

# *Film and the Creative Economy: How Film and Television Drama Productions Grow the Creative Industries*

An independent research report  
from consultancy Olsberg•SPI  
sponsored by:

- Copenhagen Film Fund
- Film i Väst
- Netherlands Film Fund
- and Screenwest

## Forward from the Sponsors

Through our involvement in the screen production sectors, and across the creative economy as a whole, we suspected that feature film and television drama productions are delivering distinct and unrivalled value to governments seeking to expand their creative industries.

This is because of the unique interactions between these types of high-value productions and many of the other sectors that comprise most Creative Industries, as variously defined in different nations. Film and television drama productions use a wide range of resources from these other sectors. For example, the budgets of these productions include expenditure that typically occurs in sectors such as theatre, design, fashion, art, music, publishing, advertising, crafts and architecture.

While the ability of such productions to stimulate growth in these other sectors is usually recognised when verbally described, there is currently a lack of hard evidence to underpin this assertion: that film and television drama productions act as valuable engines of growth across the Creative Industries. We are pleased to see that this report provides that quantitative evidence alongside a persuasive narrative description of the phenomenon and its positive effects.

We hope that the consequence of this study will be an even greater recognition within national and regional governments – as well as other stakeholders – that if they seek growth in the Creative Industries then a unique and efficient way to achieve it is to ensure there is a thriving film and television drama production sector.

We were pleased to have been approached by Olsberg•SPI about sponsoring the study and hope that all readers will find its findings of interest and of use.

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## Introduction from Jonathan Olsberg

It is relatively rare that new economic sectors emerge as being central to government policy as fast and impressively as we have observed in the case of the Creative Industries. What is also noticeable is how the various components of this sector increasingly interact with each other in the formation of economic value, new jobs, creative collaborations and cultural benefits.

One element of this phenomenon, we believed, is how the film and television drama production segments of these creative industries are foremost in delivering these interactions. We wished to convert this belief into evidenced findings and this has resulted in this report.

In order to cover some of the costs of researching and publishing this study, we approached four sponsors who also shared our belief that the film industry and other creative industries are so closely intertwined, and wished to better understand the inter-relationships between them.

We are therefore extremely grateful indeed for the generous supported provided by the Copenhagen Film Fund (Denmark), Film i Väst (Sweden) the Netherlands Film Fund and Screenwest (Australia). The fact that our sponsors include both regional and national public agencies indicates how important film, television and the other creative industries are for governments of various scopes and sizes.

Interest from our sponsors also reflects their understanding that governments are increasingly demanding hard evidence of the impact of policy interventions, from those seeking to influence policy decisions. This study is designed to provide such robust evidence, based on the actual spend of film and television drama productions.

We also extend our sincere thanks to the producers of the eight projects selected for the in-depth budget analyses that underpinned our research.

Jonathan Olsberg

Chair

Olsberg•SPI

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## 1 Executive Summary

### 1.1 Context and primary findings

The creative industries consultancy Olsberg•SPI ('SPI') has been active in the screen sector for twenty-five years. Over the last decade, however, we have identified an increasing – but not previously evidenced – trend, through which investment in film and television drama productions generate public value in the other creative industries.

In order to provide policymakers and stakeholders with new evidence that would further encourage and justify public interventions to support the production sector, SPI has developed a methodology to identify the scale of this impact. This report represents the conclusions of our work.

The positive economic effect generated by the expenditure of film and television drama productions has long been accepted. The quantitative proof that they generate economic value is delivered by analysing how budgets are spent in the sector and the wider economy. These studies identify the direct, value chain and spillover impacts, which represent the currently recognised, primary economic benefits of production frequently referred to as standard economic effects, including those derived from multipliers. For the purpose of our study we refer to these as 'vertical' impacts.

### 1.2 The Creative Industries Ripple Effect

This report identifies a new, additional facet of the economic benefits that extends beyond the normal multiplier impacts. We term this the '**Creative Industries Ripple Effect**' – that identifies the additional economic value derived from analysing production expenditure according to the industry into which the money is spent. We call these horizontal impacts.

Producing ('manufacturing') a film or television drama involves drawing on a wide range of personnel, skills, services, facilities and infrastructure from other creative industries. Television drama productions have become an increasingly important sector, and the scale of their manufacturing processes are ever more similar to those for films, although the industry does operate largely on a separate economic basis.

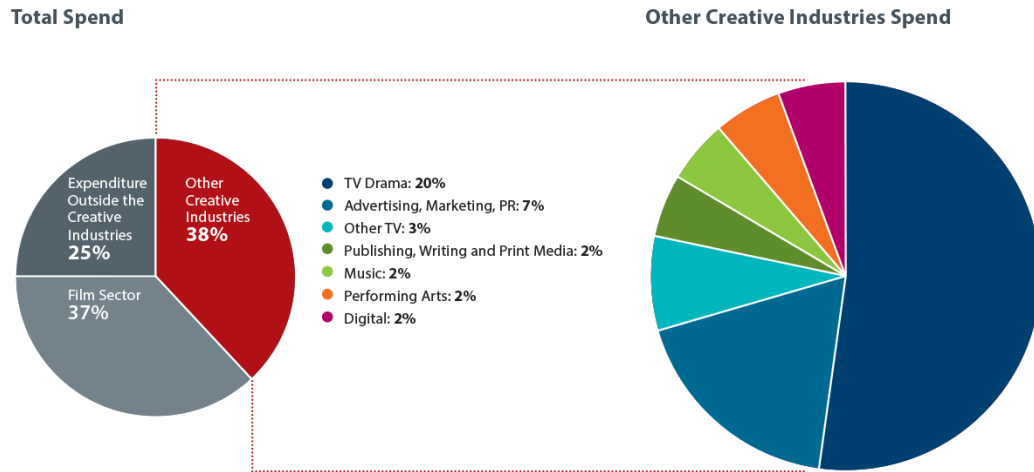
This study analyses the impacts of such expenditure in these other sectors, and shows the benefits across the creative industries that are derived in addition to the standard, accepted economic impacts. Its purpose is to inform interested parties just how potent these production sectors are as engines of growth for the creative industries as a whole and to provide details of how these positive impacts are derived.

The results of SPI's analysis demonstrate that film and television drama productions drive a significant (and perhaps unexpectedly large) amount of activity in the other creative industries. Analysis of our group of sample productions shows that between 38% (film) and 47% (television drama) of the expenditure impacts other creative industries, as follows:<sup>1</sup>

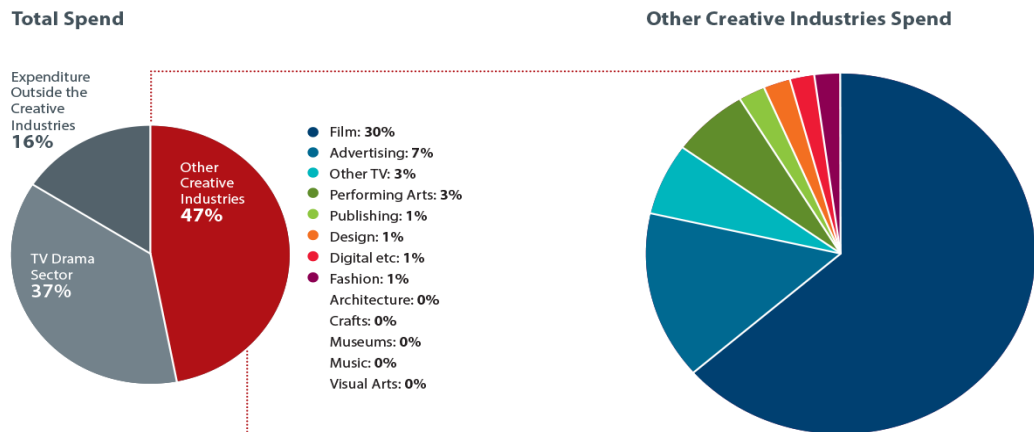
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<sup>1</sup> Chapter 8 of this report 'Qualitative Findings of the Study' explains the differences between the results and more information about the research.

**Figure 1: The Creative Industries Ripple Effect – Film productions**



**Figure 2: The Creative Industries Ripple Effect - Television drama productions**



It is our belief that this rigorous, independent, evidence-based approach provides a solid underpinning for the case that film and television drama productions delivers significant economic benefits to other parts of the creative industries.

We hope that this study will prove a valuable tool for its readers and lead to an increased recognition of the benefits of government support for the film and television sectors.

### 1.3 The Creative Industries' phenomenon

There would be no call for a report on this topic were it not for the recognition, among governments around the world, that the creative industries represent a powerful force for economic growth and cultural wellbeing. Hence, they are increasingly becoming an important target for public policy in countries and regions where the wide range of benefits they deliver are being recognised. Instances of this are found in the UK and in the countries of our sponsors: Australia, Denmark, the Netherlands and Sweden, as well as many others.

As an example, the British government recently announced that the creative industries are one of five key sectors that are the focus of its industrial strategy.<sup>2</sup> This compares to only six years previously when they were not included in the Brown government's nine priority sectors at all.

In order to identify the impact of the film and television sectors on these other creative industries, we undertook a comprehensive exercise to determine which sectors are most commonly classified within this definition. These sectors – and their related sub-sectors – are the ones included in our analysis.

Our main focus for analysis of course was economic activity within two major categories of creative industry:

- Film
- Television drama.

This leaves 12 other creative industries for our sample to have affected – these are listed roughly in order of relevance to the Study:

- Other television genres<sup>3</sup>
- Publishing
- Advertising, marketing and public relations
- Fashion and textiles
- Music
- Visual arts
- Performing arts
- Digital industries
- Design
- Architecture
- Crafts
- Museums, galleries, libraries and archives.

These are represented as follows.

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<sup>2</sup> <https://www.gov.uk/government/news/pm-unveils-plans-for-a-modern-industrial-strategy-fit-for-global-britain>

<sup>3</sup> For example, documentary, factual, comedy, quiz shows and news



**Figure 3: The composition of the Creative Industries**

Film		
TV Drama		
Other TV	Publishing	Advertising, Marketing and PR
Fashion and Textiles	Music	Visual Arts
Performing Arts	Digital	Design
Architecture	Crafts	Museums, Galleries, Libraries and Archives

Research into our sponsor countries found a broadly similar approach to categorising their creative industries, and these are presented in the following chapter.

#### **1.4 Research methodology**

SPI's core research method involved deep analyses of a representative sample of independent film and television drama projects from different countries, to find out how the expenditure that these projects incurred impacted other creative industries. This methodology is explored in detail in chapter 5.

In summary, the phases of the research included:

- A literature review of all pertinent data and reports
- Exploratory consultations with producers and stakeholders
- Creating the final methodology for the analysis
- Testing this with a Proof of Concept project
- Confirming the sponsors
- Researching and identifying potential productions that we could study from the sponsors' countries and then selecting a sample of representative films and television dramas
- Conducting the budget and production analyses
- Analysing all findings and assembling all evidence
- Writing this report.

#### **1.5 The study sponsors**

We are extremely grateful to the four sponsors who have provided the means for SPI to undertake this research and publish this report for free to interested parties.

Being a commercial consultancy, our work is normally commissioned by clients, from the public and private sectors, who have a specific need or requirement. In this case, however, SPI had identified a potential effect of the creative industries phenomenon and thought it important that the topic was researched and the results made available to all concerned.

So as to cover part of the cost of the research we approach four public organisations who we knew, and who knew our work, whose financial support has helped to make this possible. Although the Study has sponsors, they did not have any editorial influence.

These findings are solely those of SPI and all the material in this report has been compiled and analysed independently by SPI.

The four sponsors are:

- Copenhagen Film Fund, Denmark
- Film i Väst, Sweden
- The Netherlands Film Fund and
- Screenwest Australia.

These enlightened organisations are very active across film and television and are expanding their contributions to the growth of their nations' creative industries in different ways. For more information on them please refer to chapter 9.

## 2 The Creative Industries Phenomenon

### 2.1 What are the Creative Industries?

Following the decline of traditional manufacturing industries, people now increasingly inhabit a 'knowledge economy' across much of the world. This is an economy in which the generation of wealth depends on the continuous application of knowledge, creativity and innovation. The creative industries are leading examples of this.

As governments around the world grappled with the decline of heavy industry – from coal mining to steelmaking to traditional manufacturing – they have increasingly realised that the creative industries represent a potentially rich source of rapid growth.

What are the creative industries?

The UK's Department of Culture Media and Sport defined them as follows in 2001, although other countries have somewhat different definitions:

*Those industries which have their origin in individual creativity, skill and talent and which have a potential for wealth and job creation through the generation and exploitation of intellectual property.<sup>4</sup>*

The creative industries that are generally included in most definitions, and the ones used for the purposes of this Study, are:

- Film
- Television drama
- Other television genres
- Publishing
- Advertising, marketing and public relations
- Fashion and textiles
- Music
- Visual arts
- Performing arts
- Digital industries
- Design
- Architecture
- Crafts
- Museums, galleries, libraries and archives.

Analysis of the creative industries in the UK and in our sponsors' countries shows that many sectors are common to the definitions of the creative industries used in each. For the purposes of this Study, SPI created blended definitions of the creative industries, and the relevance of each to the definitions used in the sponsor countries is outlined below.

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<sup>4</sup> <https://www.gov.uk/government/publications/creative-industries-economic-estimates-january-2015/creative-industries-economic-estimates-january-2015-key-findings>

**Figure 4: Blended Creative Industries Definitions**

	Denmark	Netherlands	Sweden	Western Australia	United Kingdom
Advertising and marketing	✓	✓	✓	✓	✓
Architecture	✓	✓	✓	✓	✓
Crafts	✓		✓		✓
Design: product, graphic, furniture interior and fashion	✓	✓	✓	✓	✓
Film	✓	✓	✓	✓	✓
TV (including non-scripted content), video, photography, radio	✓	✓	✓	✓	✓
IT, software, digital and interactive content and computer services	✓	✓	✓	✓	✓
Museums, galleries and libraries/archives					✓
Music, performing and visual arts	✓	✓	✓	✓	✓
Publishing, writing and print media	✓	✓	✓	✓	✓

Sources:

- *Building a Creative Innovation Economy*. Cultural Ministers Council. 2008. <http://mcm.arts.gov.au/sites/default/files/building-a-creative-innovation-economy.pdf>;
- *Creative Industries Economic Estimates*. Department for Culture Media & Sport. January 2016. [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/494927/Creative\\_Industries\\_Economic\\_Estimates\\_-\\_January\\_2016.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/494927/Creative_Industries_Economic_Estimates_-_January_2016.pdf)
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- *Denmark At Work: Plan for Growth in the Creative Industries and Design*. The Danish Government. February 2013. <https://www.evm.dk/english/news/2013/07-02-13-denmark-at-work-plan-for-growth-in-the-creative-industries-and-design>
- *The Experience Industry*. The Knowledge Foundation. 2008. [http://www.creativwirtschaft.at/document/the-experience-industry2\\_\\_8-publ.pdf](http://www.creativwirtschaft.at/document/the-experience-industry2__8-publ.pdf)
- *Creative Holland*: [www.creativeholland.com/en](http://www.creativeholland.com/en).

## 2.2 Key characteristics of the Creative Industries

There are a number of reasons why the creative industries are particularly well placed to deliver growth in an economy where traditional heavy industries have largely disappeared.

The creative industries are not dependent on finite natural resources. Instead, they rely on so-called 'human capital' – the ability of individuals, usually working in teams, to use their creativity, imagination and knowledge to produce intellectual property. This requires a well-educated, highly skilled workforce rather than the application of physical labour, which was a key characteristic of many traditional heavy industries.

Intellectual property, in the form of copyright, designs, patents and trademarks is at the heart of wealth generation in the creative industries. Such wealth generation hinges on the development and exploitation of these intellectual property rights – whether that be, for example, film and television dramas, music compositions or visual art.

The returns on IP that are generated from screen content are increasingly global in origin, as new markets for content emerge, and new delivery formats are invented.

The actual economic value of the outputs of the creative industries is thus inherently intangible – the value resides in the ideas contained in the intellectual property rights rather than the tangible materials that make up a physical asset.

The creative industries also make a significant contribution to the wellbeing of society. As the authors of a 2015 White Paper published by the UK's Department for Culture, Media and Sport (DCMS) in March 2016 note: "Evidence suggests that culture has an intrinsic value through the positive impact on personal wellbeing. Data shows that engaging with culture (visiting, attending and participation) significantly increases overall life satisfaction."<sup>5,6</sup>

The creative industries thus sit at the very heart of the knowledge economy because their value largely depends on creativity and innovation and because they make use of digital technology.

This is also a sector where micro, small and medium-sized enterprises (SMEs) tend to flourish precisely because they rely on creativity, innovation and flexibility rather than large capital investments in plant and machinery.

A 2016 study of these industries in the US, Canada and the UK (by UK innovation charity NESTA) showed that, of the three countries analysed:

- Canada has the most creative economy **employment** in terms of workforce share – 12.9% of all employment in 2011
- The UK creative economy is **growing fast**, with an average 4.7% p.a. between 2011 and 2013
- The US has the **largest** creative economy, employing 14.2 million people in 2013.<sup>7</sup>

Many other countries and regions around the world, in addition to those where our sponsors are located, have targeted these sectors. This includes nations as diverse as Brazil, China, Mexico, Singapore, Ireland and South Africa.

In all countries and regions where these industries operate, film and television drama productions act as a key element in the eco-system, using the products and services of many of the sub-sectors when 'manufacturing' content.

## 2.3 *Economic performance*

Because of these specific characteristics, from the mid-1990s onwards some governments in different parts of the world started to recognise that the sectors that make up the creative industries could be powerful drivers of economic growth, in

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<sup>5</sup>[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/510798/DCMS\\_The\\_Culture\\_White\\_Paper\\_\\_3\\_.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/510798/DCMS_The_Culture_White_Paper__3_.pdf)

<sup>6</sup> For a detailed economic analysis of the impact of culture on wellbeing see: [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/304899/Quantifying\\_and\\_valuing\\_the\\_wellbeing\\_impacts\\_of\\_sport\\_and\\_culture.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/304899/Quantifying_and_valuing_the_wellbeing_impacts_of_sport_and_culture.pdf)

<sup>7</sup> [www.nesta.org.uk/sites/default/files/creative\\_economy\\_employment\\_in\\_the\\_us\\_canada\\_and\\_uk.pdf](http://www.nesta.org.uk/sites/default/files/creative_economy_employment_in_the_us_canada_and_uk.pdf)

addition to their traditionally recognised role of enriching the cultural life and wellbeing of a nation.

### 2.3.1 The Example of the UK

In 1997 in the UK, a Creative Industries Task Force was established by the newly elected Labour Government to examine ways to maximise the benefits delivered by the creative industries. A mapping document was produced, which examined key policy areas which have an impact on the creative industries: skills and training; finance; intellectual property rights; and exporting.

Since then these industries have become fundamental to the growth of the UK economy regardless of the composition of the government of the day. Figures published by the DCMS in January 2016, showed that the creative industries were worth £84.1 billion to the UK economy and that the sectors were growing at almost twice the rate of the wider UK economy – generating £9.6 million per hour.<sup>8</sup>

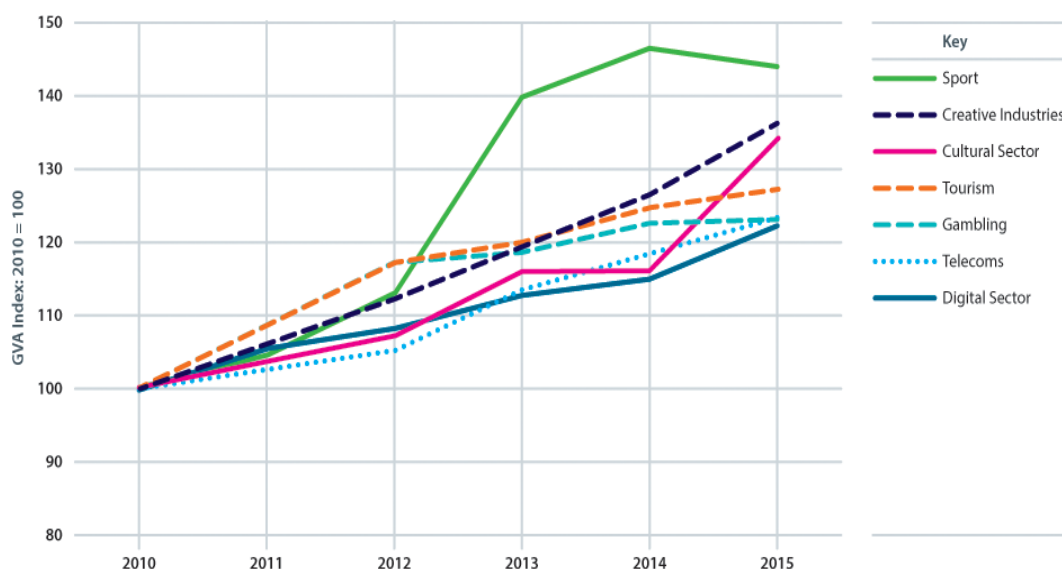
Other data published in recent years by the DCMS also reveal impressive statistics, for example in showing how the creative industries lead most other DCMS sectors in their contribution of Gross Value Added to the UK economy, as shown in the following table.

**Figure 5: UK DCMS Sectors' GVA Statistics**

Sector	GVA (£bn)						% change		% of UK GVA
	2010	2011	2012	2013	2014	2015	since 2014	since 2010	2015
Creative Industries	65.2	69.4	73.0	77.9	81.6	87.4	7.0	34.0	5.3
Cultural Sector	20.3	21.0	21.8	23.5	23.5	27.0	15.0	33.0	1.6
Digital Sector	97.3	103.0	105.2	110.0	111.6	118.4	6.1	21.7	7.1
Gambling	8.4	9.3	9.8	10.0	10.2	10.3	0.9	22.5	0.6
Sport	7.0	7.4	7.9	9.8	10.3	10.1	-1.5	44.4	0.6
Telecoms	24.7	25.4	26.0	28.0	29.1	30.2	4.0	22.3	1.8
Tourism	49.2	53.9	57.3	59.0	60.4	62.4	3.3	27.0	3.8
All DCMS sectors	177.1	189.8	197.9	209.4	213.3	220.9	3.6	24.8	13.3
% of UK GVA	12.5	13.1	13.2	13.5	13.1	13.3	N/A	N/A	N/A
UK	1,414.6	1,452.1	1,495.6	1,551.6	1,624.3	1,661.1	2.3	17.4	100.0

Furthermore, the creative industries' indexed growth since 2010 was second only to sport, and that sector uniquely benefited from the 2012 London Olympics boost and from Premier League television rights deals.

<sup>8</sup> <https://www.gov.uk/government/news/creative-industries-worth-almost-10-million-an-hour-to-economy>

**Figure 6: UK DCMS Sectors' Growth**

And a final interesting measure is how the creative industries deliver opportunities particularly to micro, small and medium sized enterprises:

**Figure 7: UK DCMS Sectors' Enterprises**

Sector	Number of enterprises ('000's)							% change		% of UK firms
	2008	2009	2010	2011	2012	2013	2014	since 2008	since 2013	2014
Creative Industries	186.7	188.9	193.8	206.7	219.3	236.1	248.8	33.2	5.4	12.0
Cultural Sector	60	59.4	59.0	60.3	61.9	64.2	65.5	9.1	2.0	3.1
Digital Sector	163.2	156.2	157.3	168.5	175.0	188.4	199.2	22.0	5.7	9.5
Gambling	1.7	1.6	1.5	1.4	1.3	1.3	1.2	-29.1	-4.6	0.1
Sport	28.4	27.8	27.7	28.4	28.9	30.1	31.2	10.0	3.6	1.5
Telecoms	5.7	6.0	6.3	7.0	7.6	7.8	7.7	36.1	-0.5	0.4
Tourism	77.0	82.0	74.0	77.0	67.8	65.5	58.1	-24.6	-11.4	2.8
All DCMS sectors	277.2	271.3	273.5	288.4	300.0	318.1	331.3	19.5	4.1	
As % of UK total	14.0	14.3	14.5	14.9	15.4	15.7	15.8			
All UK	1,976.9	1,903.7	1,885.8	1,941.0	1,945.2	2,029.6	2,094.1	5.9	3.2	

The vital economic and strategic importance of the creative industries to the UK is underlined by the fact that in January 2017, the UK government announced its five key sectors in its industrial strategy, which for the first time included the creative industries.<sup>9</sup>

This central positioning came only six years after the Creative Industries were entirely absent from nine sector list of priority sectors, compiled by a prior administration.

<sup>9</sup> <https://www.gov.uk/government/news/pm-unveils-plans-for-a-modern-industrial-strategy-fit-for-global-britain>

### **3 Creative Industries Around the World**

Having focused largely on the UK's creative industries, this chapter examines the sector elsewhere – and particularly in the countries where our sponsors are based. Although this is not a comprehensive global review of all the nations that prioritise the creative industries, an Asian country – Indonesia – has been included as an example of how the creative industries deliver economic value in all continents around the world.

#### **3.1 Selected European and Global Data**

A 2014 study for the European Union found that the value of the creative sector in Europe represented 6.8% of European GDP (approximately €860 billion) and 6.5% of European employment (approximately 14 million jobs).<sup>10</sup>

This showed an increase over the previous year, in that other research found that the EU's creative industries employed 11.4 million people in 2013, accounting for 5% of the EU workforce. The three largest creative industry workforces in the EU are those of the countries with the three largest workforces, with German creative industries employing 3.1 million (5.8% of the workforce), the UK's creative industries employing 2.3 million (7.9%) and France employing 1.4 million (5.5%).<sup>11</sup>

Another research study found a variety of impressive pan-European metrics, including the fact that the creative industries are the third largest employment sector in the EU after construction and the food and beverage sector.<sup>12</sup> It also found that creative industries jobs are focussed mainly in small businesses and these contribute disproportionately positively to youth employment, compared to the economy as a whole. In general, the highest revenue generating sectors are the visual arts, advertising and television. However the highest employment sectors are performing arts, visual arts and music.

The creative industries grew by an average of 3.5% annually from 2000-07 (compared with an average economic growth of +1%) and even +0.7% from 2008-12, during the recession.

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<sup>10</sup> <https://ec.europa.eu/futurium/en/content/economic-contribution-creative-industries-eu-terms-gdp-and-jobs>

<sup>11</sup> [www.nesta.org.uk/blog/creative-europe-measuring-creative-industries-eu#sthash.ix1tvGYZ.dpuf](http://www.nesta.org.uk/blog/creative-europe-measuring-creative-industries-eu#sthash.ix1tvGYZ.dpuf)

<sup>12</sup> [www.ey.com/Publication/vwLUAssets/Measuring\\_cultural\\_and\\_creative\\_markets\\_in\\_the\\_EU/%24FILE/Creating-Growth.pdf](http://www.ey.com/Publication/vwLUAssets/Measuring_cultural_and_creative_markets_in_the_EU/%24FILE/Creating-Growth.pdf)



Worldwide, the revenues and jobs generated for the creative industries are as follows:

**Figure 9: Global Creative Industry Metrics**

CCI sectors	Revenues (2013, US\$b)	Employment (2013, number of jobs)
Television	477	3,527,000
Visual Arts	391	6,732,000
Newspapers and Magazines	354	2,865,000
Advertising	285	1,953,000
Architecture	222	1,668,000
Books	143	3,670,000
Performing Arts	127	3,538,000
Gaming	99	605,000
Movies	77	2,484,000
Music	65	3,979,000
Radio	46	502,000
<b>Total (before removing double counting)</b>	<b>2,285*</b>	<b>31,254,000*</b>
<b>Total (minus double-counting)</b>	<b>2,253</b>	<b>29,507,000</b>

### 3.2 Australia

According to the *Creative Industries Statistical Analysis for Western Australia* from November 2013, the accepted definition of 'creative segments' (at least of the purpose of statistical analysis) includes:

- Music, visual and performing arts
- Film, TV and radio
- Advertising and marketing
- Architecture and design
- Software and digital content
- Publishing.

The most recent available data from 2013 show that employment in the creative industries accounts for 5.3% of the total workforce and is growing 40% faster than employment in the economy in general.<sup>13</sup> All sectors are growing except for publishing, which is shrinking, in line with global trends in that industry.

<sup>13</sup> [www.cci.edu.au/Creative\\_Economy\\_report\\_card.pdf](http://www.cci.edu.au/Creative_Economy_report_card.pdf)

### 3.3 Denmark

The 11 sectors that comprise Denmark's definition of the creative industries are:

- Architecture
- Books and press
- Design
- Film and video
- Content production and computers
- Arts and crafts
- Music
- Fashion and clothing
- Furniture and interior design
- Radio and television
- Advertising.

The creative industries represent 6-7% of total revenue and employment in the Danish economy and have performed strongly over the past decade, with fashion and clothing being the strongest sector.<sup>14</sup> Three contributing factors to this growth, according to the Danish Government, are the continued emergence of a middle class in emerging markets, the use of architecture and design in generating solutions for the green economy and the emergence of an innovative and specialised Danish manufacturing sector.<sup>15</sup>

### 3.4 Netherlands

According to the Creative Holland website, the Netherlands' creative industries are among the top 10 in the world. The Netherlands is the third largest exporter of television shows globally and is home to 1,300 fashion companies.

The Dutch creative industries employ 172,000 people including some 58,000 designers and 10,000 architects. The annual turnover of Dutch creative industries is €7.1 billion, representing 1.9% of the Dutch economy. Part of this turnover is earned abroad, ranking the Netherlands in eighth place for creative exports across the globe.

Included in the Dutch definition of creative industries are:

- Architecture
- Communication
- Design
- Digital
- Fashion
- Gaming
- Media (includes newspaper, TV, radio and magazines)
- Movie
- Music
- Photography.

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<sup>14</sup> Fact Sheet, Creative Industries in Denmark *Legislative Council Secretariat 13/14*

<sup>15</sup> *Denmark at Work: Plan for Growth in the Creative Industries – Design* Danish Government 2013

### **3.5 Sweden**

Sweden has no single official definition of the creative industries. The most commonly used approach originates with The Knowledge Foundation (KK-stiftelsen) and includes:

- Architecture
- Computer and TV games
- Design
- Film
- Photography
- The arts
- Literature
- The media
- Market communication
- Fashion
- Music
- Cuisine
- Scenic arts
- Tourism
- Experience-based learning.

According to NESTA, Sweden has the EU's highest proportion of its workforce in the creative industries (8.9%); they exhibit an annual growth rate in excess of 5%, and currently comprise just over 3% of Sweden's gross domestic product.<sup>16</sup>

Gothenburg is major hub, with more than 6,300 creative industry employees in the region alone, 40 film companies and is also a leading design, fashion and textile centre.<sup>17</sup>

### **3.6 Indonesia**

In 2011, the output of the creative industries generated 7% of the country's GDP.<sup>18</sup> There are 14 sectors that comprise the pillars of the industries, including film, fashion, music production, publishing, architecture, arts and antique markets, cuisine and culinary designs, software development, and interactive gaming.

Fashion is the most dominant subsector of the creative economy in Indonesia. Young entrepreneurs are actively taking up the field as well and have created a number of the SMEs that now make up 6.74% of the total companies in Indonesia.

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<sup>16</sup> [www.nesta.org.uk/sites/default/files/creative\\_economy\\_employment\\_in\\_the\\_uk\\_and\\_the\\_eu\\_v8pdf](http://www.nesta.org.uk/sites/default/files/creative_economy_employment_in_the_uk_and_the_eu_v8pdf)

<sup>17</sup> [www.businessregiongoteborg.se/en/develop-your-business/focus-areas/cultural-and-creative-industries](http://www.businessregiongoteborg.se/en/develop-your-business/focus-areas/cultural-and-creative-industries)

<sup>18</sup> [www.globalindonesianvoices.com/14159/is-there-future-for-creative-industry-in-indonesia/](http://www.globalindonesianvoices.com/14159/is-there-future-for-creative-industry-in-indonesia/)

## 4 The Suite of Public Benefits from Production Activity

### 4.1 Production and public policy

The film and television sectors have become an increasingly important part of the landscape of public policy in many parts of the globe over the last two decades. Over this period, the sector has expended much effort trying to explain to governments of all types why it is worth supporting.

It has long been recognised that film is affected by various market failures, which justify public sector interventions, historically in the form of levies, quotas and direct subsidy, but more recently in the form of automatic production incentives. These market failures include high barriers to entry in the form of the high costs of production compared to some other creative sectors, such as music.

In these difficult financial times, there is increasingly fierce competition for support from the public purse – whether for health, education, housing, transport or defence. For this reason, governments increasingly require hard evidence to support the case for public intervention in different industries.

SPI is frequently involved in making public policy cases – whether economic or cultural – for our clients, but this report is the first time we have identified and set out the argument in detail about the spillover benefits of these productions for the wider creative industries.

### 4.2 Public value

The economic contribution that film and the other screen sectors make to the economy has become increasingly recognised and many impact studies have been published establishing economic value, including SPI's report focusing on the UK, published in 2015.<sup>19</sup>

Alongside the economic value, film and other creative industry sectors also of course make important contributions to national and international culture in the form of what are called 'positive externalities'. For instance, many films and television dramas enrich the lives of those who watch them and become part of the 'national conversation' where they are shown. Productions as varied as *The King's Speech* (UK), *Breaking Bad* (USA), *Festen* (Denmark) and *The Sapphires* (Australia) have all had a significant cultural impact across different parts of the world.<sup>20</sup>

This combination of economic and cultural benefits is one of the specificities that help define the film and television sectors and helps explain why governments of all sizes and areas of jurisdiction have developed policies to support their audiovisual sectors.

### 4.3 Specific economic and cultural benefits

The following is a generic description of the benefits that can be seen in countries where film and television drama production sectors are reasonably active.

They are classified, for this purpose, as Economic, Cultural and Social.

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<sup>19</sup> <http://www.o-spi.co.uk/wp-content/uploads/2015/02/SPI-Economic-Contribution-Study-2015-02-24.pdf>

<sup>20</sup> <https://www.screenaustralia.gov.au/getmedia/1dce395e-a482-42d1-b5a9-47bb6307f868/Screen-Currency-Olsberg-SPI-Nov2016.pdf>

#### **4.3.1. Economic benefits**

##### **a. GDP growth through multipliers (primary, secondary and tertiary impacts)**

Direct impacts associated with production expenditure include the employment created during all stages – development, pre-production, production, post-production, and throughout the ‘distribution’ cycle. The employees generate their own spending which is taken into account (through the standard multiplier analysis).

Indirect impacts follow from employment and activity created down the supply chain, resulting from direct purchasing of goods and services by the production itself, and by the workers it hires, both during and after their employment.

Finally, there are the induced impacts of employment and activity supported by those employed in the film industry spending their income in the wider economy.

##### **b. Job creation and skills development**

Most jobs created by production require a highly skilled and well-educated workforce and this also creates a mobile and flexible labour pool with skills and abilities that are transferable into a range of industries, at home and abroad.

##### **c. Capital investment in facilities and infrastructure**

Normally associated with expansion of the sector is a significant increase in capital infrastructure investment, involving the creation of studios, post-production facilities and new digital clusters.

##### **d. IP creation and export earnings**

Film and television drama content is relatively unique in that it is a capital asset with a seemingly increasing shelf life, which continues to grow as new markets emerge around the world for filmed entertainment content. In recent years, this expansion has been fuelled by the creation of new formats and modes of delivery, such as Netflix and Amazon Prime.

For many nations that have export ambitions, this area represents a vibrant source of earnings. The resultant increase in foreign-derived royalty income will often be accompanied by tourism and other related benefits as content is seen around the world.

##### **e. Inward investment**

There are very few countries that can financially support production budgets solely from the domestic market: ‘Hollywood’ and ‘Bollywood’ are the often-quoted examples of markets that can. Otherwise, producers rely on co-financing and co-production involving several foreign partners which results in inward flow of funds to finance production that takes place in country.

##### **f. Tourism and ‘soft power’**

In recent years, there has also been an increasing recognition of other indirect benefits such as tourism, national brand building and ‘soft power’. 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.*<sup>21</sup>

The soft power effect can have direct economic impacts, including screen tourism benefits (or 'set-jetting' as it has sometimes been called) resulting from the viewing of a nation or region's productions.

When audiences see a nation or region's stories and locations through a positive, often shared, screen-based entertainment experience it has a significant positive impact on tourism visits. For example, people might see a film set in India such as *The Best Exotic Marigold Hotel*, which spurs them to visit the country. SPI has written several studies on this effect, the most recent of which uses a fresh method to quantify the economic value of the screen tourism effect in detail for the first time, for Creative England and Visit England.<sup>22</sup>

The positive impressions caused in audiences are deep, latent and long-lasting and often repeated as a film or television programme works its way along the typical distribution windows. Furthermore, tourism impacts are as valuable in relation to domestic tourists as foreign.

The branding of a nation or region's people, society and culture has a strong influence on tourist visit decisions. They also have positive impacts on citizens and residents who tend to experience a stronger 'bonding' to their nation or region from a positive experience from watching the film.

#### ***g. Brand promotion and trade***

The same effects that are experienced by potential tourists about a destination are to be found also in the international business and trade community. When such individuals enjoy a film or television programme the positive effect can influence their attitude towards business visits. This can assist in building export markets and inward investment.

#### ***h. Driver of activity in the creative growth economy***

This of course is the subject of our Study and we hope the Creative Industries Ripple Effect will become increasingly recognised as a key economic reason to promote a thriving production sector.

### ***4.3.2. Cultural benefits***

In many countries, the original support for the growth of the film sector came from initiatives of the relevant ministry of culture. In recent years, the many economic benefits have also become identified as reasons for the attention the sector is getting within other departments of government. However, as economic expansion occurs, the cultural benefits continue to be derived and at an even higher level, as stories from a country spread through international markets, as well as being seen by domestic audiences.

#### ***a. Original, extended and wider public value impacts***

There are many ways in which audiences' experience of a film or television programme can deliver cultural benefits to a nation. In most countries, these have been well understood in and of themselves. However, what might not be realised is the 'cultural

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<sup>21</sup> <https://www.britishcouncil.org/sites/default/files/as-others-see-us-report.pdf>

<sup>22</sup> <http://applications.creativeengland.co.uk/assets/public/resource/140.pdf>

multiplier' effect delivered by the gradual broadening of a film or television drama's 'reach' through modern delivery formats and global distribution mechanisms.

Let us take the experience of a cinema feature film: it is seen by audiences, and the cultural impacts felt, initially through cinema release, including by reading its reviews and being aware of any awards. Interestingly, it may not be necessary for anyone to actually see the whole film for some of the benefits to be felt. Mere awareness of its existence through advertisements and reviews might be enough.

The secondary impacts are delivered as the film is seen through the sequential downstream 'windows' and it is also experienced (if not actually 'seen') through social media communications and discussions.

Subsequently to this and over time, the same experiences are available through re-release, television repeats, archive availability, and in some instances, educational use.

Film and, increasingly, television series are unique in that very few consumer products or services deliver this sustained cultural impact and public value benefit.

#### ***b. Enhancing media literacy***

Film has become a vital tool for education, communication and entertainment, and is increasingly taking a place in education alongside that held by the traditional written word. Many education systems are adapting curricula to include developing students' audio-visual capabilities alongside their capabilities in written and spoken communication, recognising the place this has in the wider world.

#### ***c. Educational benefits***

Aside from this media literacy, film and television drama productions have a range of direct educational benefits that are of significant value to the broader population and economy. These include the development of an understanding of the world, and the child's place in it; the building of responses to common issues, such as grief, sharing, and learning; and, for an older age group, the discussion of themes including eating disorders, bullying, and sexuality.

Well-written content has a significant role to play prior to, and later alongside, formal education, and has been used to target specific groups, trying to minimise the educational gaps that later occur in disadvantaged audiences.

#### ***d. Creativity and innovation***

The normal production process of devising and making screen content leverages a range of creative endeavours, the initial drafting of the screenplay through to all the forms of creative activity referred to in the discussion of the creative economy above.

In addition to the traditional areas, there continue to be huge developments in and opportunities for creativity and innovation in production and post-production, delivered by digital innovations of all types. These have grown to include augmented and virtual reality, which have tremendous potential to impact a range of areas, including medicine, training and education.

The same also applies to new modes of 'distribution' where digital change has disrupted the traditional modes of delivery. Furthermore, the explosion of user generated content and social media has brought opportunities for expression of individuals' creativity using digital audio-visual means, as the cost of filming devices, including mobile phones, has plummeted.

**e. Providing a historical record**

Archived film and television drama material are critical assets for any culture. Through digital innovations, the archive sector is reinventing itself and gradually moving from a culture of preservation – often requiring restricting access – to one of increasing openness, and new forms of exploitation and exposure.

**f. Developing talent**

A key attribute of any nation or region is its human capital and in relation to film and television drama productions this correlates with the talent of the individual practitioners and professionals working in the sector. Film<sup>23</sup> is a modern, adaptable and vivid mode for the expression of individual views, stories and opinions. The talent that works in film have flexible and growing career opportunities, at home and abroad.

As previously noted, this talent pool has high level, adaptable and modern skills and this can be seen in many corners of the world, with an increasing focus on technical talent development (VFX, animation and 3-D) as well as traditional writing, directing, producing, performing and other vocational skills.

**4.3.3. Social benefits**

**a. Connecting with citizens**

As remarked on above, any positive experience of watching a film or television drama has an emotional, long-lasting and latent positive effect towards the culture and locations on show. This produces a unique and personal connection between the audience member or viewer and what is shown on the screen.

This positive effect also enhances the viewers' relationship with the nation, region and culture that are the subject of the film. There is consequently a 'bonding' effect among citizens (or residents) to a nation/region and the same effect also impacts on pride, loyalty and citizenship.

Our recent study for Screen Australia highlights this, demonstrating the way in which productions like *Gallipoli* have helped generate a common, national understanding within an immigrant-based polity.<sup>24</sup>

**b. Promoting diversity and understanding**

Film and television drama productions have become effective conduits for building understanding across and between communities. Cinema audiences are particularly 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 and on specialist television film channels, which have an important role to play, reflected in the fact that many public service broadcasters have programming specifically focussed in this area.

An understanding of the stories of other elements within a national population can be a key outcome of this. For example, within the Australian context, film and television – including drama and documentary – was key in building a wider understanding of the Indigenous experience, which generated a change in national policy towards Aboriginal and Torres Strait Islander citizens.<sup>25</sup>

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<sup>23</sup> In this context also including television drama.

<sup>24</sup> <https://www.screenaustralia.gov.au/getmedia/1dce395e-a482-42d1-b5a9-47bb6307f868/Screen-Currency-Olsberg-SPI-Nov2016.pdf>

<sup>25</sup> *ibid*



**c. The 'green economy'**

There are increasing claims that the film industry is a relatively environmentally positive sector. Production generally leaves no residual negative industrial impacts, and it avoids the typical blight of heavy manufacturing and goods distribution. Filmed stories can, furthermore, be an excellent conduit for positive messages on the environment, playing a positive role in the broader discussion on these issues for example, Al Gore's Oscar-winning *An Inconvenient Truth*.

## 5 Our Research Methodology

This chapter describes the process we used to carry out the research and analysis for this report.

### 5.1. Literature review

At the beginning of the study, we undertook a comprehensive literature review programme, investigating current trends across the global creative industries. We continued this process throughout the study to ensure the facts and findings included in this report are as current as possible. We also discussed the underlying theory of the study (the Creative Industries Ripple Effect) with a number of producers and public sector stakeholders, to test our belief in the positive link between film and television drama production and the other creative industries.

### 5.2 Approach to budget analysis – proof of concept

In order to test our basic contention concerning the existence and impact of the Creative Industries Ripple Effect, and before we approached sponsors, SPI undertook a comprehensive analysis of a representative film to see whether the results supported our assertion.

After researching various possibilities we selected a Proof of Concept feature film, a \$10 million UK feature, the independent romantic comedy *Cover Girl*. For reasons of confidentiality we have agreed not to disclose any financial information about the project and indeed this also applies to the other productions examined for this Study. However we can state that the projects selected were in all cases representative of a typical independent project from the country concerned, in our and our sponsors' opinions.

For this analysis – and the others which followed – we identified three overall classifications or categories into which the costs could be allocated. The cost allocations or impact categories were either:

- A. Within the production's own sector (either film or television drama, respectively)
- B. Within other creative industry sectors outside the production's
- C. Within sectors outside the creative industries.

In the case of 'B Within other creative industry sectors outside the production's own sector' we went deeper to identify which of the other creative industries the amount should be allocated.

Regarding personnel employed on the production, we took the following factors into account to decide where each item of expenditure on hiring an individual crew member should be allocated:

- Firstly, we assessed whether they spend 100% of their time in the core activity sector (either film or television drama) in which case 100% of the allocation was made to that core sector
- If the time was less than 100%, we assessed what portion of their non-core time was normally spent in any of the other creative industry sectors and made allocations accordingly.

We did the same analysis regarding companies providing services to the production i.e. whether the company typically provided services only to the core sector, or whether a portion of their services were typically used in other creative industries.

### **5.3. Results of this analysis**

The impact of each budget account in the Proof of Concept film was tracked across the 14 creative industry sectors we identified as relevant for this analysis. As a reminder, these are:

- Film (the core sector in this case)
- TV drama
- TV (non-scripted, other), video, photography and radio
- Publishing, writing and print media
- Design (product, graphic, furniture and interior)
- Fashion and textiles
- Music
- Visual arts
- Performing arts (includes theatre and dance)
- Digital (IT, software, digital and interactive content and computer services)
- Crafts
- Architecture
- Advertising, marketing and PR (includes the production of commercials)
- Museums, galleries, libraries and archives.

While much of cast expenditure was assigned to the core film sector (48%), proportions were assigned to television drama (20%), performing arts (20%), advertising (10%), and digital (2%).<sup>26</sup> This reflects the fact that actors working in film are also known to appear in television drama, theatre, commercials and, to a lesser degree, as voice artists in video games.

These proportions were used for the entire cast budget, assuming that related professions such as casting directors, would also work to a similar degree in these other sectors.

On the Proof of Concept project, there was some limited expenditure on crafts, design, and museums, galleries, libraries and archives. We noted that the film being analysed was contemporary in setting, and other projects may possibly involve much more extensive use of these other sectors. For example, a period film may undertake a significant amount of expenditure in the fashion and textiles (costume) sector. The film subject to this analysis had also undertaken only minor VFX work, while other projects may undertake large amounts – which would increase the impact in the digital sector.

Two sectors – architecture and visual arts – saw no impact from this particular production. Again, there may be impacts on these sectors from other types of projects.

### **5.4. Selection of sample projects**

Having satisfied ourselves on and tested the methodology, and with the help of our sponsors, we then selected eight further independent film and television productions from the sponsors' countries for detailed budgetary analysis. We chose one feature and one television drama from each country. In doing this, we were careful to select a range of projects that broadly reflected conditions in most markets around the world; we avoided heavy visual effects or animated projects, and ensured we had a representative variety of genres and periods.

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<sup>26</sup> In this case, the reference is to the commercials production sector, not media buying.

**Figure 10: Productions Selected for Analysis**

Country	Genre	Project	Principal Production Companies
Australia	Film	Jasper Jones	Bunya Productions, Porchlight Films
	TV Drama	An Accidental Soldier	Taylor Media, Goalpost Pictures
Denmark	Film	The Commune ( <i>Kollektivet</i> )	Zentropa Entertainment
	TV Drama	1864	Miso Film
Sweden	Film	A Man Called Ove ( <i>En Man Som Heter Ove</i> )	Tre Vänner
	TV Drama	Spring Tide ( <i>Springfloden</i> )	Filmlance International
The Netherlands	Film	Bloed, Zweet & Tranen	Lemming Film in co-production with A Private View
	TV Drama	Ramses	De Familie

The producers of these projects provided us with detailed financial information for each production on a confidential basis, and we conducted detailed interviews with them on several occasions, to ensure our analysis was accurate. These projects and their producers are described in chapter 7.

In total, we analysed the budgets of nine projects – five features and four television dramas – from five different countries.

## 6 Principal Research Findings

As was noted at the beginning of this chapter, our research reveals the surprising extent to which film and television drama productions have a positive impact on – and stimulate activity in – other creative industries.

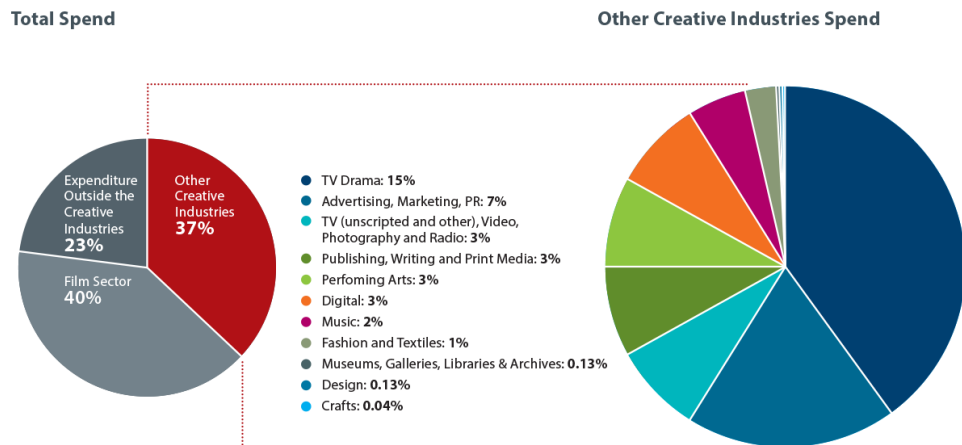
When we examined feature films we found that, on average, 38% of the total expenditure was typically spent in the other creative industries, while the equivalent for the average television drama was 47%. More details of the analysis are to be found in later chapters.

### 6.1 Proof of concept film

The first example of this emerged from our analysis of budgeted expenditure on our Proof of Concept film, which resulted in the following breakdown:

- 40% of expenditure impacted individuals and companies that worked exclusively in the film industry
- 37% of expenditure impacted individuals and companies that worked in other creative industries
- 23% of expenditure impacted other sectors that are outside the creative industries (e.g., property, law, and finance).

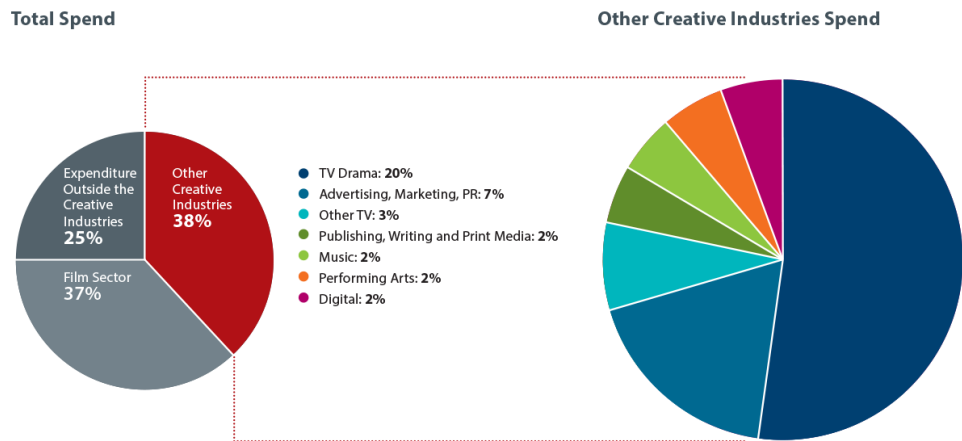
**Figure 11: Proof of concept Ripple Effect**



### 6.2 Film productions

After we analysed the four sample films from our sponsor countries, we added these to the analysis the Proof of Concept film; the average impact for this sample was identified as:

- 37% of expenditure impacted individuals and companies that worked exclusively in the film industry
- 38% of expenditure impacted individuals and companies that worked in other creative industries
- 25% of expenditure impacted other sectors that are outside the creative industries.

**Figure 12: Film production Ripple Effect**

After comparing them to the Proof of Concept results, we found that the samples were quite consistent in the breakdown of these allocations.

A comparison of the various film projects discloses the following relationships:

**Figure 13: Film production Ripple Effects in detail**

	<i>Jasper Jones</i>	<i>The Commune</i>	<i>A Man Called Ove</i>	<i>Bloed, Zweet &amp; Tranen</i>	<i>Proof of Concept</i>	<i>Average</i>
<b>Total Spend</b>						
Core Film	33%	40%	46%	26%	40%	37%
Other Creative Industries	43%	28%	39%	44%	37%	38%
Expenditure outside the Creative Industries	24%	32%	15%	30%	23%	25%
<b>Other Creative Industries Spend</b>						
TV Drama	27%	13%	24%	23%	15%	20%
Other TV	2%	4%	6%	1%	3%	3%
Publishing	4%	0%	1.1%	0%	3%	2%
Design	0.1%	0%	0.9%	0.3%	0.1%	0.3%
Fashion	0.4%	0.9%	0%	0%	1%	0.4%
Music	0%	3%	0%	4%	2%	2%
Visual Arts	0%	0%	0%	0%	0%	0%
Performing Arts	2%	2%	1.4%	3%	3%	2%
Digital etc	0%	0%	4%	1%	3%	2%
Crafts	0%	0%	0%	0%	0%	0%
Architecture	0%	0%	0%	0%	0%	0%
Advertising	8%	6%	2%	12%	7%	7%
Museums	0%	0%	0%	0%	0.1%	0%
<b>Total</b>	<b>43%</b>	<b>28%</b>	<b>39%</b>	<b>44%</b>	<b>37%</b>	<b>38%</b>

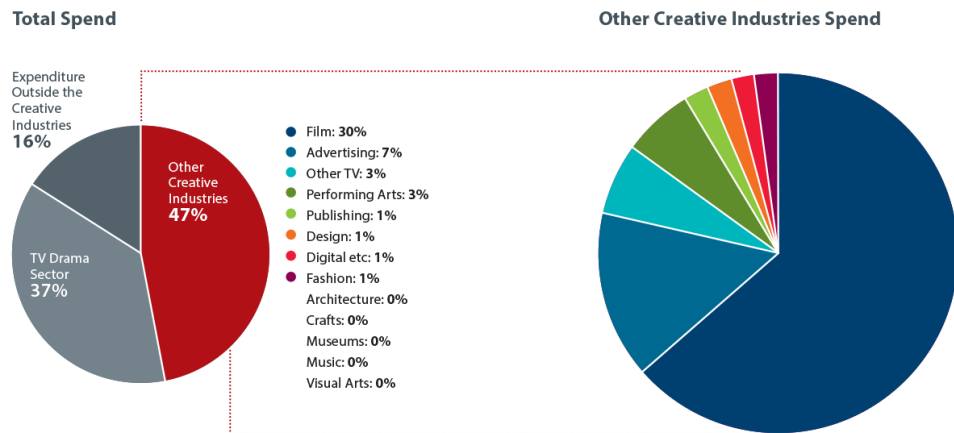
### 6.3 Television drama productions

We then turned to the television drama productions from our sponsors' countries, which included three series and one individual full-length drama. Our analysis of these showed that:

- 37% of expenditure impacted individuals and companies that worked exclusively in the television drama industry
- 47% of expenditure impacted individuals and companies that worked in other creative industries

- 16% of expenditure impacted other sectors that are outside the creative industries.

**Figure 14: Television drama production Ripple Effect**



A comparison of the various film projects discloses the following relationships:

**Figure 15: All television drama productions Ripple Effects in detail**

	<i>Spring Tide</i>	<i>Ramses</i>	<i>An Accidental Soldier</i>	<i>1864</i>	<i>Average</i>
<b>Total Spend</b>					
Core TV Drama	47%	37%	33%	33%	37%
Other Creative Industries	35%	58%	49%	45%	47%
Expenditure outside the Creative Industries	18%	5%	18%	22%	16%
<b>Other Creative Industries Spend</b>					
Film	21%	36%	22%	39%	30%
Other TV	2%	11%	1%	0%	3%
Publishing	1%	0%	2%	1%	1%
Design	2%	0%	0%	1%	0.7%
Fashion	1%	0%	1%	1%	0.6%
Music	0%	1%	0%	0%	0%
Visual Arts	0%	0%	1%	0%	0%
Performing Arts	1%	5%	4%	3%	3%
Digital etc	2%	1%	0%	0%	1%
Crafts	0%	0%	0%	1%	0%
Architecture	0%	0%	0%	0%	0%
Advertising	5%	3%	18%	0%	7%
Museums	0%	0%	0%	0%	0%
<b>Total</b>	<b>35%</b>	<b>58%</b>	<b>49%</b>	<b>45%</b>	<b>47%</b>

## 7 The Projects, their Producers and Ripple Effects

### 7.1 Selection of sample projects

Our analysis of the proof of concept film budget underlined the fact that filmmaking does have significant positive impacts on other creative sectors. Having concluded this initial research, our task then was to undertake similar analyses of the eight projects that our sponsors suggested and their producers agreed to provide.

We chose a feature film and a television drama production from each sponsor country, and we believe the results will apply to most countries with reasonably mature production industries. We were careful not to replicate similar projects when conducting this analysis and we also avoided what we considered to be 'outliers', for example those with unusually high budgets, or use of heavy visual effects and animation.

We and the sponsors are extremely grateful to all the producers of our sample projects for their contribution to this Study.

**Figure 16: Summary of sample productions**

Country	Genre	Project	Production Companies
Australia	Film	Jasper Jones	Bunya Productions, Porchlight Films
	TV Drama	An Accidental Soldier	Taylor Media, Goalpost Pictures
Denmark	Film	The Commune ( <i>Kollektivet</i> )	Zentropa Entertainment in association with Toolbox Film (co-producers: Film i Väst, Zentropa International Sweden, Topkapi Films and Zentropa International Netherlands)
	TV Drama	1864	Miso Film in association with Danmarks Radio (DR), TV2 Norge, TV4 Sweden, ZDF/Arte, Film Fyn
Sweden	Film	A Man called Ove ( <i>En Man Som Heter Ove</i> )	Tre Vänner in co-production with Film i Väst, Nordisk Film, Swedish Television, Nordensvensk Filmunderhallning, Fante Film, with the support of Nordisk Film and TV Fund, Norsk Filminstitut, Swedish Film Institute
	TV Drama	Spring Tide ( <i>Springfloden</i> )	Filmlance International AB in co-production with Nadcon Film, Sveriges Television (SVT), Film i Väst, Zweites Deutsches Fernsehen (ZDF), Lumière (as Lumière Group)
The Netherlands	Film	Bloed, Zweet & Tranen	Lemming Film in co-production with A Private View
	TV Drama	Ramses	De Familie

For all projects, confidentiality was completely respected and no individual budgetary figures are disclosed in this report. We deal with percentages only.



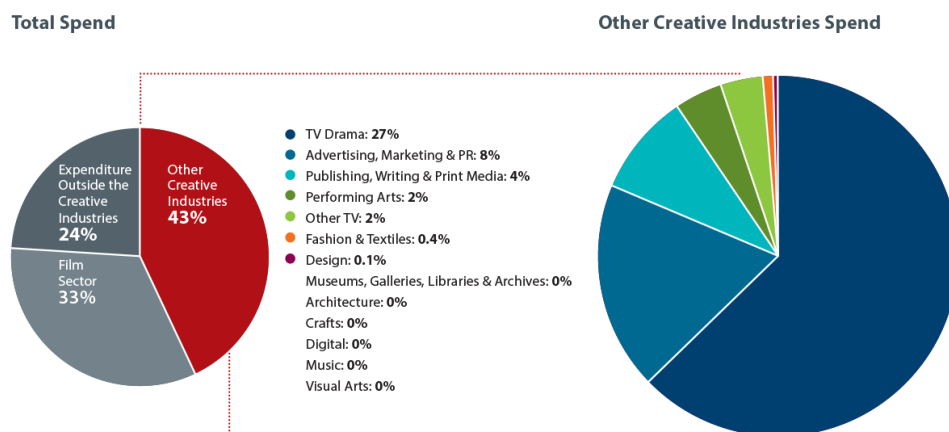
## 7.2 Jasper Jones (Australian film)

- Australian drama Feature Film
- Produced by Vincent Sheehan of Porchlight Films and David Jowsey of Bunya Productions
- Directed by Rachel Perkins
- Featuring Toni Collette and Hugo Weaving
- Written by Shaun Grant and Craig Silvey, based on the novel by Craig Silvey
- Released in 2016



Our analysis of Jasper Jones showed the Creative Industries Ripple Effect to be 43%:

**Figure 17: Jasper Jones Ripple Effect**



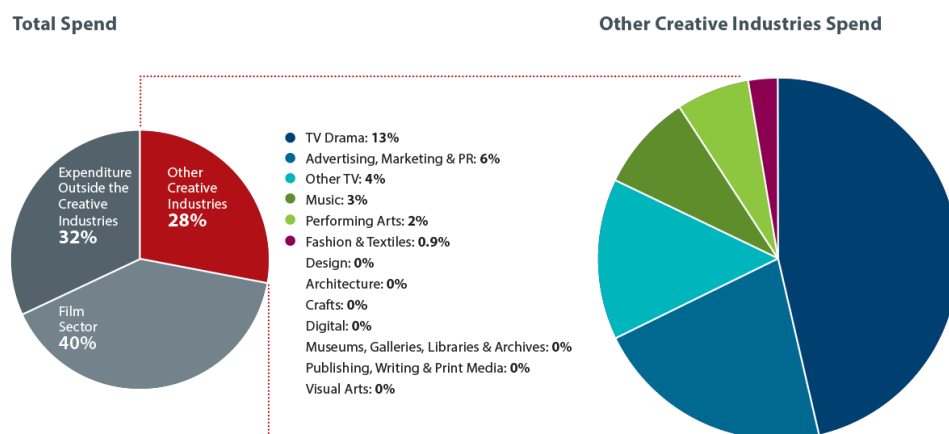
### 7.3 *The Commune (Danish film)*

- Danish drama Feature Film
- Produced by Sisse Graum Jørgensen and Morten Kaufmann of Zentropa
- Directed by Thomas Vinterberg, who also co-wrote the script with Tobias Lindholm, and the original play 'Kollektivet' with Mogens Rukov
- Selected for the Berlin International Film Festival 2016, where Trine Dyrholm won the Silver Bear for Best Actress
- Screened at TIFF this year
- On Denmark's 2017 Academy Awards submission shortlist



Our analysis of *The Commune* showed the Creative Industries Ripple Effect to be 28%:

**Figure 18: *The Commune* Ripple Effect**



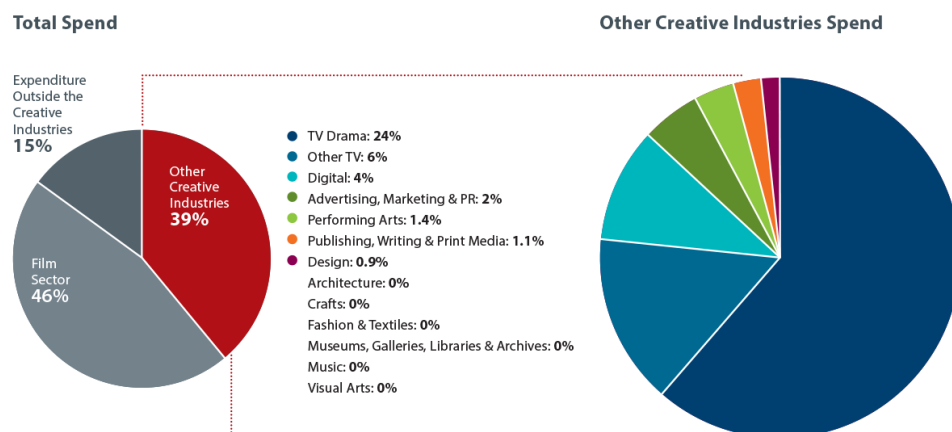
#### 7.4 A Man Called Ove (Swedish film)

- Swedish drama Feature Film
- Produced by Annica Bellander Rune and Nicklas Wikstöm Nicastro, Tre Vänner
- Written and directed by Hannes Holm, based on the novel of the same name by Fredrik Backman
- Box office hit and 3rd most seen film in 45 years in Sweden
- Won 3 Guldbagge Awards of 6 nominations, Nominated for the People's Choice Award at the European Film Festival
- Sweden's submission for the 2017 Academy Awards



Our analysis of A Man Called Ove: showed the Creative Industries Ripple Effect to be 39%:

**Figure 19: A Man Called Ove Ripple Effect**



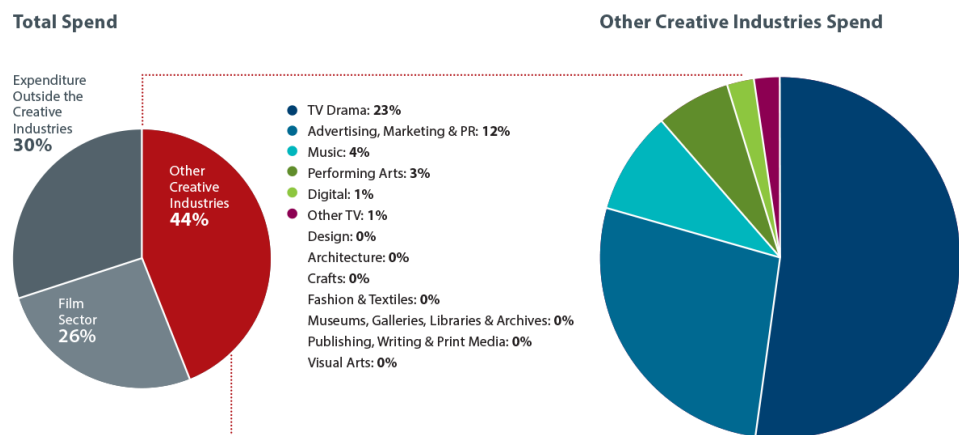
## 7.5 *Bloed, Zweet & Tranen* (Dutch film)

- Dutch biopic music Feature Film
- Produced by Leontine Petit, Joost de Vries and Derk-Jan Warrink of Lemming Film in co-production with A Private View
- Directed by Diederick Koopal
- Released to acclaim in April 2015, winning 3 of Holland's Golden Calf national screen prizes (nominated in 7 categories)



Our analysis of *Bloed, Zweet & Tranen* showed the Creative Industries Ripple Effect to be 44%:

**Figure 20: *Bloed, Zweet & Tranen* Ripple Effect**



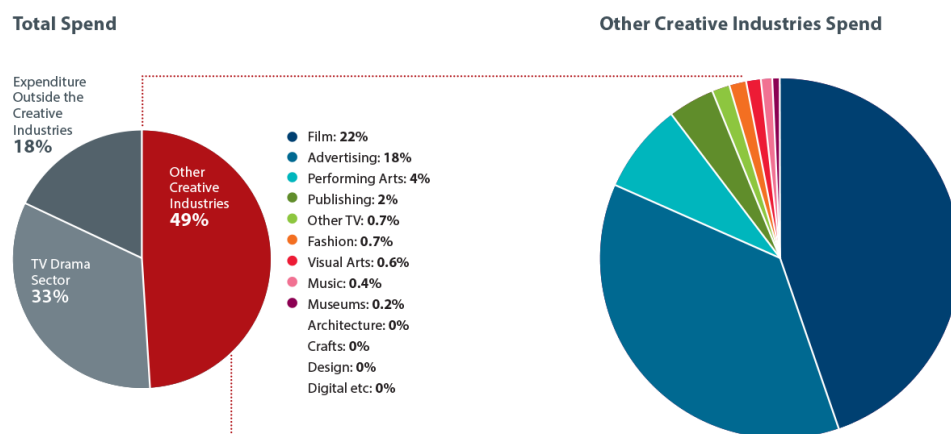
## 7.6 An Accidental Soldier (Australian television drama)

- Australian WWI Telemovie
- Produced by Goalpost Taylor, a joint venture with Perth's Sue Taylor of Taylor Media and Sydney's Goalpost Pictures
- Directed by Rachel Ward
- Written by Blake Ayshford, based on the book Silent Parts by John Charalambous
- Broadcast September 2013
- Received six Australian Academy of Cinema and Television Award nominations



Our analysis of *An Accidental Soldier* showed the Creative Industries Ripple Effect to be 49%:

**Figure 21: An Accidental Soldier Ripple Effect**



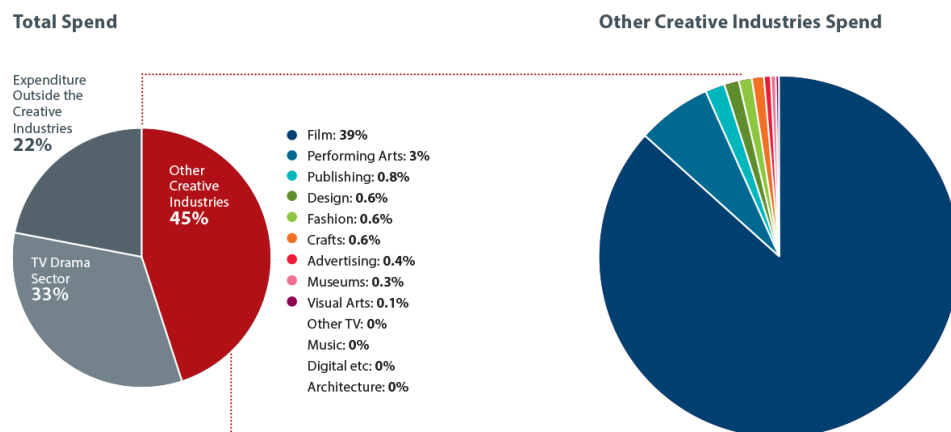
## 7.7 1864 (Danish television drama)

- Danish war TV Drama
- Produced by Jonas Allen and Peter Bose of Miso Film
- Written and directed by Ole Bornedal
- The biggest budget TV series produced in Denmark to date, with 117 shooting days and 323 sets for 8 episodes
- First broadcast October 2014 with a 67% share and 1.7 million viewers in Denmark, has since been broadcast across Europe



Our analysis of 1864 showed the Creative Industries Ripple Effect to be 45%:

**Figure 22: 1864 Ripple Effect**





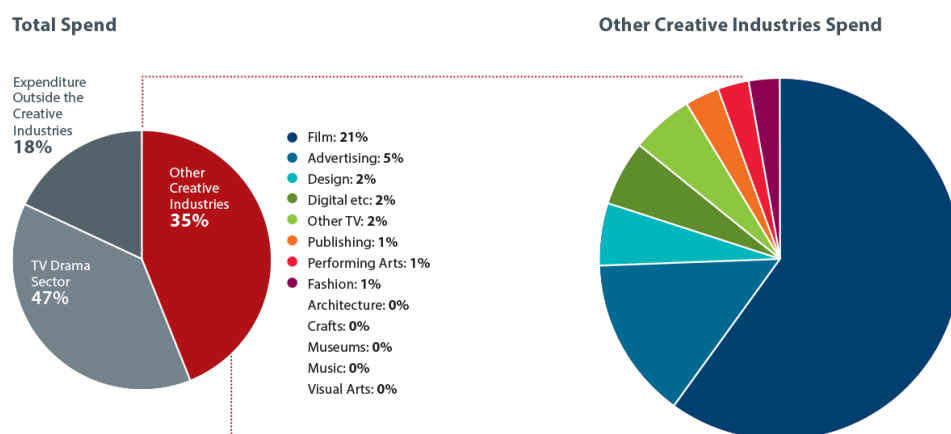
## 7.8 Spring Tide (Swedish television drama)

- Swedish crime TV Drama
- Produced by Martin Cronstrom and Francy Suntinger of Filmance International
- Directed by Niklas Ohlson and Mattias Ohlsson and written by Rolf and Cilla Borjlind
- Aired in March 2016 and was the second most popular Swedish crime drama behind The Bridge (also produced by Filmance)
- Broadcast internationally beginning fall of 2016



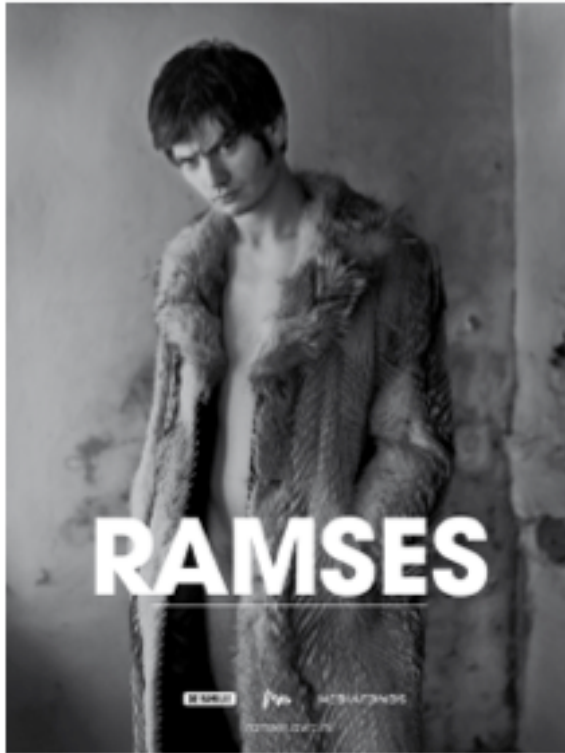
Our analysis of Spring Tide showed the Creative Industries Ripple Effect to be 35%:

**Figure 23: Spring Tide Ripple Effect**



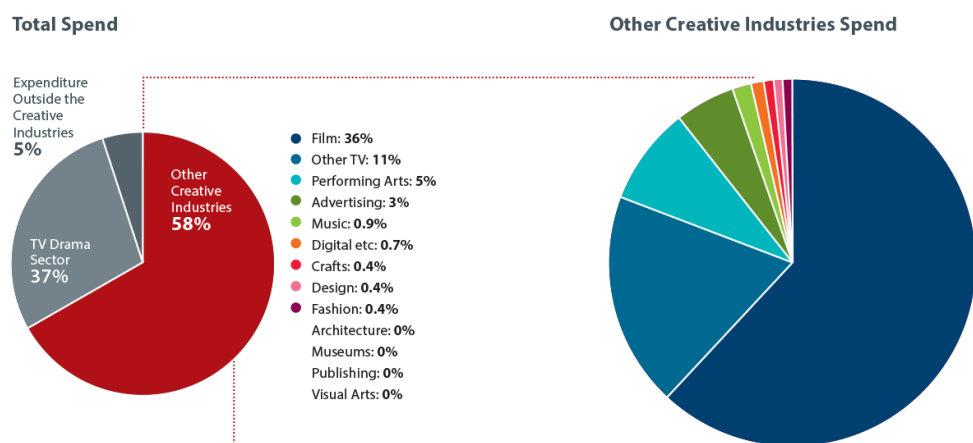
## 7.9 Ramses (Dutch television drama)

- Dutch musical biopic mini-series
- Produced by Monique Busman for De Familie and TV/AVRO
- Broadcast in January 2014
- Winner of several awards including an Emmy Award for Best Performance by an Actor for the lead Maarten Heijmans, a Dutch Directors Guild Award for Best Director, the Prix Europa for Best European TV Fiction Serial, a Gouden Kalf and several TV-Beeld awards
- Nominated at BANFF 2015 for best Serial Drama



Our analysis of Ramses showed the Creative Industries Ripple Effect to be 58%:

**Figure 24: Ramses Ripple Effect**





### 7.10 Summary findings for all projects

In order to arrive at accurate percentages representing how the budgets were spent we decided to take a relatively simple average across the genres. We considered but decided against calculating a weighted average, taking into account the amounts spent on the projects rather than just the percentages. But we considered a more accurate representation of the Creative Industries Ripple Effect would be to avoid any potential unbalancing and go for a simple average for features and for TV dramas.

The following chart summarises the percentages in each case and shows how the averages were calculated.

**Figure 25: Breakdown of Ripple Effect – all productions**

	Film			TV		
	Own sector (%)	Other CI sectors (%)	Non-CI (%)	Own sector (%)	Other CI sectors (%)	Non-CI (%)
<i>Proof of Concept</i>	40	37	23			
<i>Jasper Jones</i>	33	43	24			
<i>An Accidental Soldier</i>				33	49	18
<i>The Commune</i>	40	28	32			
<i>1864</i>				33	45	22
<i>A Man Called Ove</i>	46	39	15			
<i>Spring Tide</i>				47	35	18
<i>Bloed, Zweet &amp; Tranen</i>	26	44	30			
<i>Ramses</i>				37	58	5
<b>Totals</b>	<b>185</b>	<b>191</b>	<b>124</b>	<b>150</b>	<b>187</b>	<b>63</b>
<b>Averages</b>	<b>37</b>	<b>38</b>	<b>25</b>	<b>37</b>	<b>47</b>	<b>16</b>

## **8 Qualitative Findings of the Study**

### **8.1 *The Creative Industries rethought***

The evidence of the Creative Industries Ripple Effect presented so far has been purely quantitative, and that has very purposely been our approach. Governments require robust, evidence-based arguments for support of the sector, whenever possible, and this we believe has been supplied.

Looking into more qualitative issues reveals some interesting aspects of the study, however, such as the observation of how the definition of Creative Industries is evolving and how some of the component parts appear to be moving closer together. Figures 3 and 4 in chapters 1 and 2 present the elements of the creative industries that are included in various definitions used in the countries studied in this report.

The definition of what is included under the 'Digital Industries' category is worth a deeper look. In general, we found the following sectors are included: IT, Software, Digital and Interactive Content, and Computer Services. This is clearly a very broad ranging grouping and we believe that it is worth concentrating on the screen entertainment based sectors to best understand the Ripple Effect. We believe that it is in this category of digital industries where a much closer alignment of skills, workforce growth and employment creation, as well as technical innovations, will be found.

For example, if this research is to be done in five years from now we expect that digital industries will play a far greater role in production, and contribute a greater Ripple Effect impact. Among the digital industries, we include sectors where the more traditional areas of visual effects and animation are the basis for newer screen content areas such as gaming, immersive augmented and virtual reality.

The Ripple Effect has greatest impact on the various elements of the 'screen' ecosystem, naturally. Here we include film, television drama, other television production as well as television commercials (included in the advertising sector) and increasingly digital industries, as noted above. The other sectors are all involved, however, to a greater or lesser degree, with the possible exceptions of crafts and the museums, galleries, libraries and archives sectors.

### **8.2 *The differences between film and television drama***

It is also noted how the major sectors studied in this report, film and television drama production, are themselves also experiencing greater alignment in the 'manufacturing' aspect of these industries. Although the business models and film and television drama are quite different (especially from a risk/reward aspect) the actual production of the content relies on many of the same resources, in front of and behind the camera, and in the post-production process. Furthermore, the workforce involved in these two sectors is growing in its value and mobility. We see this when calculating the Ripple Effect across these two sectors in most examples studied.

Continuing the exploration of film and television drama brings the observation that the former segment tends to involve a more dedicated resource base than the latter.

This is because film production is a more mature sector and, in many countries, has had time to develop a support infrastructure solely delivering resource to film production.

The production of modern, 'high-end' television drama series is a newer phenomenon and has used the resources and infrastructure of film production, rather than exclusively developing its own, separate resource base. Both sectors show approximately the same

elements of 'core' infrastructure (where suppliers and crew only work in that sector) in our analyses but we find that television drama currently uses a higher proportion of film sector infrastructure than is the case in the reverse. However, it is quite likely that these two sectors will gradually develop with a common manufacturing infrastructure at least for the foreseeable future.

In production sectors that are of a modest size, or recently developed, we find that the workforce has greater mobility and moves easily between film and television drama, and indeed other sectors such as the performing arts and music. In fact, commentary from interviewees in smaller territories claim that skilled actors, writers and directors who are committed to non-screen sector are often able to sustain their careers by also working in film and television drama productions. Without these opportunities, their main career paths might not be viable.

## 9 The Sponsors of the Study

We are extremely grateful to the following organisations who have supported the research for and writing of this Study.

### 9.1 *Copenhagen Film Fund (Denmark)*

The Copenhagen Film Fund is the regional fund of Greater Copenhagen and its primary purpose is to invest in international and Danish film and television productions, to be made in the region and seen around the globe.



### 9.2 *Film i Väst (Sweden)*

Film i Väst is a regional film fund which co-produces films with potential to compete in prestigious festivals and be seen by international audiences. Their aim is also to bring elements of production or post-production to Region Västra Götaland and encourage international projects to work with Swedish production partners.



### 9.3 *Netherlands Film Fund (Holland)*

The Netherlands Film Fund is the national agency responsible for supporting film production in the Netherlands and activities such as festivals and training. Its focus is to develop and strengthen Dutch cinema and film culture both domestically and internationally. The Film Fund also oversees the activities of the Netherlands Film Commission.



### 9.4 *Screenwest (Australia)*

Screenwest is Western Australia's screen funding and development agency, committed to working in partnership with the screen industry to develop, support and promote film, television and digital media production in Western Australia.

Screenwest exists to partner with the screen industry to produce and promote quality storytelling that delivers multiple cultural and economic benefits to the Western Australian community.



## 10 About Olsberg•SPI

SPI provides a range of expert consultancy and strategic advisory services to public and private sector clients, specialising in the worlds of film, television, video games and digital media. Founded 25 years ago 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 bodies
- 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 organisations
- Publishers and conference organisers.

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 studio facilities, 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 maximise future impacts
- Providing strategic advice for screen commissions, including business and marketing plans.

In addition to SPI's regular executives, we would like to thank Nigel Goldsack, Neil Watson and Talia Jawitz for their valuable contributions to this Study.

## Appendix I Cost Allocations in Detail

When SPI first engaged with the producers of the selected projects we provided some guidance notes on how the analysis was to be carried out. An extract from these is repeated here.

### **Step One: The producer submits the full project budget to SPI for initial review**

*Having previously discussed the project in detail with the producer, SPI is provided with the budget in order to prepare the template for the analysis.*

### **Step Two: SPI and the producer schedule a lengthy call or meeting**

*During this, each budget line will be discussed in order to ensure that a representative proportion of the expenditure is assigned to other creative industry sectors, if relevant. To guide this discussion, a full explanation of the process undertaken for the Proof of Concept budget analysis is included in the following section.*

### **Step Three: SPI sends the producer the analysis for final review**

*The producer examines SPI's analysis and any questions or issues are resolved and the analysis confirmed.*

*For all projects, confidentiality is completely respected and no individual budgetary figures will be disclosed in the final report. The findings of the analysis will be described in terms of percentages of budgets.*

### **Guide to the Budget Breakdown**

*This section of our guide outlines how we approached each separate budget line for the Proof of Concept analysis. This can be used as a guide to inform the analysis of the different projects, although the proportions and impact for different creative industry sectors will differ depending on each individual project.*

#### **Story & Other Rights**

*This budget account includes any underlying rights to material if the project is not based on an original idea or original screenplay. This can include buying the rights to a play, book or video game, or paying for the use of characters. If the project is based on a spec script, there may still be spend on the story and character rights.*

*In the Proof of Concept film budget it was estimated that all spend on Story & Other Rights was outside the film sector as the project was based on a book. Thus, 100% of spend went to publishing, writing and print media.*

#### **Screenplay**

*This item covers the writing of several drafts, and any steps necessary to turn the story into a screenplay that is ready to shoot. This process could involve different writers from different professional backgrounds.*

*For the Proof of Concept analysis, 75% of this spend was assigned to the film sector, with 25% assigned to publishing, writing and print media on the assumption that the screenwriter's skills, and some of their on-going work, would relate to this sector.*

*Other projects may use writers from TV, theatre, or other backgrounds so it is conceivable that the breakdown on other projects could differ.*

#### **Director**

*The breakdown for the director budget line in the Proof of Concept analysis was 75% to the film sector, 10% in TV drama, 5% in TV, and 10% in performing arts. This reflected the film-*

maker's professional profile, although other directors may be much more active in other sectors, including advertising. This budget line included the director's fee and expenses: all were assigned using the proportions above.

### **Producer**

This account usually covers an amalgam of key producers' fees such as investor producer and creative producer and includes overhead fees for financing companies.

In the studied budget, some funding came from a company involved in brand development so 10% was assigned to commercials and advertising. The breakdown is made on the assumptions that producers are likely to work across several sectors and that the producer budget line includes many different types of producers.

### **Cast**

Budgets may split expenditure between lead cast, supporting cast and day players, but for the Proof of Concept analysis only one breakdown was used. This estimated that 48% of all cast-related spend would impact film and 20% TV drama. A further 20% was applied to performing arts (for theatre work), 10% to advertising (for commercials), and 2% for digital (for video game work).

Depending on the cast's background and current career, performing arts could contribute a much larger proportion for other projects.

The budget line for cast also includes casting directors, stunt coordinators, a dialect coach and a choreographer. The above breakdown of spend into other creative industries is assumed to be relevant to these professionals as it would be for performers.

### **Production Staff**

These professionals are considered to work entirely in the screen sectors, and related expenditure was assigned 70% film, 20% TV drama, 5% TV and 5% advertising.

### **Extra Talent**

Expenditure on extras and stand-ins was assigned 50% to film, 12.5% to TV drama, 12.5% to TV and 25% to advertising. For expenditure on dancers – which, of course, may not be relevant to every project, 10% was assigned to film, 5% to TV drama, 5% to TV, and 80% to performing arts.

### **Set Design**

The majority of set design spend was assigned to film (70%) and TV drama (25%) to reflect the fact that this is a specialised role within these sectors. An additional 5% was assigned to the TV sector. Expenditure on graphics – which could involve creating newspapers, signage and posters – was assigned 50% to design and 50% to advertising.

### **Set Construction**

All materials purchased for set construction were considered to be expenditure outside of the creative industries. Of labour costs, 35% was assigned to film, 25% to TV drama and 5% to TV, 20% to advertising, 5% to theatre, and 10% to crafts.

### **Lighting**

Skills in this account are also closely related to the screen sectors, so 50% was applied to film, 25% to TV drama, 10% to TV and 10% to commercials. A small proportion – 5% – was assigned to performing arts to reflect prior experience, or potential to work in, theatre.

### **Camera**

Again, skills in the camera account are closely related to the screen sectors – with 50% of impact assigned in the film sector, 40% in TV drama and 10% in advertising. This account also included expenditure on stills photography, which was fully assigned to the TV, video, photography and radio sector.

### **Costume**

To reflect the fact that this budget area involves both design, manufacturing and purchases, the total expenditure was divided equally. The design component was assigned 50% to film, 40% to TV drama and 10% to advertising. The purchases and rentals account was assigned to film (30%), TV drama (25%), TV (5%), fashion (30%) and advertising (10%).

### **Hair and Make-Up**

This was assigned 30% to film, 25% to TV drama, 5% to TV, 30% to fashion and 10% to advertising.

### **Transportation**

Expenditure on drivers was considered to be outside the creative industries. Other transport expenditure with specialist suppliers was assigned 50% to film, 30% to TV drama, 10% to TV and 10% to advertising.

### **Picture Vehicles & Animals**

A vehicle company that specialises in supplying film crews supplied these services. Therefore, 50% was assigned non-creative industries and the remaining 50% was divided between film (50%), TV drama (30%), TV (10%) and advertising (10%).

### **Production Film & Lab**

This would include processing footage, prepping the videos and printing when necessary. All of this expenditure was assigned to digital.

### **Below the Line Location Living**

All spend on travel and living expenses is considered to be outside of the creative industries.

### **Picture Editorial**

In the Proof of Concept budget analysis, the relevant portion of this account was applied to digital. Of the rest, 50% was applied to film, 30% to TV drama, 10% to television and 10% to advertising.

### **Music**

The entirety of this budget account was applied to the music sector.

### **Post Production Sound**

Half of this account was applied to the digital sector. The remainder was split between film (50%), drama (30%), TV (10%) and advertising (10%).

### **Post Production Film & Lab**

This account related to the main and end titles but it could also include some design work. In total 80% was assigned to film, and 20% to the digital sector for equipment.

### **TV & Video Mastering**

In total, 40% assigned to the digital sector. The remainder was split between film (20%), TV drama (15%), TV (5%) and advertising (20%).



### **Deliverables**

*The digital sector was assigned 40% of the overall deliverables expenditure. The remainder was split between film (20%), TV drama (15%), TV (5%), and advertising (20%).*

### **Post: General Expenses**

*As some of this account will include both industry specific and non-creative industry costs, this account was assigned 50% to non-CI. Of the remainder, 50% was assigned to film, 35% to TV drama, 5% to TV and 10% to advertising.*

### **Post Travel**

*All expenditure on post travel was considered to be outside the creative industries.*

### **Unit Publicity**

*To reflect the fact publicists can specialise in the screen sectors, 40% was assigned to film, 30% to TV drama and 10% to TV. In addition, 20% was assigned to advertising, marketing and PR.*

### **Set Operations, Special Effects, Set Dressing, Props, Production Sound, Video Assist, Locations, Second Unit, New York Shoot, Crew Overtime, Screenings**

*These budget areas were considered to draw on expertise developed in the screen sectors, with related professionals continuing to work in these sectors. Therefore, spend was divided between film TV drama, TV and advertising.*

*Depending on the project, these areas may involve expenditure in other creative industries sectors. For example, a project may hire props from a theatre.*

### **Contingency**

*The contingency was allocated in the same ratio as the total of all expenditures other than the contingency amount, in order to accurately reflect the way the budget was actually spent.<sup>27</sup>*

### **Insurance, Production Legal, Finance Expenses, Completion Bond**

*Expenditure in these accounts was considered to be completely outside the creative industries.*

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<sup>27</sup> When the actual assessments were made of the selected projects the contingency had in most cases already been spent and therefore allocated. If not, then the contingency was estimated to be allocated in the same proportion as the rest of the budget.