

Implementing Residuals in the Nigerian Movie Industry.

What are Residuals?

Residuals refer to additional compensation paid to individuals involved in the production of a film or television show based on the subsequent distribution or exhibition of that work.

Distributions related to residuals do not include the first time a TV show is aired on its original broadcasting network, or the first cinema run of a movie. Subsequent distributions include cases of reruns, syndicated programs (shows run on a different TV network than their original network), DVD releases, releases into streaming media (e.g. Netflix), and any other distribution that occurs after the first or original release.

The present value of residuals is immense in light of today's era of movie and TV show streaming via on-demand services like Netflix, Amazon Prime Video, YouTube, Disney+ and many more. As these companies make millions from streams, certain individuals are also entitled to earn from these profits through residuals.

Who are those entitled to residuals?

The following categories of creatives are typically entitled to residual payments:

1. Actors:

- Lead actors in movies or TV shows (**benefit the most**).
- Actors with speaking lines and sufficient screen time.
- Voice-over actors.
- Stunt performers.

2. Crew Members: usually the—

- Director.
- Unit Production Manager.
- First Assistant Director.
- Second Assistant Director.

- Special Effects Supervisor.
- Other crew members as specified in the agreement with the production company or film studio.

3. Credited Writers: Writers of the script used in the movie or TV show.

4. Soundtrack Creators or Musicians:

- Musicians who contribute to the movie or TV show's soundtrack.
- Musicians who appear on-screen in movies or TV shows.

5. Extras and "below the line" (BTL) crew members involved in the technical and logistical aspects of production. However, their residual entitlements are usually very minimal.

How are residuals calculated?

Residuals are calculated and administered by the relevant industry trade unions such as actors' guilds or screenwriters' guilds. These unions or guilds are the key players when it comes to enforcing residual payments.

The specific terms and conditions for residual payments are usually outlined in contracts negotiated by these industry guilds or unions. These agreements establish the formulas and criteria for calculating and distributing residuals.

Success Stories of Residual Implementation.

"Friends", one of the most popular sitcoms of all time, made stars out of Matthew Perry, Matt LeBlanc, Courteney Cox, David Schwimmer, Lisa Kudrow and Jennifer Aniston. In 2015, USA Today reported that Warner Bros. earns \$1 billion a year from the show. Out of that amount, 2% (\$20 million) in residuals goes to each of the stars every single year.

From the sitcom "Seinfeld" which ended in 1988, New York Magazine reported that creators, Jerry Seinfeld and Larry David each make \$400 million per syndication cycle of the show.

“The Simpsons” is now a \$13 billion global franchise that was first aired on *The Tracey Ullman Show*. As the owner of the medium that first broadcast the show, Tracey Ullman still receives residuals from “The Simpsons” nearly 30 years after she aired the central characters.

However, it is pertinent to mention the unfortunate case of Hwang Dong-hyuk, creator of the popular Netflix series, “Squid Game”, which raked in \$900 million for the streaming service. The creator of the groundbreaking series [reportedly](#) “forfeited all intellectual property rights and received no residuals” under his contract with Netflix. In their comment on the matter, the WGA who are currently on strike said to Netflix, “Pay your writers.”

One of the main reasons for the current WGA strike is a running dispute on residuals from streaming media.

The Desirability of Residuals in the Nigerian Movie Industry (Nollywood).

Residuals are capable of opening up a treasure chest of financial benefits for actors, directors, writers, and other key movie creatives in Nollywood. It is a very important source of income for players in the movie industry, as it provides continuous compensation beyond the initial payment received during the production phase.

Residuals ensure that individuals continue to receive compensation as their work reaches wider audiences through various distribution channels. This is especially desirable in Nigeria’s setting as we find that many actors and key players who have contributed to Nollywood for most of their lives have ceased to reap the benefits of their lifelong craft.

Meanwhile, Nigeria has made a huge break into Netflix and the foreign distribution scene. Prime examples lie in Nigerian blockbusters on Netflix such as “Lionheart” (starred in and directed by Genevieve Nnaji), Kemi Adetiba’s “The Wedding Party” and “King of Boys”. Nollywood ought to be at the same point as the music industry of today; residuals should be making millions every year for actors, directors, etc, just like streaming royalties are doing for musicians.

Hence, parties involved in film production should endeavour to enter agreements bearing specific terms and conditions for residual payments before production commences. In addition, the Actors Guild of Nigeria (AGN), Directors Guild of Nigeria (DGN), Screenwriters Guild of Nigeria (SWG), and other relevant unions need to move past the point of discussion and begin to play an active part in aiding the implementation of residuals. Finally, legislative reforms are also highly desirable to afford legal enforcement to residual payments under the Copyright Act as these provisions currently do not exist.