

The 31th Voorburg Group Meeting  
Zagreb Croatia 19-23 September 2016

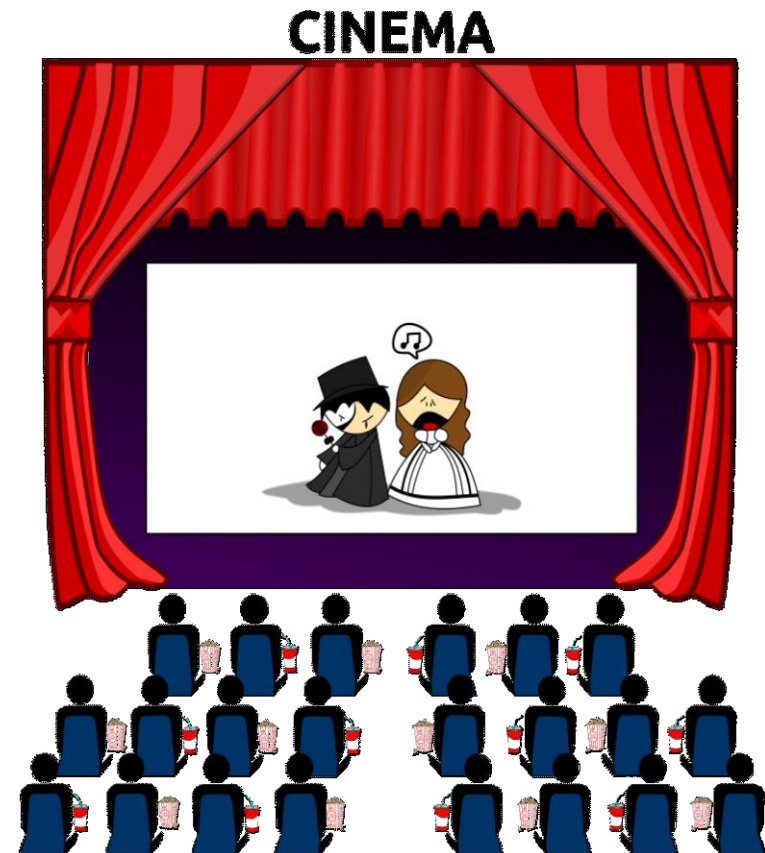
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Mini presentation SPPI ISIC 591  
Motion Picture, Video and Television Production,  
post Production and Distribution Activities

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ICBS

# Chapters

- Introduction
- Definition of the service
- Market condition
- Classification
- Pricing methods
- Quality adjustment
- challenges



# Filmmaking stage of production

**Development** - screenplay is written, financing to be find

**Pre-production** - cast and film crew are hired, locations are selected and sets are built

**Production** - the raw elements for the film are recorded during the film shoot

**Post-production** - the images, sound and visual effect are edited

**Distribution** - the film is distributed and screened in cinemas and released to home video

# Filmmaking staff

**Development** - writer, producer, screenwriter

**Pre-production** - director, assistant director, production manager, art director, costume designer, location manager, contracture

**Production** - script supervisor, property master, assistants directors, photographer, picture editor, sound editor, camera operator, actors

**Post-production** - video / film editor, animator, soundman

**Distribution** - film distributors



**MISSION:  
IMPOSSIBLE**

CINEMA

# Classification

## J - information and communication

- 59 Motion pictures, video and television program production services, sound recording and music publishing
- 60 Programming and broadcasting services
- 61 Telecommunication services
- 62 Computer programming, consultancy and related services
- 63 Information services

# Industry Classification

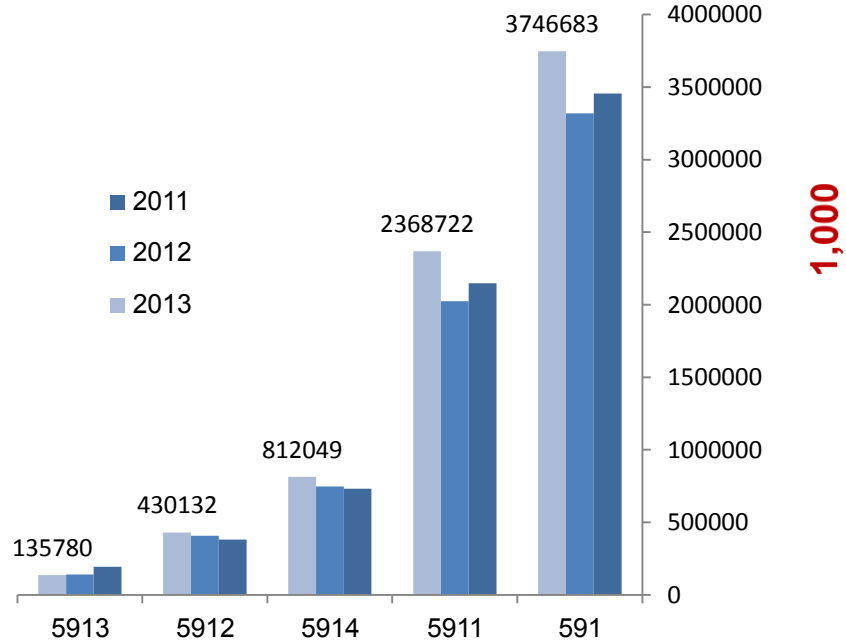
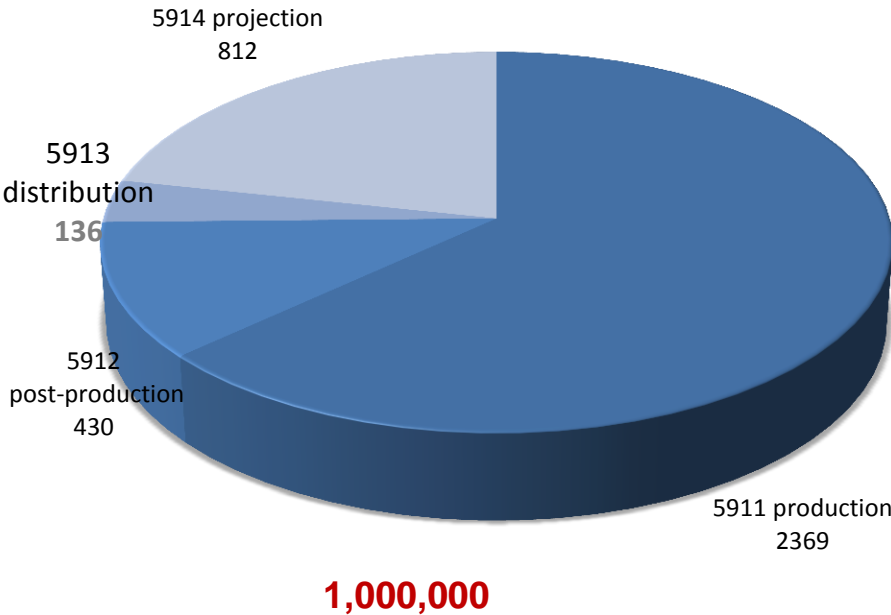
- 59** Motion pictures, video and television program
  - 591** Motion picture, video and television program activities
    - 5911** Motion picture, video and television program production activities
    - 5912** Motion picture, video and television program post-production activities
    - 5913** Motion picture, video and television program distribution activities
    - 5914** Motion picture projection activities
  - 592** Sound recording and music publishing activities

# Industry versus Product Classification

ISIC Rev. 4	CPC Ver. 2	Detail
5911	38950	Motion picture film, exposed and developed
	47620	Films and other video contents on disks, tapes or other physical media
	73320	Licensing services for the right to use entertainment, literary or artistic originals
	84331	Films and other video downloads
	84332	Streamed video content
	96121	Motion picture, videotape and television program production services
	96123	Motion picture, videotape and television and radio program originals
5912	73320	Licensing services for the right to use entertainment, literary or artistic originals
	96131- 96139	Audiovisual post production services (editing, duplication, color correction, visual effects, animation, titling, sound editing, design...)
5913	7320	Licensing services for the right to use entertainment, literary or artistic originals
	96140	Motion picture, videotape and television program distribution services
5914	96150	Motion picture projection services

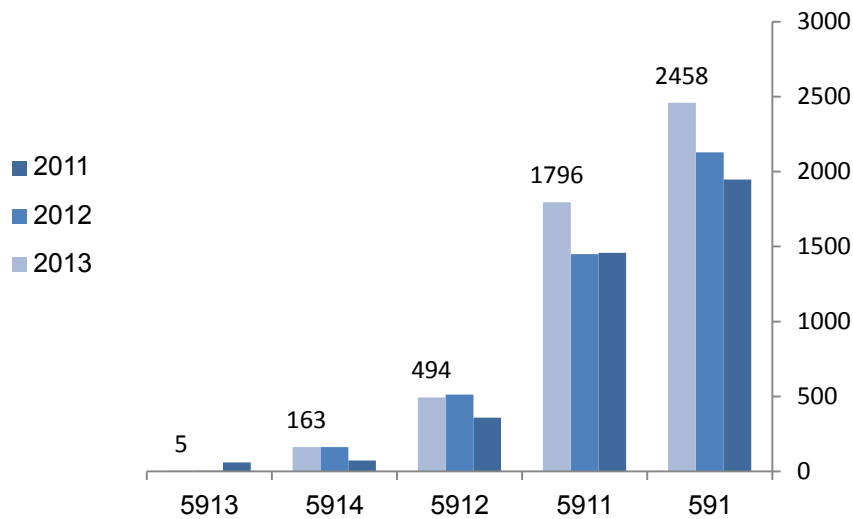


# Turnover comparison between classes (NIS)

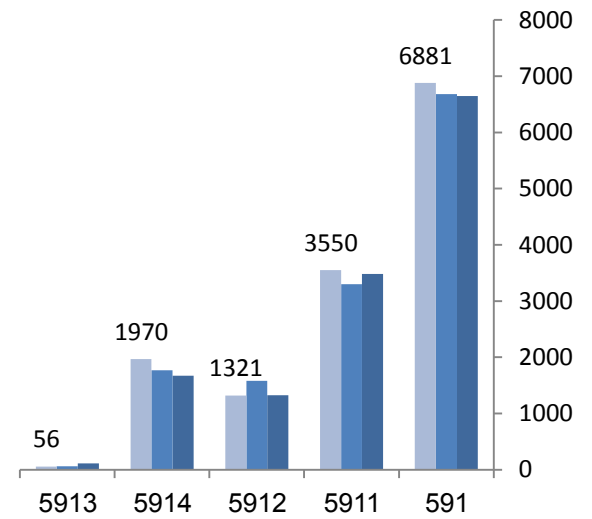


# Number of dealer & employees

## Dealers



## Employees



# Market Condition - Technology

There has been much progress since the silent movie...

and In last decade a revolution in the market

- from big screen to small screens
- grown of video on cellular and internet (50% is there)
- Instruments and technologies became cheap (cameras)
- Recording market disappeared
- Post production - the market become small and centralized, no need for big editing studios



## Market condition - Structure

- 120 companies are member in the Association of Production Companies. 20-30 medium size companies and 3 very large ones produce films
- 8 very large companies produce program for television & control 85% of the market, the rest are small companies
- Only few large post production companies
- About 10 distribution companies 3 very large and they own cinemas

# Market Condition Costumers

- TV broadcasting companies – buying series  
(features, documentary, drama...)
- Cinemas distributors in local and foreign countries
- Industrial production to advertisement companies

# Market Condition Professional Organizations

- There are professional organization for the promotion of filmmaking that represent production companies, actors, documentaries creators, workers, directors, editor, scripters and more...
- **Act** The organization of workers in film & television advance the agreements and regulations in the market for the benefits of workers.  
Union productions are under the rules of the union: minimum rates, working day etc.

# Market condition - Regulation

## TV under the Ministry of Communication

5 broadcasting organization

1 Public TV - channel1 the Israeli TV

2 commercial TV channels - second Authority of television and radio broadcasting

1 cable television 1 satiate TV - The Council of Cable TV and Satellite broadcasting

1 Educational TV

- developing original Israeli content production
- diversity of content and pluralism
- improvement of services and technologies
- increasing supply and minimizing the price

According to the law TV companies must by 65% of content from other production companies



# Market condition - Regulation

## Film under The Ministry of Culture

budget to Israeli cinema through film funds for the production of Israel full length feature films, marketing and distribution

2 big funds: Israeli film fund, Rabinovich fund

- To encourage filmmaking and co-production
- to enrich culture, represent the country worldwide and strength economy
- Every year about 140 new scripts are submitted 12-15 films are selected
- The average budget of film \$500,000 – \$1,000,000
- the fund invest 2/3





# Movies in Israel

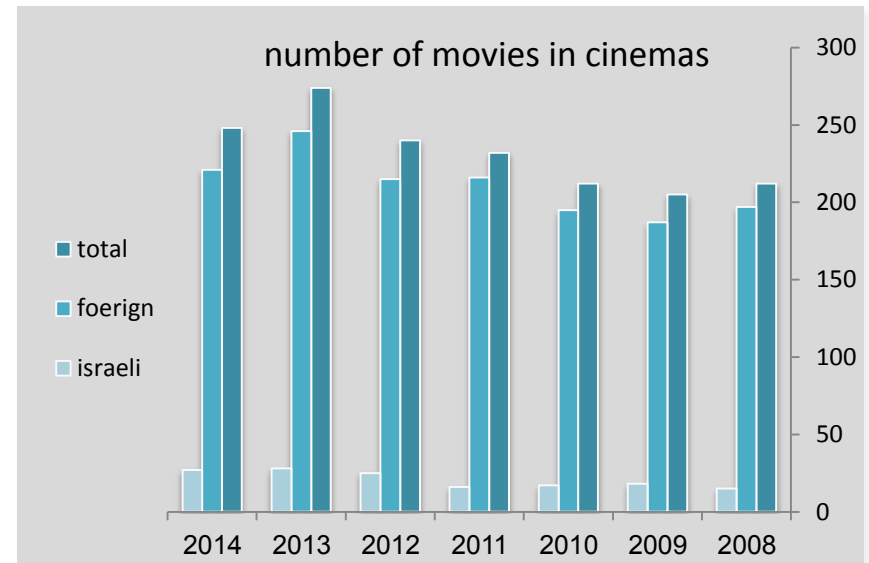
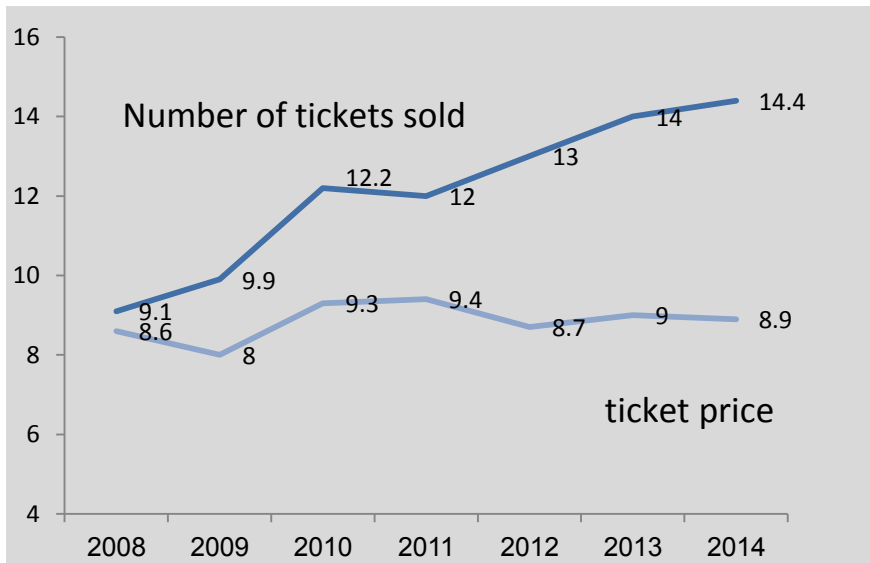
**40**  
cinemas

**295**  
theaters

**44,878**  
seats

**248**  
movies

**14,400,000**  
tickets



Main Countries of film production

**US 158** **Israel 47** **France 18** **UK 10**

# Israeli Film 2014

## cinemas

**239 new Israeli films** were projected in festivals, cinemas and TV  
Feature films, dramas, documentary and students films

**1,691,836 viewer** watched Israeli movies projected in cinemas

**248 Israeli movies** were projected at **40 cinemas**  
in **295 theaters** with **44,979 seats**

for the production of **26** Israeli film projected in 2014

- **budget 92.5 million NIS.**
- **public finance 70.2 Million NIS**
- **Revenues 26.91 Million NIS.**(without DVD and selling aboard)



# Israeli Films 2014

## local production Foreign Market & import

### world festivals

**76** Israeli films projected in film festivals in **61** countries

**31** out of 76 films won **50** rewards, 9 movies won 2 or more rewards

**36** in **US** **17** in **France** **15** in **Australia** and other Europe

### Co-production

**3-5** co-productions of feature films mainly with **Europe & Canada**

**10-15** co-production of documentaries

### Import

About 200 new feature films are being imported

**63%** American **23%** European (France, UK and more) **9%** other

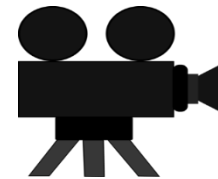
# Special Issues & Challenges

- Classification - companies usually do more than one activity in motion picture and also in other industries
- The kind of media to deliver the content is important
- Export - filmmaking is an export industry, there are international agreement and co-productions
- Public financing - is high and has implication on measuring turnover and prices
- Data available and published
- Mainly BTB market

# Budgets

The average budget of a production US \$

- Feature film \$800,000 - \$1,200,000
- TV fiction \$150,000
- TV series \$100,000 per hour
- Documentaries \$180,000 per hour



# Pricing methods

## Charge out rates

For one hour of work / one working day

By professional staff (photographer, soundman, editor, actor, etc.)

Minimum rates are set by the Israel film and television producer association

Example: one day shooting for photographer - \$1500

## Commission

for the production of a film is paid to the producer as a percentage of the budget of the film 10%-15%

## TV

the payments is for one minutes of screen time on average 13,000 NIS  
~ 3,600 US \$ the payment for one chapter is 180,000 - 200,000 US \$

# Pricing Methods

## Revenues

From selling tickets in cinemas are divided  
50% to cinema owner, 30% to distributor, 20% to the production  
(producer 8% director 7% scripter 5%).

**Ticket price** 9\$ incl. vat.

# Revenues

- the more tickets are sold the more revenues and profits to the producers
- From selling the movie to TV after it was screened in cinemas
- From selling the movie worldwide
- A film can be sold twice and more: to cinema, TV, local market and export



# Quality

The budget of a film is determined according to

- Number of shooting days
- Payments to staff, minimum rates by profession (actor, director...)
- The genre of the film (feature, drama, comedy, documentary...)
- The complexity of the script (how many actors, how many sets )
- Local market or export (the budget of a film to foreign country is twice)

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*Fin.*