategy, it is important to model the process by which international productions come to be sited in a specific jurisdiction. In general, such projects have no particular allegiance to a jurisdiction are instead seeking the best infrastructure and service from that jurisdiction; Selkirk does prove to be an exception to this rule, where producers have indicated that its small-town locations are indeed the main attraction. The actual net costs of production (including post-production) are often, but not always, the determining factor when more than one option would suffice, given the project's creative characteristics.

Co-productions are significantly different; here, the interest in locating a production derives from a creative partnership between two or more producers. These producers wish to collaborate on making a production – usually a feature film or television drama – for a combination of creative, financial, and personal reasons. In most cases, but not always, such a project will be made under the regulations of an official co-production treaty, and the producers will normally drive the decision.

This selection process, which can be described as the production location decision, is related to a number of factors. Roughly in order, they are:

- **Creative specifics** of the project that will determine the locations and 'look'
- Actual **budgeted line-item costs** of production
- Effect of a **financial production incentive** on reducing such costs
- Depth and skills levels of **workforce**
- Quality and capacity of **infrastructure** provision, particularly sound stages
- Perceived **ease of filming**
- Variety and accessibility of shooting **locations**
- Effectiveness of support from national and local **film commissions**
- **Safety and security** for personnel (especially key talent) and equipment; this is of course a key focus during the COVID-19 pandemic
- Quality and variety of hotels, restaurants and other **lifestyle factors**
- Fluctuations and stability of **exchange rates**
- Personal preferences of **key talent** involved
- Variety and availability of **transportation** options
- Quality of **communications infrastructure**
- Overall **'film friendliness'** of authorities.

In addition, the final decision to site a project in a specific locale will be based on a unique set of circumstances. These are referred to by SPI using our description: The ADOD Principle (Awareness, Desire, Opportunity, Decision):

- **Awareness:** The producer must have some knowledge of the destination – ideally that similar productions have been successfully made there, and that there is a flow of projects from international producers being serviced. This awareness may also come from the effectiveness of the film commission's marketing strategies to promote its locations, incentives and other differentiators to its desired target markets. This will likely be a key factor for producers in their awareness of Selkirk and its particular offer. Unless a producer is aware of what the location has to offer, they are unlikely to prioritise considering basing any part of a production there.
- **Desire:** This relates to how attractive or desirable the jurisdiction's collective offer is to a production. The financial offer will be central and include incentives and costs, but this will also relate to creative concerns – particularly the appropriateness of the location to the story (in this case, whether set in the city, or doubling for elsewhere).

The jurisdiction might also have attractive and unique locations to leverage. Similarly, desire can be eroded by any awareness of negative factors, such as previous productions that chose not to shoot in the jurisdiction because of costs, lack of engagement from key bodies, or other difficulties.

- **Opportunity:** Having created awareness and desirability, the next question is whether there is an actual opportunity to shoot in the jurisdiction under the conditions the producer requires. This stage of the decision relates to whether the desire to shoot in a specific location can be translated to reality, both practically and realistically. This means, for example, that the desire to shoot at a coveted location can be achieved and that there are no issues with permissions, weather or access. It can also relate to infrastructure and supply chain, and if a local production sector can supply the workforce and tools needed to undertake the filming, or if resources must be imported to the location.
- **Decision:** Where awareness and desire are supported by opportunity, a positive decision can result.

## **8. APPENDIX 3 – UNDERSTANDING THE NEEDS OF INCOMING PRODUCERS**

The previous chapter examined the perspective of the producer when deciding where to locate a specific production. The focus of a film commission must primarily be informed by the needs of incoming productions, which are the core target market for any such client-facing organisation. Film commissions must be equipped and flexible enough to meet the sometimes-complex needs of producers, while not over-promising commitments; this must always be a solution-oriented agency. Of particular importance to producers when engaging with film commissions, are the following.

### **8.1. Speed of Response**

Film and HETV production can be vastly expensive. As a result, producers must work quickly and feel secure in the knowledge that any official support body takes their productions, and any related queries and issues, seriously. This is especially important in the current competitive environment for international portable productions. A film commission must respond immediately to any new queries from producers – to set the tone for the relationship to come – and to deal with any issues that may arise during production as quickly as possible.

### **8.2. Engagement and Clarity**

Productions can be extremely complex logistical undertakings and producers expect to be advised clearly and directly. In contemplating production in a jurisdiction where they may not have worked before, they require straightforward, unambiguous information about necessary requirements relating to all aspects of their production. This includes a range of issues, but among the most important are permits to access locations, import and export of equipment, visa requirements for incoming cast and crew, taxation, and domestic employment rates and terms. The film commission executives should therefore be knowledgeable in practical production processes, and also have good relationships with the government or regulatory authorities involved in such consents.

### **8.3. Introductions to Relevant Vendors and Suppliers**

When bringing a production to shoot in a country, producers will generally engage a number of local suppliers – not least a local production service company, to assist them in navigating the local landscape. A film commission should therefore be appraised of all key local companies and be able to supply an impartial list of relevant outfits and their credits to help direct the producer.

## 9. APPENDIX 4 – IMPACT OF COVID-19 PANDEMIC ON GLOBAL SCREEN PRODUCTION

Almost all territories around the world that encourage domestic and international screen production restricted filming activity severely in the initial phases of the pandemic.

However, while COVID-19 has placed significant economic and logistical pressure on governments across the globe, it is notable that at the time of writing, no major production incentives have been defunded or cancelled. SPI's tracking instead points to increases to funding and incentive rates in a number of key global markets. Examples include:

- In May 2020, **Spain** increased its rebate rate from 20% to 30% for the first \$1.1 million dollars of qualifying expenditure, and the per project cap from \$3.28 million to \$10.8 million.<sup>40</sup>
- In July 2020, **Australia** announced an AU\$400 million increase to its Location Incentive, while extending the system to 2026-27.<sup>41</sup> In November 2020, the **New South Wales** government also announced an increase of AU\$175 million to its Made in NSW fund, which supports high-end film and television productions shooting in the state.<sup>42</sup>
- **Greece** increased its incentive to 40%<sup>43</sup>, and in early December 2020 introduced an additional tax credit incentive.
- In March 2021, **Alberta** removed the \$10 million per project cap to increase its competitiveness as a location both nationally and internationally.<sup>44</sup>
- In March 2021, **Germany** doubled the budget for the German Motion Picture Fund to €30 million, and increased the project cap for TV series from €4 million to €10 million.<sup>45</sup>
- In June 2021, **Nova Scotia** announced that it would almost double the Nova Scotia Film and Television Production Incentive Fund to \$48.6 million.<sup>46</sup>

### 9.1. Production Recovery

Another notable trend is that while productions shut down in many jurisdictions earlier in 2020 during the first wave of lockdowns, film and television production work generally continued during the introduction of second or third lockdowns later in the year. In April-May 2020, several territories that had managed the pandemic effects adequately, began to publish robust guidelines designed to enable production to restart under strict conditions, including Iceland, Australia, India and some US states. By September 2020, most jurisdictions had implemented COVID-19 production guidelines, and restarted production in accordance with the new protocols; when the next wave of lockdowns occurred, many productions were allowed to continue.

In early 2021, Canadian industry professionals were noting that at a time of record infection rates and stay-at-home orders, the major US studios and streamers were allowed to continue production on 'bubble-wrapped film and TV sets' across the country, due to the introduction of strict safety measures for cast and crew that were developed and approved by industry stakeholders themselves, including guilds, unions and studios.<sup>47</sup> This resilience has proven to be sustained; in a recent article, British Columbia – the province with the highest volume of film

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<sup>40</sup> [Spain increases filming incentive to 30% as lockdown eases](#). Screen Daily, 6<sup>th</sup> May 2020

<sup>41</sup> [New \\$400 million incentive to boost jobs for the screen industry](#). Prime Minister of Australia, 17<sup>th</sup> July 2020

<sup>42</sup> [Australia receives further boost with additional AU\\$175 million for its Made in NSW fund](#). KFTV, 11<sup>th</sup> November 2020

<sup>43</sup> [Greece ups production cash rebate to 40% as shoots get back underway](#). Deadline, 29<sup>th</sup> July 2020

<sup>44</sup> [Alberta adds more incentives to lure productions to Canada](#). Variety, 4<sup>th</sup> August 2021

<sup>45</sup> [German Motion Picture Fund doubles budget to €30m to attract international TV shoots](#). Screen, 31<sup>st</sup> March 2021

<sup>46</sup> [Nova Scotia nearly doubles Film and Television Production Incentive Fund](#). Halifax Today, 23<sup>rd</sup> June 2021

<sup>47</sup> [Film industry in Canada keeps up production amidst COVID-19 rise: 'Everyone is on high alert'](#). The Hollywood Reporter, 4<sup>th</sup> January 2021

and television production in the country – announced that “...the multi-billion-dollar industry is seeing a sizable number of projects in the works – even higher than pre-pandemic levels”.<sup>48</sup>

This is also being seen in other global production markets. For example, FilmLA has announced that film and television production in Los Angeles returned to pre-pandemic levels during the second quarter of 2021.<sup>49</sup> Official statistics in the UK show combined total spend on film and high-end television production in H1 2021 was £3.6 billion, the highest on record.<sup>50</sup>

Many governments also sought to be proactive about ensuring that stakeholders in the film, creative and entertainment sectors, initially hard hit due to the shutdowns, were supported financially during a time when many people lost income. This underlines the strategic value of the Screen industries.

In May 2020, the Minister for Canadian Heritage announced a \$500 million COVID-19 Emergency Support Fund for Cultural, Heritage and Sport Organizations, intended to provide temporary financial relief and “help maintain jobs and support business continuity for organizations whose viability has been negatively impacted by the COVID-19 pandemic”.<sup>51</sup> The funds were distributed through formal agencies and existing programmes, including \$118.8 million specifically for the Canadian media sector, managed through the Canada Media Fund (\$88.8 million) and Telefilm Canada (\$27 million).

Focusing on the affected arts and culture professionals closer to home, in March 2021, the provincial government in Manitoba announced a \$6 million Arts and Culture Sustainability Fund, jointly administered by the Manitoba Arts Council and Manitoba Film and Music.<sup>52</sup> Overall, since late 2021, the service production industry in Manitoba has shown encouraging signs of record growth, discussed further in Section 3.2 below.

## **9.2. Increased Costs Related to COVID-19**

Another key impact of the pandemic on productions has been the increased health and safety costs to ensure that COVID-19 protocols are incorporated into production planning and execution. Productions have had to accommodate budget increases in order to ensure that they adhere to industry and jurisdiction safety protocols, a situation that enhanced the value of automatic incentives to offset these new costs. A recent SPI study estimates that the additional COVID-19 related costs have been between 15% and 25%, depending on the nature and size of the project.<sup>53</sup>

In addition, new job roles have been added to production staffing in order to have the expertise on set. COVID-19 safety marshals and safety supervisors are now required production positions. The Georgia Film Academy, for example, has been offering COVID-19 compliance courses for production roles.<sup>54</sup>

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<sup>48</sup> [B.C film industry enjoys boom as COVID-19 border rules loosen](#). CityNews, 15<sup>th</sup> August 2021

<sup>49</sup> [Production Returns to Pre-Pandemic Levels as Television Continues to Surge](#). FilmL.A., 5<sup>th</sup> August 2021

<sup>50</sup> [Film, and high-end television production in the UK; January-June \(H1\) 2021](#). BFI Research and Statistics Unit, 29<sup>th</sup> July 2021

<sup>51</sup> [Emergency Support Fund for Cultural, Heritage and Sport Organisations](#). Government of Canada, 13<sup>th</sup> September 2020

<sup>52</sup> [Manitoba government investing in arts and culture sector hurt by COVID-19](#). CTV News, 5<sup>th</sup> March 2021

<sup>53</sup> Ibid.

<sup>54</sup> [GFA COVID-19 Compliance Courses](#). Georgia Film Academy

## **10. APPENDIX 5 – ABOUT OLSBERG SPI**

SPI provides a range of expert consultancy and strategic advisory services to public and private sector clients, specializing in the worlds of film, television, video games and digital media. Formed in 1992, it has become one of the leading international consultancies in these dynamic creative Screen industries. With its trusted insight and track record the firm has a diverse client base that includes:

- Multi-national public authorities
- National governments, including culture and economics ministries
- National film institutes and Screen agencies
- Regional and city development agencies and local authorities
- National and regional tourism agencies
- Studios and facilities companies
- Independent companies at all points of the Screen business value chain
- National and international broadcasters
- Trade associations and guilds
- Training and skills development organizations
- Publishers and conference organizers.

Olsberg•SPI has expertise in all areas of the fast-moving global creative sectors, and the firm's services span:

- Strategy and policy development for the creation and management of healthy and sustainable national and regional Screen sectors
- Advising on the creation and implementation of fiscal incentives for the Screen industries
- Research projects on all aspects of the value chain – including mapping and economic impact studies
- Business development for content companies
- Strategic development of studios, including business planning and feasibility studies
- Acquisition and divestment advice for owners of SMEs
- Evaluations of publicly funded investment schemes
- Creating prospectus-style funding proposals
- International cost comparisons for film and television productions
- Advising on inward investment and exports for national and regional public bodies
- Identifying and measuring the cultural value of a productive Screen sector
- Analysing workforce skills, diversity and related best practice strategies
- Assessing the value of tourism generated by a nation or region's film and television output and developing strategies to maximize future impacts
- Providing strategic advice for Screen commissions, including business and marketing plans.