

Service bulletin

Film, Television and Video Post-production



2010

Highlights

- In spite of declining operating revenues, Canada's film, television and video post-production industry posted higher operating profit margins in 2010. Operating revenue fell by 10.7% from \$845.6 million in 2009 to \$755.0 million in 2010. At the same time, operating expenditures fell by 11.5% from \$792.5 million in 2009 to \$701.2 million in 2010. As a result, the industry operating profit margin increased from 6.3% in 2009 to 7.1% in 2010.
- Salaries, wages and benefits were the largest expense item with 40.5% of operating expenses, followed by the cost of goods sold at 31.0%.
- Ontario firms accounted for 48.4% of national operating revenues, followed by Quebec firms with 36.1% and British Columbia firms with 11.5%.
- Canadian post-production firms offer a wide array of services. In 2010, motion picture film laboratory services was the largest at 44.4% (\$316.1 million) of total industry sales, followed by visual effects services at 18.6% (\$132.2 million) and editing services at 13.7% (\$97.4 million). Sound editing and design services accounted for 9.4% (\$66.7 million) of the total industry sales.
- Domestic clients purchased \$375.5 million of the industry's output in 2010 representing 52.7% of all sales.

Statistical tables

Table 1

Summary statistics for the film, television and video post-production industry, by province and territory, 2008 to 2010

	Operating revenue	Salaries, wages and benefits	Operating expenses	Operating profit margin
	thousands of dollars			percent
2010 ^p				
Newfoundland and Labrador	F	F	F	F
Prince Edward Island	x	x	x	x
Nova Scotia	5,934	2,341	4,646	21.7
New Brunswick	x	x	x	x
Quebec	272,581	107,287	252,017	7.5
Ontario	365,547	113,054	334,874	8.4
Manitoba	x	x	x	x
Saskatchewan	x	x	x	x
Alberta	6,554	2,724	7,034	-7.3
British Columbia	87,141	49,640	85,562	1.8
Territories ¹	..	..	..	..
Canada	754,974	281,500	701,209	7.1
2009 ^r				
Newfoundland and Labrador	x	x	x	x
Prince Edward Island	x	x	x	x
Nova Scotia	8,690	3,120	6,551	24.6
New Brunswick	x	x	x	x
Quebec	286,998	91,339	266,316	7.2
Ontario	425,298	130,484	403,519	5.1
Manitoba	x	x	x	x
Saskatchewan	2,118	F	1,910	9.8
Alberta	10,169	3,492	9,453	7.0
British Columbia	99,055	51,399	91,527	7.6
Territories ¹	..	..	..	..
Canada	845,601	286,972	792,465	6.3
2008 ^r				
Newfoundland and Labrador	x	x	x	x
Prince Edward Island	x	x	x	x
Nova Scotia	7,532	3,870	6,286	16.5
New Brunswick	x	x	x	x
Quebec	271,961	88,286	270,285	0.6
Ontario	397,357	117,418	377,767	4.9
Manitoba	x	x	x	x
Saskatchewan	3,050	1,230	2,908	4.6
Alberta	12,032	4,068	10,539	12.4
British Columbia	87,853	46,498	84,752	3.5
Territories ¹	..	..	..	..
Canada	789,168	265,426	761,370	3.5

1. Territories includes: Yukon, Northwest Territories and Nunavut.

Note(s): The results in this table are for firms classified under the North American Industry Classification System (NAICS) category 512190. See "Data sources, definitions and methodology" at the end of tables for definitions of terms.

Table 2
Operating expenses for the film, television and video post-production industry, Canada, 2008 to 2010

	2010 ^P	2009 ^r	2008 ^r
	percent		
Industry expenditures			
Salaries, wages and benefits	40.5	36.3	35.3
Commissions paid to non-employees	F	x	F
Professional and business services fees	1.2	1.2	1.1
Subcontract expenses	5.9	4.4	4.9
Charges for services provided by head offices	F	x	F
Cost of goods sold	31.0	37.6	37.1
Office supplies	F	F	F
Rental and leasing	2.8	2.6	2.6
Repair and maintenance	1.5	1.8	1.2
Insurance	F	F	F
Advertising, marketing and promotions	F	F	F
Travel, meals and entertainment	F	F	1.1
Utilities and telecommunications expenses	1.2	1.2	1.2
Property and business taxes, licences and permits	F	F	x
Royalties, rights, licensing and franchise fees	F	F	F
Delivery, warehousing, postage and courier	F	F	x
Financial services fees	F	F	x
Amortization and depreciation of tangible and intangible assets	7.0	6.4	6.7
Bad debts	F	F	x
All other expenses	3.1	3.2	3.5
Total operating expenses¹	100.0	100.0	100.0

1. Total operating expenses exclude write-offs, capital losses, extraordinary losses, interest on borrowing, and other non-recurring items.

Note(s): The results in this table are for firms classified under the North American Industry Classification System (NAICS) category 512190. See "Data sources, definitions and methodology" at the end of tables for definitions of terms. Data presented in this table are from the surveyed portion only. Industry estimates are based on a weighted sample and are augmented by administrative data for establishments that were too small to be eligible for sampling. The surveyed portion includes only data for surveyed establishments weighted to represent other establishments that were eligible for sampling but were not selected. The surveyed portion is designed to cover approximately 95% of total industry revenue.

Table 3
Profile of the film, television and video post-production industry, provinces and regions, 2010

	Atlantic ¹ provinces	Quebec	Ontario	Prairie ² provinces	British ³ Columbia and territories	Canada
thousands of dollars						
Sales by type of revenue						
Motion Picture film laboratory services	..	x	x	x	x	316,133
Editing services for audiovisual works	2,532	28,765	45,021	3,806	17,307	97,432
Transfer services	x	12,228	x	401	x	30,940
Colour correction and digital restoration services	48	x	x	x	1,043	x
Visual effects and animation services for audiovisual works	x	x	51,445	x	37,048	132,202
Subtitling, titling and captioning services	x	x	x	467	1,411	14,785
DVD authoring services	x	x	826	84	239	x
Format conversion services, digital encoding and conversion	x	x	x	420	x	11,569
Duplication and copying services	175	x	x	350	x	13,553
Sound editing and design services	x	27,508	26,589	x	9,744	66,672
Contract production of audiovisual works	x	x	x	x	x	7,180
Other sales	243	x	x	223	x	x
Total Sales	5,958	x	348,948	x	x	712,013
Domestic and Foreign Sales						
Total domestic sales	x	x	x	x	x	375,483
Total foreign sales	x	131,585	x	x	x	336,530
Total sales	5,958	x	348,948	x	x	712,013
Expenses						
Cost of goods sold	397	x	x	x	1,313	209,320
Salaries, wages and benefits	2,326	104,079	109,252	9,061	49,224	273,941
Outsourcing	653	x	x	x	5,909	39,620
Amortization of tangible and intangible assets	345	16,486	17,513	2,241	10,765	47,349
All other operating expenses ⁴	910	40,639	43,790	4,008	16,382	105,728
Total operating expenses⁵	4,630	240,359	323,937	23,440	83,592	675,958

1. Atlantic provinces include: Newfoundland and Labrador, Prince Edward Island, Nova Scotia and New Brunswick.

2. Prairies provinces include: Manitoba, Saskatchewan and Alberta.

3. British Columbia and Territories include: British Columbia, Yukon, Northwest Territories and Nunavut.

4. All other operating expenses include commissions paid to non-employees, professional and business services fees, payments for services provided by head office, office supplies, rental and leasing, repair and maintenance, insurance, advertising, marketing and promotions, travel, meals and entertainment, utilities, telephone and telecommunication, property and business taxes, licences and permits, royalties, rights, licensing and franchise fees, delivery, warehousing, postage and courier, financial service fees, charitable donations, bad debts and all other expenses.

5. Total Operating expenses is the sum of cost of goods sold, salaries, wages, benefits, freelancers fees, amortization of tangible and intangible assets and all other operating expenses. It excludes write-offs, capital losses, extraordinary losses, interest on borrowing, and other non-recurring items.

Note(s): The results in this table are for firms classified under the North American Industry Classification System (NAICS) category 512190. See "Data sources, definitions and methodology" at the end of tables for definitions of terms. Data presented in this table are from the surveyed portion only. Industry estimates are based on a weighted sample and are augmented by administrative data for establishments that were too small to be eligible for sampling. The surveyed portion includes only data for surveyed establishments weighted to represent other establishments that were eligible for sampling but were not selected. The surveyed portion is designed to cover approximately 95% of total industry revenue.

Data sources, definitions and methodology

Description

This annual sample survey collects the financial and operating data needed to produce statistics on the Film, Television and Video Post-production industry in Canada. Commencing with reference year 2006 and every two years thereafter, the survey also collects detailed information on the characteristics of the businesses, such as type of revenue and type of client.

These data are aggregated with information from other sources to produce official estimates of the national and provincial economic production of the Film, Television and Video Post-production industry in Canada. The results from this survey provide data to businesses, governments, investors and associations. These data allow these groups to monitor the growth of the industry, measure performance, allow comparison across similar businesses and to better understand this industry to react to trends and patterns.

Target population

The target population consists of all establishments classified to the film, television and video post-production industry (NAICS 512190) according to the North American Industry Classification System (NAICS) during the reference year. This industry comprises establishments primarily engaged in providing post-production services and services to the motion picture and video industries, including specialized motion picture or video post-production services, such as editing, film/tape transferring, dubbing, subtitling, creating credits, closed captioning, and producing computer graphics, animation and special effects, as well as developing and processing motion picture films.

Sampling

This is a sample survey with a cross-sectional design.

The survey design was based on probability sampling and only covered the portion of the frame subject to direct data collection.

The basic objective of the survey is to produce estimates for the whole industry for incorporated and unincorporated businesses. The data come from two different sources: a sample of all businesses with revenue above or equal to a certain threshold and administrative data for businesses with revenue below the threshold, which are excluded from sampling. The excluded portion represents a substantial proportion of the industry in terms of number of establishments, but its contribution to the overall industry revenue is only about 5%. It should be noted that for this excluded portion, only certain financial information is obtained from administrative sources; e.g., total revenue, expenses such as depreciation and salaries, wages and benefits. Characteristics such as detailed revenue by type of service and employment are collected only for surveyed establishments. (Note: the threshold varies between industries and between provinces in the same survey.)

The frame is the list of establishments from which the portion eligible for sampling is determined and the sample is taken. The frame provides basic information about each firm including: address, industry classification and other administrative information. The frame is referred to as the Business Register and is updated regularly using administrative data.

Prior to the selection of a random sample, establishments are classified into homogeneous groups (i.e., groups with the same industry, same geography (province/territory)). Quality requirements are targeted, and then each group is divided into sub-groups called strata: take-all, must-take, and take-some.

The take-all stratum represents the largest firms in terms of performance (based on revenue) in an industry. The must-take stratum is comprised of units selected on the basis of complex structure characteristics (multi-establishment, multi-legal, multi-NAICS, or multi-province enterprises), as well as selected establishments whose particular industry characteristics make it essential that they be included. All take-all and must-take firms are selected to the sample. Units in the take-some strata are subject to simple random sampling.

Finally, the sample size is inflated to compensate for firms that are found to no longer belong in the industry, such as those that have gone out of business, changed their primary business activity, are inactive, or are duplicates on the frame. The effective sample size for reference year 2010 was 194 collection entities.

Definitions

Operating revenue excludes investment income, capital gains, extraordinary gains and other non-recurring items.

Operating expenses exclude write-offs, capital losses, extraordinary losses, interest on borrowing, and other non-recurring items.

Operating profit margin is derived as follows: operating revenue minus operating expenses, expressed as a percentage of operating revenue. The derived figure excludes corporation income tax paid by incorporated businesses and individual income tax paid by unincorporated businesses. For unincorporated businesses, operating profit margin includes unpaid remuneration to partners and proprietors, which is not recorded as salaries, wages and benefits. Therefore the profit estimate will be higher in industries where unincorporated proprietorships and partnerships are significant contributors.

Salaries, wages and benefits include vacation pay and commissions for all employees for whom a T4 slip was completed. This category also includes the employer portion of employee benefits for items such as Canada/Quebec Pension Plan or Employment Insurance premiums. Salaries and wages do not include working owners' dividends nor do they include the remuneration of owners of unincorporated business. Therefore the relative level of salaries, wages and benefits will be lower in industries where unincorporated businesses are significant contributors.

Data quality

While considerable effort is made to ensure high standards throughout all stages of collection and processing, the resulting estimates are inevitably subject to a certain degree of error. These errors can be broken down into two major types: non-sampling and sampling.

Non-sampling error is not related to sampling and may occur for many reasons. For example, non-response is an important source of non-sampling error. Population coverage, differences in the interpretation of questions, incorrect information from respondents, and mistakes in recording, coding and processing data are other examples of non-sampling errors.

Sampling error occurs because population estimates are derived from a sample of the population rather than the entire population. Sampling error depends on factors such as sample size, sampling design, and the method of estimation. An important property of probability sampling is that sampling error can be computed from the sample itself by using a statistical measure called the coefficient of variation (CV). The assumption is that over repeated surveys, the relative difference between a sample estimate and the estimate that would have been obtained from an enumeration of all units in the universe would be less than twice the CV, 95 times out of 100. The range of acceptable data values yielded by a sample is called a confidence interval. Confidence intervals can be constructed around the estimate using the CV. First, we calculate the standard error by multiplying the sample estimate by the CV. The sample estimate plus or minus twice the standard error is then referred to as a 95% confidence interval.

Quality evaluation

Prior to dissemination, combined survey results are analyzed for comparability. In general, this includes a detailed review of individual responses (especially for the largest companies), general economic conditions, historic trends, and comparisons with other data sources.

Disclosure control

Statistics Canada is prohibited by law from releasing any data that would divulge information obtained under the Statistics Act that relates to any identifiable person, business or organization without the prior knowledge or the consent in writing of that person, business or organization. Various confidentiality rules are applied to all data that are released or published to prevent the publication or disclosure of any information deemed confidential. If necessary, data are suppressed to prevent direct or residual disclosure of identifiable data.

Data accuracy

Of the units contributing to the estimate, the weighted response rate was 94.5%. CVs were calculated for each estimate and are available upon request.

Related products

Selected CANSIM tables from Statistics Canada

361-0011	Film, television and video post-production, summary statistics, by North American Industry Classification System (NAICS), annual (dollars unless otherwise noted) (52 series)
361-0025	Film, television and video post-production, operating expenses, by North American Industry Classification System (NAICS), annual (percent) (21 series)

Survey(s)

Definitions, data sources and methods: survey number : 2415 - Annual Survey of Service Industries: Film, television and video post-production.

Release date: March 2012

Symbols

The following standard symbols are used in Statistics Canada publications:

.	not available for any reference period
..	not available for a specific reference period
...	not applicable
0	true zero or a value rounded to zero
0 ^s	value rounded to 0 (zero) where there is a meaningful distinction between true zero and the value that was rounded
P	preliminary
r	revised
x	suppressed to meet the confidentiality requirements of the <i>Statistics Act</i>
E	use with caution
F	too unreliable to be published
*	significantly different from reference category ($p < 0.05$)

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